HEWLETT PACKARD CO
Form 11-K
June 24, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the calendar year ended December 31, 2014

OR

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number: 1-4423

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

HEWLETT-PACKARD COMPANY 401(k) PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

HEWLETT-PACKARD COMPANY
3000 HANOVER STREET
PALO ALTO, CALIFORNIA 94304

Hewlett-Packard Company 401(k) Plan
Financial Statements and Supplemental Schedule
December 31, 2014 and 2013, and
For the Year Ended December 31, 2014
Contents

Report of Independent Registered Public Accounting Firm
Plan Administrator
Hewlett-Packard Company 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of Hewlett-Packard Company 401(k) Plan as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Hewlett-Packard Company 401(k) Plan at December 31, 2014 and 2013, and the changes in its net assets available for benefits for the year ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2014, has been subjected to audit procedures performed in conjunction with the audit of Hewlett-Packard Company 401(k) Plan’s financial statements. The information in the supplemental schedules is the responsibility of the Plan’s management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

San Jose, California
June 24, 2015

Hewlett-Packard Company 401(k) Plan
Statements of Net Assets Available for Benefits

	December 31, 2014	2013
Assets	(In thousands)	
Cash	$4,075	$4,859
Investments, at fair value	17,363,478	16,569,462
Receivables:		
Notes receivable from participants	227,914	232,776
Due from broker for securities sold	43,402	49,589
Employer contributions	33,615	34,066
Participant contributions	17,272	17,698
Interest, dividends, and other	31,389	29,115
Total receivables	353,592	363,244
Total assets	17,721,145	16,937,565
Liabilities		
Due to broker for securities purchased	95,875	99,758
Administrative expenses and other payables	16,723	8,904
Total liabilities	112,598	108,662
Net assets available for benefits	$17,608,547	$16,828,903

See accompanying notes.

Hewlett-Packard Company 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2014

Additions	(In thousands)
Investment income:	
Net realized and unrealized appreciation in fair value of investments	$1,023,234
Interest and dividends	298,930
Total investment income	1,322,164
Contributions:	
Employer	237,116
Participants	600,626
Rollovers	65,506
Total contributions	903,248
Interest income on notes receivable from participants	10,263
Total additions	2,235,675
Deductions	
Benefits paid directly to participants	1,421,739
Investment management fees	35,371
Administrative expenses	5,768
Total deductions	1,462,878
Net increase in net assets before plan merger	772,797
Transfer in from Microlink, LLC 401(k) Profit Sharing Plan & Trust	6,847
Net increase in net assets after plan merger	779,644
Net assets available for benefits:	
Beginning of year	16,828,903
End of year	$17,608,547

See accompanying notes.

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements
December 31, 2014

1. Description of the Plan

The following brief description of the Hewlett-Packard Company 401(k) Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering employees of Hewlett-Packard Company (the Company, Employer, or HP) and designated domestic subsidiaries who are on the U.S. payroll and who are employed as regular full-time or regular part-time or limited-term employees. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan's trustee is Bank of New York Mellon (BNYM) and the recordkeeper is Fidelity Workplace Services LLC (Fidelity).

On October 6, 2014, HP announced plans to separate into two independent publicly traded companies: one comprising enterprise technology infrastructure, software, services and financing businesses, which will conduct business as Hewlett Packard Enterprise and one that will comprise printing and personal systems businesses, which will conduct business as HP Inc. The separation is subject to certain conditions, including, among others, obtaining final approval from HP's Board of Directors, receipt of a favorable opinion and/or rulings with respect to the nature of the transaction for federal income tax purposes and filings with the SEC. The separation is expected to be completed before December 31, 2015. Under the separation plan, HP shareholders will own shares of both Hewlett Packard Enterprise and HP Inc. Management has not determined the impact, if any, of the separation, on the Plan.

During 2011, the Company completed its acquisition of Autonomy Corporation plc, and, indirectly, its U.S. subsidiary Microlink, LLC. The Microlink, LLC 401(k) Profit Sharing Plan & Trust (Microlink 401(k) Plan) was merged into the Plan effective December 31, 2014. Microlink 401(k) Plan's net assets totaling approximately $6.9 million were transferred to the Plan and each participant who had an account balance under the Microlink 401(k) Plan became a participant of the Plan.

