

HEWLETT-PACKARD COMPANY ANNUAL REPORT 1959




THE COMPANY



The Hewlett-Packard Company has been exclusively devoted to the design and manufacture of precision electronic measuring instruments ever since the organization was founded in 1939. The company's products are the accurate, intricate but rugged tools used by engineers, scientists and production workers to measure electronic quantities with scientific accuracy.

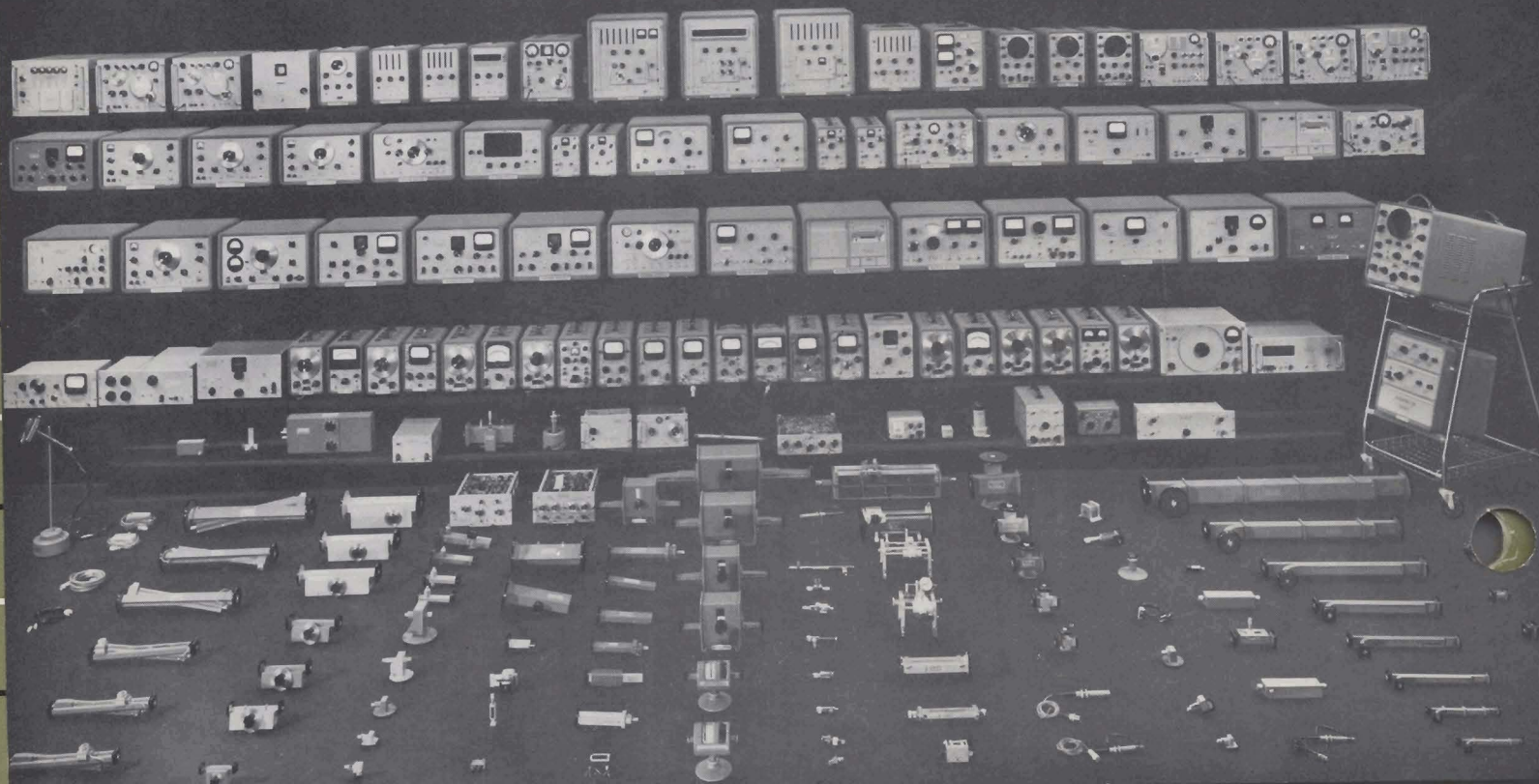
The uses of Hewlett-Packard instruments are as varied as the technical pursuits of Man. Some serve in the fields of nuclear physics, satellite communications and space navigation. Some maintain the radar that guides your airliner; others keep your television station "on channel", help design your television receiver, or serve in a wide range of industrial manufacturing and processing applications.

Divisions and subsidiaries of Hewlett-Packard include the following: Dymec division, Palo Alto, California, builders of radar simulators and digital data systems. F. L. Moseley Co., Pasadena, pioneer suppliers of X-Y chart recorders. Boonton Radio Corporation, Boonton, N. J., prominent manufacturers of instruments to test electronic circuit quality. Palo Alto Engineering Company, makers of transformers and other components. Hewlett-Packard S.A., Geneva, responsible for European sales. Hewlett-Packard G.m.b.H., manufacturers of  instruments in Germany.

The following pages highlight the achievements of the company's first two decades. The story of our achievement is presented, not in a sense of satisfaction, but to indicate to you that the company has kept pace with the fast moving technical developments of the past two decades and feels a strong obligation to continue to make its proper contribution to the great technical progress we clearly see for the world in the decade of the 60's.


THE COLORED PAGES FOLLOWING PAGE 10
CONTAIN THE HEWLETT-PACKARD 1959
ANNUAL REPORT.


*hp seeks to
engineer
into each new
instrument a
genuine
contribution to
the art
of measurement*





