

HP INC
Form PRE 14A
February 08, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

HP INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.

- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

 - (2) Aggregate number of securities to which transaction applies:

 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:

- Fee paid previously with preliminary materials.

- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:

 - (2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Margaret C. Whitman
Chairman of the Board
Rajiv L. Gupta

HP Inc.
1501 Page Mill Road
Palo Alto, CA 94304
www.hp.com

Lead Independent Director
To our Stockholders:

We are pleased to invite you to attend the annual meeting of stockholders of HP Inc. on Monday, April 4, 2016 at 2:00 p.m., Pacific Time. This year's annual meeting, like last year's annual meeting, will again be a completely virtual meeting of stockholders, which will be conducted via live webcast. You will be able to attend the annual meeting of stockholders online and submit your questions during the meeting by visiting HP.onlineshareholdermeeting.com. You also will be able to vote your shares electronically at the annual meeting (other than shares held through our 401(k) Plan, which must be voted prior to the meeting).

We are excited to embrace the latest technology to provide expanded access, improved communication and cost savings for our stockholders and the company. As we learned last year, hosting a virtual meeting enables increased stockholder attendance and participation from any location around the world. In addition, the online format will continue to allow us to communicate more effectively with you via a pre-meeting forum that you can enter by visiting www.theinvestornetwork.com/forum/hpg.

Details regarding how to attend the meeting online and the business to be conducted at the annual meeting are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement.

This year we will provide access to our proxy materials over the Internet under the U.S. Securities and Exchange Commission's notice and access rules. As a result, we are mailing to many of our stockholders a notice instead of a paper copy of this proxy statement and our 2015 Annual Report. The notice contains instructions on how to access those documents over the Internet. The notice also contains instructions on how each of those stockholders can receive a paper copy of our proxy materials, including this proxy statement, our 2015 Annual Report, and a form of proxy card or voting instruction card. All stockholders who do not receive a notice, including stockholders who have previously requested to receive paper copies of proxy materials, will receive a paper copy of the proxy materials by mail unless they have previously requested delivery of proxy materials electronically. Continuing to employ this distribution process will conserve natural resources and reduce the costs of printing and distributing our proxy materials.

Your vote is important. Regardless of whether you plan to participate in the annual meeting, we hope you will vote as soon as possible. You may vote by proxy over the Internet or by telephone, or, if you received paper copies of the proxy materials by mail, you may also vote by mail by following the instructions on the proxy card or voting instruction card. Voting over the Internet or by telephone, written proxy or voting instruction card will ensure your representation at the annual meeting regardless of whether you attend the virtual meeting.

Thank you for your ongoing support of, and continued interest in, HP Inc.

Sincerely,

Margaret C. Whitman
Chairman of the Board

Rajiv L. Gupta
Lead Independent Director

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HP INC.

1501 Page Mill Road

Palo Alto, California 94304

(650) 857-1501

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date	2:00 p.m., Pacific Time, on Monday, April 4, 2016
Place	Online at <u>HP.onlineshareholdermeeting.com</u>
Items of Business	<ol style="list-style-type: none">(1) To elect the 13 directors named in this proxy statement(2) To ratify the appointment of the independent registered public accounting firm for the fiscal year ending October 31, 2016(3) To approve, on an advisory basis, the company's executive compensation(4) To approve an amendment to our certificate of incorporation to eliminate cumulative voting(5) To consider such other business as may properly come before the meeting
Adjournments and Postponements	Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.
Record Date	You are entitled to vote only if you were an HP Inc. stockholder as of the close of business on February 5, 2016.
Virtual Meeting Admission	Stockholders of record as of February 5, 2016, will be able to participate in the annual meeting by visiting <u>HP.onlineshareholdermeeting.com</u> . To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.
Pre-Meeting Forum	The annual meeting will begin promptly at 2:00 p.m., Pacific Time. Online check-in will begin at 1:30 p.m., Pacific Time, and you should allow ample time for the online check-in procedures. The new online format for the annual meeting also allows us to communicate more effectively with you via a pre-meeting forum that you can enter by visiting <u>www.theinvestornetwork.com/forum/hpq</u> . On our pre-meeting forum, you can submit questions in advance of the annual meeting, and also access copies of our proxy statement and annual report.
Voting	Your vote is very important. Regardless of whether you plan to attend the annual meeting, we hope you will vote as soon as possible. You may vote your shares over the

Internet or via a toll-free telephone number. If you received a paper copy of a proxy or voting instruction card by mail, you may submit your proxy or voting instruction card for the annual meeting by completing, signing, dating and returning your proxy or voting instruction card in the pre-addressed envelope provided. Stockholders of record and beneficial owners will be able to vote their shares electronically at the annual meeting (other than shares held through the HP Inc. 401(k) Plan, which must be voted prior to the meeting). For specific instructions on how to vote your shares, please refer to the section entitled *Questions and Answers Voting Information* beginning on page 91 of the proxy statement.