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)

1. Description of the Plan (continued)
Investments
Assets of the Plan are invested in a five-tier investment structure. Tier 1 includes ten Birth Date Funds and the Conservative Portfolio. The Birth Date Funds' investment strategy is designed to become more conservative as participants grow older. The Conservative Portfolio's investment strategy is designed for a participant who has a low tolerance for risk and/or a shorter time horizon for investing. Tier 2 includes six actively-managed institutional funds from the main asset classes – stocks, bonds, and short-term investments. Tier 3 includes four index funds that seek to mirror a specific market index by investing in similar equities and bonds that the index fund is benchmarked against. Tier 4 includes seven funds in the secondary or specialty asset classes, such as real-return income, commodities, and real estate, including the HP Stock Fund. Tier 5 is a self-directed Mutual Fund Brokerage Window that offers more than 8,500 brand-name mutual funds through an affiliate of Fidelity. All investments are participant-directed.
The Plan includes an employee stock ownership plan feature (the ESOP) within the meaning of Section 4975(e)(7) of the Internal Revenue Code of 1986, as amended (the Code). The ESOP is maintained as part of the Plan and is designed to invest primarily in the Company's common stock. The purpose of the ESOP is to permit eligible participants the option of having dividends on the Company's common stock re-invested in the Plan or paid directly to them in cash.
If a participant's account currently has more than 20% invested in the HP Stock Fund, the participant will not be forced to reduce his or her holdings; however, the investment election for ongoing contributions and loan repayments will be limited to a maximum of 20% in the HP Stock Fund, and any percentage above the 20% limit for ongoing contributions will automatically be directed to the appropriate Birth Date Fund based generally on the year the participant was born. In addition, future requested exchanges into the HP Stock Fund will be blocked if the requested change will cause the participant to exceed the 20% limit or if the participant is already at or above the 20% limit. Finally, if the participant chooses to rebalance his or her portfolio, the respective holdings in the HP Stock Fund will be limited to a maximum of 20% regardless of the current investments in the HP Stock Fund.
Contributions
As soon as administratively feasible, employees are automatically enrolled in the Plan at a 3% contribution rate in the Birth Date Fund based generally on the year the employee was born.
Participants may annually contribute, up to 50% of their eligible compensation, as defined by the Plan. Contributions are subject to annual limits specified under the Code. The annual limit was $17,500 for 2014. Participants who are age 50 or older by the end of the plan year can contribute an additional $5,500 above the annual limit. Contributions can be made as whole or fractional percentages of eligible compensation. Employees can choose pretax contributions, after-tax Roth 401(k) contributions, or a combination of the two. Both types of contributions are eligible for the Company matching contributions. Catch-up contributions are not eligible for the Company matching contributions.

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)
1. Description of the Plan (continued)

The Plan also accepts rollover contributions of amounts representing distributions from other qualified defined benefit or defined contribution plans, including amounts from a Roth deferred account, as described in Section 402A(e)(1) of the Code, to the extent the rollover is permitted under Section 402(c) of the Code.

The Company matching contribution is a fixed contribution equal to 100% of the first 4% of eligible earnings a participant contributes each pay period. The Company matching contribution is funded after the end of the fiscal quarter.

In order to receive a Company matching contribution for a fiscal quarter, a participant must be employed on the last day of such fiscal quarter or have terminated employment during such fiscal quarter as a result of such participant's death, termination under a Company-approved severance program, or in connection with a sale or divestiture by the Company of the business unit in which the participant was employed. For Company matching contributions on behalf of a participant who terminated employment under the 2012 U.S. Enhanced Early Retirement Program or the 2014 U.S. Phased Retirement Program, a participant was also eligible for a Company matching contribution for the fiscal quarter in which the participant terminated.

Vesting

Participants are fully vested at all times with regard to their contributions and earnings thereon.

