House Committee on Energy and Commerce Subcommittee on Oversight and Investigations Statement of Larry W. Sonsini September 28, 2006

Mr. Chairman, Members of the Committee:

It is an honor to be asked to appear before the Committee today. I want to thank my client, HP, for authorizing me to answer your questions today. I therefore believe that I can address the issues presented by these hearings without violating any confidentiality obligations.

First, let me explain my law firm's role in these matters. We were not involved in the design or conduct of the Kona 1 or Kona 2 investigations. Indeed, I was not even aware of them when the investigations were being conducted. HP asked my law firm to provide legal advice to the board of directors after the investigations had occurred.

With respect to the subject of your hearing, in my opinion, the use of "pretexting" and similar intrusive investigative methods in these circumstances is wrong. They should not be used by businesses or others, no matter what the purpose. I know this as well as anyone, since public reports have indicated that my own records may have been obtained using pretexting in this investigation. It seems to me that a positive outgrowth of the recent troubles at HP would be passage of legislation governing such conduct.

Having said that, the importance of preserving confidentiality within the board room should not be minimized. The dominant trend in corporate law in recent years has been to enhance the role of boards in oversight of management. Boards across the nation have risen to the challenge. But a board cannot function effectively to safeguard the shareholders' interests if its most sensitive deliberations are leaked to outsiders. A board's duty of deliberation and candor is greatly weakened without confidentiality.

Finally, in all the recent coverage about the disputes within the HP Board, I fear that some have lost sight of the underlying greatness of the Company involved. The mistakes made in handling the investigation do not alter the fact that Hewlett-Packard remains a company that we can all be proud of.

I look forward to answering your questions to the best of my ability. Thank you for this opportunity to make a statement to the Committee.