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

DIVISION OF
CORPORATION FINANCE

July 20, 2007

Mr. Christian J. Mixter
Morgan Lewis
1111 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Re: **In the Matter of Mercury Interactive Corporation, HO-10296**
Hewlett-Packard Company--Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act

Dear Mr. Mixter:

This is in response to your letter dated May 16, 2007, written on behalf of Hewlett-Packard Company (Company), and constituting an application for relief from the Company being considered an "ineligible issuer" under Rule 405(1)(vi) of the Securities Act of 1933 (Securities Act) arising from the settlement of a civil injunctive proceeding with the Commission. On May 31, 2007, the Commission filed a civil injunctive complaint (Complaint), in the United States District Court for the Northern District of California, San Jose Division, against Mercury Interactive LLC f/k/a Mercury Interactive Corporation (Mercury), which is now a subsidiary of the Company. The complaint alleges that Mercury violated, among other things, Sections 17(a) of the Securities Act and Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act). Mercury filed a consent in which it agreed without admitting or denying the allegations of the Commission's Complaint, to the entry of a Final Judgment against it. Among other things, the Final Judgment as entered on July 12, 2007, permanently enjoins Mercury from violating Section 17(a) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act.

Based on the facts and representations in your letter, and assuming Mercury and the Company will comply with the Final Judgment, the Commission, pursuant to delegated authority has determined that the Company has made a showing of good cause under Rule 405(2) and that the Company will not be considered an ineligible issuer by reason of the entry of the Final Judgment. Specifically, we determined under these facts and representations that the Company has shown that the terms of the Final Judgment were agreed to in a settlement prior to the merger between the Company and Mercury. Accordingly, the relief described above from the Company being an ineligible issuer under Rule 405 of the Securities Act is hereby granted. Any different facts than as represented or non-compliance with the Final Judgment might require us to reach a different conclusion.

Sincerely,

Mary Kosterlitz

Mary Kosterlitz
Chief, Office of Enforcement Liaison
Division of Corporation Finance

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May 16, 2007

VIA HAND DELIVERY

Mary J. Kosterlitz, Esq.
Chief of the Office of Enforcement Liaison
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-0310

Re: In the Matter of Mercury Interactive Corporation (File No. HO-10296)

Dear Ms. Kosterlitz:

We submit this letter on behalf of our client, Hewlett-Packard Company ("HP"). As you may be aware, HP recently completed its tender offer for all of the outstanding shares of common stock of Mercury Interactive, LLC f/k/a Mercury Interactive Corporation, which is now a wholly-owned indirect subsidiary of HP ("Mercury") and the settling defendant in a proposed injunctive action arising out of the above-referenced investigation by the Securities and Exchange Commission ("Commission").

We hereby respectfully request a waiver of any "ineligible issuer"[1] status that may arise pursuant to Rule 405 ("Rule 405") promulgated under the Securities Act of 1933 ("Securities Act") with respect to HP as a result of the Final Judgment against Mercury. We respectfully request that this waiver be granted effective upon the entry of the Final Judgment. It is our understanding that the Division of Enforcement in Washington D.C. does not object to the grant of the requested waiver.

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[1] *See* Securities Offering Reform, 70 Fed. Reg 44, 772; 44,810-811 (Aug. 3, 2005) (codified at 17 C.F.R., pt. 230.405).

BACKGROUND

The staff of the Division of Enforcement engaged in settlement discussions with Mercury in connection with the investigation identified above. As a result of these discussions, Mercury plans to submit an executed Consent of Defendant Mercury ("Consent") which will be filed by the staff with the United States District Court for the Northern District of California, San Jose Division ("Court") when the Commission files its complaint ("Complaint") against Mercury in a civil action styled Securities and Exchange Commission v. Mercury Interactive, LLC f/k/a Mercury Interactive Corporation, et al.

In the Consent, solely for the purpose of proceedings brought by or on behalf of the Commission or to which the Commission is a party, Mercury will agree to consent to the entry of the Final Judgment without admitting or denying the allegations set forth in the Complaint (except as to the Court's jurisdiction over it and the subject matter of the action). Pursuant to the terms of the proposed Final Judgment, the Court will permanently enjoin Mercury from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), and Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B) and 14(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 10b-5, 12b-20, 13a-1, 13a-13, and 14a-9 thereunder. The Final Judgment will resolve the allegations contained in the Commission's Complaint. The Complaint alleges that for the time period of at least February 1997 to June 2005, Mercury defrauded its public shareholders by concealing approximately $258 million in compensation expense resulting from the grants of in-the-money stock options, which were fraudulently backdated to reflect grant dates coinciding with relative low points of the company's stock. The Complaint also alleges that Mercury made fraudulent and misleading disclosures relating to stock option exercises of certain of its senior officers, by understating the gain on those exercises, which were backdated to dates coinciding with relative low points of the company's stock price. The Complaint additionally alleges that Mercury fraudulently structured certain overseas employee stock option exercise transactions to conceal the variable accounting consequences of those transactions. The Complaint further alleges that, during at least 1998 through 2001, Mercury manipulated its reported earnings by managing the recognition of its revenue so as to shift revenue between quarterly periods, and that the company made false and misleading disclosures concerning its revenues and sales backlog. The Final Judgment will order Mercury, among other things, to pay a $35 million civil monetary penalty (pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act) and $1 in disgorgement.

