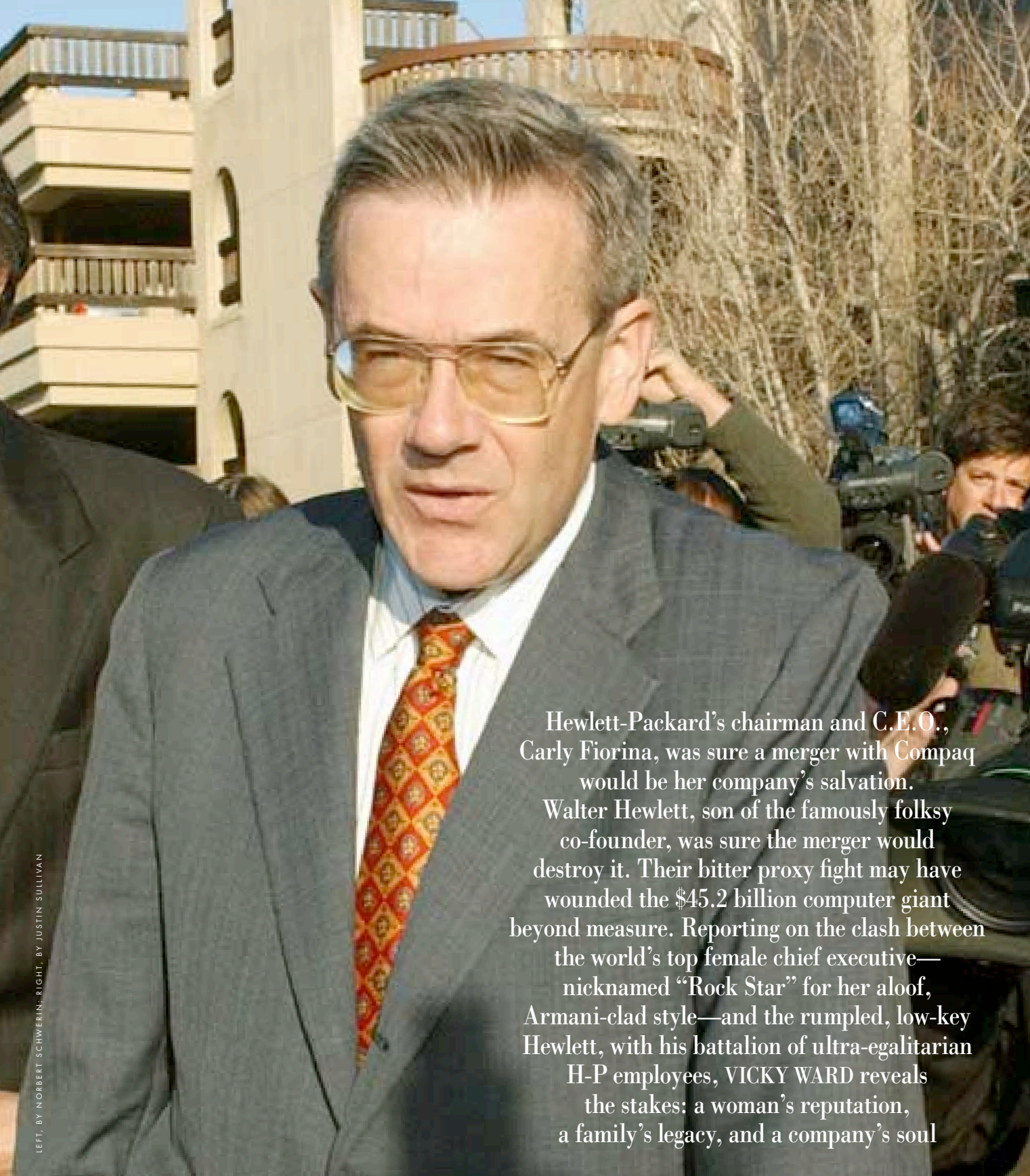


SILICON SHOWDOWN

Carly Fiorina after the shareholders' meeting in Cupertino, California, at which she closed the voting on the Hewlett-Packard/Compaq merger, March 19, 2002. *Opposite*, Walter Hewlett arriving for the same meeting.



The Battle for



LEFT, BY NORBERT SCHWERIN; RIGHT, BY JUSTIN SULLIVAN

Hewlett-Packard's chairman and C.E.O., Carly Fiorina, was sure a merger with Compaq would be her company's salvation. Walter Hewlett, son of the famously folksy co-founder, was sure the merger would destroy it. Their bitter proxy fight may have wounded the \$45.2 billion computer giant beyond measure. Reporting on the clash between the world's top female chief executive—nicknamed “Rock Star” for her aloof, Armani-clad style—and the ruffled, low-key Hewlett, with his battalion of ultra-egalitarian H-P employees, VICKY WARD reveals the stakes: a woman's reputation, a family's legacy, and a company's soul

Hewlett-Packard

A

t around 8:45 A.M. on Tuesday, March 19, Carly Fiorina, the 47-year-old chairman and C.E.O. of Hewlett-Packard, the \$45.2 billion computer company, took the stage at the Flint Center in Cupertino, California, before 2,000 company shareholders. She wore her uniform—a dark pantsuit, heels, a pearl-pearl necklace, pearl earrings, clear nail polish—and had on bright-red lipstick, and her hair was shorter and blonder than usual. From the back of the auditorium, she looked cool and in control. But close-up one could see pouches protruding under her eyes and an uncharacteristic pallor that blush could not mask—signaling that it had been a long night. A handful of people, hidden backstage, knew the truth: that Fiorina was a hairsbreadth away from the biggest fall of her career, a fall that would have repercussions for women throughout corporate America. As the first-ever female head of a Dow 30 company, she has been celebrated by the business press the way Madonna is by the tabloids. Was she now going to flame out from an even greater height than had two of her former high-profile women peers—namely ex-Warnaco chief Linda Wachner and Mattel's Jill Barad—who were ousted after they failed to build on promising starts?

Onstage that crisp, sunlit morning Fiorina did not know the answer. As she introduced the Hewlett-Packard executive management team, sitting beneath her in the front row, she managed a little black humor, asking the audience to please “restrain” their applause. She knew there would be none.

The last hope for her career as H-P's C.E.O. lay with one of the company's investors, Deutsche Bank. All the night before, Fiorina and H-P's proxy solicitors, under the watchful eye of Silicon Valley's “celebrity lawyer” Larry Sonsini, had been on the phone, trying to persuade the institution to change its mind on how to vote its shares in the proxy fight over H-P's proposed merger with Compaq, the struggling computer company. Fiorina was arguing

that the merger would give H-P the scale it needed to compete with IBM and Dell in a market demanding increasingly complex systems and services. It was a dicey bet. No previous technology merger had ever worked. Conventional wisdom held that you couldn't integrate two companies quickly enough to avoid crippling losses in the production line. There was also the strong argument that H-P's valuable \$19.4-billion-a-year imaging and printing (computer printers and components) business, which brought in 43 percent of its revenues, would suffer debilitating dilution. Deutsche Bank had already voted its 25 million shares against the merger.

But Fiorina was determined to get the bank to change its mind. The week before, as a sweetener, H-P had opened a credit line there, which could facilitate the merger if it went through. Relations were friendly. Right now, the urbane Sonsini, corporate lawyer also for Apple's Steve Jobs, Sun Microsystems' Scott McNealy, and many other big Silicon Valley names, was backstage, headset on, ready to radio Ann Baskins, H-P general counsel and secretary, who was seated onstage near Fiorina, if Deutsche Bank switched.

In the audience, all around Fiorina, was evidence of why it might not. About halfway back in the auditorium was Walter Hewlett, 57, eldest son of Hewlett-Packard's late co-founder Bill Hewlett and the leader of the opposition to the merger. A small man, with a bit of a stoop and an uneven, slightly spiky haircut, he looked more like a character out of *Lord of the Rings* than a corporate hero. In an ill-fitting gray suit, he peered through thick glasses and read a prepared speech haltingly off white cards, as if he were a little unsure of some of the sentence constructions. (In fact, as a close friend of his later confided, he is both farsighted and dyslexic.) But he received a hysterical ovation from the crowd, which stood, clapped, whistled, stamped, and waved green fluorescent glow sticks. Many were also wearing green T-shirts to match the color of the opposition's green ballots.

Then there were the increasingly hostile questions from the audience, composed mostly of current and ex-employees—who'd watched the value of their stock sink from \$30 to under \$20 over the past year—many of whom either had been fired from H-P or would be if the merger went through. Although Fiorina responded with her normal fluency, many felt their questions went unanswered, or else they did not believe her.