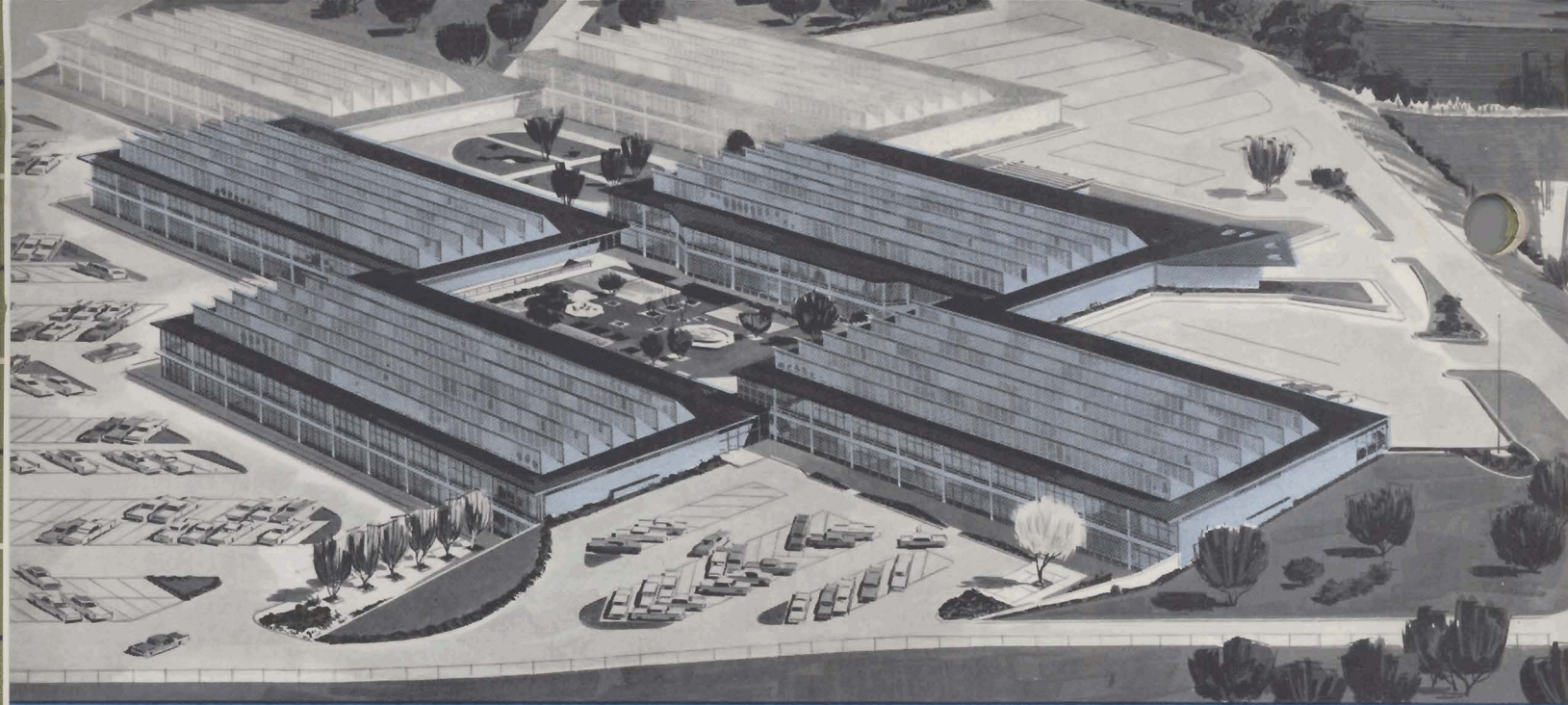


PRODUCTS

The first Hewlett-Packard instrument was an audio oscillator produced in 1939. Today, the  line of some 380 instruments is the most complete in the world. Hewlett-Packard provides equipment for almost all kinds of electronic measurement, from the low-frequency field of mechanical stress and strain measuring to the extremely high frequency fields of radar and space electronics.

 instruments measure voltage, current, frequency, power, resistance and other electrical quantities. Their basic function is to make such measurements with laboratory precision, yet with speed and simplicity. Measurements of this type are daily necessities in electronic research and product development, and in an increasing number of manufacturing, processing and maintenance applications.

Today  instruments are used widely through industry, science and military installations. Users have found them accurate, convenient and dependable, and an honest dollar value. Users have also found that many  instruments anticipate measuring needs, by providing greater capability than required at the time of purchase.



Square feet

1,040

10,000

31,000

103,000

735,000 (estimate)

1940

1945

1950

1955

1960

*Rapidly expanding
plant area
over 20 years.
Subsidiaries excluded.*

Plants and facilities contribute much to the strength of a company. The company's first two decades have seen Hewlett-Packard grow from small leased quarters to one of the finest facilities in the electronic industry located in Palo Alto, California. This site, pictured above, is leased from and adjacent to Stanford University. Four major buildings are completed, and two are proposed.

This headquarters plant has been carefully designed to provide the best possible environment for people working with the delicate and precise processes necessary for building quality into the company's products. From 1960 on, the administrative headquarters, the central research and development department and two important manufacturing units will be centered on the Stanford Industrial Park site. Other, smaller units will continue to be operated in the Palo Alto area but the decision has been made to decentralize many operations to provide a better base for future growth.

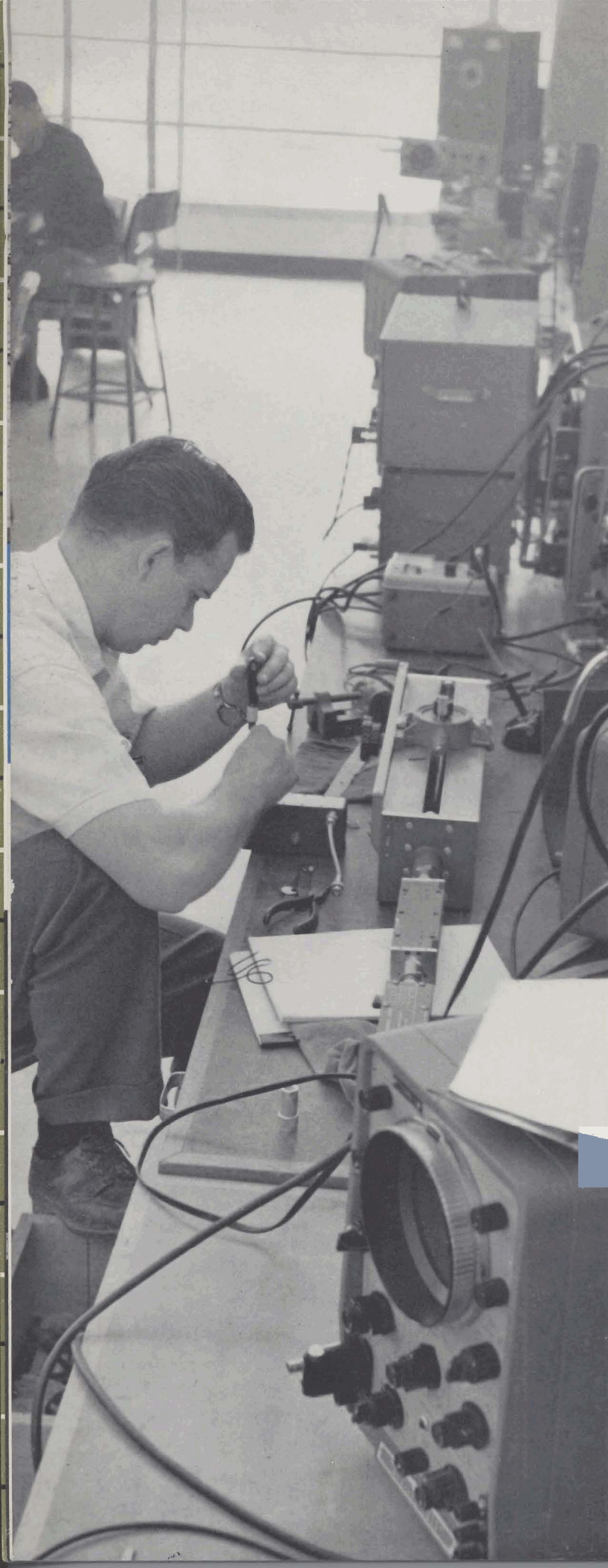
A small operation was started near Stuttgart, Germany, in 1959. This facility, operated by Hewlett-Packard G.m.b.H., will be expanded in the next few years to provide a major manufacturing plant in Europe.