In general, participants are subject to a three-year cliff vesting schedule with regard to Company matching contributions, and earnings thereon, after which time they will become 100% vested in their Company matching contributions, and earnings thereon. In addition, a participant becomes 100% vested in their Company matching contributions, and earnings thereon, at attainment of age 65, death before termination of employment, or becoming eligible for disability benefits under the Company's long-term disability program. Participants are also fully vested in their Company matching contributions, and earnings thereon, if they terminate employment in connection with a sale or divestiture by the Company of the business unit in which the participant had been employed. Additionally, participants were fully vested in their Company matching contributions, and earnings thereon, if they terminated employment under the 2012 U.S. Enhanced Early Retirement Program or the 2014 U.S. Phased Retirement Program.

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)
1. Description of the Plan (continued)
Participant Accounts
Each participant's account is credited with the participant's contributions, applicable Company matching contributions, and plan earnings, and is charged with an allocation of administrative expenses. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance and share of net earnings or losses of their respective elected investment options. Allocations are determined in accordance with the provisions of the plan document. The benefit to which a participant is entitled is the benefit that can be provided from the vested portion of the participant's account.
Notes Receivable from Participants
The Plan offers two types of loans, which are general-purpose loans and primary residence loans. The repayment period for a general-purpose loan may not exceed five years, and the repayment period for a primary residence loan may not exceed 15 years.
Participants may borrow from their accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balances. Loans are secured by the participant's vested account and bear interest at a fixed rate equal to the prevailing prime rate plus 1%. Principal and interest are paid ratably through payroll deductions. Participant loans are classified as notes receivable from participants on the Statements of Net Assets Available for Benefits and are valued at their unpaid principal balance, plus accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are recorded when they are incurred. No allowance for credit losses has been recorded as of December 31, 2014 or 2013. Participants can continue to repay their loans post-termination, as long as they have not taken a distribution from their account.
Forfeitures
If a participant terminates employment before becoming fully vested in their Company matching contributions, the nonvested Company matching contributions (and earnings thereon) are forfeited at the earlier of the date the participant receives a distribution or incurs a five-year break-in-service. Forfeited balances are restored if the participant returns to an eligible status within five years of termination and repays any amount previously distributed. Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company matching contributions, restore previously forfeited balances, or pay eligible Plan expenses.
Unallocated forfeiture balances as of December 31, 2014 and 2013, were approximately $3 million and $4 million, respectively, and forfeitures used to reduce Company matching contributions for 2014 were approximately $16 million.

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)
1. Description of the Plan (continued)
Payment of Benefits
On termination, death, or retirement, participants may elect to receive a lump-sum amount equal to the vested value of their accounts. Lump-sum payments may be made in cash or shares of stock for distribution from the HP Stock Fund. Hardship withdrawals and in-service withdrawals are permitted if certain criteria are met. Participants may also, at any time, withdraw all or part of their rollover accounts. Effective July 1, 2015, a separation of Hewlett Packard Enterprise from the Company will not be deemed a distributable event.
Administrative Expenses and Investment Management Fees
Certain expenses of the Plan for administrative services are paid directly by the Plan, except to the extent the Company chooses to pay such expenses. Each participant is charged a fixed amount of $34 per year for recordkeeping services. Certain investment management fees related to investment options are paid directly to the Plan’s investment managers and are reported separately on the Statement of Changes in Net Assets Available for Benefits.
Plan Termination
Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event that the Plan is terminated, participants would become 100% vested in their accounts.
2. Summary of Significant Accounting Policies
Basis of Accounting
The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP).
Use of Estimates
The preparation of the financial statements in conformity with GAAP requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from those estimates.

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)
2. Summary of Significant Accounting Policies (continued)
Investment Valuation and Income Recognition
The Plan's investments are stated at fair value. See Note 4 for discussion on fair value measurements.
In the normal course of business, the Plan may enter into derivative contracts (derivatives). Derivatives are either exchange-traded or over-the-counter (OTC) contracts. Exchange-traded derivatives are standard contracts traded on a regulated exchange. OTC contracts are private contracts negotiated between counterparties. The Plan has entered into derivatives that include foreign currency forward contracts, option contracts, futures contracts, and interest rate and credit default swaps contracts. See Note 5 for discussion of the Plan's use of derivatives.
Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in the fair value of investments includes the Plan's gains and losses on investments bought and sold, as well as held during the year.
Securities Financing
Repurchase agreements are recorded as collateralized financing transactions. The Plan receives collateral with a market value equal to or in excess of the principal amount loaned under the resale agreements. On a daily basis, the Plan manages its risk by calculating the market value of each position and comparing it to the contract amounts, with any difference to be settled by the counterparty. Repurchase agreements are presented gross in the Plan's Statements of Net Assets Available for Benefits.
Benefit Payments
Benefit payments are recorded when paid.

