

# HP's board purge cleared but pay packages scolded

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(AP) -- Just as Hewlett-Packard Co. seemed to emerge from one controversy, it has found itself immersed in two others.

HP won investors' approval Wednesday for its deep boardroom makeover that came the wake of the company's CEO scandal. At the same time, however, shareholders formally scolded HP over how much it pays top executives, and HP waded into a fresh round of sniping with [Oracle Corp.](#), a public bickering that adds a new dimension to the longtime partners' newfound antagonism.

That HP could land at the center of three public quarrels on the same day illustrates the tumult that has engulfed one of Silicon Valley's most storied companies.

The decision by shareholders to approve the 13 directors that HP put up for election is a big step toward the company moving beyond the scandal over the ouster of CEO Mark Hurd in August.

Hurd was forced out after an investigation into allegations of sexual harassment. The investigation didn't turn up evidence of harassment, but did uncover inaccurate expense reports that Hurd submitted for outings with his accuser. Hurd maintains that he didn't prepare his own expense reports, and the woman's name was not intentionally left off them. The two have said they didn't have a sexual relationship, and have reached a confidential settlement.

For HP, the world's biggest technology company by revenue, the boardroom makeover that followed was also plagued with trouble.

In January, HP said it was replacing a third of its board as the company tried to shake off the scandal. Four directors who had been particularly vocal in the debate over Hurd's ouster were leaving the board, and five new directors were coming in. Some [corporate governance](#) experts expressed fears that Hurd's replacement, new HP CEO Leo Apotheker, played too big of a role in picking the new directors, and called for investors to punish some sitting board members by withholding their votes for allowing it to happen. HP has said that its board acted properly.

Despite the dispute, HP said Wednesday at its annual shareholder meeting, held this year in Arlington, Va., that all 13 candidates won election, based on preliminary tallies.

Yet just as that dustup appeared to be dying down, HP became embroiled in two others.

At the annual meeting, about half of HP's shareholders expressed their unhappiness with HP's pay packages for top managers by casting votes against HP's executive compensation policies.

For instance, as HP's top manager, Apotheker has received a compensation package that could be worth tens of millions of dollars, including a \$1.2 million salary and \$4 million cash signing bonus. In addition, HP was heavily criticized for approving a severance package for Hurd that was in the tens of millions of dollars, some of which he had to give back as part of a settlement.

The shareholder vote is "advisory," so HP isn't required to change its policies. But the company said it values shareholders' opinion.

"While we are disappointed with the outcome of the advisory shareholder vote, HP intends to carefully consider our shareholders' perspectives regarding executive compensation matters and will take those views under advisement when making future decisions relating to executive compensation," HP said in a statement.

Meanwhile, HP waded into a new public battle of words with Oracle.

Oracle and HP are sparring over a technical issue that illustrates the magnitude of the companies' growing rivalry.

After Oracle announced that it would no longer develop new software that works with Intel Corp.'s Itanium chip, citing declining interest in the microprocessor, HP, which has been Itanium's biggest supporter, shot back that Oracle's actions were "anti-customer" and a "shameless gambit to limit fair competition."

The rift between the two companies has widened since Oracle completed its \$7.3 billion acquisition of Sun Microsystems last year. Sun is a big server maker, and so is HP. Until then, Oracle had focused on software. That focus turned its CEO, Larry Ellison, into one of the world's richest men.

HP accused Oracle of spreading "disinformation" about interest in Itanium and called Oracle's decision "clearly an attempt to force customers into purchasing Sun servers in a desperate move to slow their declining market share."

The dispute kicked off another round of fighting between the two companies. They also parried over Hurd's ouster (Hurd is a friend of Ellison, and was hired by Oracle after his ouster from HP). There was also fighting over Apotheker's appointment (Oracle tried to draw Apotheker into a lawsuit between Oracle and Apotheker's former

employer, German business software maker SAP AG).

HP shares rose 33 cents to close at \$42.07. Oracle shares rose 29 cents to \$31.41.

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