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HEWLETT PACKARD CO
Form S-4
November 20, 2001

As filed with the Securities and Exchange Commission on November 20, 2001

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
Under
The Securities Act of 1933

HEWLETT-PACKARD COMPANY
(Exact Name of Registrant as Specified in Its Charter)

Delaware 3570 94-1081436
(State or Other Jurisdiction of (Primary Standard Industrial (I.R.S. Employer
Incorporation or Organization) Classification Code Number) Identification Number)

3000 Hanover Street
Palo Alto, California 94304
(650) 857-1501
(Address, Including Zip Code, and Telephone Number, Including Area Code, of
Registrant's Principal Executive Offices)

Carleton S. Fiorina
Chairman of the Board and Chief Executive Officer
HEWLETT-PACKARD COMPANY
3000 Hanover Street
Palo Alto, California 94304
(650) 857-1501
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code,
of Agent For Service)

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Palo Alto, California 94304
(650) 493-9300

The Netherlands
(011) 31 43 356 5656

Approximate date of commencement of proposed sale to the public: Upon completion of the exchange offer described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered(1)	Proposed Maximum Offering Price Per Share	Prop Max Aggr Offering
Common Stock, par value \$0.01 per share, and associated preferred share purchase rights(3).....	45,441,792 shares	Not Applicable	\$785,9
Contingent Value Rights ("CVRs")(4).....	56,177,268 CVRs	Not Applicable	Not App

-
- (1) Based upon the maximum number of shares of common stock, par value \$0.01 per share, of Hewlett-Packard Company, a Delaware corporation, and the maximum number of contingent value rights that may be issued in connection with the exchange offer described herein.
 - (2) Estimated solely for purposes of calculating the registration fee required by the Securities Act of 1933, as amended, and computed pursuant to Rules 457(f) and (c) under the Securities Act based on (i) \$6.995, the average of the high and low per share prices of common shares, par value NLG 0.04 per share, of Indigo N.V., a Dutch corporation, as reported on the Nasdaq National Market on November 14, 2001, and (ii) the maximum number of common shares of Indigo to be tendered in connection with the exchange offer described herein.
 - (3) The preferred share purchase rights, which are attached to the shares of HP common stock being registered hereunder, will be issued for no additional consideration. Accordingly, no additional registration fee is payable.
 - (4) The contingent value rights will be issued by a new subsidiary of Hewlett-Packard Company to be formed in connection with the exchange offer described herein.
-

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration

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statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS

A Newly-Formed Wholly-Owned Indirect Subsidiary of

Hewlett-Packard Company

Offer to Exchange Each Outstanding Common Share

of

Indigo N.V.

for either:

\$7.50, subject to adjustment, in common stock of Hewlett-Packard Company

or

\$6.00, subject to adjustment, in common stock of Hewlett-Packard Company and one non-transferable contingent value right

The exchange offer and withdrawal rights will expire at 12:00 midnight, New York City time, on , , unless extended. You may withdraw shares tendered pursuant to this exchange offer at any time prior to the expiration of the exchange offer.

On September 6, 2001, we entered into an offer agreement with Indigo N.V. to acquire all of the outstanding common shares of Indigo. The management board, the supervisory board, and the combined board of Indigo separately and, excluding the member designated by HP, unanimously have approved the offer agreement, determined that the exchange offer is at a price and on terms that are fair to, and in the best interests of, Indigo and its shareholders, and recommend that Indigo shareholders accept the exchange offer and tender their shares pursuant to the exchange offer.

Through our newly-formed subsidiary, we are offering to exchange for each Indigo common share that is validly tendered and not properly withdrawn either:

- . \$7.50 in HP common stock, subject to adjustment, or
- . \$6.00 in HP common stock, subject to adjustment, and one non-transferable contingent value right, which we refer to as a CVR.

As described in more detail in this prospectus, each CVR will entitle its holder to a contingent cash payment in 2005 from our newly-formed subsidiary of up to \$4.50 if our consolidated revenues from digital press products that utilize Indigo's technology reach specified revenue milestones over a three-year period, which will begin after completion of the exchange offer. The amount payable under each CVR increases linearly from \$0 to \$4.50 as the cumulative revenue increases from \$1.0 billion to \$1.6 billion during the three-year period. No payment will be made under the CVR if the cumulative revenue is less than or equal to \$1.0 billion. No payment in excess of \$4.50

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will be made under the CVR if the cumulative revenue is greater than \$1.6 billion.

We will calculate the amount of HP common stock to be issued in each case by dividing \$7.50 or \$6.00, as the case may be, by the average closing sales price of HP common stock on the New York Stock Exchange during the twenty consecutive trading days ending on the third trading day prior to the date on which we initially accept for payment Indigo common shares tendered into the exchange offer. However, the average HP closing sales price to be used in this calculation will not be less than \$16.69 or more than \$23.68.

The total number of Indigo common shares that may be exchanged for each of the above-described elections is limited, as described in more detail in this prospectus. If either election is oversubscribed, we will apply the allocation mechanism described in this prospectus. As a result, you may not receive your requested consideration alternative for all of the Indigo common shares that you tender.

Our obligation to exchange Indigo common shares for HP common stock and CVRs is subject to the conditions set forth in the offer agreement. We describe these conditions in the section of this prospectus entitled "The Offer Agreement--Conditions to the Exchange Offer." HP common stock is listed on the New York Stock Exchange and the Pacific Exchange under the trading symbol "HWP," and Indigo common shares are listed on the Nasdaq National Market under the symbol "INDG."

The section entitled "Risk Factors" beginning on page 26 of this prospectus contains a description of risks that you should consider.

We are not asking you for a proxy and you are requested not to send us a proxy. Any request for proxies will be made only pursuant to separate proxy solicitation materials.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the shares of HP common stock or the CVRs to be issued in connection with the exchange offer, passed upon the merits or fairness of the offer agreement and the exchange offer or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated , 200 .

TABLE OF CONTENTS

	Page

QUESTIONS AND ANSWERS	
ABOUT THE EXCHANGE OFFER.....	1
SUMMARY.....	6
The Exchange Offer and the Offer Agreement.....	6
Parties to the Exchange Offer.....	6
Contingent Value Rights.....	7
Reasons for the Exchange Offer.....	8
Recommendation of the Indigo Boards.....	8
Opinion of Indigo Financial Advisor Regarding the Exchange Offer.....	8
Indigo Directors and Executive Officers Have Interests in the Exchange Offer...	8

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Indigo's Management and Supervisory Boards Following the Exchange Offer....	9
Extension, Termination, Waiver and Amendment of the Exchange Offer.....	9
What is Needed to Complete the Exchange Offer.....	10
We Have Not Yet Obtained All Required Regulatory Approvals to Complete the Exchange Offer.....	10
Procedure for Tendering.....	11
Withdrawal Rights.....	11
Exchange of Indigo Common Shares; Delivery of Shares of HP Common Stock and CVRs.....	11
Indigo is Prohibited from Considering Other Offers.....	11
We and Indigo May Terminate the Offer Agreement.....	11
We or Indigo May Pay a Termination Fee...	12
The Exchange Offer is Taxable for United States Federal Income Tax Purposes.....	12
Accounting Treatment of the Exchange Offer.....	13
We Will List Shares of HP Common Stock on the New York Stock Exchange and the Pacific Exchange.....	13
Indigo Appraisal Rights.....	13
SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF HP.....	14
SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF COMPAQ.....	16
	Page

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL DATA OF HP AND COMPAQ.....	18
SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF INDIGO.....	20
COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA.....	22
COMPARATIVE PER SHARE MARKET PRICE DATA.....	24
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION.....	25
RISK FACTORS.....	26
SPECIAL FACTORS.....	36
Background of the Exchange Offer.....	36
Indigo's Purposes and Reasons for the Exchange Offer.....	39
Indigo's Belief Regarding the Fairness of the Exchange Offer.....	41
Recommendation of the Indigo Boards.....	42
Opinion of Indigo Financial Advisor Regarding the Exchange Offer.....	42
Interests of Indigo Directors and Executive Officers in the Exchange Offer.....	49
HP's Purposes and Reasons for the	

Edgar Filing: HEWLETT PACKARD CO - Form S-4

Exchange Offer.....	49
HP's Belief Regarding the Fairness of the Exchange Offer.....	51
Effects of the Exchange Offer; Plans or Proposals After the Exchange Offer.....	52
United States Federal Income Tax Consequences of the Exchange Offer.....	54
Summary Indigo Financial Projections.....	57
THE EXCHANGE OFFER.....	59
Description of the Exchange Offer.....	59
Allocation Rules for the Fixed Offer Price and Contingent Offer Price.....	62
Post-Closing Restructuring.....	67
Timing of the Exchange Offer.....	69
Extension, Termination, Waiver and Amendment of the Exchange Offer.....	69
Exchange of Indigo Common Shares; Delivery of Consideration.....	71
Cash Instead of Fractional Shares of HP Common Stock.....	71

i

TABLE OF CONTENTS--(continued)

	Page

Withdrawal Rights.....	71
Election Procedures.....	72
Procedure for Tendering.....	72
Guaranteed Delivery.....	74
Accounting Treatment of the Exchange Offer.....	75
Regulatory Filings and Approvals Required to Complete the Exchange Offer.....	75
Indigo Appraisal Rights.....	77
U.S. State Takeover Laws.....	78
Rule 13e-3 Transactions.....	78
Fees and Expenses.....	78
Source and Amount of Funds.....	79
Restrictions on Sales of Shares of HP Common Stock Received in the Exchange Offer.....	79
Listing of Shares of HP Common Stock Issued in the Exchange Offer on the New York Stock Exchange and Pacific Stock Exchange.....	79
Delisting and Deregistration of Indigo Common Shares after the Exchange Offer.....	80
THE OFFER AGREEMENT.....	81
The Exchange Offer.....	81
Indigo's Management and Supervisory Boards following the Exchange Offer.....	83
Treatment of Indigo Stock Options and Warrants.....	83
Termination of Indigo Employee Stock Purchase Plan.....	85
Representations and Warranties.....	85

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Conduct of Indigo's Business Prior to Completion of the Exchange Offer.....	85
Commercially Reasonable Efforts to Complete the Exchange Offer.....	87
Indigo is Prohibited from Considering Other Acquisition Proposals.....	87
Employee Benefits.....	88
Conditions to the Exchange Offer.....	89
Termination of the Offer Agreement.....	93
Payment of Termination Fee; Expenses.....	94
Amendments to the Offer Agreement.....	95
	Page

DESCRIPTION OF THE CVRs.....	96
Summary.....	96
Selected Definitions Related to the CVR Agreement.....	97
Description of the CVR Certificates.....	97
AGREEMENTS RELATED TO THE OFFER AGREEMENT.....	99
Parties to the Related Agreements.....	99
Voting Agreements.....	99
Tender Agreements.....	100
Tender and Option Agreements.....	100
Affiliate Agreements.....	100
RELATIONSHIPS BETWEEN HP AND INDIGO.....	102
Strategic Affiliation Agreement.....	102
The Stock Purchase Agreement.....	102
The OEM Agreement and the Co-Development Agreement.....	103
The Shareholders Agreement.....	103
Purchases of Indigo Common Shares.....	104
Indigo Stock Options.....	104
INDIGO MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	105
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK OF INDIGO.....	114
INDIGO MARKET PRICE DATA AND DIVIDEND INFORMATION.....	116
COMPARISON OF RIGHTS OF HOLDERS OF HP COMMON STOCK AND INDIGO COMMON SHARES.....	117
Comparison of the Certificate of Incorporation and Bylaws of HP and Articles of Association of Indigo.....	117
Indemnification of Directors and Officers.....	122
Shareowner Rights Plan.....	123
LEGAL MATTERS.....	126
EXPERTS.....	126
WHERE YOU CAN FIND MORE INFORMATION.....	127
INDIGO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	F-1

Edgar Filing: HEWLETT PACKARD CO - Form S-4

TABLE OF CONTENTS--(continued)

	Page

SCHEDULE I--Information Concerning	
Directors and Executive Officers of HP	I-1
ANNEX A--Offer Agreement by and	
between HP and Indigo.....	A-1
ANNEX B--Form of Contingent Value	
Rights Agreement.....	B-1
ANNEX C-1--Tender and Option Agreement	
by and among HP and Certain Principal	
Shareholders of Indigo.....	C-1-1
ANNEX C-2--Tender and Option Agreement	
by and between HP and Oscar & Zlata	
Foundation.....	C-2-1
ANNEX C-3--Tender Agreement between	
HP and S-C Indigo CV.....	C-3-1
ANNEX C-4--Form of Tender Agreement by	
and among HP and Certain Principal	
Shareholders of Indigo.....	C-4-1
	Page

ANNEX C-5--Voting Agreement by and	
between HP and Oscar & Zlata	
Foundation.....	C-5-1
ANNEX C-6--Voting Agreement by and	
between HP and S-C Indigo CV.....	C-6-1
ANNEX C-7--Form of Voting Agreement	
and Irrevocable Proxy by and among HP	
and Certain Shareholders of Indigo...	C-7-1
ANNEX C-8--Form of Affiliate Agreement	
by and among HP and Certain Principal	
Shareholders of Indigo.....	C-8-1
ANNEX D--Opinion of Gleacher &	
Co. LLC.....	D-1

iii

This prospectus incorporates important business and financial information about HP, Indigo and Compaq Computer Corporation from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this prospectus. For a listing of documents incorporated by reference in this prospectus, please see the section entitled "Where You Can Find More Information" beginning on page 127 of this prospectus.

HP will provide you with copies of this information relating to HP, without charge, upon written or oral request to:

Hewlett-Packard Company
3000 Hanover Street
Palo Alto, California 94304
Attention: Investor Relations
Telephone Number: (650) 857-1501

In addition, you may obtain copies of this information by making a request through HP's investor relations website, <http://www.hp.com/hpinfo/investor>, or by e-mail to investor_relations@hp.com.

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Indigo will provide you with copies of this information relating to Indigo, without charge, upon written or oral request to:

Indigo N.V.
c/o Indigo America, Inc.
400 Unicorn Park Drive
Woburn, Massachusetts 01801
Attention: Investor Relations
Telephone Number: (781) 937-8999

In addition, you may obtain copies of this information by making a request by e-mail to Michael King at indigoir@indigousa.com.

Compaq will provide you with copies of this information relating to Compaq, without charge, upon written or oral request to:

Compaq Computer Corporation
P.O. Box 692000
Houston, Texas 77269-2000
Attention: Compaq Investor Relations, MS 110605
Telephone Number: (800) 433-2391

In addition, you may obtain copies of this information by making a request through Compaq's investor relations website, <http://www.shareholder.com/cpq/document-request.cfm>, or by sending an e-mail to investor.relations@compaq.com.

In order for you to receive timely delivery of the documents before closing of the exchange offer, HP, Indigo or Compaq should receive your request no later than , 200 .

iv

QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

Q: What are HP and Indigo proposing? (see page 59)

A: We have entered into an offer agreement with Indigo, pursuant to which we will offer through a new subsidiary of ours, which we will form in connection with the exchange offer, to acquire all of the outstanding Indigo common shares not already owned by us or our affiliates.

Q: What would I receive in exchange for my Indigo common shares? (see page 59)

A: In the exchange offer, at your election subject to the allocation mechanism described in this prospectus, we are offering through our newly-formed subsidiary to exchange for each Indigo common share either:

- . The fixed offer price, which consists of a fraction of a share of HP common stock that has a value equal to \$7.50, subject to adjustment, as determined in accordance with the offer agreement; or
- . The contingent offer price, which consists of (1) a fraction of a share of HP common stock that has a value equal to \$6.00, subject to adjustment, as determined in accordance with the offer agreement, plus (2) one non-transferable contingent value right, which we refer to as a CVR.

As described in more detail in this prospectus, each CVR will entitle its

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holder to a contingent cash payment in 2005 from our newly-formed subsidiary of up to \$4.50 if our consolidated revenues from digital press products that utilize Indigo's technology reach specified revenue milestones over a three-year period, which will begin after completion of the exchange offer.

Q: How will you calculate the amount of HP common stock to be issued pursuant to the fixed offer price and the contingent offer price? (see page 59)

A: We will calculate the amount of HP common stock to be issued, which we refer to as the exchange ratio, by dividing \$7.50, in the case of the fixed offer price, or \$6.00, in the case of the contingent offer price, by the average closing sales price of HP common stock on the New York Stock Exchange during the twenty consecutive trading days ending on the third trading day prior to the date on which we initially accept for payment Indigo common shares tendered into the exchange offer. However, the offer agreement provides that the average HP closing sales price to be used in this calculation will not be less than \$16.69 or more than \$23.68. As a result:

- . If the average HP closing sales price is less than \$16.69 then (1) each Indigo common share exchanged for the fixed offer price will receive 0.4494 of a share of HP common stock, and (2) each Indigo common share exchanged for the contingent offer price will receive (A) 0.3595 of a share of HP common stock, plus (B) one CVR.
- . If the average HP closing sales price is greater than \$23.68 then (1) each Indigo common share exchanged for the fixed offer price will receive 0.3167 of a share of HP common stock, and (2) each Indigo common share exchanged for the contingent offer price will receive (A) 0.2534 of a share of HP common stock, plus (B) one CVR.
- . If the average HP closing sales price is equal to or greater than \$16.69 and equal to or less than \$23.68 then you will receive that amount of HP common stock equal to the quotient obtained by dividing \$7.50, in the case of the fixed offer price, or \$6.00, in the case of the contingent offer price, by the average HP closing sales price such that (1) each Indigo common share exchanged for the fixed offer price will receive between 0.3167 and 0.4494 of a share of HP common stock, and (2) each Indigo common share exchanged for the contingent offer price will receive (A) between 0.2534 and 0.3595 of a share of HP common stock, plus (B) one CVR.

1

The trading price of HP common stock on the date you receive HP common stock in exchange for your Indigo common shares could be more or less than the average closing sales price of the HP common stock during the relevant twenty trading day pricing period described above. This means that the then-current market value of the HP common stock that you receive for each Indigo common share could be more or less than \$7.50, in the case of the fixed offer price, or \$6.00, in the case of the contingent offer price, regardless of the average HP closing sales price.

We will not issue any fractional shares of HP common stock in connection with the exchange offer. You will instead receive cash for any fractional share otherwise issuable to you as further described in this prospectus.

Q: How can I find out the final exchange ratios?

A: No later than two business days before the exchange offer expires, we will notify you by issuing a press release announcing the final exchange ratios

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for the fixed offer price and the contingent offer price and filing that press release with the Securities and Exchange Commission. You can also call our information agent, Georgeson Shareholder Communications, collect at _____ or toll-free at _____ for the final exchange ratios and the final average closing sales price of HP common stock during the relevant twenty day pricing period.

Q: Can I elect to exchange some of my Indigo common shares for the fixed offer price and some of my Indigo common shares for the contingent offer price? (see page 72)

A: No. You must elect to exchange all of your Indigo common shares for one consideration alternative. To the extent that you validly tender your Indigo common shares but do not indicate in the transmittal letter whether you elect to receive the fixed offer price or the contingent offer price, you will be deemed to have elected to receive the fixed offer price for all the Indigo common shares that you tender, subject to the allocation mechanism described in this prospectus.

Q. Is my election to receive the fixed offer price or the contingent offer price subject to any limitations? (see page 62)

A. Yes. The terms of the offer agreement limit the total number of Indigo common shares that are permitted to be exchanged for each of the fixed offer price and contingent offer price. Based on Indigo's capitalization as of September 30, 2001, approximately 39.0 million Indigo common shares may be exchanged for the fixed offer price, and approximately 56.2 million Indigo common shares may be exchanged for the contingent offer price. As a result, you may receive for some of the Indigo common shares that you tender the form of consideration alternative that is different than what you elected. Pursuant to tender and option agreements, the holders of approximately 47.6 million Indigo outstanding common shares have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by each of those shareholders. If either election remains oversubscribed after giving effect to the automatic election provided for in the tender and option agreements, all other Indigo shareholders who have tendered into the exchange offer for the oversubscribed consideration alternative will be required to accept some portion of the undersubscribed consideration alternative.

Q: How can I learn the degree to which I may not receive the consideration alternative that I requested?

A: If either of the fixed offer price or contingent offer price elections are oversubscribed, then the allocation of these consideration alternatives will be determined after completion of the exchange offer in accordance with the terms of the offer agreement. We will notify you by issuing a press release announcing the degree of the allocation, if any, and filing that press release with the Securities and Exchange Commission. You can

2

also call our information agent, Georgeson Shareholder Communications, collect at _____ or toll-free at _____ to learn the degree to which the fixed offer price or contingent offer price elections may have been allocated after completion of the exchange offer.

Q: How long will it take to complete the exchange offer? (see page 69)

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- A: We have not yet commenced the exchange offer. The exchange offer will commence on _____, 200__ and is currently scheduled to expire at 12:00 midnight, New York City time, on _____, 200__. However, we may extend the exchange offer as described in this prospectus.
- Q: Do Indigo's management, supervisory and combined boards support the exchange offer? (see page 42)
- A: Yes. Indigo's management, supervisory and combined boards, excluding the member designated by HP, unanimously support the exchange offer and recommend that you tender your Indigo common shares in the exchange offer.
- Q: Have any Indigo shareholders agreed to tender their shares? (see page 99)
- A: Yes. Some shareholders of Indigo, including some directors and executive officers of Indigo, have agreed to tender their Indigo common shares into the exchange offer. These shareholders, who have entered into tender and option or tender agreements with HP, hold an aggregate of 72,382,936 Indigo common shares representing approximately 65.8% of the Indigo common shares outstanding as of September 30, 2001.

Those Indigo board members and executive officers who have not entered into tender agreements with HP do not hold any Indigo common shares.

- Q: Is the exchange offer conditioned upon the completion of the proposed business combination between HP and Compaq?
- A: No. The exchange offer is not conditioned upon the completion of the pending merger of a wholly-owned subsidiary of HP with and into Compaq Computer Corporation, which we refer to as the Compaq merger. The Compaq merger is subject to customary conditions to closing as set forth in the merger agreement among HP, a wholly-owned subsidiary of HP and Compaq, which we refer to as the Compaq merger agreement. These closing conditions to the Compaq merger are separate and independent from the closing conditions to the exchange offer. We cannot assure you that we will complete the Compaq merger. If the Compaq merger is not completed, HP common stock will not reflect any actual or anticipated interest in Compaq.
- Q: What percentage of HP common stock will Indigo shareholders own after the exchange offer?
- A: If we acquire all of the Indigo common shares pursuant to the exchange offer, former shareholders of Indigo, other than us and our affiliates, would own approximately ____% of the shares of common stock of HP, based upon the number of shares of HP common stock and Indigo common shares outstanding on _____, 200__, not taking into account stock options, warrants or convertible securities of Indigo or HP. This ownership percentage would be reduced to approximately ____% if the Compaq merger is completed, in which case we would issue an aggregate of approximately _____ shares of HP common stock to Compaq shareowners.

- Q: How do I participate in the exchange offer? (see page 72)
- A: You are urged to read this entire prospectus carefully, and to consider how the exchange offer affects you. Then, if you wish to tender your Indigo common shares, you should do the following:

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- . If you hold your common shares in your own name, complete and sign the enclosed election form and letter of transmittal and return it with your share certificates to Computershare Trust Company of New York, the exchange agent for the exchange offer, at the address on the back cover of this prospectus, before the expiration time of the exchange offer which, unless extended, will occur on the twentieth business day after the date of this prospectus.
- . If you hold your common shares in "street name" through a broker, bank or nominee, ask your broker, bank or nominee to tender your shares before the expiration time of the exchange offer.

Please read this prospectus carefully for more information about the procedures for tendering your shares, electing to receive the fixed offer price or the contingent offer price, timing of the exchange offer, extensions of the offering period and your rights to withdraw your shares from the exchange offer before the expiration time.

Q: Do I have to pay any brokerage fees or commissions? (see page 62)

A: If you are the record owner of your Indigo common shares and you tender your shares in the exchange offer, you will not incur any brokerage fees or commissions. If you own your Indigo common shares through a broker, bank or nominee who tenders the shares on your behalf, you may be charged a commission for doing so. You should consult with your broker or nominee to determine whether any charges will apply.

Q: What happens if the exchange offer is completed and I have not tendered my Indigo common shares? (see page 52)

A: You will continue to own your Indigo common shares. After the completion of the exchange offer, we may, among other things, delist the Indigo common shares from the Nasdaq National Market and terminate Indigo's reporting obligations under the United States federal securities laws, such that there would no longer be a public market for Indigo common shares. In that event, you may be unable to sell your Indigo common shares readily or at all after the completion of the exchange offer.

In addition, we may, but are not required to, effectuate a corporate restructuring of Indigo, which we refer to as the post-closing restructuring. The post-closing restructuring, if implemented by us in our sole discretion, may include, without limitation, the commencement of a compulsory acquisition by us of Indigo common shares from any remaining minority Indigo shareholders, which is permitted under Dutch law only if we own 95% or more of Indigo's outstanding common shares, or other actions that may make it unattractive for the remaining minority Indigo shareholders to own Indigo common shares. If we in our sole discretion implement a post-closing restructuring to acquire any remaining Indigo common shares not tendered into the exchange offer, we will offer consideration equivalent to the fixed offer price to the remaining minority Indigo shareholders. However, the form of the consideration paid to remaining minority Indigo shareholders in any post-closing restructuring may differ from the form of consideration issued in the exchange offer. In addition, under Dutch law the consideration to be paid to the remaining minority Indigo shareholders in a compulsory acquisition is subject to judicial determination.

Q: Is HP's financial condition relevant to my decision to tender my common shares in the exchange offer?

A: Yes. Since Indigo common shares accepted in the exchange offer will be exchanged for shares of HP common stock and, as applicable, CVRs, you should consider our financial condition before you decide to become one of our

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shareowners and, as applicable, a holder of CVRs through the exchange offer. In considering our financial condition, you should review carefully the information in this prospectus and the

4

documents incorporated by reference in this prospectus because they contain detailed business, financial and other information about us.

Q: Who can help answer my questions? (see page 130)

A: If you have any questions about the exchange offer or how to tender your Indigo common shares, or if you need additional copies of this prospectus, you should contact:

Georgeson Shareholder
111 Commerce Road
Carlstadt, New Jersey 07072
@georgesonshareholder.com
() -
international calls () -

5

SUMMARY

The following is a summary of the information contained in this prospectus. This summary may not contain all of the information about the exchange offer that is important to you. For a more complete description of the exchange offer, we encourage you to read carefully this entire prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this prospectus, which includes important business and financial information about HP, Indigo and Compaq. You may obtain the information incorporated by reference into this prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" beginning on page 127 of this prospectus.

The Exchange Offer and the Offer Agreement (see pages 59 and 81)

We and Indigo have agreed to the exchange offer under the terms of an offer agreement that is described in this prospectus. A copy of the offer agreement is attached to this prospectus as Annex A. Upon the terms and subject to the conditions to the exchange offer described in the offer agreement, we will offer to exchange for each Indigo common share that is validly tendered and not properly withdrawn, at your election and subject to the allocation mechanism described in this prospectus, either the fixed offer price or the contingent offer price.

We will make the exchange offer through a new wholly-owned indirect subsidiary of ours, which we will form in connection with the exchange offer. References in this prospectus to HP, we and us mean HP and this subsidiary, or HP together with its consolidated subsidiaries, as appropriate.

Parties to the Exchange Offer

Hewlett-Packard Company
3000 Hanover Street
Palo Alto, California 94304

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(650) 857-1501

HP is a leading global provider of computing and imaging solutions and services for business and home, and is focused on capitalizing on the opportunities of the Internet and the emergence of next-generation appliances, e-services and infrastructure.

HP currently organizes its operations into three major businesses. Imaging and Printing Systems provides laser and inkjet printers (both monochrome and color), mopiers, scanners and all-in-one devices, personal color copiers and faxes, digital senders, wide- and large-format printers, print servers, network-management software, networking solutions, digital photography products, imaging and printing supplies, imaging and software solutions, and related professional and consulting services. Computing Systems provides a broad range of computing systems for the enterprise, commercial and consumer markets. The products and solutions range from mission-critical systems and software to personal computers for business and home. Major product lines include UNIX(R) and PC servers, desktop and mobile personal computers, workstations, software solutions and storage solutions. Information Technology Services provides consulting, education, design and installation services, ongoing support and maintenance, proactive services like mission-critical support, outsourcing and utility-computing capabilities. Financing capabilities include leasing, automatic technology-refreshment services, solution financing and venture financing.