Perhaps the most poignant moment of the entire meeting came when Dan Dove, a stocky, dark-haired engineer from H-P's Procurve Network Management division,

took the microphone. He spoke softly and clearly: “I love this company,” he recalls telling Fiorina. “Twenty-two years ago I was unemployed, my wife was pregnant, and I was fortunate to get a job with H-P as a production assembly worker. I worked my way through college, obtained a degree in electrical engineering, and subsequently got a job in the lab, and since then have obtained eight patents, and I have two pending. Those patents are broadly used throughout the industry, even by our competitors like Cisco, on whose board you sit. I totally agree with your statement that the trust and respect between employees and management is crucial to the success of the merger, and I totally agree that layoffs should be a last resort. However, I disagree with the way layoffs were done last year, and I work in a division where we were growing at twice the market rate, and we needed more people to succeed. . . . [Over the years] I had friends who left for startups, who are now multimillionaires. I never took advantage of those offers, because I love working at H-P, but I don't trust the management that is pushing the merger, and if this merger is going through, I don't see how I can continue to work for this company.”

The crowd went berserk. Fiorina looked defeated. “I am sorry you feel that way,” she said, and she seemed to mean it.

But it wasn't enough to buy off this mob. “She's a witch,” said one man, who did not want to give his last name. A woman wearing jeans, sneakers, and a floral shirt whispered, “I actually met her when she first arrived. I introduced myself to her in the rest room, and she started fixing her hair, even though nothing was out of place. I mean”—and here the woman rolled her eyes—“that tells you everything, doesn't it? Someone who fixes their hair *when nothing is wrong with it!*”

Later, sources confided that the outside directors on H-P's board—represented at this meeting by Sam Ginn, the former chairman of the mobile communications company Vodafone AirTouch—had been “shocked” at the level of employee disension over the merger; in the H-P 401(k) plan, the only place in which employees were guaranteed confidentiality, they voted two to one against the deal. One had to wonder how, if it got voted in, this most audacious, complicated merger could really work in the face of such passionate antipathy from employees.

Amid the sea of geek clothes—jeans, sneakers, and checked shirts—Fiorina's army of corporate-communications women (some

of whom she'd imported from the East Coast) stood out like an alien tribe from *Star Trek*; wearing headsets, they ran around in shiny black pantsuits and designer shoes. "New H-P meets old H-P," cracked Chris Nolan, the Silicon Valley gossip columnist.

Given the fractious environment, it was not altogether surprising that, when Ann Baskins finally handed Fiorina a note saying that Deutsche Bank had voted 17 million of its 25 million shares for the deal, Fiorina looked less than ecstatic. H-P lawyers reckoned she had gotten just enough votes, although it would be weeks before they knew for sure. Sonsini later confided that he thought then they would win by a 2 percent margin. The opposition thought it had lost by under 1 percent—an irony, since as part of a diversification program in the previous six months the William and Flora Hewlett Foundation, on whose board Walter Hewlett sits, had sold 6.3 million shares (0.39 percent of those voted), some of which H-P had snapped up.

But in the end the whys and wherefores were immaterial. For now, even though Walter Hewlett would sue nine days later, citing improper "coercions" of Deutsche Bank and "deceptions," Fiorina hung on as the world's top female C.E.O. She left the stage as she'd entered—through a side door. "Her slipping in and out of side doors was very typical," says a former member of her communications team. "Like a rock star."

"That's what her nickname is," another former employee confirms: "Rock Star."

Three years ago, when Fiorina went from being president of the Global Service Provider business at Lucent Technologies, at the time a white-hot telecom-equipment provider, to C.E.O. of Hewlett-Packard, the gray lady of Silicon Valley, she was greeted with perhaps the noisiest fanfare in the history of any incoming chief executive. And since she was an outsider, the Valley looked with interest to see

what innovations she'd bring to an engineering culture that had grown cumbersomely huge as it entered its third generation of management. Only H-P's printer businesses remained the leaders in their sectors. Its P.C., server, management software, storage, and consulting divisions lagged badly.

So she set about rebranding the company. Within just a few months, she'd replaced H-P's mundane advertising with images of herself standing in front of the single-car garage in Palo Alto where the two founders, Bill Hewlett and Dave Packard, started it all in 1938 with a device to test sound equipment. She was constantly on the covers of business magazines; since *Fortune* first published its annual "50 Most Powerful Women in American Business" issue, she has graced that cover three times out of four, once all by herself. In November of 1999, at Comdex, the industry's biggest annual trade show, in Las Vegas, her speech about her vision for H-P was so powerful that people cried; when she spoke at Herb Allen's 2000 Sun Valley mogulfest, a line formed to meet her afterward.



Fiorina started well at H-P, living up to all the heady expectations; after a successful first year, in which she'd exceeded her own 15 percent revenue-growth prediction, she surprised people by predicting, in a slowing market, that she would repeat the achievement, but in November 2000 she missed analysts' fourth-quarter earnings targets by a hefty 10 cents (20 percent), and her credibility with Wall Street crumbled. As a direct consequence, an attempted merger with the consulting division of PricewaterhouseCoopers—which she'd hoped would help bulk up H-P's equipment services and consulting business—was abandoned (H-P says it was merely "the wrong time and the wrong price"); in January 2001, H-P laid off 1,000 workers. Last summer nearly all of the 88,000 employees took voluntary pay cuts. It was not enough. There were 6,000 further layoffs.

Many of the high rollers in the Silicon Valley community—men who pride themselves on being meritocratic to their fingertips—started to whisper that had Fiorina been a man she would have been out. In the two years since she'd taken over, the stock price had tumbled 77 percent.

Then there were the complaints about the "rock star" behavior. Fiorina, it was rumored, had an entourage of bodyguards, plus a personal trainer and a personal hairdresser on call. One of her first administrative moves was to buy a new Gulf-

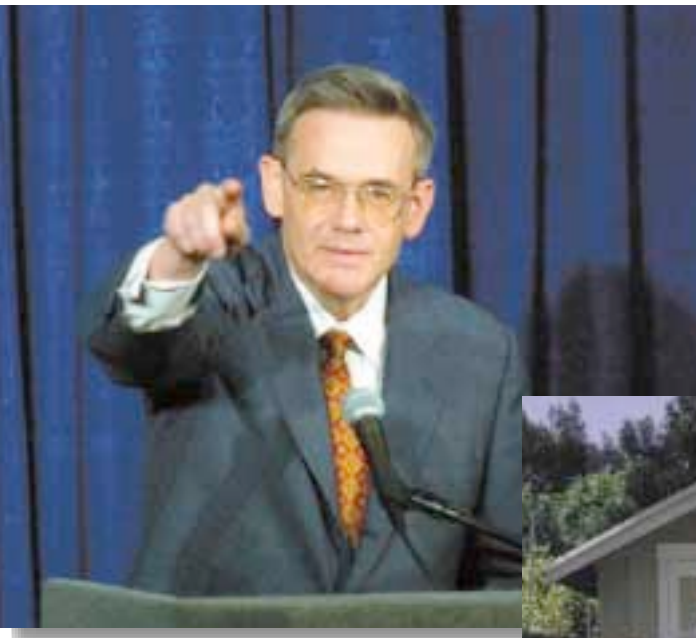
READ MY LIPS

Left, a Compaq employee protests outside the March 19 shareholders' meeting; below, Fiorina and Michael Capellas, chairman and C.E.O. of Compaq, huddle at an analyst meeting, September 4, 2001. When asked about the merger, Capellas said, "You will never know" whose idea it was originally.



"What Carly failed to do was to be one of the employees for a while, get out among them and find out who they are and what they think."

“In Silicon Valley, messing with the H-P culture is like the Taliban destroying the Buddhist statues in Afghanistan.”



ALL IN THE FAMILY

Above, Walter Hewlett after the March 19 meeting. Right, David Packard, left, and William Hewlett pose in 1989 in front of the Palo Alto garage where they began their company; even after they had made billions, the two drove their old cars and barbecued the meat themselves at the annual company picnic.



stream IV jet, for which a carpenter from Marin County custom-made shelves; her office had three personal assistants, whereas her predecessor, Lew Platt, had only one; she refused to pose with some long-term employees for pictures. (Referring to a “Carly myths sheet,” H-P spokeswoman Rebeca Robboy denies the trainer and the hairdresser; Fiorina does have security, she says.) These gestures might have rankled anywhere, but they looked even worse at a company known for its egalitarian approach. Its example had sparked the famously relaxed style of Silicon Valley office life: the casual clothes, the flexible hours, the low-key personal style of C.E.O.’s. “This is an extreme analogy,” says one employee, “but in Silicon Valley, messing with the H-P culture is like the Taliban destroying the Buddhist statues in Afghanistan.”