1960 will also see the beginning of manufacturing at Loveland, Colorado (55 miles north of Denver), where an 80-acre site has been acquired to provide for a major facility in the years ahead.


An expanding product line in an expanding industry will probably require still more space. Continued forward planning anticipates Hewlett-Packard's needs, and assures that facilities will be ready when required.

Hewlett-Packard laboratory at night



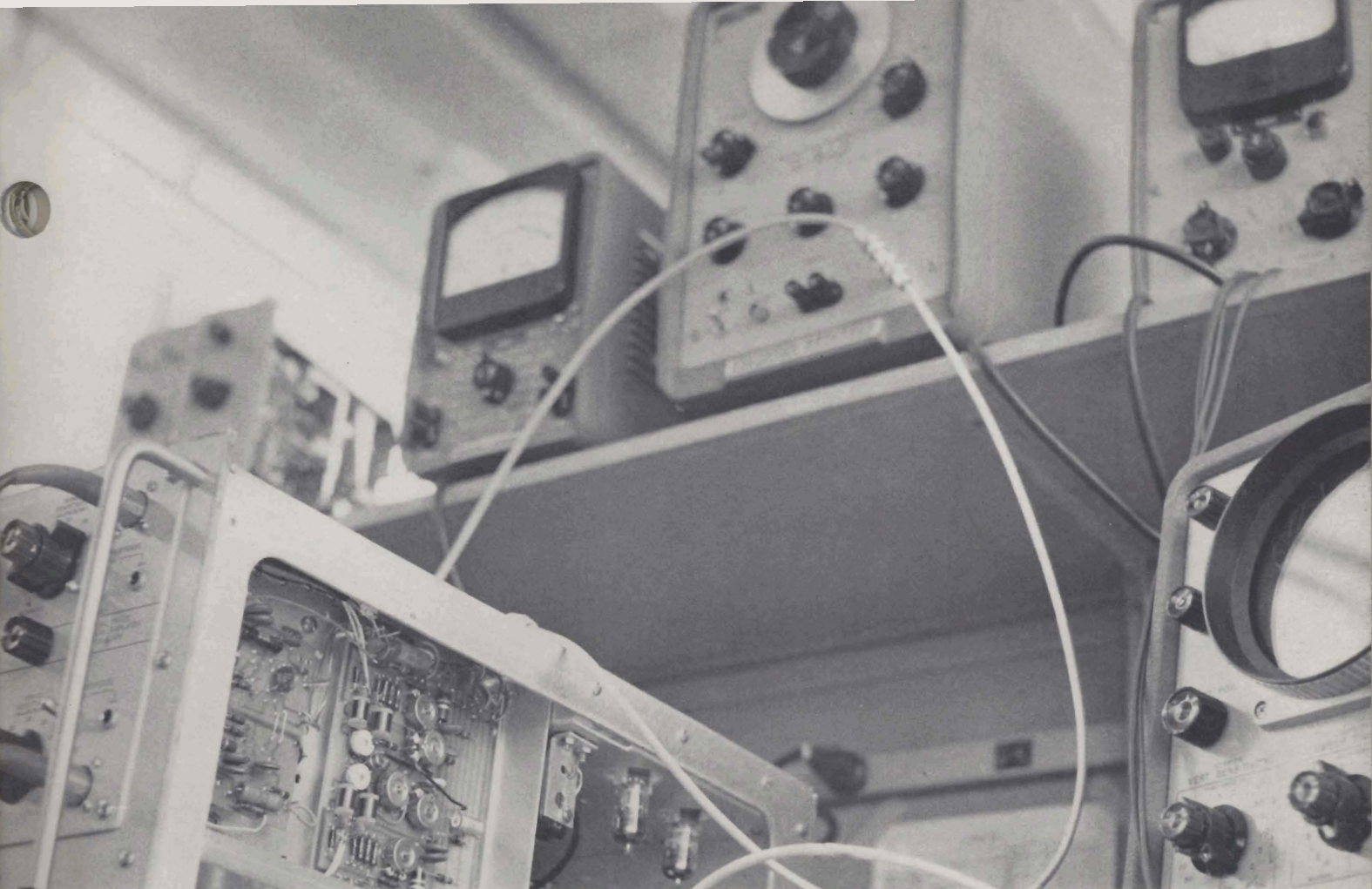


The electronics field is constantly expanding, both in physical size and in the scope of measurements it requires. This means that a constantly increasing flow of new instruments is needed. Continually accelerating research and development efforts on the part of the instrument manufacturer are necessary to meet these needs and to maintain product and brand leadership.

Hewlett-Packard has brought together an outstanding group of scientists and engineers, and equipped them with the resources necessary to achieve significant progress in the field of electronic equipment. These men, working in the  laboratories, have made major contributions to the art of electronic measurement during the past two decades. The continuing rapid growth of scientific fields will provide still further opportunity for these men to enhance the technical progress of the Nation.

Hewlett-Packard endeavors to provide stimulating intellectual environment for technical people by maintaining a close association with Stanford University and other universities and schools, encouraging membership in scientific organizations and in many other ways fostering professional development.

An important result of these engineering policies has been the continued attraction of talented technical people to the Company. Hewlett-Packard feels that one of its most valuable assets is its fine engineering group.



New products have made important contributions to Hewlett-Packard growth



Sales contributed, during the year indicated, by products developed and first marketed during preceding five years. Subsidiaries excluded.