HP was incorporated in 1947 under the laws of the State of California as the successor to a partnership founded in 1939 by William R. Hewlett and David Packard. Effective in May 1998, HP changed its state of incorporation from California to Delaware.

6

On September 4, 2001, we entered into the Compaq merger agreement. Reference in this prospectus to the Compaq merger refers to the proposed merger of a wholly-owned subsidiary of HP with and into Compaq pursuant to the Compaq merger agreement.

Indigo N.V.
5 Limburglaan
6221 SH Maastricht
The Netherlands
(011) 31-43-356-5656

Indigo N.V. is a leading provider of high performance digital printing systems used in the production of on-demand, short-run color digitally-printed products. Indigo's Digital Offset Color technology combines the quality of ink-based offset printing with the performance advantages of digital imaging. Its products, including its proprietary ElectroInk, provide solutions for the commercial, industrial and photographic printing markets. Indigo's commercial printing products include the Indigo e-Print Pro+, a four-color low-cost, entry-level press, suitable for simple digital printing applications; the Indigo Platinum, which adds value applications such as electronic collation, versioning and personalization, and six-color printing capability; the Indigo UltraStream 2000, which is designed for high-volume printing and applications requiring seven-color capability; and the Publisher presses, expected to be commercially available in late 2001 or early 2002, which are appropriate for mid-volume and mainstream commercial printing, publishing and direct mail markets. Indigo's industrial printing products include the Omnius WebStream family of One-Shot Color presses, which bring on-demand color printing to the main packaging and labeling markets, and the Omnius MultiStream which permits

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printing on plastic sheets for the production of specialty products. Indigo's photographic printing products, which are not expected to be commercially available before 2002, include the Photo-e-Print line, which will provide high quality, high speed and low cost solutions for retail and professional photographic labs as well as centralized wholesale photofinishing operations. In addition, Indigo manufactures a number of presses that are marketed through OEM channels under agreements with DataCard, A.B. Dick Company, Werner Kammann Maschinenfabrik and HP. Indigo also manufactures and sells proprietary imaging products essential to the operation of its presses, including ElectroInk(R) products, photo imaging plates and image transfer blankets. Indigo is headquartered in The Netherlands, with research and development and manufacturing operations in Israel.

Indigo was incorporated in The Netherlands in 1977 under the name Spectrum Sciences B.V.

Newco
3000 Hanover Street
Palo Alto, California 94304
(650) 857-1501

Newco will be a newly-formed wholly-owned indirect subsidiary of HP. We will form this subsidiary solely to effect the exchange offer, and this subsidiary will not conduct any business prior to the completion of the exchange offer.

Contingent Value Rights (see page 96)

Upon completion of the exchange offer, our newly-formed subsidiary and Chase Manhattan Bank and Trust Company, National Association, as trustee, will enter into a CVR agreement that will govern the CVRs. A copy of the form of CVR agreement is attached to this prospectus as Annex B. Under the terms of the CVR agreement, each CVR will entitle the holder thereof to a contingent cash payment in 2005 from our newly-formed subsidiary of up to \$4.50 if our consolidated revenues from digital press products that utilize Indigo's technology reach

7

specified revenue milestones over a three-year period, which will begin after completion of the exchange offer, as described in more detail in this prospectus. The amount payable under each CVR increases linearly from \$0 to \$4.50 as the cumulative revenue increases from \$1.0 billion to \$1.6 billion during the three-year period. No payment will be made under the CVR if the cumulative revenue is less than or equal to \$1.0 billion. No payment in excess of \$4.50 will be made under the CVR if the cumulative revenue is greater than \$1.6 billion. Hewlett-Packard Company will guarantee the contingent payment obligations of our subsidiary under the CVRs.

There are many uncertainties associated with the CVRs, and there is no assurance that any payment on the CVRs will be made. See the section entitled "Risk Factors--Risks Related to the Contingent Value Rights" in this prospectus for a discussion of important factors that you should consider in connection with the CVRs.

Reasons for the Exchange Offer

Indigo (see page 39). Indigo's management board, supervisory board and combined board believe that the transaction could result in a number of benefits to Indigo and its shareholders. Indigo's reasons for entering into the offer agreement and a number of factors considered by Indigo's management

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board, supervisory board and combined board in determining whether to enter into the offer agreement are described in the section entitled "Special Factors--Indigo's Purposes and Reasons for the Exchange Offer" in this prospectus.

HP (see page 49). Our reasons for entering into the offer agreement and a number of factors considered by our board of directors in determining whether to enter into the offer agreement are described in the section entitled "Special Factors--HP's Purposes and Reasons for the Exchange Offer" in this prospectus.

Recommendation of the Indigo Boards (see page 42)

Indigo's management board, supervisory board, and combined board separately and, excluding the member designated by us, unanimously have approved the offer agreement, determined that the offer agreement and the exchange offer are at a price and terms that are fair to, and in the best interests of, Indigo and Indigo shareholders and recommend that Indigo shareholders accept the exchange offer and tender their shares pursuant to the exchange offer. Information about the recommendation of Indigo's management board, supervisory board and combined board is more fully described in Indigo's Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to you together with this prospectus. None of Indigo's management board, supervisory board and combined board makes any recommendation as to whether Indigo shareholders should elect to receive the fixed offer price or the contingent offer price.

Opinion of Indigo Financial Advisor Regarding the Exchange Offer (see page 42)

The combined board of Indigo has received a written opinion, dated September 6, 2001, from Gleacher & Co. LLC, to the effect that, as of the date of the opinion and based on and subject to the matters described in its opinion, the consideration provided for in the offer agreement was fair, from a financial point of view, to the holders of Indigo common shares, other than us and our affiliates.

The full text of Gleacher's opinion is attached to this prospectus as Annex D, and we urge you to read this opinion in its entirety. Gleacher's opinion is addressed to Indigo's combined board and does not constitute a recommendation to any Indigo shareholder regarding whether Indigo shareholders should tender shares pursuant to the exchange offer.

Indigo Directors and Executive Officers Have Interests in the Exchange Offer (see page 49)

When you consider Indigo's boards' recommendation that Indigo shareholders tender their shares in the exchange offer, you should be aware that some Indigo officers and directors may have interests in the exchange

8

offer that may be different from, or in addition to, those of Indigo shareholders generally. These interests are described in the section entitled "Special Factors--Interests of Indigo Directors and Executive Officers in the Exchange Offer" in this prospectus, as well as Indigo's Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to you together with this prospectus.

Indigo's Management and Supervisory Boards Following the Exchange Offer (see page 83)

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Pursuant to a resolution to be passed at an extraordinary general meeting of its shareholders prior to the expiration date of the exchange offer, Indigo will accept the resignation from its management board and supervisory board of the existing members thereof and the shareholders will appoint new members to the management board as designated by us. These resignations and appointments will be effective as of, and conditional upon the occurrence of, the closing of the exchange offer. We do not intend to maintain Indigo's supervisory board after the completion of the exchange offer.

Extension, Termination, Waiver and Amendment of the Exchange Offer (see page 69)

We expressly reserve the right, subject to the provisions of the offer agreement, to extend the period of time during which our exchange offer remains open, and we can do so by giving oral or written notice to the exchange agent. We are not making any assurances that we will exercise our right to extend the exchange offer, although, subject to the terms of the offer agreement, we have agreed to extend the exchange offer for successive extension periods not in excess of ten business days per extension under specified circumstances. During an extension, all Indigo common shares previously tendered and not properly withdrawn will remain subject to the exchange offer, subject to your right to withdraw your Indigo common shares.

We reserve the right to make any changes in the terms and conditions of the exchange offer by giving oral or written notice of the changes to the exchange agent. However, without the prior written consent of Indigo, we cannot:

- . decrease the offer price;
- . change the form or combination of consideration to be paid in the exchange offer;
- . reduce the number of Indigo common shares to be purchased in the exchange offer;
- . amend the conditions to the exchange offer to broaden the scope of those conditions, add any additional conditions, or otherwise amend any other material terms of the exchange offer in a manner materially adverse to Indigo shareholders;
- . extend the exchange offer, except as described below and except that we may extend the exchange offer without Indigo's consent (1) if at the scheduled expiration date of the exchange offer any of the conditions to the exchange offer have not been satisfied or waived, or (2) for any period required by any rule, regulation, interpretation or position of the Securities and Exchange Commission or its staff; or
- . amend the minimum condition that Indigo common shares that, together with Indigo common shares already held by HP and its affiliates, represent at least 95% of Indigo's common shares be tendered into the exchange offer, except as described below.

We expressly reserve the right to amend or waive the minimum condition to reduce the percentage of outstanding Indigo shares required to be validly tendered in accordance with the terms of the exchange offer, provided that we will extend the exchange offer for a period of not fewer than ten business days after any such amendment or waiver.

We will follow any extension, termination, amendment or delay, as promptly as practicable, with a public announcement. Any announcement about an extension will be issued no later than 9:00 a.m., New York City

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time, on the next business day after the previously scheduled expiration date. Subject to applicable law, including Rules 14d-4(d) and 14d-6(c) under the Securities Exchange Act of 1934, as amended, which require that any material change in the information published, sent or given to shareholders in connection with the exchange offer be promptly sent to shareholders in a manner reasonably designed to inform shareholders of the change, and without limiting the manner in which we may choose to make any public announcement, we assume no obligation to publish, advertise or otherwise communicate the public announcement other than by making a release to the Dow Jones News Service.

What is Needed to Complete the Exchange Offer (see page 89)

Our obligation to accept Indigo common shares for exchange in the exchange offer is subject to the satisfaction of a number of conditions, which may, in some instances, be waived. These conditions include:

- . the tender into the exchange offer of Indigo common shares that, together with Indigo common shares already held by us and our affiliates, represent at least 95% of Indigo's common shares;
- . the expiration of all waiting periods under United States antitrust law and receipt of all other foreign antitrust approvals;
- . the receipt of the other regulatory approvals specified in Annex I of the offer agreement, including the approval of (1) the Office of the Chief Scientist of the Israeli Ministry of Industry and Trade and (2) the Investment Center of the Israeli Ministry of Industry and Trade;
- . the absence of specified events including (1) a general suspension of trading on the New York Stock Exchange, (2) a commencement of a war, armed hostilities or other international or national calamity directly involving the United States or (3) a commencement of a war, escalation of armed hostilities or a general mobilization or other international or national calamity directly involving Israel that is or is reasonably likely to be materially adverse to Indigo's ability to conduct business in Israel;
- . the accuracy in all material respects of Indigo's representations and warranties in the offer agreement, except in some cases as does not, and could not reasonably be expected to, constitute a material adverse effect on Indigo; and
- . Indigo's compliance in all material respects with its covenants in the offer agreement.

We Have Not Yet Obtained All Required Regulatory Approvals to Complete the Exchange Offer (see page 75)

The exchange offer is subject to antitrust laws. We and Indigo have made the required filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with the United States Department of Justice and the Federal Trade Commission, and the waiting period under the Hart-Scott-Rodino Act was terminated on October 1, 2001. We and Indigo are also required to make other foreign antitrust filings. We and Indigo are not permitted to complete the exchange offer until the applicable waiting periods associated with these filings have expired or been terminated and required approvals are obtained. In addition, the reviewing agencies or governments, states or private persons may challenge the exchange offer at any time before or after its completion.

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Completion of the exchange offer may be subject to various Israeli laws, which include, but are not limited to, the Israeli Restrictive Trade Practices Law, 1988 and the Israeli Securities Law, 1968 and subject to compliance with the rules and regulations of certain Israeli agencies, which include, but are not limited to, the Office of the Chief Scientist of Israel's Ministry of Industry and Trade, the Investment Center of Israel's Ministry of Industry and Trade and the Israeli Income Tax Commissioner, all of which may require approvals, consents or pre-rulings. Such clearances are more fully described in the section entitled "The Exchange Offer--Regulatory Filings and Approvals Required to Complete the Exchange Offer" in this prospectus.

10

Procedure for Tendering (see page 72)

For you to tender Indigo common shares validly pursuant to the exchange offer, before the expiration of the exchange offer, a properly completed and duly executed election form and letter of transmittal or manually executed facsimile of those documents, along with any required signature guarantees, or an agent's message in connection with a book-entry transfer, and any other required documents, must be transmitted to and received by our exchange agent at the address on the back cover of this prospectus. In addition, certificates for Indigo common shares must be tendered pursuant to the procedures for book-entry tender before the expiration date of the exchange offer.

Withdrawal Rights (see page 71)

Your tender of Indigo common shares pursuant to the exchange offer is irrevocable, except that you may withdraw Indigo common shares tendered pursuant to the exchange offer at any time prior to the expiration date of the exchange offer, as it may be extended.

Exchange of Indigo Common Shares; Delivery of Shares of HP Common Stock and CVRs (see page 71)

If the terms and conditions of the exchange offer are satisfied, including, if the exchange offer is extended or amended, the terms and conditions of any extension or amendment, we are required to accept for exchange, and to deliver shares of HP common stock and, as applicable, CVRs, in exchange for Indigo common shares validly tendered and not properly withdrawn, promptly after the expiration date of the exchange offer.

Indigo is Prohibited from Considering Other Offers (see page 87)

Indigo has agreed not to solicit, initiate, encourage or discuss any proposal for a business combination or other similar transaction with any party other than us prior to the completion of the exchange offer or the termination of the offer agreement.

We and Indigo May Terminate the Offer Agreement (see page 93)

We and Indigo may agree jointly to terminate the offer agreement at any time. In addition, either we or Indigo may terminate the offer agreement if:

- . the exchange offer expires, or is terminated in accordance with the terms of the offer agreement, without our having accepted for exchange any Indigo common shares;
- . the exchange offer has not been completed by August 30, 2002;

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- . any applicable law or regulation makes completion of the exchange offer illegal or otherwise prohibited; or
- . a final, non-appealable order of a court or other governmental body prohibits the completion of the exchange offer.

We also may terminate the offer agreement if:

- . any of Indigo's boards approves or recommends to Indigo shareholders any other acquisition proposal;
- . any of Indigo's boards withholds, withdraws, amends or modifies its recommendation in favor of the exchange offer;
- . Indigo fails to include its boards' recommendation in favor of the exchange offer in this prospectus or in Indigo's Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to you together with this prospectus;

11

- . Indigo breaches in any material respect the provision in the offer agreement that prohibits Indigo from considering other acquisition proposals;
- . Any of the Indigo shareholders who are party to the tender and option agreements, or its affiliates, breaches the provisions of the tender and option agreements or the voting agreements with us to which it is also a party; or
- . A person unaffiliated with us commences a tender or exchange offer for Indigo common shares and Indigo does not send to its shareholders within ten business days a statement disclosing that Indigo recommends rejection of such tender or exchange offer and reaffirming its boards' recommendation in favor of our exchange offer.

We also may terminate the offer agreement if Indigo breaches its representations, warranties or covenants in the offer agreement such that the conditions to our obligation to complete the exchange offer regarding representations, warranties or covenants would not be satisfied. However, if Indigo's breach is curable through its commercially reasonable efforts, we may not terminate the offer agreement based on Indigo's breach until the earlier of (1) thirty days after we deliver written notice of such breach to Indigo, or (2) Indigo's ceasing to use its commercially reasonable efforts to cure such breach.

Indigo also may terminate the offer agreement if (1) we materially breach our covenants in the offer agreement, or (2) we breach our representations and warranties in the offer agreement and such breach would reasonably be expected to have a material adverse effect on us. However, if our breach is curable through our commercially reasonable efforts, Indigo may not terminate the offer agreement based on our breach until the earlier of (1) thirty days after Indigo delivers a written notice of such breach to us, or (2) our ceasing to use our commercially reasonable efforts to cure such breach.

We or Indigo May Pay a Termination Fee (see page 94)

The offer agreement requires Indigo to pay us a termination fee of \$27 million in cash and to reimburse us for up to \$2 million in our expenses if the offer agreement is terminated under specified circumstances.

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The offer agreement requires us to reimburse Indigo for up to \$2 million in its expenses if the offer agreement is terminated under specified circumstances.

The Exchange Offer is Taxable for United States Federal Income Tax Purposes (see page 54)

The receipt of shares of HP common stock and CVRs in exchange for Indigo common shares pursuant to the exchange offer will be a taxable transaction for United States federal income tax purposes. Each Indigo shareholder receiving only HP common stock and cash instead of fractional shares will recognize gain or loss equal to the difference between (1) the sum of the fair market value of the HP common stock and the cash received instead of fractional shares, and (2) the shareholder's adjusted tax basis in such shares. In the case of Indigo shareholders receiving HP common stock and CVRs, the shareholder's gain or loss will be computed as described above taking into account the fair market value of the CVRs on the date of the exchange, unless the "open transaction" method of reporting applies. Gain or loss must be calculated separately for each block of Indigo common shares acquired at the same cost in a single transaction. Assuming that such shares constitute capital assets in the hands of the Indigo shareholder, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the shareholder's holding period is more than one year.

The treatment of a payment in the future to a holder of a CVR is not entirely clear, but should be treated as a payment under a contract for the sale or exchange of Indigo common shares to which Section 483 of the Internal Revenue Code of 1986, as amended, which is referred to in this prospectus as the Internal Revenue Code,

12

applies. Under Section 483, a portion of the payment pursuant to a CVR will be treated as interest, which will be ordinary income to the holder of the CVR when the payment is received, and the remainder will be treated as sales proceeds from the exchange of the CVRs. Assuming open transaction treatment does not apply, a shareholder will recognize gain in the amount by which the payment, other than the portion characterized as interest, exceeds the shareholder's basis in the CVRs. In such event, if no payment is made or the payment is less than the shareholder's tax basis in the CVRs, the shareholder will recognize a loss. The gain or loss will be long-term capital gain or loss.

In the event that the CVRs are treated as debt instruments for United States federal income tax purposes, a holder would be required to include over the term of the CVR an amount in income as interest, based on the yield of "comparable" debt instruments, in advance of the receipt of any payment, regardless of a holder's method of accounting.

Indigo shareholders may be subject to backup withholding at the rate of 30.5 percent, or, effective for payments after December 31, 2001 and before December 31, 2002, 30 percent, with respect to cash received instead of fractional shares pursuant to the exchange offer or upon a payment under the CVRs unless the shareholder provides a correct taxpayer identification number in the manner required or certifies that it is not subject to backup withholding or is an "exempt recipient." The rate of withholding is scheduled to be reduced over time to 29% in 2005. Backup withholding is not an additional tax, but rather may be credited against the taxpayer's tax liability for the year.

Indigo shareholders are urged to consult their own tax advisors regarding the United States federal, state, local, foreign, and other tax consequences of

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the exchange offer in light of their particular circumstances.

Accounting Treatment of the Exchange Offer (see page 75)

We will account for the exchange offer under the purchase method of accounting for business combinations in accordance with United States generally accepted accounting principles.

We Will List Shares of HP Common Stock on the New York Stock Exchange and Pacific Exchange (see page 79)

We will use our commercially reasonable efforts to cause the shares of HP common stock issuable or required to be reserved for issuance in connection with the exchange offer to be listed on the New York Stock Exchange and the Pacific Exchange, effective as of the closing time of the exchange offer, subject to official notice of issuance.

Indigo Appraisal Rights (see page 77)

Dutch law does not recognize the concept of appraisal or dissenters' rights, and, accordingly, Indigo shareholders have no appraisal rights for their common shares under Dutch law in connection with the exchange offer.

13

SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF HP

The table below presents a summary of selected historical consolidated financial data with respect to HP as of the dates and for the periods indicated. The historical consolidated statements of earnings data presented below for the fiscal years ended October 31, 2000, 1999, and 1998 and the historical consolidated balance sheets data as of October 31, 2000 and 1999 have been derived from HP's historical consolidated financial statements, which are incorporated by reference into this prospectus. The historical consolidated statements of earnings data presented below for the fiscal years ended October 31, 1997 and 1996 and the historical consolidated balance sheets data as of October 31, 1998, 1997 and 1996 have been derived from HP's historical consolidated financial statements, which are not incorporated by reference into this prospectus. The selected historical consolidated financial data as of and for the nine months ended July 31, 2001 and 2000 has been derived from HP's unaudited historical consolidated condensed financial statements which are incorporated by reference into this prospectus and reflect, in the opinion of HP's management, all adjustments, consisting of only normal recurring adjustments, which HP considers necessary for a fair presentation of the results of operations for those periods and financial position at those dates.

It is important for you to read the following summary selected historical consolidated financial data together with the consolidated financial statements and accompanying notes contained in HP's Annual Report on Form 10-K for its fiscal year ended October 31, 2000 and HP's Quarterly Report on Form 10-Q for its fiscal quarter ended July 31, 2001, each as filed with the Securities and Exchange Commission, as well as the sections of HP's Annual Report on Form 10-K and Quarterly Report on Form 10-Q entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," all of which are incorporated by reference into this prospectus.

HP's consolidated financial statements for the fiscal year ended October 31, 2001 to be included in its 2001 Annual Report on Form 10-K, when filed, will include a cumulative effect of an accounting change as a result of adoption of Securities and Exchange Commission Staff Accounting Bulletin No. 101, "Revenue

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Recognition in Financial Statements," as amended, as well as certain minor reclassifications. HP's Current Report on Form 8-K, dated November 14, 2001, and incorporated by reference herein, included a copy of HP's press release with respect to certain financial information for the fiscal year ended October 31, 2001 and also included certain quarterly financial information for the first three quarters of fiscal 2001 which has been restated for the effects of this accounting change and these reclassifications. The effect of this accounting change on the nine months ended July 31, 2001 and the effect of these reclassifications for all prior periods have not been reflected in the historical financial information of HP included herein, and accordingly also have not been reflected in the pro forma financial information of HP and Compaq on a combined company basis included herein.

14

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Summary Selected Historical Consolidated Financial Data/(1)/
(In millions, except per share amounts)

	As of or For the Nine Months Ended July 31,		As of or For the Year Ended October 31,				
	2001	2000	2000	1999	1998	1997	1996
Historical Consolidated Statements							
of Earnings Data:							
Net revenue.....	\$33,702	\$35,519	\$48,782	\$42,370	\$39,419	\$35,465	\$31,613
Earnings from operations/(2)/.....	1,106	2,934	3,889	3,688	3,399	3,405	2,926
Net earnings from continuing operations before extraordinary item/(3)/.....	463	2,639	3,561	3,104	2,678	2,515	2,085
Net earnings per share from continuing operations before extraordinary item/(3) (4)/:							
Basic.....	\$ 0.24	\$ 1.33	\$ 1.80	\$ 1.54	\$ 1.29	\$ 1.23	\$ 1.02
Diluted.....	\$ 0.24	\$ 1.28	\$ 1.73	\$ 1.49	\$ 1.26	\$ 1.19	\$ 0.99
Cash dividends declared per share/(4)/.....	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.32	\$ 0.30	\$ 0.26	\$ 0.22
Historical Consolidated Balance							
Sheets Data:							
Assets--Continuing operations.....	\$32,374	\$32,457	\$34,009	\$31,764	\$28,624	\$26,681	\$22,934
Total assets/(5)/.....	32,374	32,457	34,009	35,297	31,708	29,852	25,977
Long-term debt.....	3,511	3,390	3,402	1,764	2,063	3,158	2,579

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- (1) HP's consolidated financial statements present the businesses of Agilent Technologies, Inc. as a discontinued operation through the spin-off date of June 2, 2000.
 - (2) Earnings from operations represent earnings before net interest income and other, interest expense, litigation settlement, impairment losses on investments, losses (gains) on divestitures, provision for taxes, net earnings from discontinued operations and extraordinary item.
 - (3) Includes a \$400 million charge for litigation settlement, \$365 million of impairment losses on investments, a \$131 million loss on a divestiture, and \$102 million charge for restructuring, all for the nine months ended July

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31, 2001.

- (4) All per share amounts reflect the retroactive effects of all stock splits, including the two-for-one stock split in the form of a stock dividend effective October 27, 2000.
- (5) Total assets includes assets from continuing operations and the net assets of discontinued operations through the spin-off of Agilent Technologies on June 2, 2000.

15

SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF COMPAQ

We have included in this prospectus the summary selected historical consolidated financial data of Compaq set forth below for informational purposes because we are required to include unaudited pro forma condensed combined consolidated financial data after giving effect to the Compaq merger as a purchase of Compaq by HP using the purchase method of accounting. However, you should be aware that the exchange offer is not conditioned upon the completion of the Compaq merger. If we do not complete the Compaq merger, the HP stock that you receive in the exchange offer will not reflect any actual or anticipated interest in Compaq, its operating results or its assets and liabilities.

The table below presents a summary of selected historical consolidated financial data with respect to Compaq as of the dates and for the periods indicated. The historical consolidated statements of income data presented below for the fiscal years ended December 31, 2000, 1999 and 1998 and the historical consolidated balance sheets data as of December 31, 2000 and 1999 have been derived from Compaq's historical consolidated financial statements, which are incorporated by reference into this prospectus. The historical consolidated statements of income data presented below for the fiscal years ended December 31, 1997 and 1996 and the historical consolidated balance sheets data as of December 31, 1998, 1997 and 1996 have been derived from Compaq's historical consolidated financial statements, which are not incorporated by reference into this prospectus. The summary selected historical consolidated financial data of Compaq as of and for the nine months ended September 30, 2001 and 2000 has been derived from Compaq's unaudited historical interim condensed consolidated financial statements which are incorporated by reference into this prospectus and reflect, in the opinion of Compaq's management, all adjustments, consisting of only normal recurring adjustments, which Compaq considers necessary for a fair presentation of the results of those periods and financial condition at those dates.

It is important for you to read the following summary selected historical consolidated financial data together with the consolidated financial statements and accompanying notes contained in Compaq's Annual Report on Form 10-K for its fiscal year ended December 31, 2000 and Compaq's Quarterly Report on Form 10-Q for its fiscal quarter ended September 30, 2001, each as filed with the Securities and Exchange Commission, as well as the sections of Compaq's Annual Report on Form 10-K and Quarterly Report on Form 10-Q entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," all of which are incorporated by reference into this prospectus.

16

COMPAQ COMPUTER CORPORATION
Summary Selected Historical Consolidated Financial Data
(In millions, except per share amounts)

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	As of or For the Nine Months Ended September 30,			As of or For the Year Ended December		
	2001	2000	2000	1999	1998/(1)/	1997
Historical Consolidated Statements of Income Data:						
Total revenue.....	\$25,126	\$30,857	\$42,383	\$38,525	\$31,169	\$28,000
Income (loss) before income taxes/(2) (3) (4)/..	(972)	1,863	875	934	(2,662)	(1,000)
Income (loss) before cumulative effect of accounting change.....	(700)	1,267	595	569	(2,743)	(1,000)
Net income (loss)/(5)/.....	\$ (700)	\$ 1,241	\$ 569	\$ 569	\$ (2,743)	\$ (1,000)
Earnings (loss) per common share:						
Basic:						
Before cumulative effect of accounting change.....	\$ (0.41)	\$ 0.75	\$ 0.35	\$ 0.35	\$ (1.71)	\$ (1.00)
Cumulative effect of accounting change, net of tax.....	--	(0.02)	(0.02)	--	--	--
	\$ (0.41)	\$ 0.73	\$ 0.33	\$ 0.35	\$ (1.71)	\$ (1.00)
Diluted:						
Before cumulative effect of accounting change.....	\$ (0.41)	\$ 0.73	\$ 0.34	\$ 0.34	\$ (1.71)	\$ (1.00)
Cumulative effect of accounting change, net of tax.....	--	(0.02)	(0.01)	--	--	--
	\$ (0.41)	\$ 0.71	\$ 0.33	\$ 0.34	\$ (1.71)	\$ (1.00)
Shares used in computing earnings (loss) per common share:						
Basic.....	1,688	1,701	1,702	1,693	1,608	1,608
Diluted.....	1,688	1,742	1,742	1,735	1,608	1,608
Cash dividends declared per common share.....	\$ 0.075	\$ 0.075	\$ 0.10	\$ 0.085	\$ 0.065	\$ 0.065
Historical Consolidated Balance Sheets Data:						
Current assets.....	\$14,409	\$14,996	\$15,111	\$13,849	\$15,167	\$15,167
Total assets.....	23,548	26,433	24,856	27,277	23,051	23,051
Current liabilities.....	11,045	12,175	11,549	11,838	10,733	10,733
Long-term obligations/(6)/.....	600	575	575	--	422	422
Stockholders' equity.....	11,240	13,001	12,080	14,834	11,351	11,351

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- (1) 1998 results reflect the acquisition of Digital Equipment Corporation in June 1998.
 - (2) Includes a \$742 million charge for restructuring and related charges in 2001; an \$86 million release of restructuring reserves in fourth quarter 2000; an \$868 million charge for restructuring and related charges in 1999; a \$393 million charge for restructuring and asset impairments in 1998 in connection with the Digital acquisition and the closing of certain Compaq facilities; and a \$52 million charge related to restructuring actions taken by Tandem Computers Incorporated during 1996.
 - (3) Includes non-recurring, non-tax-deductible charges associated with purchased in-process technology of \$3.2 billion in connection with the Digital acquisition in 1998, and \$208 million in connection with acquisitions in 1997.
 - (4) Includes a \$583 million charge for impairment of investments and related assets in 2001, a \$1.8 billion charge for impairment of investments in 2000

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(including a \$1.7 billion charge in fourth quarter 2000), and a \$1.2 billion gain on the sale of an 81.5 percent interest in AltaVista Co. in 1999.