“Management by walking around” was the modus operandi of Dave Packard and Bill Hewlett. Even when they’d made their billions they drove to work in their old cars—Hewlett’s was a Ford Taurus—and they paid themselves no more than \$125,000 apiece in annual salaries. Though their land was worth millions, their homes were simple and without staffs. They cared far more about the environment than about their executive perks, and they im-

plemented a company diversity policy and employee health insurance long before such things were widespread. At the annual H-P picnic, they rolled up their sleeves and barbecued the meat themselves.

One former executive assistant recalls how Bill Hewlett once begged her to sew a button on his jacket. She says, “Mr. Hewlett would come around and sit down and say, ‘What are you doing?’ He would listen. He knew people—you know, when their dog died.”

It wasn’t just the good manners and personal involvement, though, that earned Hewlett and Packard the respect of their employees; it was also that at heart both men were engineers. One former employee recalls Hewlett stopping by in the late 80s and asking him all sorts of questions about what he was working on. “It astounded me that someone with the types of things that he needed

to be thinking of would still have the ability or the interest,” he says.

Many employees recount how the company supported them in difficult personal times. Scott Peterson, who worked at H-P for 20 years, recalls how management helped him through an alcohol problem, when he was still new to the company. Dan Dove says he knows of no other firm that would have paid his tuition at Sacramento State University 22 years ago. Dove says everyone benefited. “H-P allowed me to adjust my work schedule around my class schedule . . . so I think I came out much better educated than your average college hire.”

“Bill and Dave”—as they were known—officially handed over the reins of the company in the late 70s; they then came back in the early 90s to help H-P counter the recession. Their successors were men who had worked their way up at H-P and who had known the founders intimately. They were therefore readily accepted by the employees. When John Young, Bill and Dave’s immediate successor,

hit a rocky patch and an article in *Fortune* magazine was generally critical, Donna Trombly, an executive assistant at the time, felt so badly she wrote him a letter of support. It ended up with a mass of signatures on it.

Lew Platt, Young’s successor—and Fiorina’s predecessor—was considered an empathetic man, if not a visionary. Under him the company’s bureaucracy grew heavy and sluggish. Joel Birnbaum, now on the H-P payroll as a consultant, then head of research and development, points out, for example, that the ink-jet and LaserJet printers were competing with one another—as was the case with products in many of the other divisions, since H-P was composed of 83 autonomous units. One of Birnbaum’s biggest gripes is that H-P had elements of Internet technology years before its competitors did, but risk-averse attitudes prevented early exploitation. In addition, the marketing was terrible. “One

of the local wags said that if H-P ever went into the sushi business it would hang out a sign selling 'cold, dead fish,'" says Birnbaum.

In 1999 the board decided to spin off the test-and-measurement business (i.e., all the non-computer-related engineering components), viewed by many as the heart of H-P. The new company was called Agilent, though many thought it was the one truly meriting the H-P name. Of the founders' children, only David Woodley Packard, 61, an eccentric philanthropist and former classics professor, whose passions include black-and-white movies from the 30s and 40s and writing computer code, showed any dissatisfaction with the turn of events. He resigned from the H-P board.

Around the same time, Platt decided he was not the man to lead H-P through the Internet era, and he suggested to the board that it hunt for a new C.E.O. A small selection committee was headed by Richard Hackborn, the venerated strategist who'd founded the company's valuable ink-jet printer business in 1984, and who himself had turned down the C.E.O. job, preferring a less stressful existence in Boise, Idaho. The Hewlett and Packard families, represented on the board by Walter Hewlett, his brother-in-law Jean-Paul Gimon (an engineer turned banker), and Susan Packard Orr, Dave Packard's daughter, backed him in his choice of Fiorina.

Fiorina would perhaps not have been considered for the job had it not been for her appearance in 1998 on the cover of *Fortune* as No. 1 on the list of the world's top women in business. Until that moment, recalls Pattie Sellers, the *Fortune* journalist who wrote the cover story and was on the team that prepared the ranking, "there'd only been one story written about her, in *Investor's Business Daily*."

Fiorina was not even the most highly remunerated or highest-ranking woman executive at Lucent—that role belonged to Patricia Russo, then the executive vice president of corporate operations, now the company's C.E.O. Fiorina also lacked relevant experience—although she was the sales chief of the \$19 billion service provider division, she did not have profit-and-loss responsibility. It was said within Lucent that Fiorina never stayed in one position long enough to prove herself; in the previous four years, she'd changed jobs five times.

But what impressed Sellers was the fact that it was Fiorina, together with her mentor Rich McGinn, then Lucent's C.E.O., who took the company public in 1996—at \$3 billion, the biggest I.P.O. up to that time. "She was so much Rich McGinn's star, at a time when Rich McGinn was still a star,"

says Sellers, adding that at one point Lucent's stock had increased almost fivefold since the I.P.O.

Fiorina's powerful charisma charmed Hackborn and his committee. An insider remembers, "She talked this good talk about needing to innovate, but keeping to the H-P way. She seemed to understand the company."

But soon after her arrival, doubts set in—not about her intellectual abilities but about her cultural sensitivity. One source, speaking anonymously, puts it this way: "I think what Carly failed to do was to be one of the employees for a while, get out among them and find out who they are and what they think. Instead she came in with an attitude that this is a country club, and I'm going to shake it up. And she began to do things without a strong knowledge of how even the company works. That, I think, caused employees to become very suspicious, and what started as a rousing welcome, an incredible outpouring of support for her and a cheering of what she might be able to do to lead H-P in the future, turned into disillusionment and ultimately disbelief in the way that she handles employee relations."

The problem with the ads featuring Fiorina wasn't just that they were seen to be egomaniacal—part of the cult of the "East Coast celebrity C.E.O."—but also that she had made assumptions about the company's history without checking. "It was grotesque," says Jean-Paul Gimon. "Did she not ask anyone? Bill and Dave hated that garage. . . . They used to joke that the only thing that got invented there were toilet seats."

Other small missteps also created tension. Fiorina frosted the glass doors of her office and conference rooms, thereby destroying the famously open, democratic nature of the executive space. And while Bill and Dave used to frequent the cafeteria, Fiorina has yet to be seen there.

Fiorina set about chopping down the company's 83 divisions to 17 product categories, thereby reducing autonomy. Engineers, who are perfectionist by nature, found themselves being barked at to deliver equipment before it was ready. Many began to feel isolated: they could not talk to their new manager, they felt; and they could not talk to Fiorina. Scott Peterson, who worked in the research-and-development labs, among other divisions, found it sufficiently upsetting to quit after 20 years with the company. Peterson says, "When you ask a good engineer to put out a product—half of a product—in a year because it will

meet a political goal . . . that is insulting. . . . It is just not the H-P way." He is now at Agilent.

Given her lack of technological expertise, many thought it bizarre that Fiorina did not promote anyone around her who did have such knowledge. "One of the problems at H-P," says a former employee, "is that there is a dearth of talent at the top." More worrisome, says a former salesperson, was an innovation made in 2000 known as "channel-stuffing," used to inflate earnings—i.e., products are shipped to retailers and distributors before they are actually sold. (Fiorina has categorically denied channel-stuffing.) Still, the anxiety at H-P was kept below the surface until late fall 2000, when Fiorina missed the earnings that she had projected as late as the week before. One former high-level employee remembers the all-day Saturday conference call the weekend Fiorina realized she was going to have to do a U-turn: "The call was endless. Six, seven hours. And she was rattled. . . . We had done all these dot-com deals. . . . They blew up. . . . And while she was out promoting 15 percent growth . . . what was clear to everybody was that the eye was off the ball. This came as an almost complete surprise. . . . And that doesn't happen at H-P."

People outside the company in Silicon Valley also started to worry about Fiorina's stewardship. This is a tiny community, where everyone's business connects with everyone else's. The big players get together at Chantilly, a restaurant near Fiorina's home in Atherton with an ambience so clubby that there are no menus for regulars. It is strange, say many C.E.O.'s, that Fiorina has shown little appetite for mixing socially with them. She failed to appear at Bill Gates's annual C.E.O. summit in Seattle her first year, which went down as a snub.

Others noticed that she turned down their invitations for dinner. "Networking is the Silicon Valley way," says one insider. "The fact that she didn't want to do that made us think she was insecure—that she couldn't hold her own because she didn't understand the technology sufficiently."

One of her early meetings with Bill Gates was a bust. Fiorina went to see him after he'd given the opening speech at Comdex, in which he unveiled his blueprint for the "personal web." In his room backstage, a source says, she gave him a hard time for mentioning her competitors but not H-P in his talk. "She was pretty intimidating."

In the fall of 2000, something else happened to intensify CONTINUED ON PAGE 234

Chelsea's Oxford Whirl

Remember that demure, dutiful, media-shy First Daughter? Forget her. Now, when Chelsea Clinton isn't sitting next to Gwyneth at a Versace show, or hanging out with Bono at London's Groucho Club, or counter-demonstrating at an anti-war protest by her fellow Oxford students, she seems to spend all her spare time . . . snogging. From the White House scandal years to the current campus controversies, NANCY JO SALES explores Chelsea's newfound glamour, her oh-so-public romance with Californian Rhodes scholar Ian Klaus, and increasing signs that, politically and emotionally, she is every inch Bill and Hillary's child

Reese Witherspoon

ming—sheets, towels, stationery—saying, “She is very southern, endearingly southern.”