HIGHLIGHTS HEWLETT-PACKARD COMPANY and SUBSIDIARIES

	1959	1958
Sales	\$47,745,073	\$35,653,353
Other Income	295,194	203,384
Total Income	\$48,040,267	\$35,856,737
Cost of Goods Sold	29,047,475	22,557,775
Selling, Administrative, General Expense and Minority Interest	10,844,477	8,007,915
Provision for Taxes on Income	4,248,374	2,719,095
Net Income	3,899,941	2,571,952
Net Income per Share	\$1.195	\$.788



David Packard



William R. Hewlett

TO OUR SHAREHOLDERS

The year 1959, which marked our twentieth anniversary, was in many ways the most successful year in the history of the Hewlett-Packard Company. Including the Companies we acquired during the year, our sales increased 34% from \$35,653,353 to \$47,745,073. Combined earnings increased over 50% from 79¢ per share to \$1.19 per share. This growth was accompanied by excellent progress in all areas of the Company.

Most gratifying were the results of our research and development effort, for the new products introduced during 1959 accounted for a large portion of the growth. An adequate number of new technical people was added to the staff and we expect our new product program to continue to make major contributions to our sales volume in 1960 and the years ahead. Expenditures for research and development increased from \$2,658,231 in 1958 to \$3,097,708 in 1959. These amounts reflected on consolidated earnings as 39¢ per share in 1958 and 45¢ per share in 1959.

New buildings to provide an additional 220,000 square feet of space in the Stanford University Industrial Park site were largely completed during 1959 and will be occupied early in 1960.

Adequate funds were available during the year from profits reinvested in the business to provide for both increases in working capital and substantial payments for new machinery and building construction costs. During the year, \$1,192,035 was spent on new equipment and \$1,354,752 was spent against the new building program. We expect profits to provide funds sufficient for anticipated growth in 1960, but the demand for funds will be so great as to allow for no cash dividends during the year ahead.

We made excellent progress on our program to strengthen our position in the foreign market. Sales in Europe increased more than 50% as a result of establishing Hewlett-Packard S.A., a wholly

owned subsidiary in Geneva, Switzerland. The first shipments were made shortly after the end of the fiscal year from our manufacturing plant in Böblingen, Würtemberg, Germany. We expect this plant to build up over the next few years into an important manufacturing center for Hewlett-Packard instruments in Europe.

The acquisition during 1959 of four firms in areas related to our field of interest further strengthened the Company. The F. L. Moseley Co., acquired in November 1958, has made good progress during the past year, both in sales volume and in profit performance. The acquisition of Boonton Radio Corporation late in 1959 has added to the ☉ family an old, well-established company with an excellent reputation in a field closely related to many ☉ products. Plans are already underway to expand both the Moseley and Boonton facilities.

Dymec and Palo Alto Engineering have both had a close association with ☉ over the years and were both brought into the corporate structure during 1959. Dymec is now operating as an ☉ division, and Palo Alto Engineering as a wholly owned subsidiary. Each has made good progress during the year, and we expect this progress to continue in 1960.

Thus 1959 has seen not only good growth in the parent Company but a substantial broadening of horizons through new affiliations and the development of a strong program in foreign markets. While 1960 will undoubtedly bring a number of problems of assimilation resulting from our 1959 growth, and while we expect strong competition in all areas and perhaps some increased pressure on profits, we are looking toward 1960 as another year of great opportunity.

During the past year, we suffered a very real loss through the death of Charles R. Blyth, one of our Directors. His long experience in investment banking and his broad understanding of the problems of industry were of great value to all of us on the management team.

David Packard
PRESIDENT

ACCOUNTANTS' REPORT

F. W. LAFRENTZ & Co.

CERTIFIED PUBLIC ACCOUNTANTS
525 MARKET STREET • SAN FRANCISCO 5

January 19, 1960

TO THE BOARD OF DIRECTORS
HEWLETT-PACKARD COMPANY:

We have examined the consolidated balance sheet of Hewlett-Packard Company and subsidiary companies as of October 31, 1959, and the related statements of consolidated income and surplus for the year then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. With respect to the subsidiaries, F. L. Moseley Co., Hewlett-Packard S. A. and Hewlett-Packard G. m. b. H., we have relied on reports submitted by other independent public accountants, which indicate their examinations were similar in scope.

In our opinion, the accompanying consolidated balance sheet and the related statements of consolidated income and surplus present fairly the consolidated financial position of Hewlett-Packard Company and subsidiary companies as of October 31, 1959, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

F. W. LAFRENTZ & Co.

HEWLETT-PACKARD COMPANY

Consolidated Statement of Income for the Years Ended October 31, 1959 and 1958

	1959	1958
Sales, net	\$47,745,073	\$35,653,353
Cost of goods sold	29,047,475	22,557,775
Gross profit on sales	\$18,697,598	\$13,095,578
Selling, administrative and general expense	10,720,875	7,880,393
Net profit from operations	\$ 7,976,723	\$ 5,215,185
Other income	295,194	203,384
TOTAL	\$ 8,271,917	\$ 5,418,569
Other deductions	99,552	117,997
Net income before provision for federal and foreign taxes on income	\$ 8,172,365	\$ 5,300,572
Provision for federal and foreign taxes on income	4,248,374	2,719,095
Net income before provision for minority interests	\$ 3,923,991	\$ 2,581,477
Income to minority interests	24,050	9,525
Net income	\$ 3,899,941	\$ 2,571,952

The accompanying Notes to Financial Statements are an integral part hereof.

Consolidated Statement of Surplus for the Years Ended October 31, 1959 and 1958

PAID-IN SURPLUS	1959	1958
Balance, beginning of year	\$ 1,206,734	\$ 365,983
Excess of market value over par value of capital stock issued under stock purchase and stock option plans, bonus, etc.	345,642	840,751
Balance, end of year	\$ 1,552,376	\$ 1,206,734
EARNED SURPLUS		
Balance, beginning of year	\$ 8,842,953	\$ 6,319,718
Net income	3,899,941	2,571,952
TOTAL	\$12,742,894	\$ 8,891,670
Cash dividends paid by subsidiary company	32,478	48,717
Balance, end of year	\$12,710,416	\$ 8,842,953

The accompanying Notes to Financial Statements are an integral part hereof.

NOTES TO FINANCIAL STATEMENTS October 31, 1959

1. During the year ended October 31, 1959, Hewlett-Packard Company acquired all of the outstanding capital stock of Palo Alto Engineering Company, Dymec, Inc. (subsequently merged into Hewlett-Packard Company), Boonton Radio Corporation, and 80% of the outstanding capital stock of F. L. Moseley Co. in exchange for its capital stock. Also Hewlett-Packard Company purchased all of the outstanding capital stock of a newly created corporation, Hewlett-Packard S. A., a Switzerland corporation. Hewlett-Packard S. A. has a wholly-owned subsidiary, Hewlett-Packard G. m. b. H., a German corporation.

The accounts of the companies have been consolidated under the accounting principle which recognizes such business combinations as a pooling of interests. Accordingly, financial statements for 1959 and 1958 include stockholders equities and operating results of the acquired companies for periods prior to the combinations.