- (5) Includes a \$26 million cumulative effect in 2000 for the adoption of Securities and Exchange Commission Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," as amended.
- (6) Includes \$422 million of minority interest acquired in 1998 related to Digital preferred stock which was redeemed in April 1999.

17

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL DATA OF HP AND COMPAQ

We have included in this prospectus the selected unaudited pro forma condensed combined consolidated financial data set forth below after giving effect to the Compaq merger as a purchase of Compaq by HP using the purchase method of accounting, as required under the rules of the Securities and Exchange Commission. Under these rules, the selected unaudited pro forma condensed combined consolidated financial data set forth below is not required to, and does not, give effect to the exchange offer. You should be aware that the exchange offer is not conditioned upon the completion of the Compaq merger. If we do not complete the Compaq merger, the HP stock you receive in the exchange offer will not reflect any actual or anticipated interest in Compaq, its operating results or its assets and liabilities.

The following selected unaudited pro forma condensed combined consolidated financial data was prepared using the purchase method of accounting. Due to different fiscal period ends for HP and Compaq, the unaudited pro forma condensed combined consolidated statements of earnings data combines the historical consolidated statements of earnings data of HP for the nine months ended July 31, 2001 and the year ended October 31, 2000, with Compaq's historical consolidated statements of income data for the nine months ended June 30, 2001 and the twelve months ended September 30, 2000, respectively, giving effect to the merger as if it had occurred at the beginning of each period presented. The unaudited pro forma condensed combined consolidated balance sheet data combines HP's historical consolidated balance sheet data as of July 31, 2001 with Compaq's historical consolidated balance sheet data as of June 30, 2001, giving effect to the merger as if it had occurred as of July 31, 2001. All per share data amounts reflect the retroactive effects of the two-for-one stock split of HP in the form of a stock dividend effective October 27, 2000.

The selected unaudited pro forma condensed combined consolidated financial data is based on estimates and assumptions which are preliminary. This data is presented for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial condition of HP that would have been reported had the merger been completed as of the dates presented, and should not be taken as representative of future consolidated results of operations or financial condition of HP.

This selected unaudited pro forma condensed combined consolidated financial data should be read in conjunction with the summary selected historical consolidated financial data of each of HP and Compaq, respectively, contained elsewhere in this prospectus, the unaudited pro forma condensed combined consolidated financial statements and accompanying notes included in HP's current report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2001 incorporated by reference into this prospectus, and the separate historical consolidated financial statements and accompanying notes of HP and Compaq incorporated by reference into this prospectus. See the section

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entitled "Where You Can Find More Information" beginning on page 127 of this prospectus.

18

HP AND COMPAQ
Selected Unaudited Pro Forma Condensed Combined Consolidated Financial Data/(1)/
(In millions, except per share amounts)

	Nine Months Ended July 31, 2001	Year Ended October 31, 2000
	-----	-----
Unaudited Pro Forma Condensed Combined Consolidated Statements of Earnings Data:		
Net revenue.....	\$62,638	\$89,866
Earnings from operations.....	963	5,424
Net earnings (loss) from continuing operations.....	(614)	4,881
Net earnings (loss) per share from continuing operations:		
Basic.....	\$ (0.20)	\$ 1.60
Diluted.....	\$ (0.20)	\$ 1.54
Average number of shares and share equivalents:		
Basic.....	3,004	3,053
Diluted.....	3,004	3,176

As of
July 31, 2001

Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet Data:	
Cash, cash equivalents and short-term investments.....	\$ 7,069
Working capital.....	11,645
Total assets.....	68,906
Long-term debt.....	4,386
Total stockholders' equity.....	36,719

(1) See the unaudited pro forma condensed combined consolidated financial statements included in HP's current report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2001 and incorporated herein by reference.

19

SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF INDIGO

The table below presents a summary of selected historical consolidated financial data with respect to Indigo as of the dates and for the periods indicated. The historical consolidated statements of operations data presented below for the fiscal years ended December 31, 2000, 1999 and 1998 and the historical consolidated balance sheets data as of December 31, 2000 and 1999 have been derived from Indigo's historical consolidated financial statements,

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which are incorporated by reference into this prospectus. The historical consolidated statements of operations data presented below for the fiscal years ended December 31, 1997 and 1996 and the historical consolidated balance sheets data as of December 31, 1998, 1997 and 1996 have been derived from Indigo's historical consolidated financial statements, which are not incorporated by reference into this prospectus. The selected historical consolidated financial data as of and for the nine months ended September 30, 2001 and 2000 has been derived from Indigo's unaudited historical condensed consolidated interim financial statements which are included elsewhere in this prospectus and reflect, in the opinion of Indigo's management, all adjustments, consisting of only normal recurring adjustments, which Indigo considers necessary for a fair presentation of the results of operations for those periods and financial position at those dates.

It is important for you to read the following summary selected historical consolidated financial data together with the consolidated financial statements and accompanying notes contained in Indigo's Annual Report on Form 20-F for its fiscal year ended December 31, 2000 as filed with the Securities and Exchange Commission, which are incorporated by reference into this prospectus and the condensed consolidated interim financial statements and accompanying notes which are included elsewhere in this prospectus as well as the section "Indigo Management's Discussion and Analysis of Financial Condition and Results of Operations" also included elsewhere in this prospectus.

20

INDIGO N.V.

SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA (In thousands, except per share amounts)

	As of or For the Nine Months Ended September 30,		As of Year Ended	
	2001	2000	2000	1999
	(unaudited)			
Historical Consolidated Statements of Operations Data:				
Revenues:				
Equipment and post-sales revenue.....	\$134,736	\$115,386	\$164,719	\$140,704
License fees, royalties and other.....	--	62	89	4,328
	134,736	115,448	164,808	145,032
Costs and expenses:				
Equipment and post-sales cost of goods sold.....	80,562	61,754	83,658	74,644
Research and development, net.....	13,044	14,487	19,534	14,160
Selling, general and administrative/(3)/.....	55,910	51,111	71,927	57,596
Restructuring charges.....	--	--	--	--
Litigation settlement.....	--	--	--	--
	149,516	127,352	175,119	146,400
Operating loss.....	(14,780)	(11,904)	(10,311)	(1,368)
Other income (expenses)				
Interest expenses.....	(920)	(1,551)	(1,240)	(1,671)
Interest income and other income, net.....	3,370	1,757	3,013	2,406

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Loss before provision for income taxes.....	(12,330)	(11,698)	(8,538)	(633)
Provision for income taxes.....	135	828	1,097	739
Net loss before cumulative effect of an accounting change, net/(2)/.....	(12,465)	(12,526)	(9,635)	(1,372)
Cumulative effect of an accounting change, net as of beginning of the year/(2)/.....	--	(1,935)	(1,935)	--
Net loss before dividend requirements.....	(12,465)	(14,461)	(11,570)	(1,372)
Dividend on Convertible Preferred Shares Current/(1)/.....	--	(8,793)	(8,793)	(11,098)
Inducement regarding conversion of Series A Preferred Shares/(1)/.....	--	(58,685)	(58,685)	--
Net loss applicable to common shares outstanding.....	\$(12,465)	\$(81,939)	\$(79,048)	\$(12,470)
Basic and diluted weighted average number of common shares outstanding.....	110,418	78,816	85,298	77,282
Basic and diluted loss per common share before cumulative effect of an accounting change, net.....	\$ (0.11)	\$ (1.01)	\$ (0.90)	\$ (0.16)
Basic and diluted loss per common share of cumulative effect of an accounting change, net.....	--	(0.03)	(0.03)	--
Basic and diluted loss per common share after cumulative effect of an accounting change, net.....	\$ (0.11)	\$ (1.04)	\$ (0.93)	\$ (0.16)
Pro forma amounts assuming the accounting change is applied retroactively:				
Net loss applicable to common shares outstanding/(4)/.....		\$(80,005)	\$(77,113)	\$(11,896)
Basic and diluted loss per common share/(4)/.....		\$ (1.02)	\$ (0.90)	\$ (0.15)
Historical Consolidated Balance Sheets Data:				
Working capital.....	\$ 78,711	\$ 14,368	\$108,551	\$ 46,108
Total assets.....	201,725	127,443	216,870	140,638
Short-term debt.....	18,374	15,489	5,428	17,191
Long-term debt.....	--	--	--	--
Total shareholders' equity/(1)/.....	107,534	28,915	124,397	57,835

- (1) In 2000, Indigo granted stock dividends to the holders of the Series A preferred shares in a total amount of \$104,867, of which \$46,182 was in respect of accumulated dividends and \$58,685 in respect of the inducement.
- (2) Pursuant to Securities and Exchange Commission Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," Indigo has implemented a change in its revenue recognition policy in the year ended December 31, 2000.
- (3) Royalty expenses in the annual periods presented are included within selling, general and administrative expenses. Royalty expenses in the nine month period ended September 30, 2000 and 2001 are included in cost of goods sold.
- The amounts for the nine month period ended September 30, 2001 and 2000 were \$3,050,000 and \$2,308,000, respectively, and for the five years ended December 31, 2000, 1999, 1998, 1997 and 1996 were \$3,029,000, \$2,711,000, \$2,243,000, \$980,000 and \$1,287,000, respectively.
- Indigo will classify royalty expenses in its 2001 financial statements within cost of goods sold and will reclassify comparative prior period amounts at that time.

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(4) The pro forma amounts for the years ending December 31, 1997 and 1996 were not calculated.

COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

The following table presents comparative historical per share data regarding the net earnings (loss), book value and dividends of each of HP, Indigo and Compaq and unaudited combined pro forma per share data of HP and Indigo after giving effect to the exchange offer as a purchase of Indigo by HP assuming the exchange offer had been completed at the beginning of the periods presented below. The following data assumes (1) that 0.3707 of a share of HP common stock will be issued in exchange for each Indigo common share that receives the fixed offer price, (2) that 0.2966 of a share of HP common stock will be issued in exchange for each Indigo common share that receives the contingent offer price and (3) the assumption of Indigo outstanding options based upon the fixed offer price exchange ratio. The fixed offer price and contingent offer price exchange ratios were based on HP's closing market price of \$20.23 per share of its common stock on November 13, 2001. The actual exchange ratios will be based on the average sales price of HP common stock during the twenty consecutive trading days ending on the third trading day prior to the date on which HP initially accepts Indigo common shares tendered into the exchange offer.

The following table also presents unaudited combined pro forma per share data of HP, Compaq and Indigo after giving effect to the Compaq merger as a purchase of Compaq by HP and after giving effect to the exchange offer as a purchase of Indigo by HP assuming both of these transactions had been completed at the beginning of the periods presented below. The following data for HP, Compaq and Indigo further assumes that 0.6325 of a share of HP common stock will be issued in exchange for each share of Compaq common stock in connection with the Compaq merger and the assumption of Compaq options based upon the same exchange ratio in addition to the issuance of HP common stock and assumption of options in connection with the Indigo exchange offer based on the exchange ratios discussed above.

This data has been derived from and should be read in conjunction with the summary selected historical consolidated financial data contained elsewhere in this prospectus, and the separate historical consolidated financial statements and accompanying notes of each of HP, Indigo and Compaq, included in, or incorporated by reference into, this prospectus. The unaudited combined pro forma per share data is presented for informational purposes only and is not necessarily an indication of the consolidated results of operations or financial condition that would have been achieved had the exchange offer or the Compaq merger been completed as of the dates presented, and should not be taken as representative of future consolidated results of operations or financial condition of HP. All per share amounts reflect the retroactive effects of the two-for-one stock split of HP in the form of a stock dividend effective October 27, 2000.

As of and For the Nine Months Ende

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	HP	Indigo/(1)/	Indigo/(2)/	Price
	-----	-----	-----	-----
Net earnings (loss) per share from continuing operations/(4)/:				(Unaudited)
Basic.....	\$0.24	\$ (0.11)	\$0.20	\$
Diluted.....	\$0.24	\$ (0.11)	\$0.20	\$
Book value per common share at period end/(5)/.....	\$7.15	\$ 0.98	\$7.36	\$
Cash dividends declared per share.....	\$0.32	\$ --	\$0.32	\$

22

	Pro Forma		
	HP, Indigo and Compaq/(1)/	Indigo Equivalent Fixed Offer Compaq/(2)/	Indigo Equivalent Fixed Offer Price/(3)/
	-----	-----	-----
Net earnings (loss) per share from continuing operations/(4)/:			(Unaudited)
Basic.....	\$ (0.52)	\$ (0.22)	\$ (0.08)
Diluted.....	\$ (0.52)	\$ (0.22)	\$ (0.08)
Book value per common share at period end/(5)/.....	\$ 6.93	\$12.27	\$ 4.55
Cash dividends declared per share.....	\$0.075	\$ 0.37	\$ 0.14

	As of and For the Year Ended October 31, 1997			
	Pro Forma			
	HP	Indigo/(1)/	HP and Indigo/(2)/	Indigo Equivalent Fixed Offer Price
	-----	-----	-----	-----
Net earnings (loss) per share from continuing operations/(4)/:				(Unaudited)
Basic.....	\$1.80	\$ (0.90)	\$1.70	\$0
Diluted.....	\$1.73	\$ (0.90)	\$1.64	\$0
Book value per common share at period end/(5)/.....	\$7.30	\$ 1.13	\$7.50	\$2
Cash dividends declared per share.....	\$0.32	\$ --	\$0.32	\$0

	As of and For the Year Ended October 31, 1997	
	Pro Forma	
	Indigo	Indigo
	-----	-----

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	Compaq/(1)/	HP, Indigo and Compaq/(2)/	Equivalent Fixed Offer Price/(3)/	Equiva Cont Offe Price/
	-----	-----	-----	-----
			(Unaudited)	
Net earnings per share from continuing operations/(4)/:				
Basic.....	\$0.94	\$ 1.54	\$0.57	\$0.4
Diluted.....	\$0.92	\$ 1.49	\$0.55	\$0.4
Book value per common share at period end/(5)/.....	\$7.63	\$12.37	\$4.59	\$3.6
Cash dividends declared per share.....	\$0.10	\$ 0.38	\$0.14	\$0.1

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- (1) Indigo historical per share data is as of or for the nine months ended September 30, 2001 and as of or for the year ended December 31, 2000. Compaq historical per share data is as of or for the nine months ended June 30, 2001 and as of and for the twelve months ended September 30, 2000.
 - (2) Because of different fiscal period ends, financial information for HP as of or for the nine months ended July 31, 2001 and fiscal year ended October 31, 2000 has been combined with financial information for Indigo as of or for the nine months ended September 30, 2001 and the year ended December 31, 2000, respectively, and with financial information of Compaq as of or for the nine months ended June 30, 2001 and twelve months ended September 30, 2000, respectively.
 - (3) The Indigo equivalent pro forma combined per share amounts are calculated by multiplying HP and Indigo pro forma combined share amounts and HP, Compaq and Indigo pro forma combined share amounts by the exchange ratios of shares of HP common stock for Indigo common shares in the exchange offer (i.e., 0.3707, with respect to the fixed offer price, and 0.2966, with respect to the contingent offer price).
 - (4) Net earnings (loss) per share from continuing operations are presented before extraordinary item and cumulative effect of accounting change.
 - (5) Historical book value per share is computed by dividing stockholders' equity by the number of shares of HP, Indigo or Compaq common stock outstanding at the end of each period. Pro forma book value per share is computed by dividing pro forma stockholders' equity by the pro forma number of shares of HP common stock outstanding at the end of each period.

23

COMPARATIVE PER SHARE MARKET PRICE DATA

HP common stock trades on the New York Stock Exchange and the Pacific Exchange under the symbol "HWP." Indigo common shares trade on the Nasdaq National Market under the symbol "INDG."

The following table shows the high and low sales prices per share of HP common stock as reported on the New York Stock Exchange composite transactions tape and Indigo common shares as reported on the Nasdaq National Market on (1) September 5, 2001, the last full trading day preceding public announcement that HP and Indigo had entered into the offer agreement, and (2) , 200 , the last full trading day for which high and low sales prices were available as of the date of this prospectus.

The table also includes the equivalent high and low sales prices per Indigo

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common share on those dates for (1) the fixed offer price and (2) the contingent offer price. These equivalent high and low sales prices per share reflect the fluctuating value of HP common stock that an Indigo shareholder would receive for each Indigo common share if the exchange offer were completed on either of those dates. We have calculated the equivalent per share price by applying the exchange ratio in the offer agreement for the fixed offer price and the contingent offer price, which would have applied if we had initially accepted for payment Indigo common shares on those dates, to the market price of HP common stock on those dates. For purposes of the following table, we determined these hypothetical exchange ratios by dividing \$7.50 or \$6.00, as the case may be, by the average HP trading price during the twenty trading days ending on the third trading day prior to those dates; provided that the average trading price used in this calculation was not less than \$16.69 or more than \$23.68. The following table excludes any value that may be attributable to the CVRs to be received by Indigo shareholders whose Indigo common shares are exchanged for the contingent offer price.

	HP		Indigo		Equivalent Price per Share Fixed Offer Price		Equivalent Price per Share Contingent Offer Price	
	Common Stock		Common Shares					
	High	Low	High	Low	High	Low	High	Low
September 5, 2001.....	\$19.00	\$17.00	\$5.89	\$5.31	\$6.02	\$5.38	\$4.81	\$4.31
_____, 200_.....	\$	\$	\$	\$	\$	\$	\$	\$

The above table shows only historical comparisons. These comparisons may not provide meaningful information to you in determining whether to tender your Indigo common shares in the exchange offer or whether to elect to receive the fixed offer price or the contingent offer price. The actual value of HP common stock you will receive in the exchange offer may be higher or lower than the prices set forth above. We urge you to obtain current market quotations for HP common stock and Indigo common shares and to review carefully the other information contained in this prospectus or incorporated by reference into this prospectus in considering whether to tender your Indigo common shares in the exchange offer. See the section entitled "Where You Can Find More Information" beginning on page 127 of this prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus and the documents incorporated by reference into this prospectus contain forward-looking statements that involve risks and uncertainties, as well as assumptions, that, if they never materialize or prove incorrect, could cause the results of HP and its consolidated subsidiaries, on the one hand, or Indigo and its consolidated subsidiaries, on the other hand, to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. For example, forward-looking statements include projections of earnings, revenues, synergies, accretion or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of

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filings, approvals and the closing relating to the exchange offer or the Compaq merger; any statements concerning proposed new products, services, developments or industry rankings; any statements regarding future economic conditions or performance; statements of belief and any statement of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include the ability of HP to retain and motivate key employees; the timely development, production and acceptance of products and services and their feature sets; the challenge of managing asset levels, including inventory; the flow of products into third party distribution channels; the difficulty of keeping expense growth at modest levels while increasing revenues; the challenges of integration and restructuring associated with acquisitions and achieving anticipated synergies; the possibility that proposed acquisitions may not close or that modifications of certain aspects of proposed acquisitions may be required in order to obtain regulatory approvals; the assumption of maintaining revenues on a combined company basis following the Compaq merger; and other risks and uncertainties described in the section entitled "Risk Factors" which follows on the next page and in the documents that are incorporated by reference into this prospectus, including but not limited to the current report on Form 8-K of HP filed November 16, 2001 and subsequently filed reports.

If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, results of HP and Indigo could differ materially from the expectations in these statements. HP and Indigo are not under any obligation and do not intend to update their respective forward-looking statements.

25

RISK FACTORS

We and Indigo operate in a market environment that cannot be predicted and that involves significant risks, many of which are beyond our control. In addition to the other information contained in, or incorporated by reference into, this prospectus, you should carefully consider the risks described below before deciding whether to tender your Indigo common shares in the exchange offer. Additional risks and uncertainties not presently known to us or Indigo or that are not currently believed to be important to you, if they materialize, also may adversely affect the exchange offer, HP, HP and Compaq as a combined company, Indigo or the CVRs.

Risks Related to the Exchange Offer

You may receive less than \$7.50 or \$6.00, as applicable, in HP common stock under some circumstances.

The amount of HP common stock that will be issued in the exchange offer for each Indigo common share that is tendered and not properly withdrawn will be (1) between 0.3167 and 0.4494 of a share of HP common stock for each Indigo common share exchanged for the fixed offer price, and (2) between 0.2534 and 0.3595 of a share of HP common stock for each Indigo common share exchanged for the contingent offer price. The exchange ratios will be calculated by dividing \$7.50 and \$6.00, as the case may be, by the average closing sales price of HP common stock on the New York Stock Exchange for the twenty consecutive trading days ending on and including the third trading day prior to the date on which we initially accept for payment Indigo shares tendered into the exchange offer. However, the offer agreement provides that the average trading price of HP common stock to be used in determining the exchange ratios will not be less than \$16.69 or more than \$23.68. Moreover, the trading price of HP common stock on the date you receive HP common stock in exchange for your Indigo common

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shares could be more or less than the average closing price of the HP common stock during the relevant twenty day pricing period. This means that the then-current market value of the HP common stock that you receive for each Indigo common share could be more or less than \$7.50 or \$6.00, as the case may be, depending on fluctuations in HP's stock price. The share price of HP common stock is subject to price fluctuations in the market for publicly-traded equity securities and has experienced historical volatility. We cannot predict the future market price for HP common stock. The market price of HP common stock upon and after completion of the exchange offer could be lower than the market price on the date of the offer agreement or the current price. You should obtain recent market quotations of HP common stock before you tender your shares.

Allocation between the fixed offer price and the contingent offer price may result in your receiving for some of the Indigo common shares that you tender a different offer price than you request.

The total number of Indigo common shares that will be exchanged for each of the fixed offer price and the contingent offer price is limited as described in the offer agreement. Pursuant to tender and option agreements, a foundation, to which we refer as the Landa Family Trust and of which Benzion Landa, Indigo's Chairman and Chief Executive Officer, is a beneficiary, and entities directly or indirectly owned by the Landa Family Trust have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by each of those shareholders. However, despite such an election by the Landa Family Trust entities, there is no guarantee that you will receive the offer price of your election for all of the Indigo common shares tendered by you. If either election is oversubscribed after giving effect to the tender and option agreements, Indigo's shareholders who have tendered into the exchange offer will be subject to allocation and required to accept some prorated amount of the undersubscribed election as further described in this prospectus.

We are not required to acquire Indigo common shares from any remaining minority Indigo shareholders after the completion of the exchange offer.

The offer agreement does not require us to acquire Indigo common shares from any remaining minority shareholders following the completion of the exchange offer. After the exchange offer is completed, we may,

26

among other things, delist the Indigo common shares from the Nasdaq National Market and terminate Indigo's reporting obligations under the United States federal securities laws, such that there would no longer be a public market for Indigo common shares. In addition, if the Indigo common shares are delisted, such shares can be validly transferred only by means of a notarial deed of transfer to be executed in the presence of a civil law notary in The Netherlands, the costs of which will have to be borne by the transferor or the transferee of those shares. As a result, if you do not tender your Indigo common shares into the exchange offer, you may be unable to sell your Indigo common shares readily or at all after the completion of the exchange offer.

The directors and executive officers of Indigo have interests that could have affected their decision to support or approve the exchange offer.

The interests of the directors and executive officers of Indigo in the exchange offer that are different from, or are in addition to, those of Indigo shareholders generally could have affected their decision to support or approve

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the exchange offer. These interests include the following:

- . the continuation of indemnification arrangements for directors and executive officers of Indigo after the completion of the exchange offer;
- . the termination and payout of Mr. Landa's employment agreement and the signing of the consulting agreement between us and Mr. Landa;
- . severance arrangements and/or ongoing employment arrangements for Indigo's executive officers; and
- . the tender and option agreements pursuant to which a foundation, which we refer to as the Landa Family Trust, of which Mr. Landa is a beneficiary, and entities directly or indirectly owned by the Landa Family Trust have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all the Indigo common shares held by each of those shareholders.

As a result, these directors and executive officers may be more likely to recommend that you tender your Indigo common shares than if they did not have these interests.

If the exchange offer is not completed, the stock price and business of Indigo could be adversely affected.

If the exchange offer is not completed, Indigo may be subject to the following material risks, among others:

- . if the offer agreement is terminated under specified circumstances, Indigo will be required to pay us a termination fee of \$27 million and to reimburse us for up to \$2 million of our expenses;
- . the price of Indigo common shares may decline to the extent that the current market prices of Indigo common shares reflect a market assumption that the exchange offer will be completed; and
- . subject to some exceptions, significant costs related to the exchange offer, such as attorney, accounting and consulting fees and expenses, must be paid by Indigo even if the exchange offer is not completed.

Further, if the offer agreement is terminated and the combined board of Indigo determines to seek another business combination, Indigo may not be able to find an equivalent or more attractive partner. In addition, while the offer agreement is in effect, Indigo has agreed not to solicit, initiate, encourage or discuss any proposal for a business combination or other similar transaction with any party other than us prior to the completion of the exchange offer.

Regulatory agencies must approve the exchange offer and could impose conditions on, delay or refuse to approve the exchange offer.

We and Indigo intend to comply with the securities and antitrust laws of the United States and any other jurisdiction in which the exchange offer is subject to review, as well as with Israeli regulatory requirements. The

reviewing authorities may seek to impose conditions on us and Indigo before giving their approval or consent to the exchange offer, and those conditions

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could harm the combined company's business. In addition, a delay in obtaining the necessary regulatory approvals will delay the completion of the exchange offer. Although the waiting period under United States antitrust law was terminated, we and Indigo may be unable to obtain the other required regulatory approvals, or obtain them within the time frame contemplated by the offer agreement.

Your rights as a shareowner of HP will be different from your rights as a shareholder of Indigo.

Upon the completion of the exchange offer, Indigo shareholders who have tendered their Indigo common shares into the exchange offer will become shareowners of HP. Our certificate of incorporation and bylaws provide our shareowners with different rights than those provided to Indigo's shareholders under its articles of association. In addition, there are differences in Dutch and Delaware law that will result in changes to the rights of Indigo shareholders who become our shareowners as a result of the exchange offer.

Risks Related to the Contingent Value Rights

Each of the risks listed in this section, if it materializes, could have a material adverse effect on the results of the operation of the Indigo business and, therefore, affect the likelihood of any payments being made under the CVRs and the magnitude of any payments that are so made.

You may not receive any payment under the CVRs.

To the extent that your Indigo common shares are exchanged for the contingent offer price, your right to receive any future payment from our newly-formed subsidiary under the CVRs will be contingent upon our achievement of revenue targets specified in the CVR agreement. If these revenue targets are not achieved for any reason, no payment will be made under the CVRs.

We have not achieved any material revenue related to digital press products that utilize Indigo's technology.

Our experience in penetrating and selling in the commercial printing market for digital press products is limited. Prior to entering into a commercial relationship with Indigo in September 2000, we had not derived any revenue from digital press products that utilize Indigo's technology. To date, we have not achieved any material revenue from digital press products that utilize Indigo's technology. We cannot assure you that we will be able to successfully enter the market for digital press products.

If we do not achieve and maintain substantial revenue growth with respect to digital press products that utilize Indigo technology, we will not achieve the revenue milestones required for there to be any payout under the CVRs.