Ryan Phillippe is a Yank from Delaware, an only boy with three sisters. After spending six months on a soap, he exploded onto the screen as a teen heartthrob in *White Squall* and *I Know What You Did Last Summer*, then proved himself as an actor in *Cruel Intentions*, a film he had to talk his wife into doing. As the American posing as a valet in Robert Altman’s *Gosford Park* last year, he showed critics he could hold his own in the greatest assembly of English actors in memory.

One gets the feeling that this young couple is capable of anything. “Reese had never held a baby until our own, whereas I grew up taking care of kids, so it was a much more natural transition for me,” Phillippe says. “What impresses me most is her ability as a mother. She constantly keeps me excited and engaged, and I’m always interested to hear what’s on her mind. We try to be

as mutually supportive as possible, but it is incredibly taxing because of our schedules and all the obstacles inherent in living out a relationship in the public eye. Our lives are complicated, but we make the effort. We have both matured so much in five years; 21 is so much younger than 26.”

They don’t go out much publicly, and certainly are not seen at every event getting photographed. They like to stay home with their daughter and their English bulldog, Frank Sinatra. “We both cook and enjoy doing that together. Reese didn’t know how to cook very well when we met,” Phillippe tells me. “I remember the first meal she tried to make me was Hamburger Helper. She has come a long way.”

After Ava was born, they made a decision not to spend more than a week or two apart from each other or the baby. “No movie is so important that it would be worth sacrificing our family life,” Phillippe says. The actress Jennifer Coolidge confirms this with a funny incident that happened on the set of *Legally Blonde*. “I remember Ryan was

leaving to go somewhere, and Reese was crying in the driveway. Ryan said, ‘What are you crying for? You’re going to see me for the rest of your life.’ I mean, what girl wouldn’t want to hear that?”

The pair involve themselves in a number of charities. They’re both supporters of the Fulfillment Fund’s College Pathways Project. As Witherspoon explains, “Education is a big thing for us. I have a couple of scholarships that I’ve started on my own with schools back in Tennessee. Ryan and I want to create opportunities for kids who really work hard but don’t necessarily have the monetary means of financing an education.”

Reese Witherspoon and Ryan Phillippe stunned viewers across the country when they walked onto the stage at the Kodak Theatre during the Oscars in March—the most breathtaking acting couple since Paul Newman and Joanne Woodward. And when she asked to read the winner of the award for best makeup, he replied, “You make more money than I do. Go ahead.” Not only were they great-looking and talented, but they managed to crack the best joke of the night.

Carly Fiorina

CONTINUED FROM PAGE 185 the doubts in people’s minds: the S.E.C. began an investigation of Lucent, after the company informed it of previously misreported earnings. That year its stock price had fallen by 76 percent from \$75 to \$18. In an alarming foreshadowing of the Enron debacle, it was mostly the company’s smaller shareholders who suffered. Many of its corporate executives—for whom a \$40 million golf course in Gladstone, New Jersey, had been built at the behest of C.E.O. Rich McGinn—had sold their stock the previous year. (Fiorina had appropriately swapped her options for \$65.6 million of H-P stock in 1999.)

Some on the H-P board started to wonder openly about their so-called prodigy. The former H-P C.E.O. John Young, now on the Lucent board, told a friend that he and the board attended a two-day, off-site meeting to analyze step-by-step what had gone wrong at Lucent. Apparently, Young said, after six or seven hours of this he had an epiphany. “It was like, ‘Oh my God, this is chapter and verse of what’s happening at H-P.’”

Fiorina joined AT&T’s Network Systems division—now Lucent—in the late 80s, when she was in her early 30s. “It wasn’t the most visible arm of the business,” says Bill Marx, an executive vice president of AT&T at the time. “It was predominantly male; I

was looking to shake it up.”

“Most people thought she’d take a job in telecom services, because that was what was visible and political,” says Kathy Fitzgerald, now Lucent’s senior vice president of communications.

Fiorina’s path to AT&T had been just as unorthodox. After leaving Stanford, where she’d majored in medieval history and philosophy, she toiled at U.C.L.A. Law School for a few months to please her father, Joseph Sneed, now a senior court-of-appeals judge in San Francisco. She hated it and quit, flying to San Francisco to explain to her father, who told her he was worried she would never “amount to anything.”

Back then, according to her first husband and fellow Stanford graduate, Todd Bartlem, 48, now a computer consultant in the hospitality industry, Fiorina was not yet fixated on a high-flying career. The couple soon headed to Italy, where Fiorina taught English, and Bartlem went to graduate school. Then Fiorina was a “tagalong,” according to Bartlem.

“We had great friends. And we did all sorts of fun things. And we were poor as church mice,” Bartlem says.

The Sneed family, which hailed from Texas, Bartlem recalls, was not particularly wealthy, but they had a beautiful house in San Francisco, of which Fiorina’s mother, the late Madelon Sneed, a housewife who painted in her spare time, was extremely proud. There were three children: Joseph; Carly, whose real name is Cara Carleton, so called because

every Sneed generation, going back to the Civil War, had had a Carleton; and Clara, who later wrote an article for a historical journal about John Beale Sneed, a great-uncle who became a local Texas legend by virtue of having shot his wife’s lover and the lover’s father.

According to Bartlem, some of this aggressive energy remains a family characteristic. “You just couldn’t get through the dinner before somebody had gotten mad and stomped out of the room,” he says.

Bartlem and Fiorina were married for almost seven years. After Italy they returned to Washington, D.C. She went to business school in Maryland and then to work at AT&T. He says that as she flung herself into the job, working around the clock, he noticed that on weekends she was tired, depressed, rather like a “wounded animal.” He knew that he was losing her, that she’d decided upon a fast-track career—not for the money, but for “the power,” he says. Not the corporate type himself, he took a job at the World Bank and started to travel. A few times when he called home at night, there was no answer.

The reason, according to Bartlem, was that Carly had begun an affair with Frank Fiorina, a divorced man with two children. She moved out and filed for a divorce. Bartlem says he asked her to go for counseling; she refused. She ceased all contact. About a year later, just after the divorce

went through, he says, she pulled up in the driveway of their home and calmly said, “I will never see you again.” I said, “Isn’t that a little’ . . . how would I say? . . . ‘extreme?’ Given, you know, we’d had no battles. There was no animosity.

“She had found out from business school that you . . . weigh your decisions, and then you make the hard choice. And she has extended that to her entire being, and that includes work, that includes play, that includes marriage. If you don’t fit in the plan, you don’t fit,” says Bartlem.

Frank Fiorina, now 52, however, did fit. A technician at AT&T who rose to vice-president level, he was willing to have a commuter marriage when Carly accepted the job with Bill Marx, which was in New Jersey. Frank told her that he could see she would run a company one day, and he wanted to be there to support her. It must have been music to her ears. He could not get transferred out of D.C. for four years, but, apparently, this did not matter.

“A large part of the job was on the road, traveling,” Marx explains, so employees didn’t have much of a home life during the week anyway. Contrary to what many people believe, Carly and Frank did want to have children of their own, says a close friend: “When she was named C.E.O. of H-P . . . people started talking about why she didn’t have children, which was horrible. Because there is nobody who likes children better than Carly and wanted to have children more.”

Very quickly Fiorina rose up the ranks at AT&T. “She just had leadership qualities—that was very obvious,” says Marx. “She won people over very quickly, and she was an outstanding salesperson.”

Fiorina was so enmeshed in the corporate culture that even on casual Fridays she wore her dark suits—which, as all H-P employees know by now, are generally Armani or Versace. At 35 she was Network Systems’ first-ever female officer; at 40 she was heading sales for North America. “She seemed to be about three inches above others in being recognized as politely, quietly ambitious,” says a former president of Bell Atlantic, Jim Cullen.

As a strategist, she achieved a coup—or so it seemed then—in 1996 when the global networking marketplace opened up and she and Rich McGinn, a colleague in Network Systems, presided over the highly successful spin-off and renaming of the network division—now Lucent. Fiorina selected the logo—a ring of red brushstrokes—saying it reminded her of one of her mother’s abstract paintings. Even when she stumbled—as, for instance, when she orchestrated a joint venture with Philips Electronics N.V., which

turned into a fiasco because the Philips management was viewed as weak and also because, says a former colleague, “she didn’t focus on it, she went on to the next thing”—she got away with it.