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)
3. Investments
The fair value of individual investments that represent 5% or more of the fair value of the Plan's net assets were as follows:

	December 31, 2014	2013
	(In thousands)	
Vanguard Primecap Adm Fund	$1,100,292	$995,731
Blackrock Russell 1000 Index Fund	1,990,206	1,814,207

For the year ended December 31, 2014, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated (depreciated) in fair value as follows:

	(In thousands)
Mutual funds	$162,635
Common collective trust funds	281,212
Partnership interest	7,285
Exchange-traded funds	(829)
HP Common Stock	216,550
Common and preferred stock	328,809
Corporate debt	1,585
Foreign obligations	(904)
U.S. government securities	18,588
State and municipal bond funds	4,456
Self-directed brokerage accounts	4,623
Derivatives	(776)
Total net realized and unrealized appreciation in the fair value of investments	$1,023,234

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)

4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy

Valuation techniques used by the Plan are based upon observable and unobservable inputs. Observable or market inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Plan’s assumptions about market participant assumptions based on the best information available. Assets and liabilities are classified in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to observable inputs and lowest priority to unobservable inputs.

Valuation Techniques

The following is a description of the valuation techniques used to measure fair value. There were no changes in the techniques used to measure fair value during the year ended December 31, 2014.

Common collective trusts, open-ended mutual funds, money market funds, pooled separate accounts and partnership interest: Valued at the net asset value (NAV) established by the fund’s sponsor on the last business day of the plan year, based on the fair value of the assets underlying the funds. There are no redemption restrictions or future commitments on these investments.

Close-ended mutual funds, exchange-traded funds, and common and preferred stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate debt, U.S. government securities, and foreign obligations: Valued using quoted market prices that are traded in less active markets or quoted market prices for similar instruments.

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

Derivative instruments: Listed derivatives, such as futures and exchange-traded options, are valued at the closing prices reported on the active market on which the derivative trades. OTC derivative contracts are privately negotiated contracts with counterparties, including forwards, credit default swaps, and total return swaps. The fair value for OTC derivative contracts is estimated using industry standard valuation models. These models project future cash flows and discount the future amounts to present fair value using market-based observable inputs, including spot and forward prices for foreign currencies, commodities, equities and interest rates, volatility of the underlying credit spreads, interest rate curves and the credit risk of the Plan and the counterparty.

Repurchase agreements: Valued at contract value plus accrued interest, as specified in the respective agreements.

The methods described above may produce a fair value estimate that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation techniques are appropriate and consistent with other market participants, the use of different techniques or assumptions to estimate fair value could result in a different fair value measurement at the reporting date.

The Plan does not hold any assets or liabilities classified as Level 3 as of December 31, 2014 and 2013. The Plan does not hold any assets or liabilities that are measured on a nonrecurring basis as of December 31, 2014 and 2013.

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)", which amends ASC 820, Fair Value Measurement. This ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. ASU 2015-07 is effective for interim and annual reporting periods beginning after December 15, 2015, and will be applied retrospectively to all periods presented. Plan management is currently evaluating the effect that the provisions of ASU 2015-07 will have on the Plan's financial statements.

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)
4. Fair Value Measurements (continued)
The following tables set forth the Plan's assets and liabilities at fair value as of December 31, 2014 and 2013, by level, within the fair value hierarchy:

	As of December 31, 2014 (In thousands)		
	Level 1	Level 2	Total
Assets			
Mutual funds:			
Growth funds	$1,622,540	$51,329	$1,673,869
Fixed-income funds	337,065	359,374	696,439
Total mutual funds	1,959,605	410,703	2,370,308
Self-directed brokerage accounts:			
Mutual funds:			
Index funds	48,702	-	48,702
Growth funds	122,467	-	122,467
Fixed-income funds	141,639	-	141,639
Value funds	66,847	-	66,847
Industry-specific funds	68,358	-	68,358
Other funds	43,057	-	43,057
Total self-directed brokerage accounts	491,070	-	491,070
Common collective trusts:			
Index funds	-	3,582,431	3,582,431
Growth funds	-	451,034	451,034
Total common collective trusts	-	4,033,465	4,033,465
Exchange-traded funds - Growth funds	5,176	-	5,176
HP common stock	684,236	-	684,236
Short-term investments	-	755,785	755,785
Foreign obligations	-	43,788	43,788
Pooled separate accounts	-	6,847	6,847