For us to achieve the revenue milestones required for there to be any payout under the CVRs, we will have to expand the revenue base considerably with respect to digital press products that utilize Indigo technology. During the three-year period ended December 31, 2000, Indigo's revenue grew at a compound annual growth rate of 15.5% including the decrease in actual revenues from 1998 to 1999. Indigo's revenues for the trailing twelve month period ended September 30, 2001 were \$184 million. Assuming a similar level of revenue at the completion of the exchange offer, our consolidated revenue from digital press products that utilize Indigo's technology would need to grow over a three-year period at a compound annual growth rate of approximately 33% to achieve the revenue milestones required for there to be any payout under the CVRs and approximately 64% to achieve the revenue milestones required for there to be a full payment of \$4.50 under each CVR. We cannot assure you that we will be able to achieve or sustain any such revenue growth. If we do not achieve and sustain

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this revenue growth, the revenue milestones required for there to be any payout under the CVRs will not be achieved.

28

We do not have any obligations to you regarding the operation of the Indigo business after the completion of the exchange offer.

The CVR agreement provides, among other things, that:

- . we will be entitled in our sole discretion to establish and modify from time to time all aspects of our program for the development, manufacturing, marketing and sale of any Indigo products; and
- . we have no obligation to initiate or continue research, development, commercialization, marketing or sales activities with respect to any Indigo products, and, in our sole and subjective discretion, we may abandon efforts to research, develop, commercialize, market or sell any or all products.

As a consequence, we will have complete discretion relating to whether to grow, continue, shut-down or exit the Indigo business, without regard to the economic interests of the CVR holders.

The CVRs are non-transferable and you will not be permitted to sell any CVRs you receive as a result of the exchange offer.

The CVRs are, by their terms, non-transferable, except for specified permitted transfers, and therefore represent an illiquid investment unless and until such time in 2005 that any payments due thereunder may be made.

Although the exchange offer is expected to result in benefits to the Indigo business, those benefits may not be realized.

Achieving the payout of the CVRs will depend in part on the integration of the Indigo business into HP. This integration may be a complex, time-consuming and expensive process that, without proper planning and implementation, could significantly disrupt the Indigo business. The challenges involved in this integration include the following:

- . demonstrating to our customers and to Indigo's customers that the exchange offer will not result in adverse changes in client service standards or business focus and helping customers conduct business easily with us;
- . coordinating and rationalizing research and development activities to enhance introduction of new products and technologies with reduced cost;
- . combining product offerings;
- . coordinating sales and marketing efforts to communicate effectively the capabilities of HP and Indigo;
- . coordinating Indigo's Israeli operations, which are geographically distant from most of HP's existing operations;
- . preserving distribution, marketing or other important relationships of both HP and Indigo, and resolving potential conflicts that may arise;
- . minimizing the diversion of management attention, on behalf of the

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Indigo business, from ongoing business concerns; and

- . persuading employees of the Indigo business that the business cultures of HP and Indigo are compatible, maintaining employee morale and retaining key employees.

The integration of the Indigo business into our business may not be successfully completed in a timely manner, or at all, and, as a result, our business related to digital press products that utilize Indigo's technology may not be able to meet the revenue target necessary to obtain the earnout of the CVRs. The failure to integrate the Indigo business successfully or to realize any of the anticipated benefits of the exchange offer could seriously

29

harm our business related to digital press products that utilize Indigo's technology and reduce our ability to meet the revenue target necessary to obtain the earnout of the CVRs.

If your Indigo common shares are exchanged for the fixed offer price, you will not be entitled to receive any CVRs and will not receive any portion of any payment made under the CVRs.

If you tender your Indigo common shares in the exchange offer, you must tender all of your Indigo common shares for either the fixed offer price or the contingent offer price. You will not be entitled to receive any CVRs in exchange for your Indigo common shares unless:

- . you indicate in the election form and the transmittal letter that you are tendering all of your Indigo common shares for the contingent offer price; or
- . you are subject to an allocation of CVRs because the fixed offer price is oversubscribed.

If you do not receive any CVRs in exchange for your Indigo common shares, under no circumstances will you receive or be entitled to receive any portion of any payment made under the CVRs.

If third parties terminate their strategic or business alliances with Indigo, our ability to develop, market, sell or support digital press products that use Indigo technology may be harmed.

Indigo depends on strategic relationships and business alliances for continued growth of its business. Indigo's development, marketing and distribution strategies rely increasingly on its ability to form strategic relationships with third parties. These relationships range from OEM and distribution relationships with other companies to cooperative marketing programs and joint customer seminars with software companies. In some of these relationships, the third party is not contractually committed to make any particular level of purchases from Indigo and effectively can terminate the relationship at will. Divergence in strategy or change in focus by, or competitive product offerings by, any of these companies may interfere with our ability to develop, market, sell or support our Indigo products, which in turn could harm the Indigo business. Further, some of these companies may choose to terminate their strategic or business alliances with Indigo as a result of the exchange offer.

In addition, Indigo has contracts with some of its suppliers, distributors, customers, licensors and other business partners. Some of these contracts

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require Indigo to obtain the consent of these other parties in connection with the exchange offer. If the respective parties' consent cannot be obtained, these contracts may be terminated and we may need to locate alternate suppliers or may suffer a loss of potential future revenue from digital press products that utilize Indigo technology. Any such revenue loss would damage our ability to achieve the revenue milestones required for there to be any payout under the CVRs.

Strategic partner, customer and supplier uncertainty related to the exchange offer could harm the Indigo business.

Indigo has numerous strategic relationships and business alliances with other companies to supply raw materials to Indigo and to deliver and market Indigo products to customers. As a result of the exchange offer, some of these relationships may change in a manner adverse to the Indigo business. In addition, customers of Indigo, in response to the announcement of the exchange offer or due to ongoing uncertainty about the exchange offer, may delay or defer purchasing decisions or elect to switch to other suppliers. Any delay, deferral or change in purchasing decisions by the customers of Indigo could seriously harm the Indigo business.

Indigo's failure to retain key executives and employees could diminish the benefits of the exchange offer.

The successful integration of the Indigo business into our business will depend in part on the retention and continued service of key executive officers and other key employees of Indigo. Upon the completion of the exchange offer, Mr. Landa, Indigo's Chief Executive Officer and Chairman as well as its founder and chief

30

technology inventor, will terminate his employment with Indigo. After that time, Mr. Landa may provide services to us under a consulting agreement, although he is not obligated to apply any minimum level of effort and time in providing consulting services and he may in any event terminate the consulting agreement anytime after the second anniversary of the completion of the exchange offer. Moreover, Indigo does not have long-term employment agreements with most of its key personnel. These executives or employees of Indigo may experience uncertainty about their future role with Indigo until or after strategies with regard to the integration of the Indigo business into our business are announced or executed. This uncertainty may adversely affect Indigo's ability to attract and retain key management, technical, administrative, marketing, sales and customer support personnel.

Recent developments with respect to terrorist attacks and threats or actual war may negatively impact all aspects of Indigo's operations and revenue.

Recent developments, including the September 11, 2001 terrorist attack in the United States and the bombing of Afghanistan by the United States and its allies, as well as future events occurring in response to or in connection with those developments, including, without limitation, future terrorist attacks against United States or Israeli targets, rumors or threats of war, actual conflicts involving the United States, Israel or their allies, or trade disruptions impacting Indigo's suppliers or customers, may materially harm the revenues, results of operations and financial condition of the Indigo business especially since Indigo's research and development and manufacturing operations are located in Israel. Any of these events could cause Indigo's customers to defer or cancel purchases of Indigo products. The Indigo business operations depend on the availability of highly-skilled and relatively low-cost scientific

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and technical personnel in Israel. The Indigo business also depends on trading relationships between Israel and other countries. In addition to the risks associated with international sales and operations generally, the operation of the Indigo business could be adversely affected if major hostilities involving Israel or the United States should occur or if trade between Israel and its current trading partners, including, without limitation, the United States, were interrupted or curtailed. These risks are compounded due to the restrictions on our ability to manufacture outside of Israel the Indigo products or transfer certain technologies developed under research and development grants from the Office of the Chief Scientist without the prior written consent of the Office of the Chief Scientist of the Ministry of Industry and Trade, an agency of the Government of Israel. If we are unable to obtain the consent of the Office of the Chief Scientist, we may not be able to take advantage of strategic manufacturing and other opportunities outside of Israel. In the past, Indigo has obtained royalty-bearing grants from various Israeli governmental agencies. Any of these occurrences could adversely impact the Indigo business, financial condition or results of operations, as well as our ability to achieve the revenue thresholds required to trigger any payments under the CVRs.

Foreign currency fluctuations may negatively impact the financial results of the Indigo business.

The results of operations or financial condition of the Indigo business may be negatively impacted by foreign currency fluctuations. The Indigo business operations throughout the world are generally transacted through international sales subsidiaries and branches. As a result, these sales and related expenses are denominated in currencies other than the U.S. dollar. Because its financial results are reported in U.S. dollars, including the financial results to be used to measure the CVR revenue thresholds, the results of operations for the Indigo business and therefore the likelihood of payments made under the CVRs, may be harmed by fluctuations in the rates of exchange between the U.S. dollar and other currencies, including a decrease in the value of European currencies relative to the U.S. dollar, which would decrease reported U.S. dollar revenue for the Indigo business, as the Indigo business generates revenues in these local currencies and reports the related revenues in U.S. dollars; and an increase in the value of European or Israeli currencies relative to the U.S. dollar, which would increase the sales and marketing costs for the Indigo business in these countries as well as the research and development costs in Israel. We may attempt to limit foreign exchange exposure through operational strategies and by using forward contracts to offset the effects of exchange rate changes on intercompany trade balances. This would require us to estimate the volume of transactions in various currencies. We may not be successful in making these estimates. If these estimates are overstated or understated during periods of currency volatility, the Indigo business may experience material currency gains or losses.

31

Product protection and infringement may harm the Indigo business and its financial condition.

If we fail to protect the proprietary rights and intellectual property used in the Indigo business adequately, we may lose valuable assets, experience reduced revenues and incur costly litigation to protect these rights and property. Indigo relies on a combination of patents, copyrights, trademark, service mark and trade secret laws and contractual restrictions to establish and protect its proprietary rights in its products and services. We will not be able to protect these proprietary rights and intellectual property if we are unable to enforce our rights or are unable to detect unauthorized use of these

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proprietary rights and intellectual property. Despite precautions, it may be possible for unauthorized third parties to copy products and use information that we regard as proprietary to create products that compete with the Indigo business. Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States. Indigo also relies, to some extent, on unpatented trade secrets. It is Indigo's policy to have employees sign confidentiality agreements, to have selected parties sign non-competition agreements and to have third parties sign non-disclosure agreements. These agreements may not be effective in controlling access to and distribution of products and proprietary information or trade secrets of the Indigo business. Further, these agreements do not and may not prevent competitors of the Indigo business from independently developing technologies that are substantially equivalent or superior to Indigo's products. Litigation may be necessary in the future to enforce intellectual property rights relating to the Indigo business and to protect trade secrets. Litigation like this, whether successful or unsuccessful, could result in substantial costs and diversions of the Indigo business management resources, either of which could seriously harm the results of the Indigo business. Third parties could assert that the products and services of the Indigo business infringe their intellectual property rights, which could expose Indigo to litigation that, with or without merit, could be costly to defend. From time to time we may be subject to claims of infringement of other parties' proprietary rights. We could incur substantial costs in defending the Indigo business and its customers against these claims. Parties making these claims may be able to obtain injunctive or other equitable relief that could effectively block our ability to sell Indigo products in the United States and abroad and could result in an award of substantial damages against us. In the event of a claim of infringement, we may be required to obtain licenses from third parties to develop alternative technology, to alter the products or processes of the Indigo business or to cease activities that infringe the intellectual property rights of third parties. If we are required to obtain licenses, we cannot be sure that we will be able to do so at a commercially reasonable cost, or at all. Defense of any lawsuit or failure to obtain required licenses could delay shipment of Indigo's products and increase its costs. In addition, any such lawsuit could result in incurring significant costs or the diversion of the attention of the management of the Indigo business.

Noncompliance with regulatory laws could have a material adverse effect on the Indigo business and its financial condition.

Indigo's presses and consumable products are subject to a variety of regulations throughout the world, including those relating to product safety, environmental protection and hazardous materials. The areas of product safety and environmental regulation are quickly evolving ones, and some jurisdictions may adopt regulations in the future with which we will not be able to comply or with which we will be able to comply only at significant cost. Such a development could have a material adverse affect on the Indigo business, its results of operations or its financial condition as well as upon the marketing, sale and use of its products.

Product development and difficulties with new or existing technologies could have a material adverse effect on the Indigo business or its financial condition.

The likelihood of success of the Indigo business must be considered in light of the difficulties and delays frequently encountered, and which Indigo has encountered in the past, in connection with the development of new technologies and related products. Market and customer acceptance of Indigo's presses depends, among other things, on their operational performance. Indigo and some of its customers have, in the past, encountered certain operational problems with the presses, including problems relating to the presses' paper-handling capabilities, contamination of inks and durability and consistency of the photo

imaging plates. The Indigo

32

business may not continue to be successful in improving the reliability and productivity of Indigo's presses and imaging products. Further, there can be no assurance that we will not encounter additional problems in the future, or, as indicated above, that we will continue research, development, commercialization, marketing or sales activities with respect to any Indigo products, and, in our sole and subjective discretion, we may abandon efforts to research, develop, commercialize, market or sell any or all products.

Continued significant research and development expenditures will be required to develop new Indigo products, and HP may elect not to incur such costs.

The development of Indigo's Digital Offset Color printing technology has required, and will continue to require, significant research and development expenditures. After the completion of the exchange offer, we intend to continue to address issues relating to quality control and manufacturing that have had a negative impact, in the past, on product acceptance among the customers of the Indigo business. In the past, Indigo has addressed these issues through the development of new products and new enhancements for existing products. We also realize that future sales of certain Indigo industrial printing presses will be dependent upon the ability to develop, independently and through relationships with strategic partners, commercial applications for such presses. Any failure to anticipate or respond adequately to changes in technology or customer preferences, or to any significant delays in product development or introduction, would have a material adverse effect on the Indigo business. Further, as indicated above, we have no obligation to initiate or continue research, development, commercialization, marketing or sales activities with respect to any Indigo products, and, in our sole and subjective discretion, we may abandon efforts to research, develop, commercialize, market or sell any or all Indigo products.

Indigo is highly dependent on a few key products for a large percentage of its revenue and such key products may not gain in customer acceptance, which may cause revenue to fall short of the targets necessary to earn payments under the CVRs.

The Indigo business is dependent on the success of digital press products and related consumable products and the payment of the CVRs is dependent upon our achieving specified consolidated revenue targets from these digital press products and related consumable products. In addition to manufacturing and selling presses, Indigo manufactures and sells certain consumable products, which we call imaging products, including ElectroInk products, photo-imaging plates, and image transfer blankets, all of which are essential to the operation of Indigo's presses. Though Indigo had always anticipated that a significant portion of its revenues would be generated from sales of such consumable products, Indigo's actual revenues from sales of consumable products, throughout Indigo's history, due to the slower than expected development of the short-run color printing market as well as the lower than expected operational efficiency of the machines sold, have been lower than originally expected. These problems may not be solved, and revenues from consumable products may not continue to increase in the future. At present, there are no known alternative suppliers of products that can readily substitute for Indigo's consumables. However, there can be no assurance that substitute consumable products will not be developed and offered for sale by others in the future. If such substitute consumables are developed and offered for sale by others in the future, the sales of Indigo's consumables will not increase significantly and we may not achieve the revenue targets necessary to

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earn payments under the CVRs.

The printing equipment industry is highly competitive and many of Indigo's competitors possess greater resources than Indigo.

The printing equipment industry is highly competitive, and many of the industry participants possess greater management, financial, technical, manufacturing, marketing, sales, distribution and other resources than Indigo does. We believe that our ability to compete after completion of the exchange offer will depend on factors both within and outside of our control, including the performance and acceptance of the Indigo products as well as the successful manufacturing, marketing, distribution and customer support of these products. Some of Indigo's competitors have developed color-printing products that target the short-run color printing market and thereby

33

compete with Indigo's presses. These competitors have substantially greater financial, distribution, management and other resources than Indigo does. Competitors may develop additional products, utilizing existing or new technology, that are competitive in price and/or performance with Indigo's presses, and we may not be able to compete effectively with any such products and their distribution channels.

The exchange of the Indigo common shares for HP common stock, or for HP common stock and the CVRs, will be a taxable transaction for United States federal income tax purposes, and the value of the CVRs is uncertain.

The exchange of Indigo common shares for HP common stock, or for HP common stock and CVRs in the case of a shareholder receiving the contingent offer price, will be a taxable transaction for United States federal income tax purposes. A shareholder will be required to include in taxable income the excess of the fair market value of the consideration received in the exchange (plus any cash received instead of fractional shares) over his or her tax basis in the Indigo common shares exchanged, even though the shareholder will not receive cash with which to pay the related tax (other than cash received instead of fractional shares). Although the tax treatment of the CVRs is not entirely clear, a shareholder receiving the contingent offer price likely will be required to include in the amount of consideration the estimated fair market value of the CVRs on the date of the exchange. It is possible that the Internal Revenue Service could challenge the value of the CVRs as determined by an Indigo shareholder. In the event that the CVRs are treated as debt instruments for United States federal income tax purposes, a holder would be required to include over the term of the CVR an amount in income as interest (based on the yield of "comparable" debt instruments) in advance of the receipt of any payment, regardless of a holder's method of accounting. See the section entitled "Special Factors--Effects of the Exchange Offer; Plans or Proposals After the Exchange Offer--United States Federal Income Tax Consequences of the Exchange Offer" for a further discussion of the United States federal income tax consequences of the exchange to Indigo shareholders.

Indigo is dependent upon sole and limited suppliers for many of its components and the Indigo business would be harmed if these components were no longer available or if costs for these components increase significantly.

Some components and sub-assemblies used in Indigo's presses and consumable products are currently available only from sole sources and other components and sub-assemblies are currently available from only a limited number of sources. Indigo employs many unaffiliated subcontractors to manufacture most of the components and sub-assemblies for Indigo's products. In the past, Indigo

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has experienced delays in obtaining timely deliveries of certain components and sub-assemblies, although such delays have not had a material adverse effect on Indigo's results of operations. Our failure to develop alternative sources for certain such components, sub-assemblies or raw materials on a timely basis, if and as required, or to obtain sufficient sole-source or limited-source components, sub-assemblies or raw materials on a timely basis, could result in delays or reductions in product shipments and/or in decreases in sales of consumable products, which could have a material adverse effect on the operating results of the Indigo business. Indigo has established a procedure to monitor that the components, sub-assemblies and raw materials provided by its subcontractors and suppliers and used in the manufacture of Indigo's products meet its specifications and quality standards. However, because of the large number of subcontractors, suppliers, components, sub-assemblies and raw materials, there is no assurance that we will be able to ensure that all such parts, components, sub-assemblies and raw materials will continue to satisfy quality standards and delivery requirements of the Indigo business.

34

Risk Regarding the Compaq Merger

The exchange offer is not conditioned upon the completion of the Compaq merger, and, if the Compaq merger is not completed, HP common stock will not reflect any actual or anticipated interest in Compaq.

The exchange offer is not conditioned upon the completion of the Compaq merger. The Compaq merger is subject to customary conditions to closing, as set forth in the Compaq merger agreement, which are separate and independent conditions from the closing conditions to the exchange offer. The conditions to the Compaq merger include, among others, the receipt of required approvals from our shareowners and Compaq shareowners and receipt of required antitrust approvals. If any of the conditions to the Compaq merger is not satisfied or, if waiver is permissible, waived, the Compaq merger will not be completed. In addition, under circumstances specified in the merger agreement, we or Compaq may terminate the merger agreement. As a result, we cannot assure you that we will complete the Compaq merger.

If we do not complete the Compaq merger, the HP common stock that you receive in the exchange offer will not reflect any interest in Compaq and the price of HP common stock may decline to the extent that the current market price of HP common stock reflects a market assumption that the Compaq merger will be completed. Furthermore, our business may be harmed to the extent that customers, suppliers and others believe that we cannot effectively compete in the marketplace without the Compaq merger, or otherwise remain uncertain about us. We will be required to pay significant costs incurred in connection with the Compaq merger, including legal, accounting and a portion of the financial advisory fees, whether or not the Compaq merger is completed. Moreover, under specified circumstances, we may be required to pay Compaq a termination fee of \$675 million in connection with the termination of our merger agreement with Compaq.

35

SPECIAL FACTORS

Background of the Exchange Offer

The offer agreement and the terms and conditions of the exchange offer are

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the result of arms' length negotiations between representatives of HP and representatives of Indigo. The following summary describes the background of these negotiations.

HP and Indigo have been familiar with each other's businesses for many years, and, in November 1998, HP and Indigo entered into a strategic affiliation agreement providing for, among other things, the exploration of the development and sale of digital color printing products combining HP's and Indigo's technology as more fully described in the section entitled "Relationships between HP and Indigo" in this prospectus.

At various times over the past three years, senior executives of HP and Indigo discussed the possibility of entering into a more extensive strategic relationship involving the two companies. In the fall of 1998, HP explored strategic alternatives with Indigo but no action was taken. In the spring of 2000, Indigo and HP again held discussions regarding a possible business combination and engaged in various levels of analysis regarding such a combination. However, the parties could not agree as to pricing. During this period, Indigo also held discussions with other competitors of Indigo to consider possible business combinations or other strategic alternatives. Indigo's combined board considered each of these options as well as the prospect of continuing to operate Indigo as an independent publicly-traded company and determined that the value to Indigo's shareholders from each of these other strategic alternative options would be less than the likely value that would be realized by continuing to operate Indigo independently. Therefore, Indigo determined to continue operations as a stand-alone entity.

In September 2000, HP and Indigo entered into a commercial relationship providing for (1) HP's sale of specified digital color printing products on an OEM basis pursuant to an OEM agreement; and (2) the co-development by HP and Indigo of future digital color printing systems and products pursuant to a co-development agreement. In connection with the September 2000 commercial relationship, Hewlett-Packard Europe B.V., a subsidiary of HP, purchased 14,814,814 Indigo common shares for an aggregate purchase price of approximately \$100 million and received warrants to purchase an additional 26,814,815 Indigo common shares. The September 2000 transactions between HP and Indigo are more fully described in the section entitled "Relationships between HP and Indigo" in this prospectus.

Between September 2000 and May 2001, both parties directed efforts towards executing on the co-development and OEM agreements. However, as time progressed, it became evident some aspects of the agreements should be revisited with a view to adapting them to more readily meet strategic needs of the companies.

In March 2001, representatives of HP, including Mr. William P. McGlynn, Vice President and General Manager, Digital Publishing Solutions, and Mr. Landa held discussions regarding the existing agreements and the relationships between HP and Indigo. A discussion ensued among the parties regarding a potential acquisition of Indigo by HP as well as a re-negotiation of the existing agreements.

In April 2001, following a meeting of the Indigo combined board, Mr. Landa informed HP that the board had rejected the concept of a potential acquisition of Indigo by HP.

On May 30, 2001 and May 31, 2001, representatives of HP and Indigo, including Mr. Landa, met in San Diego, California, to discuss the existing agreements and the relationship between HP and Indigo. A discussion ensued among the parties regarding a potential acquisition of Indigo by HP.

From June 19, 2001 through June 21, 2001, representatives of HP and Indigo,

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including Mr. Landa, met in New York, New York, to discuss further the possibility of an acquisition of Indigo by HP. At these meetings, the

36

parties discussed the business, strategy and integration issues that would be involved in any acquisition of Indigo by HP.

On July 11, 2001, a teleconference was held between representatives of HP and representatives of Gleacher, Indigo's financial advisor.

On July 20, 2001, the HP board of directors discussed a potential business combination with Indigo. The HP board of directors authorized HP's management to continue its discussions with Indigo.

On July 23, 2001, John D. Brennan, HP's Vice President of Strategy and Corporate Development, had a telephone conversation with Mr. Landa. As required under the shareholders' agreement dated as of September 13, 2000, among Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd., Visionvest Corporation N.V., Walthroup Corporation N.V., Deering Corporation N.V., S-C Indigo C.V., Hewlett-Packard Europe B.V., HP and Indigo, HP orally approached Mr. Landa in May 2001, in his capacity as the Chief Executive Officer of Indigo, to obtain consent to begin a discussion regarding a potential business combination between HP and Indigo. Mr. Landa consented and the parties began their discussion. Mr. Brennan outlined to Mr. Landa the terms of a non-binding proposal by HP to acquire Indigo. Messrs. Brennan and Landa did not engage in any further discussions regarding the non-binding proposal presented by Mr. Brennan at that time. Following the telephone conversation, Mr. Brennan sent Mr. Landa a letter summarizing HP's non-binding proposal. Terms of that proposal included consideration for each Indigo common share comprised of HP common stock and CVRs providing for additional consideration upon the achievement of certain revenue goals by Indigo after the closing of the transaction.

On July 25, 2001, Indigo's combined board conducted its quarterly meeting and discussed, among other matters, the terms of HP's proposal. The combined board concluded that a higher proportion of the aggregate consideration should be in the form of HP common stock payable at the closing and a smaller portion attributable to the CVR component. Dr. Joel S. Birnbaum, a member of Indigo's supervisory board designated by HP, did not attend or participate in this meeting.

On July 26, 2001, a teleconference to discuss HP's non-binding proposal was held between representatives of HP, HP's outside counsel, Wilson Sonsini Goodrich & Rosati, Indigo's outside counsel, Gibson, Dunn & Crutcher, and Gleacher. The Indigo representatives reviewed with HP the results of Indigo's board meeting of the previous day, including the board's conclusion that a higher proportion of the aggregate consideration should be in the form of HP common stock payable at the closing and a smaller portion attributable to the CVR component. A discussion ensued among the parties on the call, with no resolution reached as to the pricing of the possible transaction.

On July 27, 2001, Mr. Landa telephoned Mr. McGlynn to clarify the terms of HP's non-binding proposal. Mr. Landa reiterated with Mr. McGlynn the conclusion of Indigo's board that a higher proportion of the aggregate consideration should be in the form of HP common stock payable at the closing and a smaller portion attributable to the CVR component.

On July 27, 2001, a teleconference to discuss HP's non-binding proposal further was held between Mr. Landa and representatives of HP. Mr. Landa

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reiterated to HP that a higher proportion of the aggregate consideration should be in the form of HP common stock payable at the closing and a smaller portion attributable to the CVR component. No resolution was reached as to the pricing of the possible transaction.

On July 30, 2001, a teleconference to discuss the pricing of the possible transaction was held between representatives of HP, Wilson Sonsini Goodrich & Rosati, Gibson, Dunn & Crutcher, and Gleacher. A discussion ensued among the parties on the call, with no resolution reached as to the pricing of the possible transaction.

On July 31, 2001, a teleconference to further discuss the pricing of the possible transaction was held between representatives of HP, including Mr. Brennan, HP's and Indigo's respective legal counsel and Gleacher.

37

Mr. Brennan reviewed the terms of HP's written proposal with Indigo's representatives. A discussion ensued among the parties on the call, with no resolution reached as to the pricing of the possible transaction.

On August 8, 2001, a teleconference to further discuss the pricing of the possible transaction was held between representatives of HP, Gibson Dunn & Crutcher and Gleacher. A discussion ensued among the parties on the call, with no resolution reached as to the pricing of the possible transaction.

On August 9, 2001, Mr. Landa and Mr. McGlynn had a telephone conversation in which Mr. Landa indicated that Indigo was willing to discuss a structure in which Indigo shareholders could elect between receiving solely HP common stock or a combination of HP common stock and CVRs. No resolution as to the structure of the possible transaction was reached.

On August 10, 2001, Mr. Brennan and Mr. Landa had a telephone conversation in which Mr. Landa proposed a structure in which fifty percent of Indigo common shares would receive a combination of HP stock and CVRs, and fifty percent of Indigo common shares would receive solely HP common stock. Subject to obtaining the necessary corporate approvals and resolution of remaining issues, Mr. Landa and Mr. Brennan agreed to continue discussions based on this pricing structure.

From August 14, 2001 through August 16, 2001, several meetings between representatives of HP and Indigo were held at HP's corporate offices in Palo Alto, California to discuss, among other things, the proposed business strategy and operational structure of Indigo in light of the proposed transaction.

On August 15, 2001, a teleconference to initiate due diligence in connection with the proposed transaction was held between representatives of HP, Indigo, Gibson Dunn & Crutcher and Gleacher. A discussion among the parties ensued regarding the due diligence process.

On August 22, 2001, a teleconference to discuss open issues regarding the proposed transaction was held between representatives of HP, Indigo, their respective legal counsel and Gleacher. A discussion among the parties ensued regarding the structure of the proposed transaction.