People in the industry started to talk about a fiercely analytical mind, a photographic memory, a persona that never wavered from being “on message.” Analysts were at once impressed and intimidated by the energy. “She can’t sit still. She’s always walking around the room,” says one. When Cisco president and C.E.O. John Chambers later put her on his board, it was, he reportedly told friends, because she beat him in every sales pitch she made.

Fiorina was also popular among her colleagues. At office gatherings she was the life of the party. “Carly is very funny,” says Fitzgerald. Even her former hairdresser Marlo Ricciardelli, now of the Bloom Studio in Morristown, New Jersey, remembers Carly always had time to chat about her dogs, her step-grandchild, her boat, and her life with Frank. After the first *Fortune* article, however, co-workers noticed that she grew “aloof.” “You had a hard time getting to see her,” says one.

Amra Tareen, the former director of product marketing for Access Networks at Lucent, says that everyone thought Fiorina might be C.E.O. one day, but that day seemed very far off, since McGinn was only in his early 50s. “Rich . . . had no intention of going anywhere,” says Fitzgerald.

Enter executive-search consultant Jeffrey Christian, who’d read the *Fortune* article and who approached Fiorina about the H-P job. What he—or indeed anyone outside Lucent—could not have known was that Lucent’s finances had been stretched perilously thin by a series of measures adopted to reach increasingly ambitious projected earnings. Says Lehman Brothers equity research analyst Steve Levy, “They started to do things that . . . were showing up on the company’s balance sheet, but weren’t necessarily showing up on the income statement. . . . They were trying to meet some fairly aggressive sales goals. And when you try to grow a company a little faster than it’s capable of doing, you ask people to do unnatural acts. So they started giving out things like vendor financing [i.e., lending customers the money to buy Lucent’s products]. Now, if your product was good enough, they would buy it. . . . Rich McGinn, without any question in my mind, should take the majority of the responsibility. However, Carly was right there with him, and, in my view, whenever she was asked a difficult question, certainly by me, there was always some smooth, slick answer.”

An example of the pressure applied by McGinn on his staff was revealed when Nina

Aversano, a former president of Lucent’s North American operations, alleged that in 2000—the year after Fiorina left—she was forcibly “retired” because she had told McGinn his revenue target for the fiscal year 2001, 20 percent growth, was hopelessly unrealistic. She is suing Lucent for wrongful dismissal; among other episodes, the court papers cite an instance on August 15, 2000, when in an internal conference call McGinn yelled that she would “take down the whole business if she didn’t ‘make the numbers.’”

Thanks to McGinn’s excesses, it is tempting to bracket Fiorina with the other Lucent executives of that era and see her as greedy. Yet Fiorina, say colleagues, was never after personal wealth per se.

Larry Sonsini adds that when she was offered the H-P job she never haggled about the terms, leaving it to her husband and her representatives. “What she wanted to do was start acting like a C.E.O.,” he says.

And, indeed, her house in Atherton, purchased for \$1.3 million, though large and pleasant, is not outstandingly large and pleasant. It sits at the end of a row of others just like it; it’s gated, the driveway is gravel, and an S.U.V. is parked in front.

“If Carly was greedy,” says a friend, “she could have cashed out years ago.”

Which invites the question: How could someone so respected on one coast turn into the wicked witch of the East on the other? One answer, which is perhaps what John Young saw when he analyzed what had happened at Lucent, was that at both companies Fiorina overpromised and underdelivered.

Walter Hewlett surely never expected to be anyone’s nemesis—least of all that of the management of the firm his father had co-founded. Quiet, like his younger brothers, Jim and William junior, and two sisters, Eleanor Hewlett-Gimon and Mary Hewlett-Jaffe, Walter has sought most of his life to focus on his chief passions: music, technology, and athletics. He may have inherited \$25 million in H-P and Agilent stock, but he drives a \$17,000 red EV1 electric car and a Ford minivan; one of his friends says, “Walter wears clothes that you think you probably saw in somebody’s closet 5 or 10 years ago.” He plays 10 instruments, his favorite being the cello.

Each year Hewlett puts himself and friends through a punishing 129-mile, one-day bike tour known as the Death Ride—in the Sierra Nevada Mountains. The event takes place in July, and Hewlett’s family co-sponsors any H-P or Agilent employees who wish to participate (last summer there were 120). There is a party for them at his family’s estate on Lake Tahoe. Hewlett doesn’t hire caterers

Carly Fiorina

or outside help; he is the first one to leap into his car and drive to the supermarket to get the provisions.

Though at college Hewlett majored in physics and got advanced degrees in music, operations research, and engineering from Stanford, he, like his siblings, chose not to work at H-P; instead he formed a music-technology company—the Center for Computer Assisted Research in the Humanities. The decision not to join H-P was not made because of lack of interest. Rather, says his niece, Nathalie Farman-Farma, the younger generation “would bend over backwards to avoid the perception of nepotism.”

Bill Hewlett took special care not to spoil his children. When as a student Jim Hewlett took a summer job at H-P, a former executive assistant remembers, he asked for an advance on his salary. She recalls, “He told me, ‘My father pays for my education, he pays for my library, and he pays for family travel. And I’m responsible for everything else.’”

“As children, it was one outfit, one pair of shoes per year,” says Farman-Farma. When Bill Hewlett finally did start to hand out his billions, his children were well into adulthood, and then it was done largely to teach them—as they in turn taught their children—how to deal with charitable giving. The family’s main charitable trust, on whose board Walter and two of his siblings sit, is the Hewlett Foundation, the sixth-largest private foundation in the U.S. It owns 5.6 percent of H-P’s stock—worth \$3.4 billion last June, \$2.2 billion in April 2002. Significantly, however, Walter is not on the stock committee, since Bill Hewlett intended to keep the board independent of familial interests.

But it was not some sentimental attachment to his father’s memory that drove Walter Hewlett to fight the H-P/Compaq merger so much as the opposition of H-P employees and shareholders—and the thousands of people who receive grants from the Hewlett Foundation. A friend says, “There is probably no one in the entire region of Santa Clara County who does not benefit in some way from the Hewlett and Packard foundations.” As Walter would say time and again as he conducted his campaign, “I don’t take the criticism personally, but I do take the fall of the stock personally.”

Relations between Fiorina and Hewlett started to get tricky in May of 2001, when, according to one colleague, Michael Capellas, chairman and C.E.O. of Compaq, telephoned her and suggested that their two companies merge. (Capellas is more cryptic, saying, “You will never know” whose idea it

was originally.) From Capellas’s point of view, it was probably a no-brainer: Compaq, primarily a personal-computer company, had been struggling since its disastrous merger with the computer-technology firm D.E.C. in 1998; given Dell’s supremacy in the computer-systems market, Capellas was running out of options.

Fiorina saw the idea as a potential god-send, something that would turn around her company’s recent sluggish performance. Yes, it was hellishly risky, but she feared that standing still was worse. The merger fitted into her beliefs that the future of H-P lay in being not a hardware company but a “solutions business.” Inevitably H-P jobs would be lost—15,000, Fiorina suggested—and there would be a revenue dip in the short term—5 percent, H-P said—but if she could pull it off, she would revolutionize H-P, making it into a market leader for the future. As Dan Niles, a senior Lehman Brothers electronics analyst who was originally skeptical but is now a fan, puts it, “I came to see that if it worked it could be huge.”

First, though, Fiorina had to win over her board. Between May and the deal’s announcement on September 4, the H-P board held nine meetings. Walter Hewlett, who of all the board members was the largest shareholder—he owns 109 million (or 6.8 percent of the voting) shares personally—said right from the start he was against the merger. It wasn’t just the job losses—which were unprecedented at H-P—but also that Compaq’s main business—P.C.’s—was a losing venture that could dilute H-P’s printer business, he believed. The rest of the board, including Richard Hackborn, to whom many looked for guidance on this issue, was also leery. But over the course of the summer Hackborn seemed increasingly to move in favor; if he had reservations, he also had a duty to support Fiorina, who, after all, had been his choice for C.E.O.

The same went for Sam Ginn, the retired chairman of Vodafone AirTouch. And the others came around: Boeing’s Phil Condit, Patricia Dunn of Barclay’s, former White House science adviser George A. “Jay” Keyworth II, chairman of Internet Access Technologies Robert E. Knowling Jr., and H-P C.F.O. Robert P. Wayman. It was an impressive lineup, and that they were in favor ought to have assuaged Walter Hewlett’s fears.

But like all Hewlett and Packard children, Walter was raised to be an independent thinker. He was not afraid to admit that he still felt uncomfortable—and increasingly out of the loop. “You can easily see,” says a friend of Hewlett’s, “that Carly probably didn’t pay a dime’s worth of attention to Walter. And said, ‘This guy has no business experience, wouldn’t be on the board if his name wasn’t Hewlett,

and doesn’t really have much to offer.’”