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)
4. Fair Value Measurements (continued)

	As of December 31, 2014 (In thousands)		
	Level 1	Level 2	Total
Common and preferred stocks:			
Basic materials	$175,182	$-	$175,182
Communications	823,985	-	823,985
Consumer goods	1,983,297	-	1,983,297
Diversified	8,675	-	8,675
Energy	377,217	-	377,217
Financial	1,598,721	-	1,598,721
Industrial	700,512	-	700,512
Technology	582,342	-	582,342
Utilities	120,509	-	120,509
Total common and preferred stocks	6,370,440	-	6,370,440
Corporate debt:			
Basic materials	-	38,724	38,724
Communications	-	209,883	209,883
Consumer goods	-	228,710	228,710
Energy	-	115,959	115,959
Financial	-	320,978	320,978
Industrial	-	88,720	88,720
Technology	-	31,907	31,907
Utilities	-	26,574	26,574
Total corporate debt	-	1,061,455	1,061,455
U.S. government securities:			
Federal	-	1,490,821	1,490,821
Municipal	-	43,645	43,645
Total U.S. government securities	-	1,534,466	1,534,466
Derivative assets	207	11,232	11,439
Total assets	$9,510,734	$7,857,741	$17,368,475
Liabilities			
Derivative liabilities	$489	$4,508	$4,997
Total liabilities	$489	$4,508	$4,997

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

	As of December 31, 2013 (In thousands)		
	Level 1	Level 2	Total
Assets			
Mutual funds:			
Growth funds	$1,523,864	$46,438	$1,570,302
Fixed-income funds	332,190	346,655	678,845
Other funds	85,233	-	85,233
Total mutual funds	1,941,287	393,093	2,334,380
Self-directed brokerage accounts:			
Mutual funds:			
Index funds	32,815	-	32,815
Growth funds	121,381	-	121,381
Fixed-income funds	126,321	-	126,321
Value funds	60,265	-	60,265
Industry-specific funds	45,002	-	45,002
Other funds	30,218	-	30,218
Total self-directed brokerage accounts	416,002	-	416,002
Common collective trusts:			
Index funds	-	3,411,678	3,411,678
Growth funds	-	463,045	463,045
Total common collective trusts	-	3,874,723	3,874,723
Partnership interest - Energy	-	88,443	88,443
Exchange-traded funds - Growth funds	40,551	-	40,551
HP common stock	523,810	-	523,810
Repurchase agreements	-	50,700	50,700
Short-term investments	-	782,799	782,799
Foreign obligations	-	28,071	28,071

Hewlett-Packard Company 401(k) Plan
Notes to Financial Statements (continued)

4. Fair Value Measurements (continued)

	As of December 31, 2013 (In thousands)		
	Level 1	Level 2	Total
Common and preferred stocks:			
Basic materials	$193,336	$-	$193,336
Communications	812,793	-	812,793
Consumer goods	1,767,137	-	1,767,137
Diversified	13,785	-	13,785
Energy	422,747	-	422,747
Financial	1,442,857	-	1,442,857
Industrial	738,275	-	738,275
Technology	501,683	-	501,683
Utilities	89,878	-	89,878
Total common and preferred stocks	5,982,491	-	5,982,491
Corporate debt:			
Basic materials	-	41,327	41,327
Communications	-	185,787	185,787
Consumer goods	-	199,578	199,578
Energy	-	116,085	116,085
Financial	-	310,359	310,359
Industrial	-	85,665	85,665
Technology	-	33,699	33,699
Utilities	-	19,434	19,434
Total corporate debt	-	991,934	991,934
U.S. government securities:			
Federal	-	1,412,017	1,412,017
Municipal	-	44,322	44,322
Total U.S. government securities			