On August 24, 2001, Mr. Brennan and Mr. Chris Robell, HP's Strategy and Corporate Development Director, met at the San Francisco International Airport with Mr. Landa and Mr. Alon Bar-Shany, Indigo's Chief Financial Officer, to discuss further the structure of the proposed transaction.

On August 27, 2001, HP and Wilson Sonsini Goodrich & Rosati circulated an

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initial draft of the offer agreement, together with initial drafts of the voting agreements, tender agreements, tender and option agreement, and affiliate agreements, to Indigo and Gibson, Dunn & Crutcher.

On August 28, 2001, HP and Wilson Sonsini Goodrich & Rosati circulated an initial draft of the form of CVR agreement to Indigo and Gibson, Dunn & Crutcher.

On August 29, 2001, Gibson, Dunn & Crutcher prepared and sent to Wilson Sonsini Goodrich & Rosati Indigo's comments to the initial draft of the offer agreement, the form of CVR agreement and the other related agreements. HP and Indigo continued to negotiate the terms of the offer agreement, the form of CVR agreement and the related agreements from this date through September 6, 2001, the date the definitive offer agreement was executed.

On August 30, 2001, HP and Indigo entered into a Confidential Disclosure Agreement, which superceded an earlier non-disclosure agreement under which the parties had been operating and which had expired.

From August 30, 2001 to August 31, 2001, representatives of HP and Indigo, their respective legal counsel and Gleacher met at the offices of Wilson Sonsini Goodrich & Rosati in Palo Alto, California to continue negotiations on all agreements.

38

On August 31, 2001, Mr. Landa met with Carleton S. Fiorina, Chairman of the Board, President and Chief Executive Officer of HP, and Vyomesh Joshi, President of HP's Imaging and Printing Systems, to discuss the structure of the CVRs.

On August 31, 2001, the HP board of directors authorized HP to acquire all the outstanding Indigo common shares by way of an exchange offer.

From September 3, 2001 through September 6, 2001, representatives of HP and Indigo, their respective legal counsel and Gleacher met at the offices of Wilson Sonsini Goodrich & Rosati in Palo Alto, California to continue negotiations on all agreements. On September 4, 2001, the parties discussed the announcement of the merger agreement entered into by HP and Compaq. The parties continued to negotiate the terms of the agreements.

On September 4, 2001, Indigo's management board, supervisory board and combined board met to consider the terms of the exchange offer. At the meeting, representatives of Gleacher summarized the terms of the exchange offer. Representatives from Gibson, Dunn & Crutcher reviewed and explained the terms of the drafts of the exchange offer documents that had been previously distributed to the members of the boards. Dr. Birnbaum did not attend or participate in this meeting.

On September 5, 2001, Indigo's management board, supervisory board and combined board met again to consider the terms of the exchange offer. A copy of a memorandum had been previously sent to each member of the boards summarizing the terms of the latest drafts of the exchange offer agreement. Representatives of Gibson, Dunn & Crutcher reviewed with the boards and discussed in detail the provisions of the exchange offer documents. Representatives of Gleacher provided a detailed review of a document that had been distributed to each of the combined board members prior to the meeting and that outlined the terms of the exchange offer. Based on that document, Gleacher rendered its oral opinion that, as of that date and based upon and subject to the various considerations set forth in Gleacher's written opinion, the consideration to be offered was

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fair, from a financial point of view, to the holders of Indigo common shares, other than HP and its affiliates. Each of the supervisory, management and combined board, acting without Dr. Birnbaum, separately and unanimously approved the offer agreement and the transactions contemplated thereby.

On September 5, 2001, the executive committee of HP's board of directors, pursuant to authority delegated to it by HP's board of directors, approved the exchange offer.

On September 6, 2001, upon completion of all negotiations and finalization of all agreements, HP and Indigo executed and delivered the offer agreement, the applicable parties signed the related agreements, and HP and Indigo issued a joint press release announcing the transaction.

Indigo's Purposes and Reasons for the Exchange Offer

In approving the offer agreement and the transactions contemplated thereby, and recommending that all shareholders of Indigo tender their common shares pursuant to the offer, the management board, the supervisory board and the combined board of Indigo, excluding Dr. Birnbaum, considered a number of factors both for and against recommending the offer, including the following:

- . The current financial condition and results of operations, as well as the prospects and future strategy, of Indigo, including the risks involved in achieving those prospects and objectives without a strategic partner. In particular, the boards of Indigo, in their deliberations, focused on the current and expected trends in the digital printing market and in the printing industry generally. The current financial condition and results of operation, as well as Indigo's position as one of the industry leaders in commercial printing, led the boards to believe that Indigo could continue to operate successfully as an independent publicly-traded company. However, the boards also believed that the risks involved in attempting to continue to

39

operate Indigo independently without a strategic partner outweighed the benefits of operating the Indigo business with an established business partner such as HP and that the consideration offered in the offer is a superior alternative to the Indigo shareholders to continuing to operate Indigo independently in light of the uncertainty inherent in forecasting future market conditions and trends.

- . The fact that, pursuant to the offer agreement (1) the holders of Indigo common shares can elect either to participate in the potential success of the Indigo business by electing the contingent offer price of \$6.00, subject to adjustment, in HP common stock and a CVR or to choose the fixed offer price of \$7.50, subject to adjustment, in HP common stock and (2) if a holder wished to elect one or the other offer price option, such election would be honored as much as possible because, pursuant to the tender and option agreement, entities directly or indirectly owned by a foundation, the Landa Family Trust, of which Benzion Landa, Indigo's Chairman and Chief Executive Officer, is a beneficiary, have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by each of those shareholders.
- . The opinion rendered by Gleacher on September 6, 2001 to the effect that, as of the date of the opinion and based on and subject to the

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matters described in its opinion, the consideration provided for in the offer agreement was fair, from a financial point of view, to the holders of Indigo common shares, other than HP and its affiliates. The full text of Gleacher's opinion is attached to this prospectus as Annex D.

- . The consideration to be offered to the holders of Indigo common shares receiving the contingent offer price, assuming no value is ascribed to the CVR, implies premiums relative to Indigo's closing share price one day, one week, and four weeks prior to May 31, 2001, the date of the commencement of Indigo's share repurchase program of 32.3%, 34.4%, and 51.4% respectively, and the consideration to be offered to the holders of Indigo common shares receiving the fixed offer price implies premiums relative to Indigo's closing share price one day, one week and four weeks prior to May 31, 2001 of 50.0%, 52.4% and 71.6%, respectively.
- . The ability of the combined company to access markets beyond Indigo's reach, particularly the enterprise market.
- . The ability of the combined company to link together database mining capabilities, digital workflow tools, design tools and web-based publishing capabilities in a seamless network, for corporate customers to be able to more easily generate digital printing jobs--creating more demand for Indigo digital presses.
- . The ability of the combined company more rapidly to develop new products as well as enhancements to Indigo's existing products.
- . The ability of the combined company to enable its customers to be better able to grow their businesses by delivering complete workflow solutions--from document creation to print production.
- . The size, stability and reputation of HP, as well as the HP brand, will induce more customers to adopt Indigo digital printing products.

Indigo's management board, supervisory board and combined board, excluding Dr. Birnbaum, considered each of these factors to be for the exchange offer while considered the following factors to be against the exchange offer: (x) the likelihood that while some Indigo shareholders will prefer to receive HP common stock and, if applicable, a CVR, some may have preferred to continue as shareholders of Indigo, and that if the offer is completed, the shareholders of Indigo will no longer be able to or it will be very unattractive for them to maintain an equity ownership interest in Indigo; and (y) the fact that the offer will be a taxable transaction to United States Indigo shareholders. The foregoing includes the material factors considered by Indigo's management board, supervisory board and combined board. In view of its many considerations, the management board, the supervisory board and the combined board did not quantify or otherwise assign relative weights to the specific factors considered. In addition, individual members of the management board, supervisory board and combined board may have given

40

different weights to different factors. After weighing all these considerations, the management board, the supervisory board and the combined board, excluding Dr. Birnbaum, were unanimous in determining to approve the offer agreement and to recommend that shareholders of Indigo tender their common shares in the exchange offer.

Indigo's Belief Regarding the Fairness of the Exchange Offer

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Indigo's management board, supervisory board and combined board, excluding Dr. Birnbaum, believe that the offer is fair to and in the best interests of Indigo's shareholders based upon numerous factors, including the following:

- . The fact that the consideration to be offered to the holders of Indigo common shares receiving the contingent offer price, assuming no value is ascribed to the CVR, implies premiums relative to Indigo's closing share price one day, one week, and four weeks prior to May 31, 2001, the date of the commencement of Indigo's share repurchase program of 32.3%, 34.4%, and 51.4%, respectively, and the consideration to be offered to the holders of Indigo's common shares receiving the fixed offer price implies premiums relative to Indigo's closing share price one day, one week and four weeks prior to May 31, 2001 of 50.0%, 52.4%, and 71.6%, respectively.
- . The unanimous approval and recommendation of Indigo's supervisory, management and combined boards, acting without Dr. Birnbaum, that Indigo shareholders tender their Indigo common shares in the exchange offer.
- . The fact that Indigo engaged Gleacher, an internationally recognized investment bank, and that Gleacher rendered an opinion that subject to the assumptions and limitations in the opinion, the consideration provided for pursuant to the offer agreement was fair to the holders of Indigo common shares, other than HP or its affiliates, from a financial point of view.
- . The fact that the offer agreement was extensively negotiated between the representatives of Indigo and representatives of HP.
- . The factors considered by the Indigo boards referred to above under "Special Factors--Indigo's Purposes and Reasons for the Exchange Offer."

The Indigo boards, excluding Dr. Birnbaum, further believe that the following procedural safeguards were sufficient to ensure that the exchange offer was considered in a manner that was procedurally fair to Indigo's shareholders notwithstanding any actual or potential conflicts of interest with HP:

- . Dr. Birnbaum did not participate in any deliberations of the Indigo boards regarding the exchange offer; and
- . The approval by the Indigo boards of the exchange offer included an approval by a majority of the non-management, non-affiliated independent directors who have no relationship with HP.

The independent Indigo directors did not retain an "unaffiliated representative," within the meaning of Regulation M-A under the Securities Act and the Exchange Act, to act solely on behalf of unaffiliated shareholders of Indigo for purposes of negotiating the terms of the exchange offer, because the independent directors of Indigo, who have no affiliation with HP, acted solely on behalf of the unaffiliated shareholders of Indigo.

As noted above, Dr. Birnbaum did not participate in the board meetings relating to the offer agreement or the exchange offer. Due to HP's interest in the proposed transaction, Dr. Birnbaum received the opinion of Gleacher to Indigo's combined board referred to in "Special Factors--Opinion of Indigo Financial Advisor Regarding the Exchange Offer" solely in his capacity as a member of Indigo's supervisory board, and not for use in his capacity as a representative of HP or in any other capacity and not for the use of HP.

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Recommendation of the Indigo Boards

After careful consideration, and in light of the factors described above under the headings "--Indigo's Purposes and Reasons for the Exchange Offer" and "--Indigo's Belief Regarding the Fairness of the Exchange Offer," Indigo's management board, supervisory board and combined board separately and, excluding Dr. Birnbaum, unanimously have determined that the offer agreement and the exchange offer are at a price and terms that are favorable and fair to, and in the best interests of, Indigo and Indigo shareholders, and recommends that Indigo shareholders accept the exchange offer and tender their shares pursuant to the exchange offer. The Indigo boards do not make any recommendations as to whether the Indigo shareholders should elect to receive the fixed offer price or the contingent offer price.

Opinion of Indigo Financial Advisor Regarding the Exchange Offer

Indigo engaged Gleacher to act as its financial advisor in connection with a proposed business combination transaction with HP based upon Gleacher's qualifications, expertise and reputation. In connection with this engagement, the combined board of Indigo requested Gleacher to evaluate the fairness, from a financial point of view, of the consideration to be offered to the holders of Indigo common shares (other than HP and its affiliates) pursuant to the offer agreement. On September 5, 2001, the combined board convened (via telephone conference) to review the proposed transaction with HP and the terms of the offer agreement and other relevant agreements. During this meeting, Gleacher rendered its oral opinion, which, on September 6, 2001, was subsequently confirmed in writing, that, as of that date, based upon and subject to the various considerations set forth in Gleacher's opinion, the consideration to be offered was fair, from a financial point of view, to the holders of Indigo common shares (other than HP and its affiliates). Gleacher expressed no opinion as to the prices at which the Indigo common shares and HP common stock would trade following announcement of the execution of the offer agreement or upon consummation of the transactions contemplated thereby.

The full text of Gleacher's opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and limitations on the review undertaken in connection with the delivery of this opinion, is attached to this prospectus as Annex D. Holders of Indigo common shares are urged to read Gleacher's opinion carefully and in its entirety. The summary of Gleacher's opinion set forth in this prospectus is qualified in its entirety by reference to the full text of such opinion which is incorporated herein by reference.

Gleacher's opinion is addressed to the combined board of Indigo and is directed only to the fairness, from a financial point of view, of the consideration to be offered to the holders of Indigo common shares (other than HP and its affiliates) and is not intended to and does not constitute a recommendation as to whether Indigo, or any holder of Indigo common shares, should elect to engage in any transaction contemplated by the offer agreement or to exchange Indigo's common shares in the exchange offer or as to what election any holder of Indigo common shares should make with respect to the exchange offer if such holder chooses to exchange Indigo common shares in the exchange offer. Although Gleacher evaluated the financial terms of the exchange offer, Gleacher was not asked to and did not opine that Indigo should engage in the transactions contemplated by the offer agreement on terms set forth therein, which were the result of arm's length negotiations between Indigo and HP.

In connection with rendering its opinion, Gleacher, among other things:

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- . reviewed certain publicly-available financial statements and other information of Indigo and HP;
- . reviewed certain internal financial statements and other financial and operating data concerning Indigo prepared by the management of Indigo;
- . analyzed certain financial forecasts prepared by the management of Indigo, which forecasts Indigo's management represented to Gleacher were consistent with their best judgments as to the future financial performance of Indigo and were the best then available forecasts with respect to such future financial performance of Indigo;

42

- . discussed with Indigo's management and other senior executives the past and current operations and financial condition and the prospects of Indigo;
- . discussed with senior executives of HP the past and current operations and financial condition and the prospects of HP;
- . reviewed the reported prices and historical trading activity of Indigo common shares and the HP common stock;
- . compared the financial performance of Indigo and HP and the reported prices and historical trading activity of Indigo common shares and the HP common stock with that of certain other comparable publicly-traded companies and their securities;
- . reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- . reviewed a draft of the offer agreement and certain related documents; and
- . performed such other analyses and considered such other factors as Gleacher deemed appropriate.

In rendering its opinion, Gleacher assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information reviewed by it for the purposes of its opinion. With respect to the financial projections provided to Gleacher, with the consent of the combined board of Indigo, Gleacher assumed that they had been reasonably prepared and were consistent with the best then-available estimates and judgments of Indigo's management as to the future financial performance of Indigo. Gleacher did not, with the permission of the combined board of Indigo, discuss with HP financial forecasts, with respect to HP, which were prepared by unaffiliated financial analysts, but Gleacher assumed that such forecasts represent the best then available estimates of the future financial performance of HP. Further, HP did not provide to Gleacher any internally prepared financial forecasts with respect to HP. Gleacher assumed no responsibility for and expressed no view as to such forecasts or the assumptions on which they were based, and, with respect to Indigo, relied upon the assurances of Indigo's management that they were unaware of any facts that would make the information provided to or reviewed by it incomplete or misleading. Gleacher also assumed, based upon the information which was provided to it and without assuming responsibility for independent verification therefore, that no material undisclosed liability existed with respect to Indigo or HP. Gleacher did not make any independent valuation or appraisal of the assets or liabilities (contingent or otherwise) of Indigo or HP or any of their subsidiaries, nor was

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Gleacher furnished with any such valuations or appraisals. Gleacher assumed that the acquisition transaction described in the offer agreement will be accounted for as a purchase transaction in accordance with U.S. generally accepted accounting principles, commonly referred to as "U.S. GAAP," and will constitute a taxable transaction under the Internal Revenue Code. Gleacher also assumed that the acquisition transaction will be consummated in accordance with the terms set forth in the offer agreement (which Gleacher assumed would be substantially in the form of the draft provided to it) and that all of the representations and warranties of the parties to the offer agreement were true, that the covenants of each party to the offer agreement will be fully complied with, and that all conditions to the acquisition transaction set forth in the offer agreement will be satisfied and not waived, in each case, in all respects material to Gleacher's analysis. In addition, with the permission of the combined board of Indigo, Gleacher did not consider the effects of, either on the financial projections of HP or otherwise, nor did Gleacher analyze, any recently announced transactions involving HP. Gleacher did note that HP had recently publicly announced a merger transaction with Compaq Computer Corporation. Gleacher's opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion. It should be understood that, although subsequent developments may affect its opinion, Gleacher does not have any obligation to update, revise or reaffirm its opinion.

Gleacher's opinion addresses only the fairness, from a financial point of view, of the consideration to be offered to the holders of Indigo common shares (other than HP and its affiliates), and Gleacher does not express any view as to any other term of the proposed acquisition transaction or any other matters contemplated by the

43

offer agreement. Gleacher's opinion does not address Indigo's underlying business decision to effect the transactions contemplated by the offer agreement, nor does it value the HP common stock.

The following is a brief summary of the material valuation, financial and comparative analyses considered by Gleacher in connection with the rendering of its opinion. This summary does not purport to be a complete description of the analyses underlying Gleacher's opinion. This summary of the analyses also contains information in tabular format. In order fully to understand the financial analyses used by Gleacher, the tables must be read in conjunction with the related text. The tables alone do not constitute a complete description of the financial analyses summarized therein.

Transaction Summary. Gleacher reviewed the principal terms of the offer agreement, noting, among other things, the following:

- . The transaction is to be structured as an exchange offer pursuant to which each outstanding Indigo common share tendered into the offer would be exchanged, at the election of the holder thereof and subject to the proration and other provisions contained in the offer agreement, for (i) the fixed offer price or (ii) the contingent offer price. The fixed offer price is equal to a number of shares of HP common stock computed as follows: (i) if the average of the closing sales prices of the HP common stock on the New York Stock Exchange for the twenty consecutive trading days ending on the third trading day prior to the date on which we initially accept for payment Indigo common shares tendered into the exchange offer is less than or equal to \$23.68 and greater than or equal to \$16.69, the fixed offer price shall be equal to the quotient obtained by dividing \$7.50 by such average HP closing sales price, (ii) if such

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average HP closing sales price is less than \$16.69, the fixed offer price shall be equal to 0.4494, and (iii) if such average HP closing sales price is greater than \$23.68, the fixed offer price shall be equal to 0.3167. The contingent offer price is equal to the contingent price exchange ratio plus one contingent value right, or CVR. The contingent price exchange ratio equals a number of shares of HP common stock computed as follows: (i) if the average of the closing sales prices of the HP common stock on the New York Stock Exchange for the twenty consecutive trading days ending on the third trading day prior to the date on which we initially accept for payment Indigo common shares tendered into the exchange offer is less than or equal to \$23.68 and greater than or equal to \$16.69, the contingent price exchange ratio shall be equal to the quotient obtained by dividing \$6.00 by such average HP closing sales price, (ii) if such average HP closing sales price is less than \$16.69, the contingent price exchange ratio shall be equal to 0.3595, and (iii) if such average HP closing sales price is greater than \$23.68, the contingent price exchange ratio shall be equal to 0.2534. Each CVR entitles the holder to receive a cash payment equal to: (a) if the LEP revenue during the three-year measuring period commencing on the later of the first day of the first month subsequent to the closing of the offer or February 1, 2002 is equal to or greater than \$1.6 billion, \$4.50; (b) if the LEP revenue during the measuring period is equal to or less than \$1.0 billion, \$0; and (c) if the LEP revenue during the measuring period is less than \$1.6 billion but greater than \$1.0 billion, the dollar amount equal to the product of \$4.50 and the quotient obtained by dividing (x) the number by which LEP revenue exceeds \$1.0 billion by (y) \$600 million. LEP revenue means the actual net revenue (to be based on U.S. GAAP, as applied by HP consistent with its financial Securities and Exchange Commission reporting practices as of the beginning of the measuring period) from the sale or lease of LEP digital press products and consumables by HP and its affiliates during the measuring period plus the present value, as of the end of the measuring period, of remaining minimum contractually committed payments associated with LEP digital press products placed during the measuring period under operating leases (as more fully described in the CVR agreement).

- . Entities directly or indirectly controlled by the Landa Family Trust agreed to formally support the transaction (through a commitment to tender and the granting of voting proxies) and to grant to HP options for their shares exercisable at the contingent offer price.
- . The offer agreement provided for a termination fee of \$27 million (plus a maximum of \$2 million of expenses), subject to the provisions of the offer agreement.

44

- . The acquisition transaction will be accounted for as a purchase transaction in accordance with U.S. GAAP.
- . The acquisition transaction is expected to constitute a taxable transaction under the Internal Revenue Code.

Historical Trading Analysis. Gleacher reviewed the historical closing prices of the HP common stock and Indigo common shares and the implied historical exchange ratios, determined by dividing the closing price per Indigo common share by the closing price per share of HP common stock, on certain dates and over certain periods of time. The table below summarizes (i) the implied historical exchange ratio as of September 4, 2001 and the average implied

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historical exchange ratios for various periods leading up to and including September 4, 2001 and (ii) the premium of an assumed fixed offer price of 0.3975, based on the closing price of the HP common stock on September 4, 2001, to these implied historical exchange ratios.

Day / Period -----	Implied Historical Exchange Ratio	Fixed Offer Price Premium -----
09/04/01.....	0.2814	41.2%
5 Trading Days.....	0.2694	47.5
10 Trading Days.....	0.2628	51.2
15 Trading Days.....	0.2623	51.5
30 Trading Days.....	0.2537	56.7
60 Trading Days.....	0.2294	73.2
90 Trading Days.....	0.2088	90.3
180 Trading Days.....	0.1727	130.2
252 Trading Days.....	0.1585	150.7

Comparable Company Analysis. Gleacher reviewed selected financial information, ratios, and public market multiples for certain selected publicly-traded companies that Gleacher deemed relevant, with respect to Indigo and HP, respectively.

For Indigo, the selected comparison group included a total of thirteen companies: Agfa-Gevaert N.V.; Canon Inc.; Creo Products Inc.; Heidelberger Druckmaschinen AG; Koenig & Bauer AG; Komori Corporation; NUR Macroprinters Ltd.; Océ N.V.; Presstek, Inc.; Ricoh Company, Ltd.; Scitex Corporation Ltd.; Xeikon N.V.; and Xerox Corporation, collectively referred to as the Indigo comparable companies. Gleacher reviewed, among other information, the Indigo comparable companies' ratios, or multiples, of enterprise value (equal to the value of fully-diluted common equity plus total debt, preferred stock, and minority interests, if any; less cash, cash equivalents, and the estimated value of any unconsolidated assets, if any) to latest twelve months (or LTM), calendar year 2001, and calendar year 2002 revenues and to calendar year 2002 earnings before interest, taxes, depreciation and amortization (or EBITDA), and the ratio of equity value (equal to the value of fully-diluted common equity) to book value. All data are based on publicly-available information and on market information as of September 4, 2001. Estimated 2001 and 2002 revenues and 2002 EBITDA figures were based upon estimates from various Wall Street research analysts. The range, mean, and median of these ratios are summarized in the table below.

	Enterprise Value / Revenues			Enterprise Value / 2002E EBITDA	Equity Value / Book Value
	LTM	2001E	2002E		
High.....	2.87x	2.11x	1.50x	12.7x	3.2x
Low.....	0.29	0.24	0.24	2.6	0.7
Mean.....	1.05	0.98	0.87	7.5	1.6
Median.....	1.02	0.99	0.80	7.6	1.3

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Gleacher noted that the consideration to be offered to holders of Indigo common shares, assuming no value ascribed to the CVR, implies enterprise value multiples of 4.13x LTM revenues, 3.74x calendar year 2001 revenues, 2.99x calendar year 2002 revenues, and 40.8x calendar year 2002 EBITDA, respectively, and an equity value multiple of 6.6x book value. Gleacher further noted, for illustrative purposes only, that the consideration to be offered to holders of Indigo common shares, assuming \$3.00 of value ascribed to the CVR (the present value of the maximum CVR payout of \$4.50, discounted at 12.0%), implies enterprise value multiples of 5.22x LTM revenues, 4.73x calendar year 2001 revenues, 3.77x calendar year 2002 revenues, and 51.5x calendar year 2002 EBITDA, respectively, and an equity value multiple of 8.2x book value.

For HP, the selected comparison group included a total of six companies: Canon Inc.; Dell Computer Corporation; International Business Machines Corporation; Lexmark International, Inc.; Sun Microsystems, Inc.; and Xerox Corporation, collectively referred to as the HP comparable companies. Gleacher reviewed, among other information, the HP comparable companies' ratios, or multiples, of enterprise value to LTM revenues, EBITDA, and earnings before interest and taxes (or EBIT); of equity value to LTM net income and book value; and of price to estimated earnings per share (or EPS) for calendar years 2001 and 2002. All data are based on publicly available information and on market information as of September 4, 2001. Estimated earnings per share figures are based on Institutional Brokers Estimate System mean estimates. The range, mean, and median of these ratios are summarized in the table below.

	Enterprise Value / LTM			Equity Value / LTM		Price / EPS	
	Revenues	EBITDA	EBIT	Net Income	Book Value	2001E	2002E
High.....	2.27x	20.0x	22.0x	28.7x	12.0x	34.1x	32.2x
Low.....	1.17	7.5	11.4	20.0	2.0	18.0	16.0
Mean.....	1.67	13.6	16.7	22.9	5.7	25.3	22.8
Median.....	1.67	12.5	16.1	21.4	4.9	22.2	21.0

Gleacher noted that HP's current share price implies enterprise value multiples of 0.83x LTM revenues, 11.0x LTM EBITDA, and 18.4x LTM EBIT, respectively; equity value multiples of 17.5x LTM net income and 2.7x book value, respectively; and price / EPS multiples of 22.3x and 16.4x estimated earnings per share for calendar years 2001 and 2002, respectively.

No company used in the comparable company analysis is identical to Indigo or HP. Accordingly, any comparable company analysis necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of Indigo and HP and other factors that could affect the public trading value of the companies to which they are being compared. Mathematical analysis (such as determining the mean or median) is not in itself a meaningful method of using comparable company data.

Precedent Transaction Analysis. Gleacher reviewed the multiples and premiums paid in certain selected public change of control transactions that Gleacher deemed relevant. The selected comparison group included a total of eight transactions:

- . Salsa Digital, Ltd. acquisition by NUR Macroprinters Ltd.;

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- . Scitex Corporation Ltd. (digital pre-print business) acquisition by Creo Products Inc.;
- . Tektronix Inc. (color printing division) acquisition by Xerox Corporation;
- . Idanit Technologies Ltd. acquisition by Scitex Corporation Ltd.;
- . Linotype-Hell AG acquisition by Heidelberger Druckmaschinen AG;
- . Rockwell International Corporation (graphic systems business) acquisition by Stonington Partners, Inc.;
- . Scitex Corporation Ltd. acquisition by an investor group led by Mr. Davidi Gilo; and
- . Imaje, S.A. acquisition by Dover Corporation (collectively referred to as the precedent transactions).

46

Gleacher reviewed, among other information, the ratios of enterprise value to LTM revenues and of equity value to book value implied by the precedent transactions. All data are based on publicly-available information. The range, mean, and median of these ratios are summarized in the table below.

	Enterprise Value / LTM Revenues	Equity Value / Book Value
	-----	-----
High.....	4.62x	5.0x
Low.....	0.26	1.5
Mean.....	1.44	3.0
Median.....	1.17	2.7

Gleacher noted that the consideration to be offered to the holders of Indigo common shares, assuming no value ascribed to the CVR, implies an enterprise value multiple of 4.13x LTM revenues and an equity value multiple of 6.6x book value. Gleacher further noted, for illustrative purposes only, that the consideration to be offered to holders of Indigo common shares, assuming \$3.00 of value ascribed to the CVR (the present value of the maximum CVR payout of \$4.50, discounted at 12.0%), implies an enterprise value multiple of 5.22x LTM revenues and an equity value multiple of 8.2x book value.