On July 12 he was preparing for the annual Death Ride, telling H-P to conference him in for a planned board meeting; he says the call never came. (H-P says a board assistant made numerous attempts to reach him.) Hewlett also claims that after giving months of warning that he’d be playing the cello on July 19 at the Bohemian Grove—a summer retreat for the Bohemian Club, a social fraternity for the rich and powerful which has such august members as former president George Bush and Henry Kissinger—H-P scheduled a two-day board meeting to begin that day.

It was later reported that when he sat down on the second day and said, “I don’t know why you guys want to make a crisis out of [H-P’s situation],” various members of the board rolled their eyes.

On the last day of August, a hot Friday afternoon, the board gathered in Larry Sonsini’s gleaming offices in Palo Alto. The deal, Sonsini said, was going to go through. This meant that either Hewlett would have to resign or the clause that the board needed unanimously to support the deal would trigger renegotiations that could hurt H-P. Hewlett said he was in a fix. Given that the only other term left to debate was price, it was fair to assume that if Hewlett did not resign Compaq would use the lack of unanimity as a bargaining chip to make the deal more beneficial for itself. Sonsini asked Hewlett to step outside. Sonsini told him that he would be within his rights to vote one way as a board director and another as a shareholder. Hewlett said he wanted to take the weekend to think it over.

On Tuesday, Hewlett came back and, reluctantly, said he would vote for the deal; his reasoning was that he did not want H-P shareholders to lose out financially—and he did not want to resign. At this point Fiorina’s focus was on Wall Street; she knew it would react skeptically to the merger—but even she underestimated just how skeptically. The day of the announcement, September 4, the stock price went from \$23.21 to \$18.87—a decrease of 18.7 percent. But she reckoned she’d have plenty of time to sell the deal; after all, sales were what Fiorina excelled at.

What she could not have foreseen were three enormous obstacles looming ahead of her: the terrorist attacks of September 11, which, Fiorina says, delayed her pitch to Wall Street for a month; the collapse of Enron; and the determination of Walter Hewlett.

On September 14, Fiorina and C.F.O. Bob Wayman visited the Los Altos offices of the David and Lucile Packard Foundation, a trust on whose board Dave Packard’s three daughters sit. Since Susan Packard Orr was a noted fan of Fiorina’s, and one of the board members who had

been on the H-P committee that had hired her, Fiorina was optimistic that the foundation would vote her way. It hired the consulting firm Booz Allen Hamilton to produce an independent report on the proposed merger.

What Fiorina did not know was that David Woodley Packard, who had left the Packard Foundation in 1999 to devote himself to the Packard Humanities Institute (a nonprofit organization which has 1.3 percent of H-P's voting shares), was receiving hundreds of letters from employees outraged about the merger. The most private member of all the Hewlett and Packard families, David Woodley, as he is known by the Hewlett family, has also been the most openly passionate about what he sees as the heart being ripped out of H-P. Bill Taylor, the organizer who plays twice a week at David Woodley's beloved Palo Alto movie theater, was let go from H-P last summer.

On November 6, David Woodley announced that he was against the deal; earlier in the day the Hewlett Foundation—whose stock committee had also commissioned an independent report—had come out against it as well. H-P stock went up 17 percent as a result. A few weeks later, before the Packard Foundation met to review Booz Allen Hamilton's report, David Woodley sent the letters to its offices. On December 7, the Packard Foundation announced that it, like the Hewlett Foundation, would be voting against the merger.

Fiorina realized that with both foundations against her she was minus 18 percent of the votes she needed to get the deal done. On December 12, Walter Hewlett wrote her and the board a letter asking them to reconsider the merger; he described "enormous unhappiness" on the part of analysts and shareholders.

Fiorina turned again to Sonsini for help. She knew now that it wasn't just a race to woo investors but also a public-relations battle. Sonsini called corporate-P.R. specialist Joele Frank. Petite, with short, jet-black hair, Frank had the pit-bull reputation you want when things get rough. He was too late. Frank said she appreciated the call, but she had already been hired by Walter Hewlett.

It was at this point, Sonsini says, that he knew things were going to get ugly: "I knew right away, having been in proxy contests, where they could go. And there is a little bit of tabloidism in the world today. And I think that this thing unfortunately had some of those elements."

But it was Fiorina who fired the first salvo, in January, when she sent a letter to shareholders calling Walter Hewlett a "musician and academic." The implication was that he did not have the business acumen to give advice to a board which, as Fiorina liked to re-

peat, had more than 300 cumulative years of executive experience among its members.

"Oh, the mud is flying," Hewlett reportedly said to his family that weekend. Meanwhile, David Woodley Packard entered the fray, taking out ads in *The Wall Street Journal*, one of which concluded with the phrase "There is now a real danger that H-P will die of a broken heart." He also commissioned three independent telephone polls of current and former H-P employees in Corvallis, Oregon, Boise, Idaho, and Fort Collins, Colorado; the results were more than two to one against the merger.

Hewlett-Packard branded the polls unscientific. Board members, including Richard Hackborn and George Keyworth, announced that the board would resign if the deal did not go through (a position they later reversed). Most troubling personally to Hewlett was that Keyworth, presumably under pressure from Fiorina, had allegedly misled *The Wall Street Journal* about what had gone on in a special executive-board meeting called in January, in which the outside directors had graded Fiorina's performance as C.E.O., giving her A's and A-pluses, but Hewlett had abstained. Keyworth insisted to the paper, which decided not to run the story, that Hewlett had participated in the grading process. (H-P and Keyworth say the account is absurd.) "Walter felt that George and Richard were being manipulated," says Joele Frank. "That was personally upsetting to him."

Fiorina called on her celebrity acquaintances to endorse her position: Citigroup's Sanford Weill, AOL Time Warner's Steve Case, DreamWorks' Jeffrey Katzenberg, and the New York Stock Exchange's Richard Grasso appeared in a promotional video for the merger. H-P's spokespeople repeatedly quoted then G.E. head Jack Welch, who had said that it was "unpardonable" for a board director to vote for the merger and then lead the opposition.

E-mails flew back and forth among merger opponents, speculating that H-P had hired a private investigator to compile a file on Hewlett. (Two P.I. sources confirm they'd been retained by H-P.) Reporters were told by H-P's media department that Hewlett had a shortlist of who should go and who should remain if the deal collapsed, and that not a single woman would be left at the executive level. Hewlett, when asked about this by an analyst, brushed it off in a monotone. "I don't take any of that personally."

At a lunch in Manhattan, the family—Walter Hewlett's brother-in-law Jean-Paul Gimon, his eldest daughter, Nathalie, 34, a former *New Yorker* editorial assistant, and his son Eric, 31, a physicist at the Institute for Advanced Studies in Princeton—was aghast at how their relative was being por-

trayed. "Either Carly Fiorina has not read those ads, in which case she is not managing the company as closely as she should, or she has read them, in which case she is much, much worse than we had ever expected," said Gimon. (H-P's Rebeca Robboy later confirmed that Fiorina had approved all the proxy-related ads.)

To the frustration of both Joele Frank and Hewlett's lawyer, Steve Neal, Walter Hewlett would not reciprocate in kind. "If we could have used all the tools at our disposal, we would have won by miles," says Neal, "but Walter said, 'We either win by the high road or not at all.'" He adds, "Come back and see me in two years' time and I'll tell you what his options really were."

On February 19, Hewlett introduced his plan for H-P, a strategy that would focus on the company's imaging and printing business—maybe even spinning it off—and would build up the corporate computer business with niche-filling acquisitions. Fiorina breezily dismissed it as a "press release"—but then Hewlett delivered his most wounding assault yet. The night preceding H-P's analyst meeting in New York, he released details of a proposed compensation package for Fiorina and Capellas—totaling \$117.4 million in salary, bonuses, and stock options, with \$69.8 million of it for Fiorina—should the merger go through. Fiorina was visibly angry as she leaned over the lectern at the New York Hilton and told analysts that "shareholders have every right to know" what the compensation of the C.E.O. would be, and that the figures had not been released earlier because the conversations had been only preliminary, and the amounts would need to be adjusted to the market when the time came.

Nonetheless, the information affected Institutional Shareholder Services (I.S.S.), which was preparing a report on the merger and which both sides were fiercely lobbying, since it was estimated the report could sway more than 20 percent of the shares held by large investors. Though I.S.S. came out in support of the merger in March, its report stated that to have omitted the details of discussions on compensation "falls far short of the good governance ideal." With Enron's cloud looming overhead, this was exactly the kind of P.R. Fiorina did not need.

By March, no matter how much Fiorina declared, "This is not a sport," the contest was looking more and more like one—a blood sport. Each day a new institution came out and announced whom it was voting for. TALLY IN THE VALLEY, ran a local headline. By March 19, the day of the special shareholder meeting, it was, everyone knew, too close to call.