2. Accounts receivable in the amount of \$200,000 have been pledged as security for a short-term note payable of \$182,958.

3. The property, plant and equipment accounts include \$429,625 representing emergency facilities acquired under certificates of necessity. These facilities were amortized over a five year period from date of acquisition and have been fully amortized and continue to be used in the operations.

At October 31, 1959, land and buildings with a net book value of \$218,497 and \$791,008, respectively, were pledged by deed of trust as security for the mortgages payable.

4. Hewlett-Packard Company granted, in a prior year, certain of its officers and employees restricted stock options to acquire its own capital stock. These options are exercisable at \$16 a share, the market value at date of granting, and expire November 5, 1962.

5. During 1959, Hewlett-Packard Company adopted a plan for employees to purchase 25,000 shares of the Company's capital stock. The plan requires the company to contribute 25% of the purchase price (approximate market value) of such stock at dates of purchase. There were 20,684 shares of capital stock reserved for this plan at October 31, 1959.

6. Sales recorded during the year ended October 31, 1959 subject to the U. S. Renegotiation Act of 1951, as amended, remain subject to review. The management believes that when such sales are examined there will be no refund payable.

7. The companies provide for their liabilities under profit-sharing and other pension and retirement plans by deposits with trustees of such plans.

Consolidated Balance Sheet,

ASSETS

OCTOBER 31

CURRENT ASSETS:	1959	1958
Cash	\$ 1,113,485	\$ 1,027,838
United States Government securities	552,353	349,933
Notes and accounts receivable less provision for losses in collection: 1959—\$24,103, 1958—\$12,241 (Note 2)	6,706,818	5,385,612
Inventories:		
Finished goods and work in process, at approximate cost	7,077,339	4,860,355
Raw materials, at lower of cost or market	3,075,563	1,892,843
Deposits and prepaid expenses	151,071	145,718
TOTAL CURRENT ASSETS	<u>\$18,676,629</u>	<u>\$13,662,299</u>
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and amortization: 1959—\$2,965,890, 1958—\$2,568,707 (Note 3)	<u>\$ 7,489,419</u>	<u>\$ 5,572,003</u>
OTHER ASSETS:		
Securities, at cost	\$ 47,800	\$ 47,800
Cash surrender value of life insurance and other assets	41,203	37,827
Deferred patent expense	65,000	33,623
Organization expense, net	6,343	5,476
TOTAL OTHER ASSETS	<u>\$ 160,346</u>	<u>\$ 124,726</u>
 TOTAL	 <u>\$26,326,394</u>	 <u>\$19,359,028</u>

October 31, 1959 and 1958

LIABILITIES

	OCTOBER 31,	
	1959	1958
CURRENT LIABILITIES:		
Short-term notes payable	\$ 1,222,958	\$ 239,229
Long-term debt maturing within one year	66,675	64,870
Accounts payable and accruals	3,642,104	3,072,373
Provision for federal and foreign taxes on income	3,156,308	2,109,388
TOTAL CURRENT LIABILITIES	<u>\$ 8,088,045</u>	<u>\$ 5,485,860</u>
LONG-TERM DEBT:		
Mortgages payable:		
4½% due 1963	\$ 329,145	\$ 375,384
5¼% due 1964	239,563	62,953
Leasehold, 5½% due 1962	62,000	62,000
Other	—	12,500
TOTAL LONG-TERM DEBT	<u>\$ 630,708</u>	<u>\$ 512,837</u>
MINORITY INTERESTS	<u>\$ 80,516</u>	<u>\$ 56,466</u>
CAPITAL STOCK AND SURPLUS (Note 1):		
Common stock, par value \$1.00 a share (Notes 4 and 5):		
Authorized 5,000,000 shares; reserved for stock options 39,962 shares at October 31, 1959, 45,461 shares at October 31, 1958; reserved for employee stock purchase plan, 20,684 shares at October 31, 1959; issued and outstanding, 1959—3,264,333 shares, 1958—3,254,178 shares	\$ 3,264,333	\$ 3,254,178
Paid-in surplus	1,552,376	1,206,734
Earned surplus	12,710,416	8,842,953
TOTAL CAPITAL STOCK AND SURPLUS	<u>\$17,527,125</u>	<u>\$13,303,865</u>
TOTAL	<u>\$26,326,394</u>	<u>\$19,359,028</u>

The accompanying Notes to Financial Statements are an integral part hereof.



DIRECTORS OF THE COMPANY

Left to right, Messrs. Alvarez,
Cavier, Hewlett, Packard

David Packard, President and Member of the Executive Committee, Hewlett-Packard Company. President, Board of Trustees, Stanford University. Director, Pacific Gas and Electric Co., Crocker-Anglo National Bank, Systems Development Corporation, Vice President at large, American Management Association. Fellow, Institute of Radio Engineers. Member, American Institute of Electrical Engineers. Director and Member, Executive Committee, Stanford Research Institute.

William R. Hewlett, Executive Vice President and Member of the Executive Committee, Hewlett-Packard Company. Director, Watkins-Johnson Co., Hexcel Products, Inc., Pacific National Bank. Past President, Institute of Radio Engineers. President, Palo Alto-Stanford Medical Center Board. Past Chairman, San Francisco Section, I.R.E. Fellow, Institute of Radio Engineers. Member, American Institute of Electrical Engineers. Trustee, Mills College.

W. F. Cavier, Vice President, Finance and Member of the Executive Committee, Hewlett-Packard Company.

Luis Alvarez, Research Physicist, Radiation Laboratory, University of California.

Harold H. Buttner, Retired Vice President, Research and Development, International Telephone and Tele-

graph Company. Director, International Standard Electric Corporation.

Frederick E. Terman, Provost, Stanford University. Past President and Fellow, Institute of Radio Engineers.

T. P. Pike, Vice Chairman of the Board, Republic Supply Company of California. Assistant Secretary of Defense, 1953 to 1956. Special Assistant to the President of the United States. Trustee, Stanford University. Western Trustee, Council of Profit Sharing Industries.

H. Rowan Gaither, Jr., Partner, Draper, Gaither and Anderson. Former Assistant Director, Radiation Laboratory, Massachusetts Institute of Technology. Recipient, Presidential Certificate of Merit. Former Chairman of the Board, Rand Corporation, Ford Foundation, Mitre Corporation. Former Chairman, National Security Resources Panel. Director, United Electrodynamics, Pacific National Bank.

Ernest C. Arbuckle, Dean, Stanford Graduate School of Business. Former Executive Vice President, Pacific Coast Division, W. R. Grace & Co., Director, Republic Supply Company, Insurance Investor's Fund, Western Machinery Company, California Ink Company, Foster & Kleiser Division, W. R. Grace & Co., American Management Association.

