UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of	)	
	)	
Hewlett-Packard Company	)	**CPSC Docket No.** 12-C0006
	)	

SETTLEMENT AGREEMENT

1. In accordance with 16 C.F.R. § 1118.20, Hewlett-Packard Company ("HP") and the staff ("Staff") of the United States Consumer Product Safety Commission ("Commission") hereby enter into this Settlement Agreement ("Agreement") under the Consumer Product Safety Act ("CPSA"). The Agreement and the incorporated attached Order ("Order") resolve the Staff's allegations set forth below.

PARTIES

2. The Staff is the staff of the U.S. Consumer Product Safety Commission, an independent federal regulatory agency established pursuant to, and responsible for, the enforcement of the CPSA, 15 U.S.C. §§ 2051–2089.

3. HP is a corporation, organized and existing under the laws of Delaware, with its principal executive office located in Palo Alto, California.

STAFF ALLEGATIONS

4. Between December 2004 and July 2006, HP imported approximately 32,000 lithium-ion battery packs (the "Products") that were shipped with, sold as accessories for use with, or provided as spare parts for the following HP notebook computers: the HP Pavilion dv1000, dv8000, and zd8000 series; the Compaq Presario v2000 and v2400 series; and the HP Compaq nc6110, nc6120, nc6140, nc6220, nc6230, nx4800, nx4820, nx6110, nx6120, and

nx9600 models. HP, in addition to computer and electronics stores nationwide, as well as various Web retailers, sold notebook computers that contained the Products for between $700 and $3,000. The Products that were sold separately for use with the notebook computers retailed for between $100 and $160.

5. The Products are "consumer products" and, at all relevant times, HP was a "manufacturer" of these consumer products, which were "distributed in commerce," as those terms are defined or used in sections 3(a)(5), (8), and (11) of the CPSA, 15 U.S.C. § 2052(a)(5), (8), and (11).

6. The Products can overheat, posing a fire and burn hazard to consumers.

7. Between June 2005 and March 2007, HP received 17 reports of Product incidents, some of which involved flames or fires.

8. Between March 2007 and April 2007, HP conducted a study, from which it obtained additional information about the Products.

9. By September 2007, HP knew of approximately 22 reports of incidents involving the Products. In at least two of those incidents, the Products caused injury to consumers. In at least one of those incidents, the consumer apparently went to the hospital. HP did not receive any information on the consumer's injuries or treatment, if any.

10. Despite being aware of the information set forth in Paragraphs 6 through 9, HP did not report to the Commission until July 25, 2008. By that time, HP was aware of at least 31 reports of incidents involving the Products, which had caused injuries to at least two consumers. HP also was aware that at least one consumer apparently went to the hospital because of an incident involving the Product. Following consultation with the Commission from July to October 2008, the Products were recalled in October 2008.

11. Although HP had obtained sufficient information to reasonably support the conclusion that the Products contained a defect which could create a substantial product hazard, or created an unreasonable risk of serious injury or death, HP failed to immediately inform the Commission of such defect or risk, as required by sections 15(b)(3) and (4) of the CPSA, 15 U.S.C. § 2064(b)(3) and (4). In failing to immediately inform the Commission, HP knowingly violated section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4), as the term "knowingly" is defined in section 20(d) of the CPSA, 15 U.S.C. § 2069(d).

12. Pursuant to section 20 of the CPSA, 15 U.S.C. § 2069, HP is subject to civil penalties for its knowing failure to report, as required under section 15(b) of the CPSA, 15 U.S.C. § 2064(b).

RESPONSE OF HEWLETT-PACKARD COMPANY

13. On or about October 30, 2008, the Commission, in cooperation with HP and other companies, announced a voluntary recall of the Products. The recall announcement can be accessed at: http://www.cpsc.gov/cpscpub/prerel/prhtml09/09035.html.

14. HP denies all of the Staff's allegations, including, but not limited to, the allegations that the Products (or the notebooks with which the Products were used) could create an unreasonable risk of serious injury or death, or that HP violated the reporting requirements of the CPSA. HP further denies that it committed any violation of the CPSA "knowingly," as that term is defined in Section 20(d) of the CPSA, 15 U.S.C. § 2069(d). With respect to the voluntary recall of the Products and the communications/reports leading up to that recall, HP acted in accordance with the CPSA and in its customers' best interests.

AGREEMENT OF THE PARTIES

15. Under the CPSA, the Commission has jurisdiction over this matter and over HP.

16. In settlement of the Staff's allegations, HP shall pay a civil penalty in the amount of four hundred twenty-five thousand dollars ($425,000.00) within 20 calendar days of receiving service of the Commission's final Order accepting the Agreement. The payment shall be made by check payable to the order of the United States Treasury.