The morning of the vote, Walter Hewlett, Joele Frank, and Steve Neal knew that

Carly Fiorina

Deutsche Bank was being lobbied by H-P. “We knew a little before seven that starting at seven Deutsche Bank was going to be talking to the company. They told us that,” says Neal. Still, when the anti-merger team, accompanied by Hewlett’s wife, Esther, his son Ben, his brother Jim, and Pam Packard, David Woodley’s wife, arrived at the meeting, any feelings of anxiety were momentarily overcome by the rush that greeted them.

“It was like a wave,” said one H-P employee. Inside the auditorium, people ran to shake Walter’s hand and thank him.

From the second it was announced the

meeting would be delayed, Hewlett’s camp says, they knew it was because H-P was negotiating with Deutsche Bank. “A little after 10, we received word from our proxy solicitors that Deutsche Bank was changing its vote, for the merger,” says Neal.

When it was all over, Fiorina closed the meeting, later saying that no one would know for sure for a few weeks while the votes were counted in Delaware, but that H-P had won by a “slim but sufficient” margin. Walter Hewlett did not look dismayed—far from it. At a press conference he read—awkwardly—from his notes and joked that he would now be returning to his life as “an academic and a musician.”

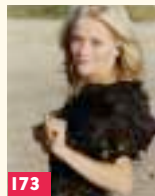
The board knew it needed to mend

fences; in the next few days Sam Ginn met with Walter Hewlett to discuss the possibility of his renomination to the board. Hewlett, he thought, was amenable to the idea. The following Monday, Hewlett gave a speech to the Council of Institutional Investors, advocating that, in the future, boards across America retain legal and financial counsel independent of company management; Fiorina had been scheduled to speak the next day but canceled, citing fatigue.

Then, on March 28, Hewlett sued H-P for both using improper coercion of Deutsche Bank and misrepresenting expected job losses and the levels of revenue gain. H-P claimed that his arguments were “baseless,” but some analysts and lawyers were not so sure. Jesse

CREDITS

FASHION



173

Cover: Reese Witherspoon’s Philosophy di Alberta Ferretti shirt from the Philosophy di Alberta Ferretti boutique, N.Y.C.; Sarajane Hoare for Vernon Jolly.
Page 42: Sportmax top and skirt from Max Mara, N.Y.C.
Page 52: Lisa Kennedy

styled by Christine Hahn; dress by Diane Von Furstenberg, from Diane Von Furstenberg the Shop, N.Y.C.

Page 72: Laura Jacobs styled by John Olson.

Pages 76 and 84: John Edwards and family styled by Barbara Zatcoff for T.H.E. Artist Agency.

Page 131: Marie Colvin styled by Paula Moore for Carol Hayes; suit by Bella Freud for Jaeger, from Jaeger, N.Y.C. and San Francisco; vest by La Perla Prêt à Porter, from La Perla boutiques nationwide, or call 866-LAPERLA.

Page 132: Janine di Giovanni styled by Paula Moore for Carol Hayes; dress by Dolce & Gabbana.

Page 133: Jacky Rowland styled by Paula Moore for Carol Hayes; vintage jeans by Levi’s; sweater by Sportmax, from selected Max Mara boutiques, or call 800-206-6872.

Page 163: Ryan Gosling’s Maison Martin Margiela—Line 10 shirt from Barneys New York stores nationwide; Helmut Lang jeans from Helmut Lang, N.Y.C., and Barneys New York stores nationwide; Janine Israel for Célestine.

Page 166: Tony Curtis styled by Vincent Boucher for Célestine; vintage robe from Golyester, L.A.; boxer shorts and sock garters by Brooks Brothers, from Brooks Brothers stores nationwide; walking stick from David Orgell, Beverly Hills.

Pages 172–73: Reese Witherspoon’s Chloé shirt from the Chloé boutique, N.Y.C.

Page 174: Peter Som skirt from Anastasia Holland, N.Y.C.; Philosophy di Alberta Ferretti shirt from the Philosophy di Alberta Ferretti boutique, N.Y.C.

Page 175: Miu Miu shirt from Miu Miu, N.Y.C.

Page 176: Club Monaco shirt from Club Monaco, N.Y.C.

Pages 178–79: See credits for page 42.

BEAUTY AND GROOMING

Cover: Reese Witherspoon’s hair styled with L’Oréal Studio Line Volumatic Full-Up Mousse, Volumatic Root-Lift Spray Gel, Toss Lotion (for Instant Texture), and Fast-Forward Quick Dry Hairspray (with Flexible Hold), all from selected drugstores. Makeup products by Clarins; go to www.gloss.com. On her body, Sun Care Cream S.P.F. 20; on her face, Eclat du Jour Energizing Morning Cream and Sun Wrinkle Control Cream Very High Protection S.P.F. 15; on her eyes, Eye Colour Trio in Renaissance, Eye Liner Pencil in Brown, and Pure Volume Mascara in Pure Brown; on her cheeks, Multi Blush in Tender Chestnut; on her lips, Le Rouge Lipstick in Illusion 220; on her nails, L’Oréal Shock Proof in Sheer Beige, from drugstores nationwide. Paul Starr for Magnet; Lisa Jachno for Cloutier/L’Oréal.

Page 52: Lisa Kennedy’s hair and makeup by André Drykin for Halley Resources.

Page 72: Laura Jacobs’s hair and makeup by André Drykin for Halley Resources.

Page 74: Bobbi Brown products from Nordstrom, Bloomingdale’s, Neiman Marcus, Saks Fifth Avenue, and Barneys New York stores nationwide, or go to www.bobbibrown.com.

Calvin Klein products from selected Sephora, Nordstrom, and Marshall Field’s stores, or go to www.sephora.com, or call 800-715-4023. **Chanel** products from fine department stores, or go to www.gloss.com, or call 800-550-0005. **Christian Dior** products from Saks Fifth Avenue stores nationwide. For **Clarins** products, go to www.gloss.com. **Estée Lauder** products from fine department stores, or go to www.esteelauder.com, or call 888-731-6024.

Geomér products from Henri Bendel, N.Y.C., and Warren-Tricomi Salons, N.Y.C. **Kiehl’s** products from Kiehl’s stores, N.Y.C. and San Francisco, and Neiman Marcus stores nationwide, or call 800-KIEHLS-1. **Lancôme** products from fine department stores, or go to www.lancome.com. **MAC** Bronzing Powder from MAC stores nationwide, or go to www.maccosmetics.com, or call 800-387-6707.

Trucco products from www.sebastian-intl.com, or call 800-829-7322. **Versace** products from Versace boutiques and Neiman Marcus stores nationwide.

Yes Saint Laurent Bronzing Powder from Bloomingdale’s, Neiman Marcus, and Saks Fifth Avenue stores nationwide.

Pages 76 and 84: John Edwards’s and his family’s grooming by Lori Celedonia-Pressman for T.H.E. Artist Agency.

Page 128: Christiane Amanpour’s hair styled by Colin Gold; makeup by Sharon Ive for Carol Hayes. Makeup products from **Chanel**, available at fine department stores and boutiques, or go to www.gloss.com, or call 800-550-0005.

On her face, Double Perfection Fluide S.P.F. 15 in Beige; on her eyes, Lumières Polychromes and Drama Lash Mascara in Onyx; on her cheeks, Joues Contraste in Fantasia; on her lips, Hydrasoleil Sheer Lipstick in Santa Fe.

Page 131: Marie Colvin’s hair styled by Colin Gold; makeup by Sharon Ive for Carol Hayes. Makeup products from **Chanel**, available at fine department stores and boutiques, or go to www.gloss.com, or call 800-550-0005. On her face, Double Perfection Fluide S.P.F. 15 in Nude; on her eyes, Lumières Polychromes and Drama Lash Mascara in Onyx; on her cheeks, Joues Contraste in Fantasia; on her lips, Hydrabase Creme Lipstick in Salsa.

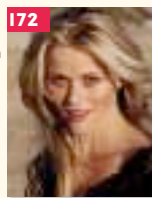
Page 132: Janine di Giovanni’s hair styled by Colin Gold; makeup by Sharon Ive for Carol Hayes. Makeup products from **Chanel**, available at fine department stores and boutiques, or go to www.gloss.com, or call 800-550-0005.

On her face, Double Perfection Fluide S.P.F. 15 in Shell; on her eyes, Sculpting Mascara Extreme Length in Black; on her cheeks, Bronze Perfection Face Palette; on her lips, Hydrabase Creme Lipstick in Salsa.

Page 133: Jacky Rowland’s hair styled by Colin Gold; makeup by Jemma Kidd for Premier.



175



172



74

Choper, a law professor at the University of California, Berkeley, says, "Even the judge has said that if Hewlett can prove what he alleges, there's a possible course of action." The board said it was "shocked" by the lawsuit and decided not to renominate Hewlett after all. A court date was set for April 23.