OFFICERS OF THE COMPANY

David Packard, President
William R. Hewlett, Executive Vice President
W. F. Caylor, Vice President, Finance

W. Noel Eldred, Vice President, Marketing. Sales Manager, Hewlett-Packard Company, 1944 until 1957 when elected Vice President. Senior Member, Institute of Radio Engineers. Past Chairman, San Francisco Section I.R.E. Past President, West Coast Electronic Manufacturers' Association.

Noel E. Porter, Vice President, Manufacturing. Production Manager, Hewlett-Packard Company, 1946 until 1957 when elected Vice President. Senior Member, Institute of Radio Engineers. Mayor of City of Palo Alto, now serving fifth term.

Bernard M. Oliver, Vice President, Research and Development. Ph.D., California Institute of Technology. Institute of International Education honor exchange student. Formerly with Bell Telephone Laboratories, joined Hewlett-Packard in 1952. Holder of 42 patents, others pending. Fellow and Director, Institute of Radio Engineers.

Edwin E. van Bronkhorst, Secretary-Treasurer. CPA and former partner, F. W. La-frentz & Company. Joined Hewlett-Packard in 1953 as Chief Auditor, named Secretary-Treasurer in 1957. Member, California Society of Certified Public Accountants and American Institute of Certified Public Accountants.

David Bates, Assistant Secretary. Joined Hewlett-Packard in 1951 as Chief Cost Accountant. Named Assistant Secretary in 1957.

K. E. Cook, Assistant Secretary. Joined Hewlett-Packard in 1943. Elected Assistant Secretary in 1947.



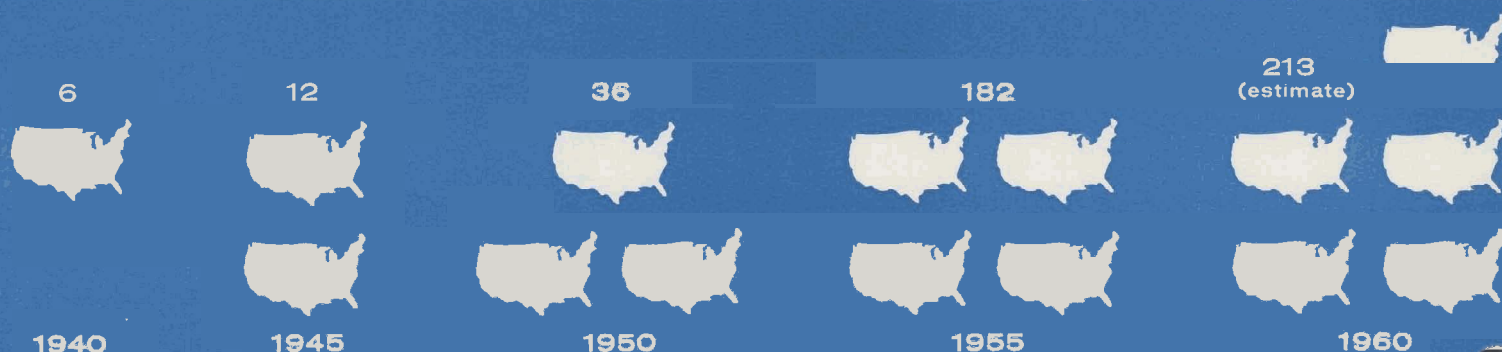
Mr. Gaither (top);
Dr. Terman



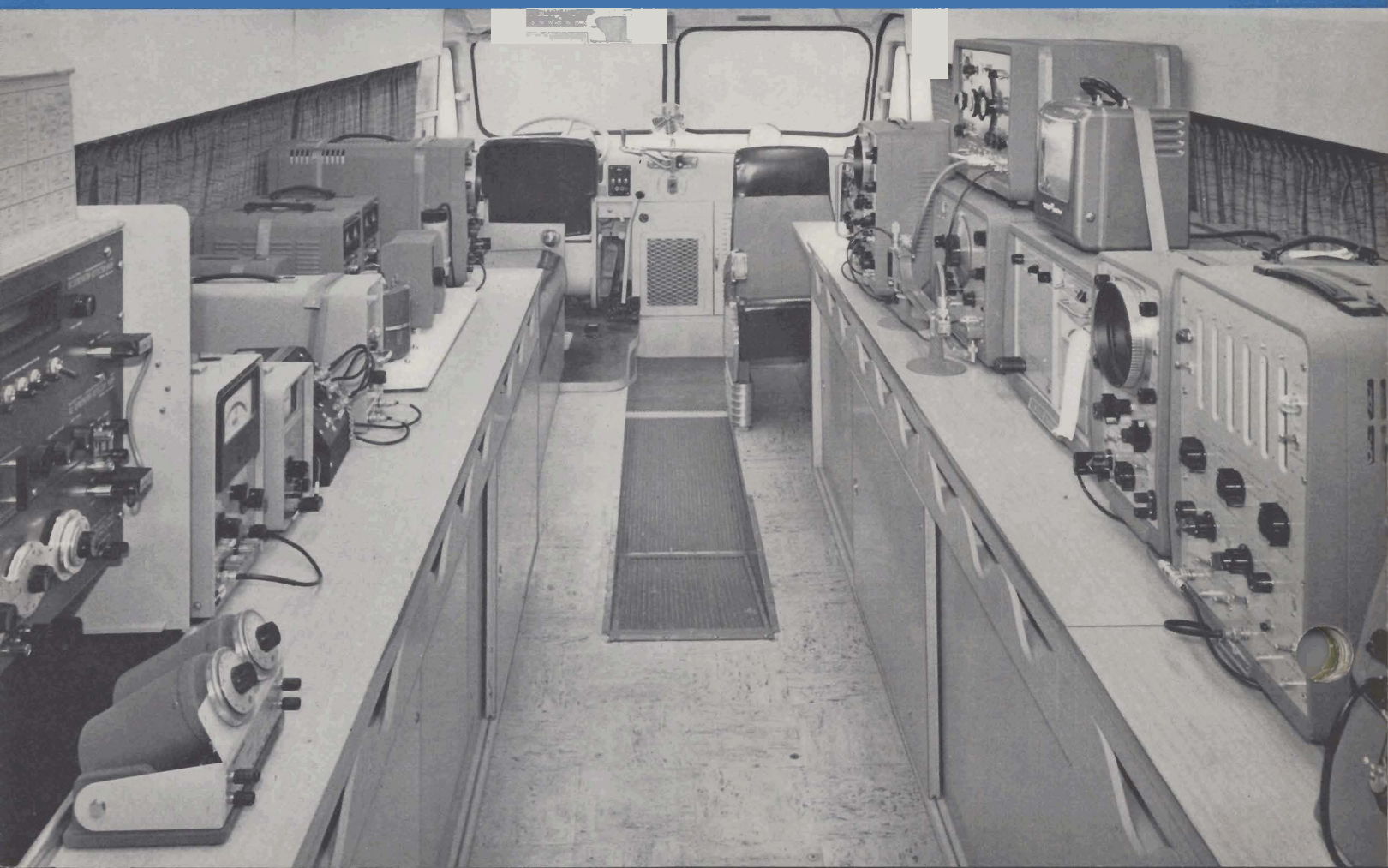
Left to right, Messrs. Pike, Buttner, Arbuckle



Interior, Hewlett-Packard instrument demonstration bus




Totals show growth of domestic field sales force. Subsidiaries excluded.








