



Real Consumer Costs for Electronic Equipment Recycling as Low as 1 Euro Cent

HP finds competitive recycling schemes across Europe offer significantly lower costs to consumers

GENEVA, June 2, 2006 – HP today published new data showing the real costs of implementing the WEEE directive in a sample of European countries, ten months after the legislation was implemented. The research clearly indicates that following the WEEE implementation, recycling costs in relation to the end product price for consumers are lower than initially feared.

Significantly, the review found that in countries where there is a more competitive environment for electronics recycling providers, the take back and recycling costs of retired electronic equipment are lower. Costs are higher in countries where there is no competition and only one recycling provider for industry to work with. For example, Austria, Germany and Spain possess relatively new, but highly dynamic take back and recycling systems with strong market competition, and are enjoying costs of just a few Euro cents per product. Recently calculations point to a cost of around 7 Euro cents in Germany, 20 Euro cents in Spain and 39 Euro cents in Austria for every HP Notebook PC sold. On the other hand, in Belgium, Switzerland and Ireland, where there are no competitive markets, the costs are higher.

“Customers throughout Europe have shared the perception that the process of recycling electronic equipment always equates to high costs. While HP has always stated that competition will reduce such costs, we are pleasantly surprised by how low costs actually are in the competitive environment”, said Klaus Hieronymi, Director, Environmental Business Management Organisation, HP EMEA.

The different levels of competition have led to a wide variation in costs of recycling across Europe. To recycle a PDA (Personal Digital Assistant), for example, costs consumers less than 1 Euro cent in Spain, 2 Euro cents in Austria, 41 Euro cents in Belgium and 1.33 Euros in Switzerland.

Hieronymi added, “HP is working with organisations across Europe to encourage a more competitive environment for electronics recycling providers. We hope that this will offer the lowest possible costs while maintaining high standards of recycling, which will in the end benefit consumers and the environment”.

However, the review also found a wide variation in the way producers are asked to pay for the take back and recycling of electronic equipment from country to country. In Germany, The Netherlands, Norway and Sweden producers such as HP are charged the actual take back and recycling costs for products returned. In Austria and Spain producers are charged for every kilo sold, whereas Belgium and Switzerland are charging based on units sold.

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“In our evaluation, we have found that there are no consistent standards for producers. HP’s goal has always been to keep customer costs down. The different charging systems across Europe may make low cost recycling a challenge”, warned Hieronymi.

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 April 30, 2006, HP revenue totaled \$88.9 billion. More information about HP (NYSE, Nasdaq: HPQ) is available at www.hp.com.

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Notes to Editors

1. The European Union’s Waste and Electrical and Electronic Equipment (WEEE) Directive 2002/95/EC aims to stop the growing volume of electrical and electronic waste disposed of in landfill sites, by making manufacturers responsible for financing the recycling of end-of-life equipment. It also aims to encourage eco-design, reuse and recycling through Individual Producer Responsibility (IPR). The Directive covers all electronic and electrical products from PCs to power tools, DVDs to digital cameras, washing machines to fridges and from electric toothbrushes to toys.
2. Methodology: HP found that the best method to compare the recycling costs in different European countries was to make comparisons on the take back and recycling costs that are added to every new product sold. This is the amount that customers would pay on new products to cover the cost of recycling. The cost was calculated based on the charges levied for recycling per kilo and then calculated for individual products based on weight.

Examples of take back and recycling cost in several countries. Based on HP specific conditions e.g. product weight:

Equipment type	Hand-held	Digital Camera	Laptop Computer	Desktop Computer	Consumer Inkjet Printer	LaserJet Printer	Flat Screen Monitor
Take Back Fee in Belgium (www.recupel.be) (1)	0.41 €	1.24 €	1.65 €	2.48 €	1.65 €	1.65 €	4.96 €
Take Back Fee in Switzerland (2) VFG includes cost of additional services (e.g. packaging & battery Take Back) www.swico.ch/en/recycling.asp	1.33 €	1.00 €	6.00 €	6.00€	3.00 €	4.00 €	6.00 €
HP Take Back Cost Norway (3)	0.05 €	0.10 €	1.52 €	3.80 €	1.33 €	4.56 €	3.42 €
HP Take Back Cost Sweden (3)	0.03 €	0.06 €	0.88 €	2.20 €	0.77 €	2.64 €	1.98 €
HP Take Back Cost Netherlands (3)	0.03 €	0.07 €	1.08 €	2.70 €	0.95 €	3.24 €	2.43 €
Cost of Take Back in Spain (ERP) (4)	0.01 €	0.01 €	0.20 €	0.50 €	0.18 €	0.75 €	0.81 €
Cost of Take back in Austria (ERP) (5)	0.02 €	0.02 €	0.39 €	0.83 €	0.34 €	1.00 €	1.49 €
Cost of Take Back in Germany (ERP) (6)	0.01 €	0.01€	0.07 €	0.38 €	0.12 €	0.43 €	0.29 €

Average weight / unit sold	0.125 kg	0.250 kg	4 kg	10 kg	3.5 kg	12 kg	9 kg
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Background and Assumptions

All figures expressed in Euros. 1.5CHF – 1 Euro

All figures excluding VAT

- (1) Prices charged by RECUPEL.
- (2) Take back and recycling prices set by SWICO (including packing and battery take back, internal administration and programs for waste reduction).
- (3) Take back and recycling cost charged by National Consortium to HP, distributed on all HP products sold the same period.
- (4) Prices of ERP (ERP reported cost per kilo multiplied by average weight of unit sold). Prices of other national take back and recycling systems are slightly different.
- (5) Prices of ERP (ERP reported cost per kilo multiplied by average weight of unit sold). Prices of other national take back and recycling systems are slightly different. Include payments to municipalities, communication and 'Waste Minimisation Project'.
- (6) Based on charges of ERP (ERP reported cost per kilo multiplied by average weight of unit sold), distributed on all HP products sold the same time. Prices of other take back and recycling systems in Germany may differ. Cost of national register (EAR) included.

The European Recycling Platform (ERP) operates in several European countries to ensure cost effective implementation of the WEEE directive, for the benefit of the participating companies and their customers, through innovative waste management strategies. The recycling platform was founded in 2002 by Braun, Electrolux, HP and Sony in response to the introduction of the European Union's Waste Electronic and Electrical Equipment (WEEE) Directive.

As of March 2006