

HP Applauds Sen. Baucus for R&D Tax Credit Reform Proposal

Statement by Dan Kostenbauder, HP Vice President – Transaction Taxes

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"HP commends Senator Max Baucus (D-MT) for his continued leadership to create strong incentives for companies to conduct research and development in the United States.

"The legislation proposed by Senator Baucus will provide a meaningful research and development tax credit for companies like HP that are committed to long-term, U.S.-based technological innovation. This important piece of legislation will help ensure that America's high-tech companies can continue to remain innovative and competitive in today's global marketplace.

"Further, Senator Baucus' proposal will modernize the R&D tax credit, restore its effectiveness and provide a more predictable incentive for companies to make additional R&D investments in the United States. This legislation is the logical next step to strengthen the House- and Senate-passed enhanced R&D credit pending in the Tax Reconciliation Bill (H.R. 4297) conference.

"HP strongly urges Congress to expeditiously enact a seamless, enhanced R&D tax to ensure American innovation and competitiveness."

About HP

HP is a technology solutions provider to consumers, businesses and institutions globally. The company's offerings span IT infrastructure, global services, business and home computing, and imaging and printing. For the four fiscal quarters ended Jan. 31, 2006, HP revenue totaled \$87.9 billion. More information about HP (NYSE, Nasdaq: HPQ) is available at www.hp.com.

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