DISCUSSION

Securities Act rules, which were adopted and amended effective December 1, 2005, provide substantial benefits to an issuer classified as a "well-known seasoned issuer" ("WKSI"), including the use of a streamlined automatic shelf registration process and a more liberalized

communications framework for securities offerings.[2] However, these benefits are unavailable to issuers who are excluded from the WKSI definition, and therefore such issuers may not use automatic shelf registrations or avail themselves of the liberalized communications framework.[3]

An issuer is an ineligible issuer for the purposes of Rule 405 if, among other things,

> [w]ithin the past three years . . . the issuer or any entity that at the time was a subsidiary of the issuer was made the subject of any judicial or administrative decree order arising out of a governmental action that: (A) Prohibits certain conduct or activities regarding, including future violations of, the anti-fraud provisions of the federal securities laws; (B) Requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws.[4]

Ineligible issuer status may be waived if "the Commission determines, upon a showing of good cause that it is not necessary under the circumstances that the issuer be considered an ineligible issuer."[5] The Commission has delegated to the Division of Corporation Finance the authority to grant or deny applications requesting that an issuer not be considered an ineligible issuer as defined in Rule 405.[6]

HP qualifies as a WKSI and wishes to maintain its eligibility as a WKSI. Accordingly, HP hereby requests a waiver, effective upon entry of the Final Judgment, of any ineligible issuer status that may arise under Rule 405 as a result of the entry of the Final Judgment.[7] For the following reasons, we do not believe that the protection of investors or the public interest would be served by denying HP the benefits afforded by the Securities Act to issuers that are not classified as ineligible issuers.

Mercury and the Staff had agreed in principle to the terms of the Consent described prior to the merger of HP and Mercury, and had the action been brought against Mercury prior to the merger being consummated, ineligibility status would not have resulted against HP.[8] Further, HP was

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2 *See* Rules 163, 164 and 405 relating to free writing prospectuses and automatic shelf registration.

3 *See* Rule 405 (definition of "Well-known seasoned issuer," para. (iii)); Rule 164.

4 Rule 405 (definition of "Ineligible issuer," para (1)(vi)).

5 *Id.* (definition of "Ineligible issuer," para (2)).

6 Securities Offering Reform, 70 Fed. Reg. 44,722; 44,798-799 (Aug. 3, 2005) (codified at 17 C.F.R. pt. 200.30-1(a)(10).

7 HP reserves all rights to claim that this disqualification provision is inapplicable.

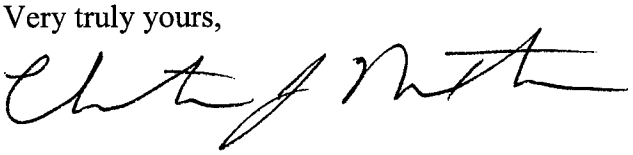
8 The SEC has "provided that ineligibility based on actions of a subsidiary must have arisen at the time that the entity was a subsidiary of the issuer." *See* 70 Fed. Reg. 44,722, 44,747 (Aug. 3, 2005) and n. 5 *supra*.

not involved with any of the conduct described in the Consent or the Final Judgment. If the requested relief is not granted, HP would incur additional, unnecessary regulatory burdens through no fault of its own. Accordingly, HP should be determined not to be an "ineligible issuer" within the meaning of Rule 405.

In light of the grounds for relief discussed above, we believe that HP has shown good cause that relief should be granted. Accordingly, we respectfully urge the Division of Corporation Finance to grant a waiver, effective upon the entry of the Final Judgment, of any ineligible issuer status with regard to HP that may arise pursuant to Rule 405.[9]

Please do not hesitate to contact the undersigned at 202.739.5575, if you have any questions regarding this request.

Very truly yours,



Christian J. Mixter

c: Paul Porrini, Esq.
Hewlett-Packard Company

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[9] We note that the Division of Corporation Finance has granted relief under Rule 405(1)(vi) of the Securities Act for similar reasons. *See* Letter from Mary Kosterlitz, Chief, Office of Enforcement Liaison, Division of Corporate Finance to Steven W. Hansen, February 21, 2006, regarding MetLife, Inc.'s waiver request of ineligible issuer status under Rule 405 of the Securities Act; Letter to Dennis J. Block, March 16, 2006, regarding request of Bear, Stearns & Co. Inc.; Letter to Alan L. Dye, August 31, 2006, regarding request of Lincoln National Corporation; Letter to Christian J. Mixter, September 28, 2006, regarding request of Deutsche Investment Management Americas, Inc., *et al*; Letter to Paul V. Gerlach, October 5, 2006, regarding request of Raytheon Company.