No transaction used in the precedent transaction analysis is identical to the exchange offer. Accordingly, any precedent transaction analysis necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of Indigo and other factors that could affect the value of the companies to which it is being compared and of the transactions to which the exchange offer is being compared. Mathematical analysis (such as determining the mean or median) is not in itself a meaningful method of using precedent transaction data.

Premiums Paid Analysis. Gleacher reviewed the premiums paid in a broad group of selected public change-of-control transactions in the technology sector with transaction values greater than \$100 million, announced during 2000 and 2001. Gleacher reviewed the purchase premiums based on the targets' closing share

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prices one day, one week, and four weeks prior to the announcement date of the respective transactions. All data are based on publicly-available information and on market information as of September 4, 2001. The mean and median of these premiums are summarized in the table below.

	Purchase Premiums		
	-----	-----	-----
	One Day	One Week	Four Weeks
	-----	-----	-----
Mean.....	35.1%	42.8%	54.5%
Median.....	31.5	36.4	49.5

Gleacher noted that the consideration to be offered to the holders of Indigo common shares, assuming no value ascribed to the CVR, implies premiums relative to Indigo's closing share price one day, one week, and four weeks prior to May 31, 2001, the date of the commencement of Indigo's share repurchase program, of 32.3%, 34.4%, and 51.4%, respectively. Gleacher further noted, for illustrative purposes only, that the consideration to be offered to the holders of Indigo common shares, assuming \$3.00 of value ascribed to the CVR (the present value of the maximum CVR payout of \$4.50, discounted at 12.0%), implies premiums relative to Indigo's closing share price one day, one week, and four weeks prior to May 31, 2001, of 67.7%, 70.5%, and 91.9%, respectively.

Discounted Cash Flow Analysis. Gleacher performed a discounted cash flow analysis to calculate an estimate of the theoretical present value per fully-diluted common share of Indigo using financial forecasts through the fiscal year ending December 2005 that were prepared by the management of Indigo. Gleacher utilized discount rates ranging from 12.0% to 13.0% and EBITDA terminal value multiples ranging from 8.0x to 10.0x. This analysis showed a range of present values per fully-diluted Indigo share of \$5.00 to \$6.12. Gleacher also performed a discounted cash flow analysis using a separate set of financial forecasts through the fiscal year

47

ending December 2005 that were prepared by the management of Indigo to reflect the potential projected financial performance of Indigo under a more conservative scenario. For the same respective ranges of discount rates and EBITDA terminal value multiples, this analysis showed a range of present values per fully-diluted Indigo share of \$2.87 to \$3.49. The Discounted Cash Flow Analysis did not purport to be indicative of actual values or expected values of the Indigo common shares before or after the acquisition transaction.

Discounted Equity Value Analysis. Gleacher performed a discounted equity value analysis to calculate an estimate of the theoretical present value per fully-diluted common share of the projected equity value for Indigo at the end of 2003 and 2004, derived from net income valuation multiples applied to projected 2003 and 2004 net income, respectively. Gleacher utilized discount rates ranging from 12.0% to 13.0% and net income multiples ranging from 18.0x to 22.0x. This analysis showed a range of present values per fully-diluted Indigo share of \$3.21 to \$3.97 based on 2003 net income and \$5.23 to \$6.52 based on 2004 net income. This analysis did not purport to be indicative of actual values or expected values of the Indigo common shares before or after the acquisition transaction.

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The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. Gleacher believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering all analyses, would create an incomplete view of the process underlying its opinion and the presentation to Indigo's management board, supervisory board and combined board. Gleacher has not indicated that any of the analyses which it performed had a greater significance than any other. In addition, Gleacher may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any particular analysis described above should not be taken to be Gleacher's view of the actual value of Indigo.

In performing its analyses, Gleacher made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of either Indigo or HP. The analyses performed by Gleacher are not necessarily indicative of actual values, which may be significantly more or less favorable than suggested by such analyses. Such analyses were prepared solely as a part of Gleacher's analysis of the fairness, from a financial point of view, of the consideration to be offered to the holders of Indigo common shares (other than HP and its affiliates) and were provided to Indigo's combined board in connection with the delivery of Gleacher's opinion. The analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities might actually be sold, which are inherently subject to uncertainty. In addition, Gleacher's opinion and presentation to Indigo's management board, supervisory board and combined board was one of many factors taken into consideration by the management board, supervisory board and combined board in connection with their consideration of the exchange offer and the transactions contemplated by the offer agreement. Consequently, analyses performed by Gleacher described above should not be viewed as determinative of the opinion of the management board, supervisory board and combined board or Indigo's management with respect to the acquisition transaction.

Gleacher is an internationally-recognized investment banking and advisory firm that regularly engages in the valuation of businesses and their securities in connection with mergers and acquisitions.

Indigo has agreed to pay Gleacher a financial advisory fee of \$5,500,000 pursuant to the terms of Gleacher's engagement letter dated August 3, 2000, as amended on September 5, 2001. In addition, Indigo has agreed, among other things, to reimburse Gleacher for all reasonable travel and other reasonable out-of-pocket expenses incurred by Gleacher in connection with its engagement, and to indemnify and hold harmless Gleacher and certain related parties from and against certain liabilities and expenses, including certain liabilities under the federal securities laws, in connection with its engagement.

48

The consideration to be offered to the holders of Indigo common shares in connection with the exchange offer was determined through arms'-length negotiations between the boards of directors of HP and Indigo. Gleacher provided advice to the boards of Indigo during such negotiations; however, Gleacher did not recommend any specific consideration to the Indigo boards or that any specific consideration constituted the only appropriate consideration for the exchange offer.

The full text of Gleacher's presentations to the Indigo boards on September 5, 2001 has been included as exhibit (c)(iii) to the Transaction Statement on Schedule 13E-3 filed by HP and Indigo in connection with the exchange offer.

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Interests of Indigo Directors and Executive Officers in the Exchange Offer

In considering the recommendation of Indigo's management board, supervisory board and combined board with respect to the exchange offer, you should be aware that some of Indigo's directors and executive officers have interests in the exchange offer that may be different from, or in addition to, your interests. Those material interests of Indigo's directors and executive officers are summarized below:

- . The continuation of indemnification arrangements for directors and executive officers of Indigo until the sixth anniversary of the closing of the exchange offer;
- . The full vesting as of the closing of the exchange offer of all unvested Indigo stock options held by non-employee members of Indigo's boards who resign on the closing of the exchange offer, which will result in the accelerated vesting of options to purchase approximately 169,500 Indigo common shares held by those members;
- . At the closing of the exchange offer, the employment of Mr. Landa, Indigo's Chairman and Chief Executive Officer, will terminate and Mr. Landa will receive a cash payment in settlement of all payments due to him under his employment agreement with Indigo. In addition, the signing of the consulting agreement between HP and Mr. Landa, pursuant to which Mr. Landa may, among other things, advise HP regarding (1) identification of technological synergies and business opportunities both from within HP and outside HP, (2) integration of Indigo's business into the operations of HP and (3) strategic planning and tactics regarding printing and imaging products and markets;
- . The severance arrangements and ongoing employment arrangements for Indigo's executive officers, including for Rafi Maor, Indigo's President and Chief Operating Officer, and Alon Bar-Shany, Indigo's Chief Financial Officer; and
- . The tender and option agreement pursuant to which entities directly or indirectly controlled by a foundation, which we refer to as the Landa Family Trust, of which Mr. Landa is a beneficiary, agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all the Indigo common shares held by each of those shareholders, and in a separate tender and option agreement, the Landa Family Trust agreed to support such agreements by the entities controlled by the trust.

The members of Indigo's management board, supervisory board and combined board were aware of these differing interests and considered them, among other matters, in recommending that you tender your Indigo common shares in the exchange offer.

HP's Purposes and Reasons for the Exchange Offer

We are making the exchange offer to acquire all the outstanding common shares of Indigo. The offer agreement provides that following completion of the exchange offer, we may, but are not required to, effectuate a corporate restructuring of Indigo and its subsidiaries, which we refer to as the post-closing restructuring, as further discussed below under "--Effects of the Exchange Offer; Plans or Proposals After the Exchange Offer-- Post-Closing Restructuring."

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Our primary reasons for seeking to complete the exchange offer are the beliefs of our board of directors and management that the completion of the exchange offer could result in a number of benefits to us, including:

- . The ability of the combined company to create a more compelling combination of products and support services for its customers;
- . The addition of a third high-speed color print technology to our highly successful Inkjet and Laserjet technologies;
- . The further ability of the combined company to develop products utilizing Indigo's high-speed color print technology;
- . Faster time to market for new products and solutions in the commercial printing market;
- . The potential to utilize Indigo's high-speed color print technology for the high-end of digital photo-finishing; and
- . The acquisition of an experienced, specialized sales force.

In reaching its determination to approve the exchange offer, our board of directors also considered the following factors:

- . The judgment, advice and analysis of our management with respect to the potential strategic, financial and operational benefits of the transaction, including management's favorable recommendation of the transaction, based in part on the business, technical, financial, accounting and legal due diligence investigations performed with respect to Indigo;
- . The judgment, advice and analysis of our management that the commercial printing industry is ready for significant transition to digital work flows, which could represent a growth opportunity for us;
- . The terms of the offer agreement and related agreements, including the exchange offer being structured to offer both the fixed offer price and the contingent offer price alternatives;
- . A significant portion of the total purchase price is contingent and payable pursuant to the CVRs only in the event that we are successful in generating significant revenue growth in the business over a three-year period; and that if such revenue targets are not met for any reason, no payment will be made under the CVRs; and
- . The alternative of leaving the existing commercial relationship between us and Indigo in place.

Our board of directors also considered a number of potentially negative factors in its deliberations considering the transaction. The potentially negative factors considered by our board of directors included:

- . The risk that the transaction might not be completed in a timely manner or at all; and
- . The general difficulties of integrating products, technologies and companies.

The above discussion of information and factors considered by our board of

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directors is not intended to be exhaustive but is believed to include all material factors considered by the board. In view of the wide variety of factors considered by our board of directors, the board did not find it practicable to quantify or otherwise assign relative weight to the specific factors considered. In addition, our board did not reach any specific conclusion on each factor considered, or any aspect of any particular factor, but conducted an overall analysis of these factors.

Individual members of our board may have given different weight to different factors. However, after taking into account all of the factors described above, our board of directors unanimously approved the exchange offer and authorized us to proceed with the transaction.

50

HP's Belief Regarding the Fairness of the Exchange Offer

Because we currently own approximately 13.3% of the outstanding Indigo common shares through Hewlett-Packard B.V., a wholly-owned subsidiary, and because we have designated one member of Indigo's combined board and supervisory board, we may be deemed to be an affiliate of Indigo for purposes of Rule 13e-3 under the Exchange Act. As a result, we may be required, under Rule 13e-3, to state whether we reasonably believe that the exchange offer is fair to unaffiliated shareholders of Indigo.

WE ARE MAKING THE STATEMENTS INCLUDED IN THIS SUB-SECTION SOLELY FOR THE PURPOSES OF COMPLYING WITH THE REQUIREMENTS OF RULE 13e-3 AND RELATED RULES UNDER THE EXCHANGE ACT. WE HEREBY EXPRESSLY DISCLAIM ANY FIDUCIARY RELATIONSHIP OR OBLIGATION TO INDIGO SHAREHOLDERS OTHER THAN OBLIGATIONS UNDER THE SECURITIES ACT AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER IN CONNECTION WITH THE OFFER AND SALE OF HP COMMON STOCK AND CVRs IN CONNECTION WITH THE EXCHANGE OFFER.

We have concluded that the exchange offer is fair to unaffiliated Indigo shareholders. Our conclusion is based on the following material factors:

- . The fact that, pursuant to the offer agreement (1) the holders of Indigo common shares can elect either to participate in the potential success of the Indigo business by electing the contingent offer price of \$6.00, subject to adjustment, in HP common stock and a CVR or to choose the fixed offer price of \$7.50, subject to adjustment, in HP common stock, and (2) if a holder wished to elect one or the other offer price option, such election would be honored as much as possible because, pursuant to the tender and option agreement, entities directly or indirectly owned by a foundation, the Landa Family Trust, of which Benzion Landa, Indigo's Chairman and Chief Executive Officer, is a beneficiary, have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by each of those shareholders.
- . The fact that the value of the consideration offered in the exchange offer represents a premium over the market price at which Indigo common shares have recently traded.
- . The members of Indigo's supervisory, management and combined boards, excluding and acting without Dr. Birnbaum, who are not employed by or otherwise affiliated with us and are elected by holders of Indigo common shares, represented Indigo and the interests of the shareholders of Indigo unaffiliated with HP in the sale process and selected and were

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advised by Gleacher as a financial advisor and Gibson, Dunn & Crutcher LLP as legal counsel in connection with the exchange offer process.

- . Executive officers of Indigo, who are not HP employees or affiliates negotiated with us on an arms'-length basis with respect to the exchange offer and the offer agreement.
- . Acting without Dr. Birnbaum, the members of Indigo's supervisory, management and combined boards have confirmed that they engaged in numerous and lengthy deliberations to evaluate the offer agreement and alternatives to the offer agreement, and engaged in lengthy negotiations that resulted in the terms of the offer agreement, as described above in "--Background of the Exchange Offer."
- . The terms and conditions of the offer agreement, including the amount and form of the consideration, as well as the parties' mutual representations, warranties and covenants, and the conditions to their respective obligations.
- . The unanimous approval of Indigo's supervisory, management and combined boards, acting without Dr. Birnbaum, and their recommendation that Indigo shareholders tender their Indigo common shares in the exchange offer.

51

- . Our belief that the value of the consideration offered to Indigo shareholders in the exchange offer, without attributing any value to the CVRs, is higher than the going concern value for the equity of Indigo.
- . The fact that we are not aware of any firm offers made by any unaffiliated person during the past two years for a merger or consolidation of Indigo, a purchase or other transfer of all or substantially all of Indigo's assets, or a purchase of Indigo common shares that would enable the holder to exercise control of Indigo.
- . The fact that Indigo's combined board engaged Gleacher to act as Indigo's financial advisor in connection with the proposed business combination with HP and that Gleacher has issued an opinion to Indigo's combined board, dated September 6, 2001, that as of that date and subject to the assumptions and limitations set forth in the opinion, the consideration provided for pursuant to the offer agreement was fair to the holders of Indigo common shares, other than HP and its subsidiaries, from a financial point of view.

We considered the material negative factors described in the sections entitled "Special Factors--Indigo's Purposes and Reasons for the Exchange Offer" and "Special Factors--HP's Purposes and Reasons for the Exchange Offer" and viewed them as insufficient to outweigh the positive factors.

We did not perform an analysis of the net book value or liquidation value of Indigo. However, we believe that the consideration offered to Indigo shareholders is in excess of Indigo's net book value and in excess of Indigo's liquidation value.

Effects of the Exchange Offer; Plans or Proposals After the Exchange Offer

Post-Closing Restructuring

Immediately after the exchange offer is completed, Indigo will be a

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majority-owned subsidiary of HP. The offer agreement provides that following completion of the exchange offer, we may, but are not required to, effectuate a corporate restructuring, which we refer to as the post-closing restructuring, of Indigo and its subsidiaries, which may include, without limitation (1) the commencement of a compulsory acquisition by us of Indigo common shares from any remaining minority shareholder in accordance with Section 2:92a of the Dutch Civil Code, (2) the sale and transfer by Indigo, or any of its subsidiaries, to us, or any of our affiliates, of all or a portion of the assets of Indigo (including capital stock of a subsidiary) or its subsidiaries, (3) the transfer of employees from Indigo or an Indigo subsidiary to us or any of our affiliates, and the transfer of employees from us or any of our affiliates to Indigo or an Indigo subsidiary, (4) the amendment of Indigo's articles of association to permit the creation, among other things, of separate classes of shares, (5) the liquidation or merger of an Indigo subsidiary into Indigo or us or any of our affiliates, (6) the distribution of an extraordinary dividend on the shares of Indigo or a particular class or classes of shares of Indigo, (7) the effectuation by Indigo and one or more Dutch subsidiaries of ours of a legal merger within the meaning of Section 2:309 of the Dutch Civil Code, (8) the termination of the listing of Indigo's shares on the Nasdaq National Market, (9) the deregistration of Indigo under the Exchange Act and the cessation of Indigo's reporting obligations thereunder, or (10) any one or more combinations of any of the foregoing actions.

Reduced Liquidity of Indigo Common Shares; Possibly No Longer Included for Quotation

The tender and exchange of Indigo common shares pursuant to the exchange offer will reduce the number of holders of Indigo common shares and the number of Indigo common shares that might otherwise trade publicly and could adversely affect the liquidity and market value of the remaining Indigo common shares held by the public. Indigo common shares are included for quotation and principally traded on the Nasdaq National Market. Depending on the number of Indigo common shares acquired pursuant to the exchange offer, Indigo common shares, following completion of the exchange offer, may no longer meet the requirements of the Nasdaq National

52

Market for continued listing. The requirements for continued inclusion in the Nasdaq National Market, among other things, require that an issuer have either:

- . At least 750,000 publicly-held shares, held by at least 400 stockholders of round lots, with a market value of at least \$5 million and net tangible assets of at least \$4 million and at least two registered and active market makers for the shares; or
- . At least 1,100,000 publicly-held shares, held by at least 400 stockholders of round lots, with a market value of at least \$15 million and at least four registered and active market makers, and either:
 - A market capitalization of at least \$50 million; or
 - Total assets and total revenue of at least \$50 million each for the most recently completed fiscal year or two of the last three most recently completed fiscal years.

Even if the requirements for continued inclusion in the Nasdaq National Market are not satisfied, the shares might nevertheless continue to be included in a different tier of Nasdaq with quotations published in the Nasdaq "additional list" or in one of the "local lists," but, if the number of holders

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of the shares were to fall below 300, the number of publicly held shares were to fall below 500,000 or there were not at least two registered and active market makers for the shares, applicable Nasdaq rules provide that the shares would no longer be "qualified" for Nasdaq reporting and Nasdaq would cease to provide any quotations. Shares held directly or indirectly by directors, officers or beneficial owners of more than 10% of the shares are not considered as being publicly held for this purpose. If, following the completion of the exchange offer, the Indigo common shares no longer meet the requirements for continued inclusion in the Nasdaq National Market or in any other tier of Nasdaq and the shares are no longer included in the Nasdaq National Market or in any other tier of Nasdaq, the market for Indigo common shares could be adversely affected.

If the Indigo common shares no longer meet the requirements for continued inclusion in any tier of Nasdaq so that the Indigo common shares would no longer be listed on a regulated stock market within the meaning of Section 2:86c of the Dutch Civil Code, any transfer of Indigo common shares will require the execution of a notarial deed of transfer, to be executed in The Netherlands in the presence of a civil law notary practicing in The Netherlands, the costs of which will have to be borne by the transferor or the transferee of those shares.

Notwithstanding the foregoing practical restriction on the transfer of Indigo common shares, it remains possible that those shares would continue to trade in the over-the-counter market and that price quotations would be reported by other sources. The extent of the public market for Indigo common shares and the availability of quotations for Indigo common shares, however, would depend upon the number of holders of shares remaining at that time, the interest in maintaining a market in Indigo common shares on the part of securities firms, the possible termination of registration of the shares under the Exchange Act, as described below, and other factors. HP cannot predict whether the reduction in the number of Indigo common shares that might otherwise trade publicly and the formalities surrounding the transfer of those shares would have an adverse or beneficial effect on the market price for, or marketability of, the Indigo common shares. In addition, after the completion of the exchange offer, we may delist the Indigo common shares from the Nasdaq National Market regardless of whether the requirements for continued inclusion are satisfied.

According to Indigo, there were, as of September 30, 2001, 110,025,187 Indigo common shares issued and outstanding.

Federal Reserve Board Regulations; Status as "Margin Securities"

Federal Reserve Board regulations restrict the extension or maintenance of credit for the purpose of buying or carrying margin stock if the credit is secured directly or indirectly by margin stock. Such secured credit may not be extended or maintained in an amount that exceeds the maximum loan value of the margin stock. The Indigo common shares are presently "margin securities" under the regulations of The Federal Reserve Board,

which therefore has the effect, among other things, of allowing brokers to extend credit on the collateral of Indigo common shares. Depending on factors similar to those described above with respect to market quotations, following completion of the exchange offer, the Indigo common shares may no longer constitute "margin securities" for the purposes of the Federal Reserve Board's margin regulations, in which event the Indigo common shares would not be eligible as collateral for margin loans made by brokers.

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Registration under the Securities Exchange Act of 1934

Indigo common shares are currently registered under the Exchange Act. Indigo can terminate that registration upon application to the Securities and Exchange Commission if the outstanding shares are not listed on a national securities exchange or listed on an automated inter-dealer quotation system, or if there are fewer than 300 holders of record of Indigo common shares. Termination of registration of the Indigo common shares under the Exchange Act would reduce the information that Indigo must furnish to its shareholders and to the Securities and Exchange Commission. In addition, if Indigo common shares are no longer registered under the Exchange Act, the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions would no longer be applicable to Indigo. Furthermore, the ability of "affiliates" of Indigo and persons holding "restricted securities" of Indigo to dispose of these securities pursuant to Rule 144 under the Securities Act may be impaired or eliminated. If registration of the shares under the Exchange Act were terminated, they would no longer be eligible for Nasdaq reporting or for continued inclusion on the Federal Reserve Board's list of "margin securities" and would not provide reports or information to its public shareholders other than as required by Dutch law.

Benefits and Detriments of the Exchange Offer

Indigo's beliefs as to the benefits and detriments of the exchange offer to Indigo, its affiliates and unaffiliated Indigo shareholders are described above under "--Indigo's Purposes and Reasons for the Exchange Offer," and "--Indigo's Belief Regarding the Fairness of the Exchange Offer." HP's beliefs as to the benefits and detriments of the exchange offer to Indigo, its affiliates and unaffiliated Indigo shareholders are described above under "--HP's Purposes and Reasons for the Exchange Offer," and "--HP's Belief Regarding the Fairness of the Exchange Offer."

HP's Interest in Net Book Value and Net Earnings of Indigo

Following completion of the exchange offer, assuming that HP owns 100% of Indigo's common shares, HP's direct interest in Indigo's net book value and net earnings (losses) will increase to 100% and HP and its affiliates will be entitled to any benefits resulting from that interest, including all income generated by operations of the Indigo business and any future increase in the value of Indigo's assets. Similarly, HP will also bear the risk of any losses generated by operations of the Indigo business, and any future decrease in the value of Indigo's assets. Indigo's total net book value was \$108 million at September 30, 2001 and net loss before cumulative effect of an accounting change was \$12 million for the nine months ended September 30, 2001 and \$10 million for the year ended December 31, 2000.

United States Federal Income Tax Consequences of the Exchange Offer

The following discussion summarizes the material United States federal income tax consequences to holders of Indigo common shares who tender shares in the exchange offer. This discussion is based on current United States federal income tax law, which is subject to change at any time, possibly with retroactive effect, in a manner that could affect the information set forth below.

This discussion is intended only as a summary and does not purport to be a complete analysis of all of the potential tax effects of the exchange offer for all categories of Indigo shareholders. In particular, this discussion does not deal with all United States federal income tax considerations that may be relevant to Indigo shareholders in light of their particular circumstances (such as shareholders who are insurance companies, tax-exempt

organizations, dealers in securities, shareholders who hold their Indigo common shares as part of a hedge, appreciated financial position, straddle, or conversion transaction, who are subject to the alternative minimum tax provisions of the Internal Revenue Code, who are foreign persons, or who acquired their shares upon exercise of stock options or in other compensatory transactions). In addition, the following discussion does not address the tax consequences of the exchange offer under foreign, state, or local tax laws. It is assumed for purposes of the following discussion that the Indigo common shares are, and that the HP common stock and the CVRs will be, held as capital assets for United States federal income tax purposes.

Taxable Transaction. The receipt of shares of HP common stock, CVRs and cash instead of fractional shares of HP common stock in exchange for Indigo common shares pursuant to the exchange offer will be a taxable transaction for United States federal income tax purposes.

Receipt of HP Common Stock. An Indigo shareholder receiving only HP common stock (and cash instead of fractional shares) will recognize gain or loss in an amount equal to the difference between (1) the sum of the fair market value of HP common stock and the cash received instead of fractional shares and (2) the shareholder's adjusted tax basis in its Indigo common shares. Gain or loss must be calculated separately for each block of Indigo common shares (i.e., shares acquired at the same cost in a single transaction) exchanged pursuant to the exchange offer. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the shareholder's holding period is more than one year. Capital losses are deductible only to the extent of capital gains plus, in the case of taxpayers other than corporations, \$3,000 of ordinary income. Capital losses that are not currently deductible may be carried forward to other years, subject to certain limitations. The initial tax basis of the HP common stock received by Indigo shareholders in the exchange offer will equal the value of such stock on the date of the exchange, and the holding period of the HP common stock will begin on the day following the date of the exchange.

Receipt of HP Common Stock and CVRs. The United States federal income tax treatment of Indigo shareholders receiving HP common stock and CVRs is not entirely clear. Such treatment will depend in part on whether the receipt of the HP common stock and the CVRs is a "closed transaction" or an "open transaction" for United States federal income tax purposes, and in part on whether the CVRs are treated as a right to payment under a contract or as a debt instrument for United States federal income tax purposes. As discussed below, open transaction treatment will apply only if the fair market value of the CVRs cannot be ascertained at the time of exchange.

Treatment as Closed Transaction. If the transaction is closed for United States federal income tax purposes, the shareholder's gain or loss on the exchange of the Indigo common shares will be computed as described above, taking into account the fair market value of the CVRs on the date of the exchange, and the shareholder's initial tax basis in the CVRs will equal such value. The holding period of the CVRs will begin on the day following the date of the exchange. The installment method of reporting any gain will not be available with respect to the sale of the Indigo common shares.

If a payment is made with respect to a CVR following the three-year measuring period, the shareholder will recognize gain in the amount by which the payment (other than the portion characterized as interest as described below) exceeds the shareholder's tax basis in the CVR. If no payment is made or the payment is less than the shareholder's tax basis in the CVR, the

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shareholder will recognize a loss. Such gain or loss will be long-term capital gain or loss.

Although not free from doubt, any payment in the future to a holder of a CVR should be treated as a payment under a contract for the sale or exchange of Indigo common shares to which Section 483 of the Internal Revenue Code applies. Under Section 483, a portion of the payment pursuant to a CVR will be treated as interest, which will be ordinary income to the holder of the CVR. The interest amount will equal the excess of the amount received over its present value at the closing of the exchange offer, calculated using the applicable federal rate as the discount rate. The applicable federal rate is a rate reflecting an average of market yields on Treasury debt obligations for different ranges of maturities that is published monthly by the Internal Revenue Service. The relevant applicable federal rate will be the lower of the lowest applicable federal rate in effect during the 3-month

55

period ending with the month that includes the date on which the offer agreement was signed or the lowest applicable federal rate in effect during the 3-month period ending with the month that includes the date of the exchange. The maturity range of the relevant applicable federal rate will correspond to the period from the date of the exchange to the date the amount is received or deemed received. The holder of a CVR must include in income Section 483 interest using such holder's regular method of accounting (such amount being taken into account when paid, in the case of a cash method holder, and when fixed, in the case of an accrual method holder). The portion of the payment pursuant to a CVR that is not treated as interest under Section 483 will be treated as sales proceeds from the exchange of the CVRs, as discussed above.

In the event that the CVRs are treated as debt instruments for United States federal income tax purposes, a holder would be required to include currently an amount in income as interest (based on the yield of "comparable" debt instruments) in advance of the receipt of any payment, regardless of a holder's method of accounting.

Treatment as Open Transaction. If the receipt of the HP common stock and the CVRs is treated as an "open transaction" for United States federal income purposes, the shareholder would not take the CVRs into account on the date of the exchange for purposes of determining gain or loss with respect to the sale of Indigo common shares. Instead, in such event, the shareholder would take no tax basis in the CVR, but would be subject to tax as payments with respect to the CVR are made or deemed made in accordance with the holder's regular method of accounting. A portion of such payments would be treated as interest income under Section 483 (as discussed above) and the balance, in general, as capital gain. It is the position of the Internal Revenue Service, reflected by Treasury Regulations, that only in "rare and extraordinary cases" is the value of property so uncertain that open transaction treatment is available. It should be noted that a CVR will be received in lieu of additional shares of HP common stock, and that HP common stock is publicly traded and therefore readily susceptible of valuation. Although there is no authority directly on point with respect to the CVRs, we believe the better view, given the position of the Internal Revenue Service, is that open transaction reporting should not apply with respect to a CVR. Accordingly, holders are urged to consult their tax advisors regarding this issue.