17. In consideration of HP's payment, the Commission agrees to release HP, as well as its current and former directors, officers, trustees, employees, agents, and representatives from any civil claim that the Commission has or may have against those parties arising out of or relating to the recall of October 30, 2008, or the Staff's allegations that HP failed to report in a timely manner a potential hazard involving the Products.

18. The parties enter into this Agreement for settlement purposes only. The Agreement does not constitute an admission by HP or a determination by the Commission that HP knowingly violated the CPSA's reporting requirements. The Agreement by the parties of the terms and conditions set forth herein is without any adjudication of any issue of fact or law.

19. Upon provisional acceptance of the Agreement by the Commission, the Agreement shall be placed on the public record and published in the *Federal Register*, in accordance with the procedures set forth in 16 C.F.R. § 1118.20(e). If the Commission does not receive any written request not to accept the Agreement within fifteen (15) calendar days, the Agreement shall be deemed finally accepted on the 16th calendar day after the date it is published in the *Federal Register*, in accordance with 16 C.F.R. § 1118.20(f).

20. Upon the Commission's final acceptance of the Agreement and issuance of the final Order, HP knowingly, voluntarily, and completely waives any rights it may have in this matter to the following: (i) an administrative or judicial hearing; (ii) judicial review or other challenge or contest of the Commission's actions; (iii) a determination by the Commission of whether HP failed to comply with the CPSA and the underlying regulations; (iv) a statement of findings of fact and conclusions of law; and (v) any claims under the Equal Access to Justice Act.

21. The Commission may publicize the terms of the Agreement and the Order.

22. The Agreement and the Order shall apply to, and be binding upon, HP and each of its successors and/or assigns.

23. The Commission issues the Order under the provisions of the CPSA, and a violation of the Order may subject HP and each of its successors and/or assigns to appropriate legal action.

24. The Agreement may be used in interpreting the Order. Understandings, agreements, representations, or interpretations apart from those contained in the Agreement and the Order may not be used to vary or contradict their terms. The Agreement shall not be waived, amended, modified, or otherwise altered without written agreement executed by the party against whom such waiver, amendment, modification, or alteration is sought to be enforced.

25. If any provision of the Agreement and the Order is held to be illegal, invalid, or unenforceable under present or future laws effective during the terms of the Agreement and the Order, such provision shall be fully severable. The balance of the Agreement and the Order shall remain in full force and effect, unless the Commission and HP agree that severing the provision materially affects the purpose of the Agreement and Order.

26. This Agreement may be signed in counterparts.

HEWLETT-PACKARD COMPANY

Dated: 12-15-11 By: _____

James Mouton
Hewlett-Packard Company
Senior Vice President & General Manager
Personal Systems Group
PC Global Business Unit
11445 Compaq Center Dr W
Houston, TX 77070

Dated: 12-20-11 By: _____

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Melissa V. Hampshire
Assistant General Counsel

Dated: 1/9/12 By: _____

Amy S. Colvin, General Attorney
Division of Enforcement and Information
Office of the General Counsel

UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of	)	
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Hewlett-Packard Company	)	**CPSC Docket No.** 12-C0006

ORDER

Upon consideration of the Settlement Agreement entered into between Hewlett-Packard Company ("HP"), and the U.S. Consumer Product Safety Commission ("Commission") staff, and the Commission having jurisdiction over the subject matter and over HP, and it appearing that the Settlement Agreement and the Order are in the public interest, it is

ORDERED that the Settlement Agreement be, and hereby is, accepted; and it is

FURTHER ORDERED that HP shall pay a civil penalty in the amount of four hundred twenty-five thousand dollars ($425,000.00) within twenty (20) calendar days of service of the Commission's final Order accepting the Settlement Agreement. The payment shall be made by check payable to the order of the United States Treasury. Upon the failure of HP to make the foregoing payment when due, interest on the unpaid amount shall accrue and be paid by HP at the federal legal rate of interest set forth at 28 U.S.C. § 1961(a) and (b).

(continued on next page)

Provisionally accepted and provisional Order issued on the 20th day of January, 2012

BY ORDER OF THE COMMISSION:

Todd A. Stevenson, Secretary
U.S. Consumer Product Safety Commission

Finally accepted and final Order issued on the 13th day of February, 2012

BY ORDER OF THE COMMISSION:

Todd A. Stevenson, Secretary
U.S. Consumer Product Safety Commission