Fiorina's colleagues say that she is unrattled—that she is at her very best with her back against the wall. "She is so calm and decisive," says one. "She thrives on this," says Lucent's Kathy Fitzgerald.

Meanwhile, dissent grew within H-P. There were leaks from the so-called "clean team"—the integration body preparing the merger—that no way could as few as 15,000 jobs be lost and that Fiorina's targets were way off-

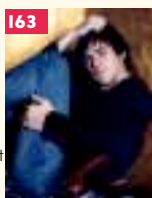
base. An E-mail went around the H-P alumni Web site suggesting that H-P would potentially spend \$727 million on the merger ad campaign and the compensation packages, almost as much as it hoped to save with the layoffs. A memo surfaced from Ann Livermore's Services department saying that targets had been missed for H-P's second fiscal quarter, due in part to the disruption caused by the proxy fight. A voice-mail message of March 17 was sent to the *San Jose Mercury News*; on it Fiorina could be heard telling Bob Wayman that they may need to do "something extraordinary" to persuade Deutsche Bank and Northern Trust Corp. to switch their votes. The turmoil was enough to cause the S.E.C. to start investigating whether Fiorina had

used improper methods to influence institutional shareholders to vote for the merger.

On April 17, H-P announced that the vote count by an independent company had been completed, determining that the merger had passed by 45 million votes—a margin of 2.8 percent. This meant that even without the 17 million Deutsche Bank votes, Fiorina would have won. However, if the court finds that improper tactics were used to sway shareholders, it could order a re-vote.

Meanwhile, Fiorina launched a hunt to find the employees who had given memos and E-mails to the press; one who admitted to leaking two memos was fired by her. Her voice mail seeking "something extraordinary," she

Page 163: Ryan Gosling's hair styled with *Bumble and Bumble* Grooming Creme; call 800-7-BUMBLE. On his face, *Kiehl's* Ultra Facial Moisturizer and *Benefit* Get Even; on his lips, *Kiehl's* Lip Balm No. 1. Benefit products available at Sephora stores nationwide, or go to www.benefitcosmetics.com; Kiehl's products available at Neiman Marcus stores nationwide, or call 800-KIEHLS-1. Diana Schmidtke for Célestine.



Page 166: Tony Curtis's grooming by Brad Bowman for Célestine.

Pages 172–79: See credits for cover.

PHOTOGRAPHS AND MISCELLANY

Cover: Production by David Radin for SoCal Productions; Di Wood for the Rappaport Agency.

Page 54: From A.P. Wide World Photos.

Page 60: From MPTV.

Page 63: Courtesy of Umbrage/Magnum Photos.

Page 64: From PhotoLink/PhotoDisc/PictureQuest (June 6, windmill); from RubberBall Productions/PictureQuest (6, ballerina); by Jules Frazier/PhotoDisc/PictureQuest (9, flag); from C Squared Studios/PhotoDisc/PictureQuest (9, ball); courtesy of Boston's Museum of Fine Arts (11); from Retna (12, Hirst); from Corbis Images/PictureQuest (12, bacon); courtesy of Hormel Foods (15); from Stockbyte/PictureQuest (21, doll); from McIntyre Photography, Inc./Picturesque/PictureQuest (21, Eiffel Tower); by H. Armstrong Roberts (beach); from Harry N. Abrams, Inc. (ibis, cotton).

Page 66: Clockwise from top: by Larry Riley/Sony Pictures Classics, Stephen Vaughan/Metro-Goldwyn-Mayer, Hardeep Singh Sachdev/Sony Pictures Classics, Hardeep Singh Sachdev/Sony Pictures Classics, Robert DiScalfani/Phononica.

Page 70: By Scott Gries/Image Direct (Hill), Markus Klinko and Indrani (Bowie), Ellis Parrinder/Camera Press/Retna (Wyclef), Eli Reed (Eminem), Pieter M. Van Hattem (Breeders).

Page 72: From Dover Books (airplane).

Page 74: By Edward Holub/Corbis (eye).

Page 88: Top, from *The Palm Beach Post*; bottom, from Bettmann/Corbis.

Page 104: Top, from the Academy of Motion Picture Arts & Sciences; bottom, from A.P. Wide World Photos.

Page 106: Top, from Reuters/TimePix; bottom, courtesy of Dominick Dunne.

Page 108: From A.P. Wide World Photos.

Page 113: From Rex USA.

Page 114: From Contact Press.

Page 118: From Magnum Photos.

Page 128: Left, from Magnum Photos.

Page 131: Right, from Reuters/Getty Images.

Page 132: Bottom, from *The Miami Herald*.

Page 152: Right, from the Fort Lauderdale *Sun Sentinel*.

Page 155: From the M. D. Anderson Cancer Center/A.P. Wide World Photos.

Page 168: By Bill Bachmann/Index Stock Imagery/PictureQuest (Southampton Bathing Corp.), Fitzroy Barrett/Globe Photos (Brad and Jennifer), R. J. Capak/WireImage.com (Wang), courtesy of the Carvel Corporation (Carvel), by Jimi Celeste/Getty Images (Aucocin), Steve Cole/PhotoDisc/PictureQuest (Bar Mitzvah), from C Squared Studios/PhotoDisc/PictureQuest (Easthampton Bowl, paid, tennis), from Digital Vision/PictureQuest (top photo), by Jules Frazier/PhotoDisc/PictureQuest (Daddy's people, doughnut, 14 minutes), Jennifer Graylock/Fashion Wire Daily/Retna (Grubman), Jennifer Graylock/Globe Photos (Armani), Kevin Mazur/WireImage.com (Rolling Stones), from Pictor International/PictureQuest (pec), from PictureQuest (Fortune), by Siede Preis/PhotoDisc/PictureQuest (headset), F. Schussler/PhotoLink/PhotoDisc/PictureQuest (Botox), from Stockbyte/PictureQuest (guru), by Jeff Vespa/WireImage.com (Fekki).

Page 170: Right, clockwise from top left: from A.P. Wide World Photos, by Nick Laham/Getty Images, Vince Bucchi/Getty Images, Joy E. Scheller/London Features, from WireImage.com, by Vince Bucchi/Getty Images, Dennis Van Tine/London Features, from Corbis Images/PictureQuest, from C Squared Studios/PhotoDisc/PictureQuest, from C Squared Studios/PhotoDisc/PictureQuest, by Anna Boyé/Triangle Postals, Dimitrios Kambouris/Fashion Wire Daily/Retna, from PictureQuest, by Jules Frazier/PhotoDisc/PictureQuest, Fitzroy Barrett/Globe Photos, Sean Gallup/Getty Images, from PictureQuest.

Pages 172–79: See credits for cover.

Page 180: From the Image Works.

Page 181: From Getty Images.

Page 183: Both from Getty Images.

Page 184: Top, from the Image Works; bottom, from HP/Sipa.

Page 188: From IPOL.

Page 189: From Sipa.

Page 192: From Rex Features.

Page 193: From CBS, © 2001 by CBS Worldwide Inc.

Page 194: From Sipa.

Page 195: From Abaca/Big Pictures USA.

Pages 202–3: From A.P. Wide World Photos (Summers), from Magnum Photos (Smith), from Matrix (Gates, Princeton), courtesy of Irene West (high-school senior, mother).

Pages 204–5: Both from Camera Press London/Retna Ltd.

Page 206: Left, from Stockphoto.

Page 207: From V&A Picture Library.

Pages 208–9: Large photograph from Globe Photos. Insets: top, from Topham/The Image Works; bottom, from *The Times*/Camera Press/Retna.

Page 210: From Alpha/Globe Photos.

Page 212: Clockwise from top left: from Topham/The Image Works; from Bettmann/Corbis; from Bettmann/Corbis; from Stills/Retna; from Reuters/TimePix; from Camera Press/Retna; from Bettmann/Corbis; from Magnum Photos.

Pages 214–15: Large photograph from Corbis Sigma; inset from Magnum Photos.

Page 217: Top, from Camera Press/Retna; bottom, from PA Photos.

Page 221: From *The Star-Ledger*.

Page 225: From *Fashion Wire Daily*/A.P. Wide World Photos.

Page 231: Top row, from Sipa; bottom left, from WireImage.com; bottom right, from Corbis Outline.

Page 233: From Online USA/Getty Images.

Page 240: Clockwise from top left: from Getty Images, by Gilbert Flores/Celebrity Photo, from London Features International Ltd., by Henry McGee/Globe Photos, Fitzroy Barrett/Globe Photos, Mark Wilson/Getty Images, G. Staal and W. H. Mote/Hulton Archive/Getty Images, Rune Hellestad/Corbis, George De Sota/Getty Images, Ezra Shaw/Allsport/Getty Images, from Getty Images, by Ed Geller/Globe Photos.