Treatment of Shareholders Not Participating in the Exchange Offer. Indigo shareholders who do not sell their Indigo common shares pursuant to the exchange offer and who receive payment for their shares in a compulsory acquisition of common shares in accordance with Section 2.92a of the Dutch

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Civil Code or in a legal merger within the meaning of Section 2:309 of the Dutch Civil Code will recognize gain or loss (and may recognize an amount of interest income) attributable to any payment received pursuant to those transactions. Such gain or loss (other than interest income) will be capital gain or loss and will be long-term capital gain or loss if the shareholder's holding period is more than one year.

Passive Foreign Investment Companies. Indigo may be classified as a "passive foreign investment company" ("PFIC") for United States federal income tax purposes if certain tests are met. Indigo will be a PFIC with respect to a shareholder if, for any taxable year in which the shareholder held the Indigo common shares, either (i) 75% or more of its gross income for the taxable year is "passive income" for United States federal income tax purposes; or (ii) the average value during the taxable year (calculated quarterly) of its assets that produce passive income or that are held for the production of passive income is at least 50% of the average value of all of its assets for such year.

If Indigo were to be classified as PFIC, any gain realized as a result of the exchange of Indigo common shares would be taxable as ordinary income, and the shareholder would be subject to an interest charge on taxes deemed deferred by such shareholder (unless the shareholder elected to be currently taxable on his or her pro-rata share of Indigo's ordinary earnings and profits and long-term capital gains for each year (at ordinary income and capital gains rates, respectively), even if no dividend distributions were received). Based on the nature of Indigo's income and assets, Indigo does not believe that it should be classified as a PFIC for the taxable year ending on the date of the exchange.

Backup Withholding. Indigo shareholders may be subject to backup withholding at the rate of 30.5% (or, effective for payments after December 31, 2001 and before December 31, 2002, 30%) with respect to cash

56

received instead of fractional shares pursuant to the exchange offer or upon a payment under the CVRs unless the shareholder provides a correct taxpayer identification number in the manner required or certifies that it is not subject to backup withholding or is an "exempt recipient." The rate of backup withholding is scheduled to be reduced over time to 29% in 2005. Backup withholding is not an additional tax, but rather may be credited against the taxpayer's tax liability for the year.

The foregoing summary of United States federal income tax consequences is included herein for general information only. Accordingly, shareholders are urged to consult their own tax advisors regarding the federal, state, local, foreign, and other tax consequences of the exchange offer in light of their particular circumstances.

Summary Indigo Financial Projections

The financial projections described below are being included in this prospectus pursuant to Item 15 of Schedule 13E-3 and are not intended as a representation from management of Indigo or HP of the future financial results of Indigo.

The financial projections included in this prospectus have been prepared by and are the responsibility of Indigo's management. Neither Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited, independent auditors for Indigo, nor Ernst & Young LLP, independent auditors for HP, have examined or compiled the accompanying prospective financial

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information and, accordingly, Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited, and Ernst & Young LLP do not express an opinion or any other form of assurance with respect thereto. The Kesselman & Kesselman report included in this prospectus relates to Indigo's historical financial information. It does not extend to the financial projections and should not be read to do so.

As a matter of course, Indigo does not publicly disclose projections as to future revenues or earnings and these projections were not originally prepared with a view towards public disclosure. However, in February 2001, Indigo prepared financial projections, the material portion of which are stated below, in connection with an analyst call with respect to Indigo's fourth quarter financial results for fiscal year 2000. Indigo subsequently made these projections publicly available by posting them on Indigo's website in February 2001. Thereafter, Indigo shared these projections with us. From time to time during our negotiations with Indigo regarding the exchange offer, Indigo's management orally reaffirmed to us the revenue growth rate projections described below.

These projections constitute forward-looking statements that reflect numerous assumptions made by Indigo's management, including Indigo's ability to achieve strategic goals, objectives and targets over applicable periods, as well as continued successful placement of Indigo's UltraStream product, increased benefits derived from Indigo's commercial relationship with us, placement of additional sales people in targeted markets and decrease in marketing expenses due to lack of high profile commercial shows as was the case in fiscal year 2000. These assumptions involve judgments with respect to future business decisions, all of which are difficult or impossible to predict and many of which are beyond Indigo's control or, after the exchange offer, our control. In addition, factors such as industry performance, market acceptance of new products, changes in customer preferences, general business, economic, regulatory, market and financial conditions, all of which are difficult to predict, may cause these projections or the underlying assumptions to these projections to be inaccurate. In particular, the growth assumptions were driven by analyst estimates of the general growth in the industry. Accordingly, these projections may not be realized, and actual results in the future may be materially greater or less than those contained in these projections. See the section entitled "Cautionary Statement Regarding Forward-Looking Information" on page 25 of this prospectus. The projections were not prepared with a view to compliance with published guidelines of the Securities and Exchange Commission regarding projections, and were not prepared in accordance with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial projections. Indigo shareholders are cautioned not to rely on these projections.

57

You should refer to the Indigo unaudited condensed consolidated interim financial statements for the three and nine month periods ending September 30, 2001 and 2000 included elsewhere in this prospectus, as these results differ significantly from those as set out in the projections below. Indigo's actual results have and may also in the future differ significantly from those as set out in the projections below.

Given the passage of time and other developments since the date of the projections that may affect the financial condition of Indigo, Indigo does not believe that the following projections accurately reflect the current or future financial condition of Indigo. Neither we nor Indigo intend to update or otherwise revise the following projections to reflect circumstances existing

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after the date when made or to reflect the occurrence of future events in the event that any or all of the assumptions underlying the following projections are shown to be in error.

As compared to its actual results for the year ended December 31, 2000, Indigo projected that (1) its revenue growth, (2) its gross margin, (3) its research and development expenses and its sales, general and administrative expenses, in each case as a percentage of revenue, and (4) its earnings per share would be as follows:

	2000	2001/(2)/	Long Term/(3)/
Revenue.....	\$164.8	+20%	+30%
Gross Margin.....	49.2%	46-49%	48-51%
R&D.....	11.9%	10-10.5%	9-10%
SG&A.....	43.7%	36-39%	30-32%
Earnings per share.....	\$(0.11)/(1)/	\$(0.04)-\$0.02	6-12%

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- (1) Loss per share before cumulative effect of an accounting change and before dividend requirement. After cumulative effect of an accounting change and after dividend requirement the loss per share is \$0.93.
- (2) Contrary to the projection provided for the year 2001, the actual results for the nine months ended September 30, 2001 were as follows:

Revenues (compared to the nine months ending September 30, 2000).....	+17%
Gross Margin.....	40%
R&D.....	10%
SG&A.....	41%
Earnings per share.....	\$(0.11)

- (3) 2002 and 2003. Based on the current economic climate, Indigo believes that these projections are no longer relevant.

58

THE EXCHANGE OFFER

The following is a description of the material aspects of the exchange offer, including the offer agreement. While we believe that the following description covers the material terms of the exchange offer, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire prospectus, including the offer agreement attached to this prospectus as Annex A and the form of CVR agreement attached to this prospectus as Annex B, for a more complete understanding of the exchange offer.

Description of the Exchange Offer

The Exchange Offer

Through a new subsidiary of ours, which we will form in connection with the

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exchange offer, we are offering to exchange, at the election of the tendering Indigo shareholder and subject to the allocation mechanism described below under "--Limited Availability of the Fixed Offer Price and Contingent Offer Price," either (1) a fixed offer price, which consists of a fraction of a share of HP common stock that has a value equal to \$7.50, subject to adjustment, in HP common stock, as determined in accordance with the offer agreement, or (2) a contingent offer price, which consists of (A) a fraction of a share of HP common stock that has a value equal to \$6.00, subject to adjustment, as determined in accordance with the offer agreement, plus (B) one non-transferable contingent value right, which is referred to in this prospectus as a "CVR," entitling its holder to a cash payment from our newly-formed subsidiary of up to \$4.50 if our consolidated revenues from digital press products that utilize Indigo's technology reach specified revenue milestones over a three-year period after completion of the exchange offer, in return for each outstanding Indigo common share that is validly tendered and not properly withdrawn, upon the terms and subject to the conditions set forth in this prospectus and in the related letter of transmittal. The amount paid under each CVR increases linearly from \$0 to \$4.50 as such cumulative revenues increase from \$1.0 billion to \$1.6 billion over the three-year period. No payment will be made under the CVR if the cumulative revenue is less than or equal to \$1.0 billion. No payment in excess of \$4.50 will be made under the CVR if the cumulative revenue is greater than \$1.6 billion. Hewlett-Packard Company will guarantee the contingent payment obligations of our subsidiary under the CVRs. For a description of the procedures for making such an election, see "--Election Procedures."

Fixed Offer Price and Contingent Offer Price

The number of shares of HP common stock that each tendering Indigo shareholder will receive in the exchange offer will be determined by dividing \$7.50 or \$6.00, as the case may be, by the average closing sales price of HP common stock on the New York Stock Exchange during the twenty (20) consecutive trading days ending on the third trading day prior to the date on which we initially accept for payment Indigo common shares tendered into the exchange offer. However, the average HP closing sales price to be used in such calculation shall not be less than \$16.69 or more than \$23.68. The total number of Indigo common shares that will be exchanged for each of the above-described elections is limited as described below under "--Limited Availability of the Fixed Offer Price and Contingent Offer Price."

For those Indigo shareholders receiving the fixed offer price, the following fixed offer price ratios shall apply:

- . If this 20-day average HP closing sales price is less than \$16.69 then each Indigo common share shall be exchanged for 0.4494 of a share of HP common stock.
- . If this 20-day average HP closing sales price is greater than \$23.68 then each Indigo common share shall be exchanged for 0.3167 of a share of HP common stock.
- . If this 20-day average HP closing sales price is equal to or greater than \$16.69 and equal to or less than \$23.68 then each Indigo common share shall be exchanged for a share of HP common stock multiplied by the quotient obtained by dividing \$7.50 by such 20-day average HP closing sales price.

For those Indigo shareholders receiving the contingent offer price, the

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following contingent offer price ratios shall apply:

- . If this 20-day average HP closing sales price is less than \$16.69 then each Indigo common share shall be exchanged for (1) 0.3595 share of HP common stock and (2) one CVR.
- . If this 20-day average HP closing sales price is greater than \$23.68 then each Indigo common share shall be exchanged for (1) 0.2534 share of HP common stock and (2) one CVR.
- . If this 20-day average HP closing sales price is equal to or greater than \$16.69 and equal to or less than \$23.68 then each Indigo common share shall be exchanged for (1) a share of HP common stock multiplied by the quotient obtained by dividing \$6.00 by such 20-day average HP closing sales price and (2) one CVR.

Pursuant to the offer agreement, the fixed offer price, the contingent offer price and any other applicable numbers or amounts shall be adjusted to reflect appropriately the effect of any stock split, reverse stock split, stock dividend (including any distribution or dividend of securities convertible into or exchangeable for HP common stock Indigo common shares), extraordinary cash dividend, reorganization, reclassification, combination, exchange of shares or other like change with respect to HP common stock or Indigo common shares occurring or having a record date on or after the date of the offer agreement and prior to the closing of the exchange offer.

60

Illustrative Table of Fixed Offer Prices and Contingent Offer Prices and Value of Offer Consideration

The columns in the following table present, based upon illustrative values of the average closing sales price of HP common stock with a range of \$13.00 to \$27.00 per share:

- . the amount of shares of HP common stock that would be issued for one Indigo common share at each of the average closing sales prices of HP common stock presented in the table, and
- . illustrative values of the total consideration that would be issued in connection with the exchange offer for one Indigo common share.

20-day Average Closing Sales Price of HP Common Stock	Value of Offer Consideration--Fixed Offer Price			
	Fixed Offer Price Ratio	Value of HP Common Stock	CVR	Total
\$13.00.....	0.4494	\$5.84	Not Applicable	\$ 5.84
15.00.....	0.4494	6.74	Not Applicable	6.74
16.69.....	0.4494	7.50	Not Applicable	7.50
20.00.....	0.3750	7.50	Not Applicable	7.50
23.68.....	0.3167	7.50	Not Applicable	7.50
25.00.....	0.3167	7.92	Not Applicable	7.92
27.00.....	0.3167	8.55	Not Applicable	8.55

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Value of Offer Consideration--Contingent Offer Price--\$0.00 CVR Payment				
20-day Average Closing Sales Price of HP Common Stock	Contingent Offer Price Ratio	Value of HP Common Stock	CVR Payment in 2005 (Not Guaranteed)	Total
\$13.00.....	0.3595	\$4.67	\$0.00	\$ 4.67
15.00.....	0.3595	5.39	0.00	5.39
16.69.....	0.3595	6.00	0.00	6.00
20.00.....	0.3000	6.00	0.00	6.00
23.68.....	0.2534	6.00	0.00	6.00
25.00.....	0.2534	6.34	0.00	6.34
27.00.....	0.2534	6.84	0.00	6.84

Value of Offer Consideration--Contingent Offer Price--\$2.25 CVR Payment				
20-day Average Closing Sales Price of HP Common Stock	Contingent Offer Price Ratio	Value of HP Common Stock	CVR Payment in 2005 (Not Guaranteed)	Total
\$13.00.....	0.3595	\$4.67	\$2.25	\$ 6.92
15.00.....	0.3595	5.39	2.25	7.64
16.69.....	0.3595	6.00	2.25	8.25
20.00.....	0.3000	6.00	2.25	8.25
23.68.....	0.2534	6.00	2.25	8.25
25.00.....	0.2534	6.34	2.25	8.59
27.00.....	0.2534	6.84	2.25	9.09

Value of Offer Consideration--Contingent Offer Price--\$4.50 CVR Payment				
20-day Average Closing Sales Price of HP Common Stock	Contingent Offer Price Ratio	Value of HP Common Stock	CVR Payment in 2005 (Not Guaranteed)	Total
\$13.00.....	0.3595	\$4.67	\$4.50	\$ 9.17
15.00.....	0.3595	5.39	4.50	9.89
16.69.....	0.3595	6.00	4.50	10.50
20.00.....	0.3000	6.00	4.50	10.50
23.68.....	0.2534	6.00	4.50	10.50
25.00.....	0.2534	6.34	4.50	10.84
27.00.....	0.2534	6.84	4.50	11.34

The values of HP common stock in the table above are illustrative only and do not represent the actual amounts per Indigo common share that might be realized by any Indigo shareholder on or after completion of the exchange offer. The amount any Indigo shareholder will actually realize upon resale in the market of HP common stock received by the shareholder in the exchange offer will depend upon the market price of HP common stock at the time of resale by the shareholder, which will fluctuate depending upon any number of reasons, including those specific to HP and those that influence the trading prices of equity securities generally.

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Neither HP nor Indigo makes any recommendation as to whether you should elect to receive the fixed offer price or the contingent offer price pursuant to the exchange offer. You must make your own decision with respect to such election. See "Special Factors--Effects of the Exchange Offer; Plans or Proposals After the Exchange Offer--United States Federal Income Tax Consequences of the Exchange Offer" for a description of certain consequences to U.S. taxpayers related to receiving the fixed offer price or the contingent offer price pursuant to the exchange offer.

Transfer Charges

If you are the record owner of your Indigo common shares and you tender those shares directly to the exchange agent, you will not incur any brokerage fees or commissions. If you own your Indigo common shares through a broker or other nominee, and your broker tenders those shares on your behalf, your broker may charge you a commission for doing so. You should consult with your broker or nominee to determine whether any charges will apply.

Conditions to the Exchange Offer

Our obligation to accept for exchange, and to deliver a combination of shares of HP common stock and CVRs in exchange for, Indigo common shares pursuant to the exchange offer is subject to the satisfaction or, where, permissible, the waiver of the conditions set forth in the offer agreement, as summarized in the section entitled "The Offer Agreement--Conditions to the Exchange Offer," including the minimum tender condition that the number of Indigo common shares validly tendered and not properly withdrawn shall represent at least ninety-five percent of the outstanding Indigo common shares, excluding treasury shares, plus that number of Indigo common shares issuable upon the exercise of Indigo warrants, other than those warrants held by us or any of our subsidiaries or specified principal shareholders of Indigo.

Allocation Rules for the Fixed Offer Price and Contingent Offer Price

The total number of Indigo common shares that will be exchanged for each of the fixed offer price and the contingent offer price is limited as described in the offer agreement. If either election is oversubscribed, Indigo's shareholders who have tendered into the exchange offer will be subject to allocation to comply with the ceiling on the number of Indigo common shares associated with each election as described in the offer agreement. The allocation mechanism is complex and not easily summarized. This summary may not contain all of the information that is important to you. Accordingly, we urge you to read carefully the offer agreement in its entirety.

Maximum Number of Indigo Common Shares Associated with Indigo Shareholder Elections

The offer agreement provides that:

- . the maximum number of Indigo common shares that are permitted to be exchanged for the fixed offer price is limited to the number by which, as of the date we initially accept for payment shares tendered in the exchange offer:
 - (1) fifty percent of the sum of (A) the outstanding Indigo common shares, excluding treasury shares and any Indigo common shares held by us or any of our affiliates, and (B) the number of Indigo common shares issuable upon the exercise of Indigo options and warrants, excluding warrants held by us or any of our subsidiaries, exceeds

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- (2) the number of Indigo common shares issuable upon the exercise of Indigo options and warrants, excluding warrants held by HP or any of its subsidiaries;

and

- . the maximum number of Indigo common shares that are permitted to be exchanged for the contingent offer price is limited to the number equal to, as of the date we initially accept for payment shares tendered in the exchange offer:
 - fifty percent of the sum of (A) the outstanding Indigo common shares, excluding treasury shares and any Indigo common shares held by HP or any of its affiliates, and (B) the number of Indigo common shares issuable upon the exercise of Indigo options and warrants, excluding warrants held by HP or any of its subsidiaries.

Based on Indigo's capitalization as of September 30, 2001, (1) the maximum number of Indigo common shares that are permitted to be exchanged for the fixed offer price is 39,033,105, and (2) the maximum number of Indigo common shares that are permitted to be exchanged for the contingent offer price is 56,177,268.

Pursuant to the tender and option agreements, the foundation, which we refer to as the Landa Family Trust, of which Benzion Landa, Indigo's Chairman and Chief Executive Officer, is a beneficiary, and entities directly or indirectly owned by the Landa Family Trust have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by each of those shareholders. Such entities hold approximately 47.6 million of the outstanding Indigo common shares as of September 30, 2001. The allocation mechanism described below shall apply only to the extent that either of the fixed offer price or contingent offer price remains oversubscribed after giving effect to the automatic election by the Landa Family Trust controlled entities to receive the undersubscribed consideration alternative.

Allocation Mechanism

The offer agreement provides that, if the aggregate number of Indigo common shares that are tendered for the fixed offer price, which we refer to as the requested fixed offer price amount, exceeds the maximum number of Indigo common shares that are permitted to be exchanged for the fixed offer price, each Indigo shareholder who has tendered Indigo common shares for the fixed offer price shall receive, with respect to each such common share of Indigo:

- . the number of shares of HP common stock equal to the product of (1) the exchange ratio for the fixed offer price, and (2) the fixed price proration factor described below;
- . the additional number of shares of HP common stock equal to the product of (1) the exchange ratio for the contingent offer price, and (2) one minus the fixed price proration factor described below; and
- . the number of CVRs equal to one minus the fixed price proration factor described below.

The offer agreement provides that, if the aggregate number of Indigo common shares that are tendered for the contingent offer price, which we refer to as the requested contingent offer price amount, exceeds the maximum number of

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Indigo common shares that are permitted to be exchanged for the contingent offer price, each Indigo shareholder who has tendered Indigo common shares for the contingent offer price shall receive, with respect to each such common share of Indigo:

- . the number of shares of HP common stock equal to the product of (1) the exchange ratio for the contingent offer price, and (2) the contingent price proration factor described below;
- . the additional number of shares of HP common stock equal to the product of (1) the exchange ratio for the fixed offer price, and (2) one minus the contingent price proration factor described below; and
- . the number of CVRs equal to the contingent price proration factor described below.

63

See the section entitled "The Exchange Offer--Description of the Exchange Offer--Fixed Offer Price and Contingent Offer Price" above for a description of the calculations of the respective exchange ratios for the fixed offer price and the contingent offer price.

The offer agreement defines the fixed price proration factor as a fraction, expressed as a decimal and rounded to the fourth decimal place (1) the numerator of which is the maximum number of Indigo common shares that are permitted to be exchanged for the fixed offer price, and (2) the denominator of which is the revised fixed offer price amount (the requested fixed offer price amount plus any adjustments resulting to such from common shares that Indigo shareholders subject to the tender and option agreement are obligated to accept as a result of oversubscription).

The offer agreement defines the contingent price proration factor as a fraction, expressed as a decimal and rounded to the fourth decimal place (1) the numerator of which is the maximum number of Indigo common shares that may be exchanged for the contingent offer price, and (2) the denominator of which is the revised contingent offer price amount (the requested contingent offer price amount plus any adjustments resulting to such amount from common shares that Indigo shareholders subject to the tender and option agreement are obligated to accept as a result of oversubscription).

Illustrative Examples of Allocation Mechanism

Because of the limitations on the number of Indigo common shares that are permitted to be exchanged for either the fixed offer price or the contingent offer price as described above, Indigo shareholders who elect to receive either the fixed offer price or the contingent offer price may experience a range of actual outcomes based upon the elections of other Indigo shareholders.

We have set forth below several illustrative examples showing the potential effects of the allocation rules provided for in the offer agreement based on Indigo's capitalization as of September 30, 2001. For purposes of the following examples, we have excluded the impact of fractional shares. Furthermore, we have assumed in these examples that as of immediately prior to the closing of the exchange offer:

- . all Indigo shareholders have tendered their Indigo common shares into the exchange offer;
- . the 20-day average closing sales price of HP common stock is greater

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than \$23.68, such that (1) the fixed offer price exchange ratio is 0.3167, and (2) the contingent offer price exchange ratio is 0.2534;

- . 95,210,373 Indigo common shares, excluding treasury shares and the 14,814,814 Indigo common shares held by us and our affiliates, are outstanding;
- . 47,566,222 of those outstanding Indigo common shares are held by the Indigo shareholders who are parties to the tender and option agreement pursuant to which those shareholders have agreed, to the extent that either the fixed offer price or the contingent offer price, is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by each of those shareholders; and
- . 17,144,162 Indigo common shares are issuable upon exercise of outstanding stock options and warrants, excluding the 26,814,815 Indigo common shares issuable upon exercise of warrants held by us and our affiliates and excluding warrants that subsequently expired in October 2001.

The foregoing assumptions are for illustrative purposes only and are not necessarily indicative of the actual factors that will be used in applying the allocation rules.

64

Example One

The following table illustrates one possible outcome in which neither the fixed offer price nor the contingent offer price is oversubscribed. In this scenario, you would receive the form of consideration alternative that you requested for all of the Indigo common shares that you tender. We cannot assure you that either the fixed offer price or the contingent offer price will not be oversubscribed so that you will in fact receive your requested form of consideration alternative for all of the Indigo common shares that you tender.

No Allocation

	Fixed Offer Price	Cont Offer
	-----	-----
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price.....	39,033,105	56,1
Number of shares tendered by the Landa Family Trust controlled entities.....	0	47,5
Number of shares tendered by the other Indigo shareholders.....	39,033,105	8,6
Excess (deficit) of number of Indigo common shares tendered.....	0	

Example Two

The following table illustrates one possible outcome in which the fixed offer price is oversubscribed. However, in the following example, the allocation rules will be applied only to those Indigo shareholders who are party to the tender and option agreements, whom we refer to as the Landa Family Trust controlled entities, because those entities own sufficient Indigo common shares to fully compensate for the under subscription of the contingent offer

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price in the following example.

Allocation Applied only to the Landa Family Trust Controlled Entities
Pre-Allocation Rules

	Fixed Offer Price	Cont Offe
	-----	-----
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price.....	39,033,105	56,
Number of shares tendered by the Landa Family Trust controlled entities.....	47,566,222	
Number of shares tendered by the other Indigo shareholders.....	37,644,151	10,
Excess (deficit) of number of Indigo common shares tendered.....	46,177,268	(46,

Because the excess number of shares tendered for the fixed offer price is less than the total number of shares tendered by the Landa Family Trust controlled entities for the fixed offer price as shown in the illustrative table above, the allocation rules will be applied only to the Landa Family Trust controlled entities and all other Indigo shareholders will receive their requested form of consideration alternative as shown in the table below.

Allocation Applied only to the Landa Family Trust Controlled Entities
Post-Allocation Rules

	Fixed Offer Price	Cont Offe
	-----	-----
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price.....	39,033,105	56,1
Number of shares tendered by the Landa Family Trust controlled entities.....	1,388,954	46,1
Number of shares tendered by the other Indigo shareholders.....	37,644,151	10,0
Excess (deficit) of number of Indigo common shares tendered.....	0	

65

Example Three

The following table illustrates one possible outcome in which (1) the fixed offer price is oversubscribed and (2) the Landa Family Trust controlled entities do not own sufficient Indigo common shares to fully compensate for the under subscription of the contingent offer price. As a result, the allocation rules will be applied to all other Indigo shareholders requesting the fixed offer price and those Indigo shareholders will be required to accept the contingent offer price for some of the Indigo common shares that they have tendered.

Allocation applied to all Indigo shareholders requesting the fixed offer price
Pre-Allocation Rules

Fixed Cont

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	Offer Price	Offer
	-----	-----
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price.....	39,033,105	56,
Number of shares tendered by the Landa Family Trust controlled entities.....	47,566,222	
Number of shares tendered by the other Indigo shareholders.....	47,644,151	
Excess (deficit) of number of Indigo common shares tendered.....	56,177,268	(56,

The excess number of shares tendered for the fixed offer price is greater than the total number of shares tendered by the Landa Family Trust controlled entities for the fixed offer price as shown in the illustrative table above. As a result, after giving effect to the mandatory election provided for in the tender and option agreement such that the Landa Family Trust controlled entities will receive the contingent offer price for all of their Indigo common shares, the allocation rules will be applied to all Indigo shareholders electing to receive the fixed offer price as shown in the illustrative table below.

Allocation applied only to all Indigo shareholders requesting the fixed offer price

Post-Allocation Rules

	Fixed	Cont
	Offer Price	Offer
	-----	-----
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price.....	39,033,105	56,1
Number of shares tendered by the Landa Family Trust controlled entities.....	0	47,5
Number of shares tendered by the other Indigo shareholders.....	39,033,105	8,6
Excess (deficit) of number of Indigo common shares tendered.....	0	

As a result of the application of the allocation rules in the third example illustrated by the above table, if you had tendered 100 Indigo common shares for the fixed offer price: (1) you would receive the fixed offer price for 81.93 of your Indigo common shares; and (2) you would receive the contingent offer price for 18.07 of your Indigo common shares.

In the above example, we calculated the number of Indigo common shares for which you would receive the fixed offer price by multiplying the number of Indigo common shares that you tendered by the fixed price proration factor, which is determined by dividing (1) 39,033,105, the maximum number of shares that are permitted to be exchanged for the fixed offer price, by (2) 47,644,151, the aggregate number of shares tendered by all Indigo shareholders for the fixed offer price, after giving effect to the mandatory election by the Landa Family Trust controlled entities to tender up to all of their Indigo common shares for the undersubscribed form of consideration alternative. We then subtracted the resulting number from the total number of Indigo common shares tendered by you to determine the number of Indigo common shares for which you would receive the contingent offer price.

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Through our newly-formed subsidiary, we are making the exchange offer in order to acquire all of the outstanding common shares of Indigo. After the completion of the exchange offer, we may, but are not required to, effectuate a corporate restructuring of Indigo. This post-closing restructuring, if implemented by us in our sole discretion, may include among other things:

- . the commencement of a compulsory acquisition in accordance with Section 2:92a of the Dutch Civil Code by us of Indigo common shares from any remaining minority Indigo shareholders, as described below in the section entitled "--Compulsory Acquisition;"
- . the sale and transfer by Indigo, or any of its subsidiaries, to us, or any of our affiliates, of all or a portion of the assets of Indigo (including capital stock of a subsidiary) or its subsidiaries;
- . the transfer of employees from Indigo or an Indigo subsidiary to us or any of our affiliates, and the transfer of employees from us or any of our affiliates to Indigo or an Indigo subsidiary;
- . the amendment of Indigo's articles of association to permit the creation, among other things, of separate classes of shares;
- . the liquidation or merger of an Indigo subsidiary into Indigo or us or any of our affiliates;
- . the distribution of an extraordinary dividend on the Indigo common shares or a particular class or classes of shares of Indigo, as described below in the section entitled "--Post-Closing Dividend;"
- . the effectuation by Indigo and one or more of our Dutch subsidiaries of a legal merger within the meaning of Section 2:309 of the Dutch Civil Code, as described below in the section entitled "--Post-Closing Legal Merger;"
- . the termination of the listing of the Indigo common shares on the Nasdaq National Market;
- . the deregistration of Indigo under the Exchange Act and the cessation of Indigo's reporting obligations thereunder; or
- . any one or more combinations of the foregoing actions.