By order of the Board of Directors,

KIM M. RIVERA

Chief Legal Officer, General Counsel

and Secretary

This notice of annual meeting and proxy statement and form of proxy are being distributed and made available on or about February , 2016.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on April 4, 2016. The definitive proxy statement and HP Inc. s 2015 Annual Report will be available electronically at www.hp.com/investor/stockholdermeeting2016 and with your 16-digit control number at HP.onlineshareholdermeeting.com.

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2016 ANNUAL MEETING OF STOCKHOLDERS

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The following is a summary of certain key disclosures in our proxy statement. This is only a summary, and it may not contain all of the information that is important to you. For more complete information, please review the proxy statement as well as our 2015 Annual Report, which includes our Annual Report on Form 10-K. References to HP, we, us or our refer to HP Inc.

Meeting Information

Time and Date 2:00 p.m., Pacific Time, on Monday, April 4, 2016
Place Online at **HP.onlineshareholdermeeting.com**
Record Date February 5, 2016

Proposals to be Voted on and Board Voting Recommendations

Proposals	Recommendation	Votes Required	More information
Election of Directors	FOR EACH NOMINEE	Majority of votes cast	Page 5
Ratification of Independent Registered Public Accounting Firm	FOR	Majority of the shares present, in person or represented by proxy, and entitled to vote	Page 27
Advisory Vote to Approve Executive Compensation	FOR	Majority of the shares present, in person or represented by proxy, and entitled to vote	Page 28
Approval of Amendment to Certificate of Incorporation to Eliminate Cumulative Voting	FOR	Majority of the outstanding shares entitled to vote	Page 29

Voting Your Shares**VIA THE INTERNET**

www.proxyvote.com

BY MAIL

Complete, sign, date and return your proxy card in the envelope provided

BY TELEPHONE

Call the phone number located on the top of your proxy card

For additional information, see Question 18 on page 93

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Election of Directors

Board Nominees

Fiscal 2015 was a seminal year for HP Inc. On November 1, 2015, separation of Hewlett-Packard Company into two independent publicly-traded companies was completed forming Hewlett Packard Enterprise, which comprises enterprise technology infrastructure, software, services and financing businesses, and HP Inc., which comprises now former Hewlett-Packard Company's printing and personal systems businesses. In connection with the separation, Hewlett-Packard Company changed its name to HP Inc. In addition, several of Hewlett-Packard Company's Board members resigned at the time of the separation and eight new Board members joined HP's Board, effective as of November 1, 2015. Key information regarding all of our 13 Board nominees is summarized in the table below:

Name	Age	HP Director Since	Committee Membership**	Principal Occupation	Independent	Other Current Public/ Investment Company Boards
Aida M. Alvarez	66	2016		Chair, Latino Community Foundation	ü	Wal-Mart Stores, Inc.
Shumeet Banerji	56	2011*	FIT NGSR	Founder and Partner, Condorcet, LP	ü	Innocoll AG
Carl Bass	58	2015	FIT HRC	President and Chief Executive Officer, Autodesk Inc.	ü	Autodesk Inc.
Robert R. Bennett	57	2013*	AC FIT	Managing Director, Hilltop Investments, LLC	ü	Discovery Communications, Inc. Liberty Media Corporation
Charles V. Bergh	58	2015	HR NGSR	President and Chief Executive Officer, Levi Strauss & Co.	ü	Sprint Corporation Levi Strauss & Co.
Stacy Brown-Philpot	40	2015	AC NGSC	Chief Operating Officer, Taskrabbit	ü	None

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Stephanie A. Burns	61	2015	AC	Former Chief Executive Officer and Chairman, Dow Corning	ü	Corning, Inc.
			FIT			GlaxoSmithKline plc
Mary Anne Citrino	56	2015	AC	Senior Managing Director, The Blackstone Group	ü	Kellogg Company
			FIT			Dollar Tree, Inc.
Rajiv L. Gupta	70	2009*	HRC	Chairman, Avantor Performance Materials Senior Advisor, New Mountain Capital, LLC	ü	Health Net, Inc.
			NGSR			Delphi Automotive, PLC
Stacey Mobley	70	2015	HRC	Senior Counsel and Advisor, Dickstein Shapiro, LLP	ü	Tyco International Ltd.
			NGSR			The Vanguard Group
Subra Suresh	59	2015	AC	President, Carnegie Mellon University	ü	International Paper Company
			FIT			Siemens, AG
Dion J. Weisler	48	2015		President and Chief Executive Officer, HP Inc.		None
Margaret C. Whitman	59	2011*	FIT	President and Chief Executive Officer, Hewlett Packard Enterprise Co.		The Procter & Gamble Company
						Hewlett Packard Enterprise Company

* Includes tenure as a director of Hewlett-Packard Company.