WORLD WIDE


The market for electronic test instruments has its own peculiarities.





The average customer is an engineer, and it virtually takes an engineer to intelligently consider with him his instrument requirements. He is as indigenous to a remote military facility as to a manufacturing center. It is necessary to meet him in his laboratory and discuss, in engineering terms, the application of  instruments to his problems.

Hewlett-Packard stimulates sales by actual demonstration of  instruments in specially-fitted buses and vans, by demonstration at technical shows, and by broad use of modern sales tools including catalogs and data sheets, consistent advertising and a technical journal which has become the most widely distributed publication of its type in electronics.




The market for electronic instruments is continually expanding, and  has matched this expansion with a sales

force which has grown from a half dozen to over 200 men. Today, this sales force is the largest, best-trained group of independent field engineering representatives in electronics—equipped to provide the high quality of engineering and field help expected of an industry leader. This field force is kept current on new products and new scientific techniques by regular factory seminars embracing engineering theory as well as operation, application and maintenance of  instruments.

Outside the United States, sales of  instruments are handled either through a subsidiary in Switzerland, Hewlett-Packard S.A., or through 31 independent technical sales organizations. These companies place an additional 75 trained technical sales people in the field in Europe, Australia and Japan, and parts of Asia, Africa, the Near East and Latin America where markets for electronic instruments exist.

FINANCE

Annual Profits	\$1,100	\$149,478	\$216,621	\$1,316,236	\$3,899,941*
Net Worth	\$7,500	\$283,291	\$1,157,308	\$4,566,888	\$17,527,125*
	\$	\$ \$	\$ \$ \$	\$ \$ \$ \$	\$ \$ \$ \$ \$
	1940	1945	1950	1955	1959


Growth of  in terms of annual profits and net worth. *Includes subsidiaries.

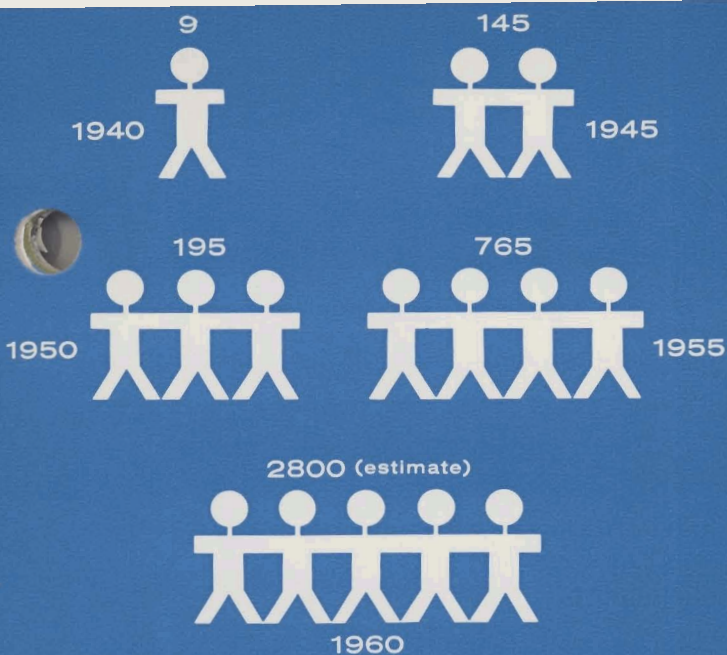


Hewlett-Packard uses latest electronic data processing equipment to streamline accounting procedures

Careful financial planning has enabled the Company to grow without extensive use of long term credit. Company growth has been primarily financed by retention of earnings in the Company so that the equity position has been well protected at all times.

It has been the policy of the financial de-

partment to provide all levels of management with necessary information for good decision making. For example, cost control has provided management with the necessary data for a continued cost reduction program so the customer is assured of true, inexpensive quality in every  instrument.

