Hewlett-Packard CEO May Be Removed

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SAN FRANCISCO (AP) -- Hewlett-Packard Co. shares jumped Wednesday after reports that the technology company's board is mulling the removal of CEO Leo Apotheker, who has been on the job for less than a year.

THE SPARK: Citing two unnamed people "familiar with the matter," Bloomberg reported Wednesday that HP's board intends to hold a meeting to discuss getting rid of Apotheker, 58.

The CEO had started at HP on Nov. 1 after HP ousted the previous CEO, Mark Hurd following an ethics scandal. Since Apotheker's arrival, though, HP's stock has plummeted, continuing a decline that began with Hurd's departure.

One of the sources said it's possible that Apotheker would be replaced -- at least temporarily -- with Meg Whitman, former CEO of online marketplace eBay Inc. Whitman joined HP's board in January.

If Apotheker is asked to leave HP, it would be the second time he has been fired from a CEO post. He left his former employer, German business software maker SAP AG, after less than two years as a CEO amid a customer revolt over a price hike and growing employee dissatisfaction.

HP spokesman Michael Thacker said the company, based in Palo Alto, Calif., does not comment on rumors or speculation.

THE ANALYSIS: Ticonderoga Securities analyst Brian White said he always felt like Apotheker would be at HP for the short term, saying he "really didn't have the background" to run a tech company as large as HP.

Under Hurd, HP had cut its research and development budget, putting its future product lines at risk. Given this, White said it would make sense that HP wouldn't immediately bring in a big-name CEO to replace Hurd. That would risk tarnishing the new executive's image.

Instead, White said HP may have chosen Apotheker to take the blame for the company's missteps under Hurd, and may now switch him out with someone more prominent, such as Whitman.

"You've got to restore investor confidence at the end of the day. I don't blame Leo. I think he was set up for a bad situation," he said.

White rates HP shares "Neutral."

SHARE ACTION: HP shares rose $2.27, or 10 percent, to $24.74 in afternoon trading.

In the past year, the stock has traded from $22.13 to $49.39.

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