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** *Committees Membership*

- AC Audit Committee
- FIT Finance, Investment & Technology Committee
- HRC HR and Compensation Committee
- NGSR Nominating, Governance and Social Responsibility Committee

Member

Chairperson

Board Composition

Governance Highlights

<i>Governance Changes Since 2015 Annual Meeting</i>	<ul style="list-style-type: none"> ü We separated CEO and Chairman positions ü Our independent directors appointed a new Lead Independent Director ü We revised our corporate governance guidelines to reflect responsibilities of our new Lead Independent Director ü We added new talent to our Board of Directors, enhancing diversity of the Board
<i>Stockholders Rights</i>	<ul style="list-style-type: none"> ü Our Bylaws provide our stockholders with a proxy access right ü We eliminated all supermajority provisions in our charter and Bylaws ü Our stockholders owning 25% or more of our common stock have a right to call special meetings ü We do not have a poison pill or similar anti-takeover provision in place
<i>Other Governance Best Practices</i>	<ul style="list-style-type: none"> ü 11 out of 13 directors are independent ü All committee members are independent ü Directors are elected by majority vote in uncontested director elections ü Directors are elected annually ü Each director nominee has agreed to resign from the Board in the event that he or she fails to receive a majority vote ü Independent directors meet in regular executive sessions ü

We continued our robust stockholder and investor outreach program

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Our compensation program, practices and policies have been structured to reflect the commitment of the Board of Directors (the Board) and HR and Compensation Committee of the Board (the HRC Committee) to excellence in corporate governance, and to reward short- and long-term performance that drives stockholder value. The table below summarizes key elements of our fiscal 2015 compensation programs relative to this philosophy.

ALIGNMENT WITH STOCKHOLDERS**Pay-for-Performance**

The majority of target total direct *compensation* for executives is *performance-based* as well as *equity-based to align their rewards with stockholder value*

Total direct compensation is *targeted* at or near the market *median*

Actual realized total direct compensation and *pay positioning* is designed to fluctuate with, and be *commensurate with, actual annual and long-term performance*

Incentive awards are heavily dependent upon our stock performance, and are measured against *objective financial metrics* that we believe *link* either directly or indirectly *to the creation of value* for our stockholders. In addition, 25% of our target annual incentives are contingent upon the achievement of qualitative objectives that we believe will contribute to our long-term success

We balance growth and return objectives, top and bottom line objectives, and short-and long-term objectives to reward for overall performance that does not over-emphasize a singular focus

A significant portion of our long-term incentives are delivered in the form of *PCSOs*, which vest only if sustained stock price appreciation is achieved, and *PARSUs*, which vest only upon the achievement of two- and three-year *RTSR* and *ROIC* objectives

We provide *no U.S. supplemental* defined benefit pensions

We validate our *pay-for-performance* relationship on an annual basis

The Compensation Discussion and Analysis portion of this proxy statement contains a detailed description of our executive compensation philosophy and programs, the compensation decisions the HRC Committee has made under those programs and the factors considered in making those decisions, focusing on the compensation of our named executive officers (NEOs) for fiscal 2015.

We believe that we have created a compensation program deserving of stockholder support. Accordingly, we are asking for stockholder approval of the compensation of our NEOs as disclosed in this proxy statement.

Compensation-Related Governance

We generally *do not enter* into individual executive compensation agreements

We *devote significant time* to management succession planning and leadership development efforts

We maintain a *market-aligned* severance policy for executives that does *not* have automatic *single-trigger equity vesting* upon a change in control

The HRC Committee utilizes an *independent* compensation consultant

Our compensation programs *do not encourage imprudent risk-taking*

We maintain *stock ownership guidelines* for executive officers and non-employee directors

We *prohibit* executive officers and directors from engaging in any form of *hedging* transaction, from holding HP securities in margin accounts and *pledging* as collateral for loans in a manner that could create compensation-related risk for the Company

We conduct a robust *stockholder outreach* program throughout the year

We *disclose* our corporate performance goals and achievements relative to these goals

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our Bylaws fix the current number of directors at 13. On the recommendation of the Nominating, Governance and Social Responsibility (NGSR) Committee, the Board has nominated the 13 persons named below for election as directors this year, each to serve for a one-year term or until the director's successor is elected and qualified.