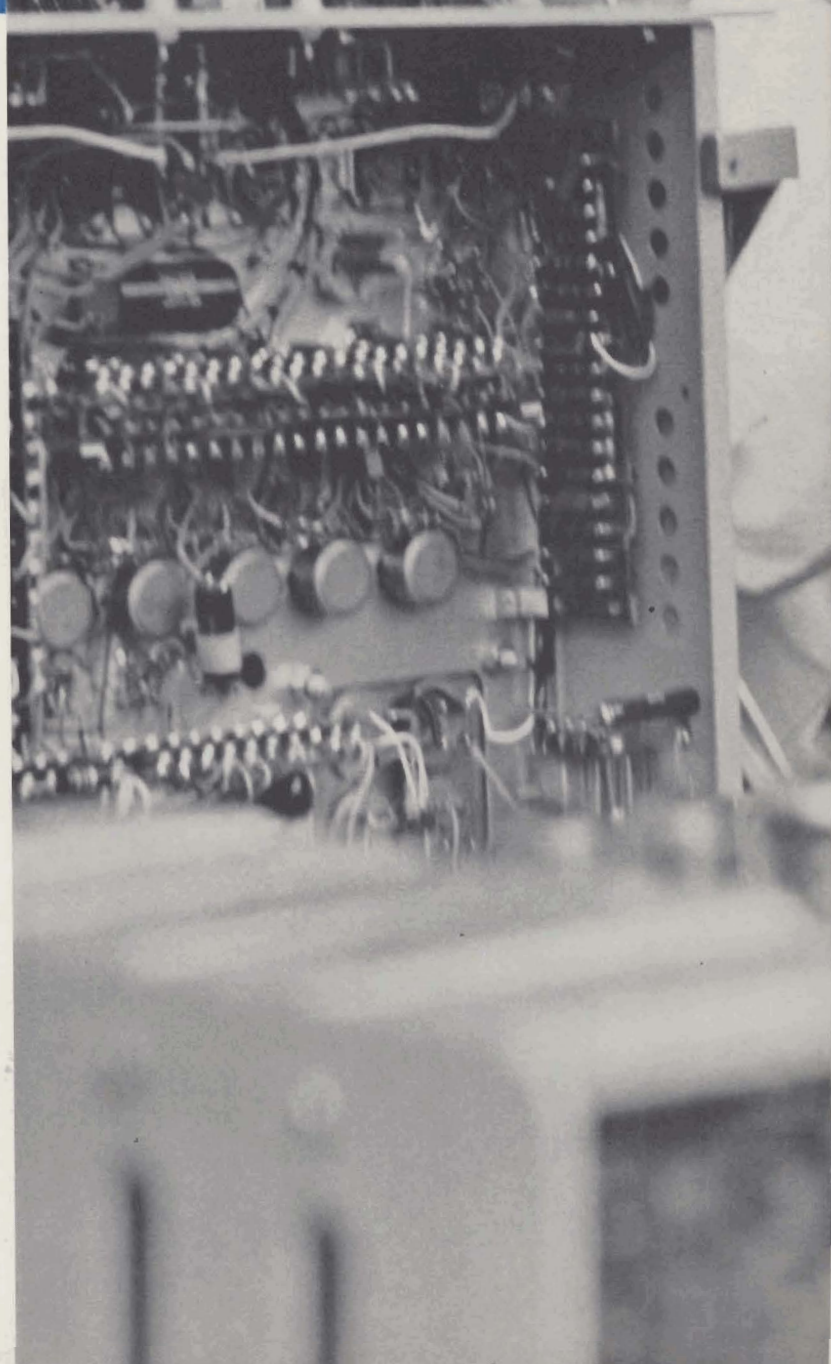


Growth of  in terms of people. Subsidiaries excluded.


Hewlett-Packard today is a Company of over 2,000 youthful, energetic people developed during 20 years of careful selection, training, and merit-based advancement.


A basic belief of the Company is that real progress can best be achieved by the combination of capable people working together in an atmosphere of opportunity and participation. The Company over the years has sought to provide ways for its people to participate in its progress. This is done by a production bonus, a profit sharing plan, opportunities for stock ownership, and other ways.

The Company has also developed a strong program of educational opportunities for its employees, designed to help them grow in their capabilities and in stature in the Company. This policy has enabled the Company to find and develop much of its leadership directly from its own ranks.



HEWLETT-PACKARD S. A.

a wholly-owned subsidiary of the Hewlett-Packard Company was organized in 1958 to handle European Sales of  instruments.

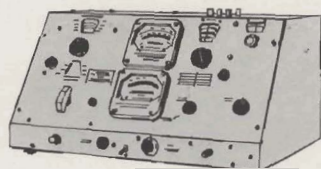
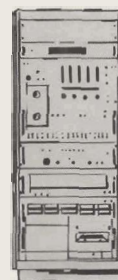
Headquarters are in Geneva, Switzerland, with a branch office in Frankfurt am Main, Germany, and warehouse in Basel, Switzerland. The Company is under the direction of a veteran  sales executive.



HEWLETT-PACKARD G.m.b.H.

a wholly-owned subsidiary of Hewlett-Packard S.A., operates a factory at Böblingen, near Stuttgart, Germany, for the manufacture of Hewlett-Packard instruments by German technicians and production personnel. Hewlett-Packard G.m.b.H. began manufacturing operations late in 1959.

DYMEC division of Hewlett-Packard, founded in 1956, designs and manufactures data processing and radar simulator systems. Dymec's "building block" or modular component approach brings sophisticated systems within reach of firms who can not afford "special" systems. Approximately 235 employees, located in Palo Alto, California.

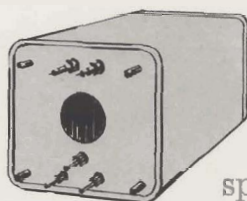
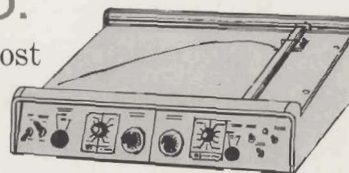




BOONTON Radio Corporation, founded in 1935, is a pioneer maker of precision instruments for measuring electrical circuit quality and checking aircraft guidance systems. It became a wholly-owned subsidiary of Hewlett-Packard in August 1959, continues operation under Dr. George A. Downsbrough, president. Approximately 150 employees, located in Boonton, New Jersey.

F. L. MOSELEY CO.

founded in 1951, is one of America's foremost makers of precision X-Y chart recorders and associated equipment. Late in 1958 Hewlett-

Packard acquired 80% of the Moseley Co. stock; operation continues as a subsidiary under direction of founder, F. L. Moseley. Approximately 150 employees, located in Pasadena, California.



PAECO, Palo Alto Engineering Company, was founded in 1951 to supply special transformers for  instruments. It became a wholly-owned subsidiary of Hewlett-Packard in mid-1959, and today provides specialized electronic components for many firms besides . Approximately 160 employees, located in Palo Alto, California.



DYMEC



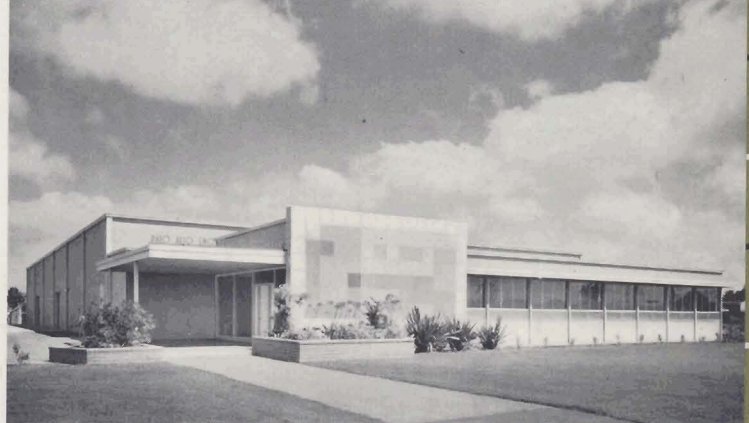
BOONTON



F.L. MOSELEY



PAECO



PHILOSOPHY

Hewlett-Packard's philosophy is simple, direct and known to all who have contact with the Company.

Basically, it is to strive for leadership in its field by producing only those instruments that contribute to the art of measurement—and do so on the basis of value, quality and dependability at reasonable cost. Hewlett-Packard believes that profits are an essential means to all the Company does for its stockholders, its customers and its people, and that the Company should re-invest a substantial part of profits into continuing research and modern manufacturing facilities, so long as such re-investment provides for the continued prosperity of the Company.

(Below: William R. Hewlett, David Packard)



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