Identifying and Evaluating Candidates for Directors

The NGSR Committee uses a variety of methods for identifying and evaluating nominees for director. The NGSR Committee, in consultation with the Chairman, regularly assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the NGSR Committee considers various potential candidates for director. Candidates may come to the attention of the NGSR Committee through current Board members, professional search firms, stockholders or other persons. Identified candidates are evaluated at regular or special meetings of the NGSR Committee and may be considered at any point during the year. As described above, the NGSR considers properly submitted stockholder recommendations of candidates for the Board to be included in our proxy statement. Following verification of the stockholder status of individuals proposing candidates, recommendations are considered collectively by the NGSR Committee at a regularly scheduled meeting, which is generally the first or second meeting prior to the issuance of the proxy statement for our annual meeting. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials are forwarded to the NGSR Committee. The NGSR Committee also reviews materials provided by professional search firms and other parties in connection with a nominee who is not proposed by a stockholder. In evaluating such nominations, the NGSR Committee seeks to achieve a balance of knowledge, experience and capability on the Board. The NGSR Committee evaluates nominees recommended by stockholders using the same criteria as it uses to evaluate all other candidates.

We engage a professional search firm on an ongoing basis to identify and assist the NGSR Committee in identifying, evaluating and conducting due diligence on potential director nominees.

Stockholder Recommendations

The policy of the NGSR Committee is to consider properly submitted stockholder recommendations of candidates for membership on the Board as described above under Identifying and Evaluating Candidates for Directors. In evaluating such recommendations, the NGSR Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth below. Any stockholder recommendations submitted for consideration by the NGSR Committee should include verification of the stockholder status of the person submitting the recommendation and the recommended candidate's name and qualifications for Board membership and should be addressed to:

Corporate Secretary

HP Inc.

1501 Page Mill Road

Palo Alto, California 94304

Stockholder Nominations

In addition, our Bylaws permit stockholders to nominate directors for consideration at an annual stockholder meeting and, under certain circumstances, to include their nominees in the HP proxy

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statement. For a description of the process for nominating directors in accordance with our Bylaws, see [Questions and Answers](#) [Stockholder Proposals](#), [Director Nominations and Related Bylaw Provisions](#) [How may I recommend individuals to serve as directors and what is the deadline for a director recommendation?](#)

Director Nominees and Director Nominees Experience and Qualifications

The Board annually reviews the appropriate skills and characteristics required of directors in the context of the current composition of the Board, our operating requirements and the long-term interests of our stockholders. The Board believes that its members should possess a variety of skills, professional experience and backgrounds in order to effectively oversee our business. In addition, the Board believes that each director should possess certain attributes, as reflected in the Board membership criteria described below.

Our Corporate Governance Guidelines contain the current Board membership criteria that apply to nominees recommended for a position on the Board. Under those criteria, members of the Board should:

- ii have the highest professional and personal ethics and values, consistent with our long-standing values and standards;
- ii have broad experience at the policy-making level in business, government, education, technology or public service;
- ii be committed to enhancing stockholder value and must represent the interests of all of our stockholders; and
- ii have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience (which means that directors' service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties).

In addition, the NGSR Committee takes into account a potential director's ability to contribute to the diversity of background and experience represented on the Board, and it reviews its effectiveness in balancing these considerations when assessing the composition of the Board. Although the Board uses these and other criteria as appropriate to evaluate potential nominees, it has no stated minimum criteria for nominees.

The Board believes that all the nominees named below are highly qualified and have the skills and experience required for effective service on the Board. Each director biography below describes each director's qualifications and relevant experience in more detail and summarizes key qualifications, skills, and attributes most relevant to the decision to nominate candidates to serve on the Board of Directors.

All of the nominees have indicated to us that they will be available to serve as directors. In the event that any nominee should become unavailable, the proxy holders, Dion J. Weisler, Catherine A. Lesjak and Kim M. Rivera, will vote for a nominee or nominees designated by the Board.

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There are no family relationships among our executive officers and directors.

Our Board recommends a vote FOR the election to the Board of all of the following nominees:

	Independent Director	Qualifications:
Aida M. Alvarez	CURRENT ROLE	
Age 66	Chair, Latino Community Foundation	
<i>Director since 2015</i>		
HP Board Committees:	CURRENT PUBLIC COMPANY BOARDS	
<i>N/A</i>		