Compulsory Acquisition

Section 2:92a of the Dutch Civil Code contains a procedure for the compulsory acquisition of shares owned by minority shareholders of a "naamloze vennootschap" or "N.V.," a limited liability company, such as Indigo. As soon as we and our affiliates, other than Indigo, hold for our own account at least 95% of the issued share capital of Indigo, we and such affiliates may institute proceedings against the other minority shareholders of Indigo, in accordance with Section 2:92a of the Dutch Civil Code, in order to force those minority Indigo shareholders to transfer their Indigo common shares to us. The compulsory acquisition may be initiated at any time upon fulfillment of the 95% ownership condition. The proceedings are instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure. The proceedings are held before the Enterprise Division of the Court of Appeals in Amsterdam, The Netherlands, which is referred to as the Enterprise Division. The Enterprise Division may render the following judgments:

1. Deny the claim for compulsory acquisition in relation to all minority shareholders if it is established that (A) one or more minority

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shareholders will incur considerable financial loss by the forced transfer of their Indigo common shares that would not be compensated by the fixed price for their Indigo common shares, (B) one or more minority shareholders holds one or more shares in which, according to Indigo's articles of association, a special control right regarding Indigo is vested, or (C) the plaintiffs have waived their rights to institute these proceedings vis-a-vis one or more of the minority shareholders;

2. If the claim is not denied (A) appoint one or three auditors to advise the Enterprise Division as to the price to be paid for the minority shareholders' Indigo common shares after which the Enterprise

67

Division will fix such price, or (B) fix the price to be paid for the Indigo common shares of the minority shareholders if the Enterprise Division does not deem it necessary to appoint auditors, for instance, if the plaintiffs have already provided the Enterprise Division with sufficient evidence that the price offered is reasonable; and

3. If the claim is not denied, award the claim for compulsory acquisition by way of an order to the minority shareholders to transfer their shares, as well as an order to the plaintiffs to pay the minority shareholders the price fixed with interest against transfer of their unencumbered shares.

If the Enterprise Division fixes the price to be paid for the Indigo common shares of the minority Indigo shareholders, such price shall be increased by the statutory interest rate applicable in The Netherlands, at present 8% per annum, for the period from a date determined by the Enterprise Division to the date of payment of the price. However, any dividends or other distributions, including any post-closing dividend, made by Indigo to its shareholders during that period will be deemed to be partial payments towards the price fixed.

The minority Indigo shareholders will be required to transfer their Indigo common shares, against payment of the price set by the Enterprise Division, only once a final, nonappealable judgment described in clause (3) above has been obtained. The plaintiffs, by notification sent directly to the minority Indigo shareholders whose addresses are known and by means of an advertisement in a national daily newspaper in The Netherlands, will notify the minority Indigo shareholders of the date and place of payment for the Indigo common shares and the price to be paid for the Indigo common shares. The plaintiffs also may pay the price for the minority shareholders' Indigo common shares, inclusive of interest accrued thereon, in escrow to the Kingdom of The Netherlands. By this payment, the plaintiffs become the holders of the Indigo common shares by operation of law subject to the same notice obligations. Any encumbrance on any Indigo common shares for which payment in escrow has been made will be released from such Indigo common shares and will transfer to the funds paid for such shares. At such time, the minority Indigo shareholders would cease to have any rights in their Indigo common shares, including with respect to voting thereof. Their only right will be the right to receive payment therefor upon proper transfer of their Indigo common shares.

Because the compulsory acquisition would require a court proceeding and possibly expert valuation, receipt of funds could be substantially delayed, and the price paid to Indigo shareholders in the compulsory acquisition may be more or less than the offer consideration issued in the exchange offer.

Post-Closing Dividend

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As part of the post-closing restructuring that we may implement in our sole discretion, we may transfer subsidiaries of Indigo to our affiliates for fair market value. Indigo would then declare and pay a pro rata dividend of substantially all of the proceeds of such transfer as a post-closing dividend to its shareholders, which would consist of us or our affiliates and the remaining Indigo shareholders. Receipt of a post-closing dividend by non-tendering Indigo shareholders could have adverse tax consequences to such shareholders and reduce the amount payable in any compulsory acquisition we initiate, which is described in the section above entitled "--Compulsory Acquisition." In addition, there may be dividend withholding consequences under Dutch tax laws in connection with such post-closing dividend.

Post-Closing Legal Merger

Section 2:309 of the Dutch Civil Code provides for the possibility to merge one company into another company, as long as they are both limited liability companies incorporated under Dutch law, pursuant to which the merging company will cease to exist and be "absorbed" by the surviving entity. As a result of such a legal merger, the assets and liabilities of the merging entity are transferred to the surviving entity by operation of law and the shareholders of the merging entity receive shares in the surviving entity in accordance with an exchange ratio based on the value of the merging companies. As a part of the contemplated post-closing restructuring, we may decide to effect a legal merger between Indigo and a newly-incorporated or existing Dutch subsidiary of HP.

68

Dutch law provides that if, on the basis of the exchange ratio, a shareholder is not even entitled to one share in the surviving entity, that shareholder will receive cash instead of shares. However, the total amount of cash to be distributed to shareholders as a result of the merger may not exceed 10% of the nominal value of the shares allocated as a result of the merger. By increasing the aggregate nominal value of the shares that will be allocated by the surviving Dutch HP subsidiary in the legal merger between Indigo and that subsidiary and by making the denominations of individual shares sufficiently large, the individual remaining shareholders of Indigo may not be entitled to receive even one share in that surviving HP subsidiary. In that event, Indigo would cease to exist and the remaining shareholders of Indigo would then be paid an amount in cash rather than receiving shares in the surviving HP subsidiary.

Other Post-Closing Actions

Following the completion of the exchange offer, we may also from time to time purchase Indigo common shares, subject to Dutch law and other applicable law, at market prices then prevailing. Such prices may be higher or lower than the consideration issued in the exchange offer.

Pursuant to the offer agreement, Indigo has agreed to take all actions, effective no earlier than the completion of the exchange offer, that are reasonably necessary or desirable to accomplish the post-closing restructuring, if implemented by us in our sole discretion, as described in the section entitled "The Exchange Offer--The Post-Closing Restructuring."

There can be no assurance, however, that we will undertake any of the actions contemplated by the post-closing restructuring or that Indigo shareholders who do not tender their Indigo common shares pursuant to the exchange offer will receive any consideration for their Indigo common shares from HP at any subsequent time. In addition, if we, in our sole discretion, implement a post-closing restructuring to acquire any remaining Indigo common

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shares not tendered into the exchange offer, it may be expected that the aggregate consideration payable to the remaining minority Indigo shareholders will be equivalent to the fixed offer price. However, the form of the consideration paid to remaining minority Indigo shareholders in any post-closing restructuring may differ from the form of consideration issued in the exchange offer.

In light of our post-closing restructuring options, we have not determined whether the Indigo common shares obtained in the exchange offer will be retained, retired, held in treasury or otherwise disposed of.

Timing of the Exchange Offer

The initial expiration time of the exchange offer is 12:00 midnight, New York City time, on the date that is twenty (20) business days after the date the exchange offer is commenced, but we may, and in some cases may be obligated to, extend the exchange offer from time to time, in which case the term "expiration time" means the latest time and date on which the exchange offer, as so extended, expires; provided, however, that in no event shall we be required to extend the exchange offer beyond August 30, 2002. For more information, you should read the discussion in the section below entitled "--Extension, Termination, Waiver and Amendment of the Exchange Offer."

Extension, Termination, Waiver and Amendment of the Exchange Offer

We expressly reserve the right, subject to the provisions of the offer agreement, to extend the period of time during which our exchange offer remains open, and we can do so by giving oral or written notice to the exchange agent. We are not making any assurances that we will exercise our right to extend the exchange offer, although subject to the terms of the offer agreement, we have agreed to extend the exchange offer for successive extension periods not in excess of ten business days per extension if, at the scheduled expiration of the exchange offer (1) any of the conditions to the exchange offer has not been satisfied or, where permissible, waived, (2) such conditions are reasonably capable of being satisfied in our sole judgment, and (3) none of the events set forth in

69

paragraphs (a) to (c) or (f) to (h) of Annex I to the offer agreement that would permit us not to accept tendered shares has occurred. This topic is more fully described in the section entitled "The Offer Agreement--The Exchange Offer--Extensions of the Exchange Offer." During an extension, all Indigo common shares previously tendered and not properly withdrawn will remain subject to the exchange offer, subject to your right to withdraw your Indigo common shares. You should read the discussion in the section entitled "The Exchange Offer--Withdrawal Rights" for more details.

We reserve the right to make any changes in the terms and conditions of the exchange offer by giving oral or written notice of the change to the exchange agent. However, without the prior written consent of Indigo, we cannot:

- . decrease the offer price;
- . change the form or combination of consideration to be paid in the exchange offer;
- . reduce the number of Indigo common shares to be purchased in the exchange offer;

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- . amend the conditions set forth in Annex I to the offer agreement to broaden the scope of such conditions, add any additional conditions, or otherwise amend any other material terms of the exchange offer in a manner materially adverse to Indigo shareholders;
- . extend the exchange offer, except as described below and except that we may extend the exchange offer without Indigo's consent (1) if at the scheduled expiration date of the exchange offer any of the conditions to the exchange offer have not been satisfied or waived, or (2) for any period required by any rule, regulation, interpretation or position of the Securities and Exchange Commission or its staff; or
- . amend the minimum condition, except as described below.

We expressly reserve the right to amend or waive the minimum condition to reduce the percentage of outstanding Indigo common shares required to be validly tendered in accordance with the terms of the exchange offer, provided, that we shall extend the exchange offer for a period of not fewer than ten business days after any such amendment or waiver.

We are required to follow any extension, termination, amendment or delay, as promptly as practicable, with a public announcement. In the case of an extension, the announcement is required to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration time. Subject to applicable law, including Rules 14d-4(d) and 14d-6(c) under the Exchange Act, which require that any material change in the information published, sent or given to shareholders in connection with the exchange offer be promptly sent to shareholders in a manner reasonably designed to inform shareholders of the change, and without limiting the manner in which we may choose to make any public announcement, we assume no obligation to publish, advertise or otherwise communicate any public announcement other than by making a release to the Dow Jones News Service.

If we make a material change in the terms of the exchange offer or the information concerning the exchange offer, or if we waive a material condition of the exchange offer, we will extend the exchange offer to the extent required under the Exchange Act. If, prior to the expiration time and after obtaining Indigo's prior written consent, we change the percentage of Indigo common shares being sought or the consideration offered to you, that change will apply to all shareholders whose Indigo common shares are accepted for exchange pursuant to the exchange offer. If at the time notice of that change is first published, sent or given to you, the exchange offer is scheduled to expire at any time earlier than the tenth business day from and including the date that the notice is first so published, sent or given, we are required to extend the exchange offer until the expiration of that ten business day period. For purposes of the exchange offer, a "business day" means any day, other than a Saturday, Sunday or U.S. federal holiday and shall consist of the time period from 12:01 a.m. through 12:00 midnight U.S. Eastern time.

70

Exchange of Indigo Common Shares; Delivery of Consideration

Upon the terms of, and subject to the conditions to, the exchange offer including, if the exchange offer is extended or amended, the terms and conditions of the extension or amendment, we are required to accept for exchange, and to deliver a combination of shares of HP common stock and CVRs in exchange for, Indigo common shares that are validly tendered and not properly withdrawn, promptly after the expiration time. In addition, subject to applicable rules of the Securities and Exchange Commission, we expressly

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reserve the right to delay acceptance for exchange or the exchange of Indigo common shares in order to comply with any applicable law. In all cases, exchange of Indigo common shares tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of:

- . Certificates for the Indigo common shares or a confirmation of a book-entry transfer of the Indigo common shares in the exchange agent's account at The Depository Trust Company, which is referred to in this prospectus as the "DTC;" and
- . A properly completed and duly executed letter of transmittal or a manually signed facsimile of that document, and any other required documents.

For purposes of the exchange offer, we will be deemed to have accepted for exchange Indigo common shares validly tendered and not properly withdrawn as, if and when we notify the exchange agent of our acceptance of the tenders of those Indigo common shares. The exchange agent is required to then deliver shares of HP common stock, CVRs, if any (or notices of beneficial ownership to the extent the CVRs are issued in the form of global certificates), and cash instead of fractional shares of HP common stock in exchange for the Indigo common shares promptly after receipt of the notice referred to in the preceding sentence. The exchange agent will act as our agent for the purpose of receiving shares of HP common stock and any cash to be paid instead of any fractional shares of HP common stock and transmitting a certificate or certificates for HP common stock, CVRs, if any, and cash, if any, to you. You will not receive any interest on any cash that HP pays to you, even if there is a delay in making the exchange.

If we do not accept any tendered Indigo common shares for exchange pursuant to the terms and conditions of the exchange offer for any reason, or if certificates are submitted for more Indigo common shares than are accepted, we are required to return certificates for the unexchanged Indigo common shares to the tendering shareholder or, in the case of Indigo common shares tendered by book-entry transfer of unexchanged Indigo common shares into the exchange agent's account at the address on the back page of this prospectus, pursuant to the procedures described in the section entitled "The Exchange Offer--Procedure for Tendering," the Indigo common shares will be credited to an account maintained within DTC, as soon as practicable following expiration or termination of the exchange offer.

Cash Instead of Fractional Shares of HP Common Stock

No fractional shares of HP common stock will be issued in connection with the exchange offer. Instead, each tendering holder of Indigo common shares who would otherwise be entitled to receive a fraction of a share of HP common stock in the exchange offer, after aggregating all fractional shares of HP common stock that otherwise would be received by such holder, will receive cash rounded to the nearest whole cent, without interest, equal to the product obtained by multiplying such fraction by the closing price of one share of HP common stock, as reported on the New York Stock Exchange, on the first date that HP accepts Indigo common shares for exchange in the exchange offer.

Withdrawal Rights

Your tender of Indigo common shares pursuant to the exchange offer is irrevocable, except that Indigo common shares tendered pursuant to the exchange offer may be withdrawn at any time prior to the expiration time.

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For your withdrawal to be effective, the exchange agent must receive from you a written letter, telex or facsimile transmission notice of withdrawal at the address set forth on the back cover of this prospectus, and your notice must include your name, address, social security number, the certificate number(s) and the number of Indigo common shares to be withdrawn as well as the name of the registered holder, if it is different from that of the person who tendered the Indigo common shares.

A financial institution must guarantee all signatures on the notice of withdrawal unless the Indigo common shares have been tendered for the account of any eligible institution. Most banks, savings and loan associations and brokerage houses are able to provide these signature guarantees for you. The financial institution must be a participant in the Securities Transfer Agents Medallion Program, or an "eligible institution." If Indigo common shares have been tendered pursuant to the procedures for book-entry tender discussed under the caption below entitled "Procedure for Tendering," any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Indigo common shares and must otherwise comply with the DTC procedures. If certificates have been delivered to the exchange agent, the name of the registered holder and the serial numbers of the particular certificates evidencing the Indigo common shares withdrawn must also be furnished to the exchange agent, as stated above, prior to the physical release of the certificates. We will decide all questions regarding the form and validity, including time of receipt, of any notice of withdrawal, in our sole discretion, and our decision shall be final and binding.

Neither we, the exchange agent, the information agent nor any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or will incur any liability for failure to give any notification. Any Indigo common shares properly withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer. However, you may tender withdrawn Indigo common shares by following one of the procedures discussed in the sections below entitled "--Procedure for Tendering" or "--Guaranteed Delivery" at any time prior to the expiration time.

Election Procedures

Each holder of tendered Indigo common shares will have the right to make an election, subject to the provisions relating to fractional shares of HP common stock described in the section above entitled "--Description of the Exchange Offer" and the limitations described in the section above entitled "--Limited Availability of the Fixed Offer Price and Contingent Offer Price," to receive for all such holder's tendered Indigo common shares either the fixed offer price or the contingent offer price.

Subject to the limitations referred to in the immediately preceding paragraph, in the exchange offer (1) each tendered Indigo common share for which a valid election to receive the fixed offer price has been received and each non-electing Indigo common share will be exchanged for the fixed offer price, and (2) each tendered Indigo common share for which a valid election to receive the contingent offer price has been received will be exchanged for the contingent offer price.

To the extent that you validly tender your Indigo common shares and do not withdraw them but do not indicate in your transmittal letter whether to elect the fixed offer price or the contingent offer price, you will be deemed to have elected to receive the fixed offer price for all Indigo common shares that you tender, subject to the limitations referred to above.

Procedure for Tendering

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For you to validly tender Indigo common shares pursuant to the exchange offer:

- . The enclosed election form and letter of transmittal, properly completed and duly executed or a manually executed facsimile of that document, along with any required signature guarantees, or an agent's message in connection with a book-entry transfer, and any other required documents, must be transmitted to and received by the exchange agent at the address set forth on the back cover of this

72

prospectus, and certificates for tendered Indigo common shares must be received by the exchange agent at the address set forth on the back cover of this prospectus or the Indigo common shares must be tendered pursuant to the procedures for book-entry tender described below (and a confirmation of receipt of the tender received, which confirmation we refer to below as a "book-entry confirmation"), in each case before the expiration time; or

- . You must comply with the guaranteed delivery procedures described below.

Both of these procedures described above must be completed by the expiration time.

The term agent's message means a message, transmitted by DTC to, and received by, the exchange agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgement from the participant in DTC tendering the Indigo common shares which are the subject of the book-entry confirmation, that the participant has received and agrees to be bound by the terms of the letter of transmittal and that we may enforce that agreement against the participant.

The exchange agent is required to establish accounts with respect to the Indigo common shares at DTC for purposes of the exchange offer within two (2) business days after the date of this prospectus, and any financial institution that is a participant in DTC may make book-entry delivery of the Indigo common shares by causing DTC to transfer tendered Indigo common shares into the exchange agent's account in accordance with DTC's procedure for the transfer. However, although delivery of Indigo common shares may be effected through book-entry at DTC, the letter of transmittal (or a manually signed facsimile thereof), with any required signature guarantees, or an agent's message in connection with a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the exchange agent at the address on the back cover of this prospectus prior to the expiration time, or the guaranteed delivery procedures described below must be followed.

Signatures on all letters of transmittal must be guaranteed by an eligible institution, except in cases in which Indigo common shares are tendered either by a registered holder of Indigo common shares who has not completed the box entitled "Special Issuance Instructions" on the letter of transmittal or for the account of an eligible institution.

If the certificates for Indigo common shares are registered in the name of a person other than the person who signs the letter of transmittal, or if certificates for unexchanged Indigo common shares are to be issued to a person other than the registered holder(s), the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates,

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with the signature(s) on the certificates or stock powers guaranteed in the manner HP has described above.

The method of delivery of Indigo share certificates and all other required documents, including delivery through DTC, is at your option and risk, and the delivery will be deemed made only when actually received by the exchange agent. If delivery is by mail, HP recommends registered mail with return receipt requested, properly insured. In all cases, you should allow sufficient time to ensure timely delivery.

To prevent backup federal income tax withholding with respect to cash received instead of fractional shares pursuant to the exchange offer or upon a payment under the CVRs, you must provide the exchange agent with your correct taxpayer identification number and certify whether you are subject to withholding of federal income tax by completing the substitute Form W-9 included in the letter of transmittal. Some shareholders (including, among others, all corporations and some foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, the shareholder must submit a Form W-8BEN or other Form W-8, signed under penalties of perjury, attesting to that individual's exempt status.

73

Guaranteed Delivery

If you wish to tender Indigo common shares pursuant to the exchange offer and your certificates are not immediately available or you cannot deliver the certificates and all other required documents to the exchange agent prior to the expiration time or cannot complete the procedure for book-entry transfer on a timely basis, your Indigo common shares may nevertheless be tendered, as long as all of the following conditions are satisfied:

- . You make your tender by or through an eligible institution;
- . The enclosed notice of guaranteed delivery, properly completed and duly executed, substantially in the form enclosed with this prospectus, is received by the exchange agent as provided below on or prior to the expiration time; and
- . The certificates for all tendered Indigo common shares or a confirmation of a book-entry transfer of tendered securities into the exchange agent's account at DTC as described above, in proper form for transfer, together with a properly completed and duly executed letter of transmittal or a manually signed facsimile thereof, with any required signature guarantees (or, in the case of a book-entry transfer, an agents message) and all other documents required by the letter of transmittal are received by the exchange agent within three (3) New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

You may deliver the notice of guaranteed delivery by hand or transmit it by facsimile transmission or mail to the exchange agent and you must include a signature guarantee by an eligible institution in the form provided in that notice.

In all cases, we are required to exchange Indigo common shares tendered and accepted for exchange pursuant to the exchange offer only after timely receipt by the exchange agent of certificates for Indigo common shares (or timely confirmation of a book-entry transfer of tendered securities into the exchange

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agent's account at DTC as described above), properly completed and duly executed letter(s) of transmittal or manually signed facsimile(s) thereof, or an agent's message in connection with a book-entry transfer, and any other required documents.

By executing a letter of transmittal as described above, you irrevocably appoint our designees as your attorneys-in-fact and proxies, each with full power of substitution, to the full extent of your rights with respect to your Indigo common shares tendered and accepted for exchange by us and with respect to any and all other Indigo common shares and other securities (other than the shares of HP common stock) issued or issuable in respect of the Indigo common shares on or after _____, 200 . That appointment is effective when and only to the extent that, we accept the Indigo common shares for exchange pursuant to the exchange offer. All of these proxies shall be considered coupled with an interest in the tendered Indigo common shares and therefore shall not be revocable. Upon the effectiveness of the appointment, all prior proxies that you have given will be revoked and you may not give any subsequent proxies (and, if given, they will not be deemed effective). With respect to the Indigo common shares for which the appointment is effective, our designees will be empowered, among other things, to exercise all of your voting and other rights as they, in their sole discretion, deem proper at any annual, special or adjourned meeting of Indigo shareholders or otherwise. we reserve the right to require that, in order for Indigo common shares to be deemed validly tendered immediately upon our exchange of the shares, we must be able to exercise full voting rights with respect to the tendered Indigo common shares.

We, in our sole discretion, will determine questions regarding the validity, form, eligibility, including time of receipt, and acceptance for exchange of any tender of Indigo common shares and its determination shall be final and binding. We reserve the absolute right to reject any and all tenders of Indigo common shares that we determine are not in proper form or the acceptance of or exchange for which may, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any defect or irregularity in the tender of any Indigo common shares. No tender of Indigo common shares will be deemed to have been validly made until all defects and irregularities in tenders of Indigo common shares have been cured or waived. Neither we, the exchange

74

agent, the information agent nor any other person will be under any duty to give notification of any defects or irregularities in the tender of any Indigo common shares or will incur any liability for failure to give notification. Our interpretation of the terms and conditions of the exchange offer (including the letter of transmittal and instructions thereto) will be final and binding.

The tender of Indigo common shares pursuant to any of the procedures described above will constitute a binding agreement between us and you upon the terms and subject to the conditions to the exchange offer.

Accounting Treatment of the Exchange Offer

In accordance with United States generally accepted accounting principles, HP will account for the exchange offer using the purchase method of accounting. Under this method of accounting, HP will record the market value of its common stock issued in connection with the exchange offer, the fair value of the options to purchase Indigo common shares assumed in connection with the exchange offer and the amount of direct transaction costs associated with the exchange offer as the estimated purchase price of acquiring Indigo. HP will allocate the estimated purchase price to the net tangible and amortizable intangible assets acquired, intangible assets with indefinite lives and

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in-process research and development, based on their respective fair values at the date of the completion of the exchange offer. Any excess of the estimated purchase price over those fair values will be accounted for as goodwill. The future cash payout, if any, under the CVR obligation would be accounted for as an increase in goodwill when incurred.

In accordance with the Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," goodwill and intangible assets with indefinite lives resulting from business combinations completed subsequent to June 30, 2001 will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that the management of HP determines that the value of goodwill or intangible assets with indefinite lives has become impaired, HP will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made. In addition, in the event that the management of HP determines that the useful life of any intangible assets with indefinite lives has become definite, the intangible asset will be amortized over its remaining useful life, and HP will incur an accounting charge related to such amortization during each fiscal quarter of the intangible asset's remaining useful life.

Regulatory Filings and Approvals Required to Complete the Exchange Offer

We and Indigo have agreed, pursuant to the offer agreement, to use commercially reasonable efforts to take, or cause to be taken, all reasonable actions, and to do, or cause to be done, and to assist and cooperate with the other parties including, all things reasonably necessary, proper or advisable, to obtain any regulatory clearance, waiver, approval or authorization that is necessary to enable us and Indigo to consummate and make effective the transaction; provided, however that nothing in the offer agreement shall be deemed to require us or Indigo or any subsidiary or affiliate thereof to make proposals, execute or carry out agreements or submit to orders providing for a sale, license or other disposition or holding separate (through the establishment or a trust or otherwise) of any assets or categories of assets of we, any of our affiliates or Indigo or its subsidiaries or the holding separate of any Indigo common shares or imposing or seeking to impose any limitation on the ability of us or any of our subsidiaries or affiliates to conduct their business or own such assets or to acquire, hold or exercise full rights of ownership of the Indigo common shares. Other than clearance under the antitrust laws applicable to the transaction which are described below, the Israeli approvals applicable to the transaction which are described below, the Securities and Exchange Commission declaring effective the registration statement on Form S-4 relating to this transaction, of which this prospectus is a part, we do not believe that any additional material governmental filings are required with respect to the transaction.

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the transaction may not be completed until HP and Indigo each notify and furnish information to the Federal Trade Commission and the

75

Antitrust Division of the United States Department of Justice and specified waiting period requirements have been satisfied. We have made the notifications required under the Hart-Scott-Rodino Act to the Federal Trade Commission and the Antitrust Division of the United States Department of Justice, and the waiting period under the Hart-Scott-Rodino Act was terminated on October 1, 2001.

At any time during or after the statutory waiting periods and before or

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after the completion of the exchange offer, either the Antitrust Division of the United States Department of Justice or the Federal Trade Commission could take any action under United States antitrust laws that it deems necessary or desirable, including seeking to enjoin the completion of the exchange offer or seeking the divestiture of assets of us or Indigo. Private parties and state attorneys general may also bring actions under United States antitrust laws depending on the circumstances. Although we believe that neither the exchange offer nor the post-closing restructuring raises concerns under United States antitrust laws, we can give no assurance that a challenge to the exchange offer or the post-closing restructuring on antitrust grounds will not be made or, if a challenge is made, that we and Indigo would prevail.

We and Indigo also conduct operations internationally, where other antitrust or competition regulatory filings or approvals are required in connection with the completion of the exchange offer. HP and Indigo anticipate that antitrust-related regulatory filings will be submitted in connection with the completion of the exchange offer in those foreign jurisdictions where filings are determined to be necessary. The foreign antitrust authorities or private parties could also take any action available to them under the relevant foreign antitrust laws that they deem necessary or desirable, including seeking to enjoin the completion of the exchange offer or seeking the divestiture of assets of us or Indigo. In addition, in some jurisdictions a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the exchange offer, before or after it is completed. Although we believe that neither the exchange offer nor the post-closing restructuring raises concerns under foreign antitrust laws and though we fully intend to comply with the antitrust laws of any other jurisdiction in which the transaction is subject to review, we can give no assurance that a challenge to the exchange offer or the post-closing restructuring on antitrust grounds will not be made or, if a challenge is made, that we and Indigo would prevail.

Israeli Restrictive Practices Law

Under Israel's Restrictive Trade Practices Law, 1988, a merger (which for purposes of this law includes the acquisition of one quarter or more of a company's share capital), which meets certain conditions, is subject to the approval of the Israeli Commissioner of Restrictive Trade Practices. It is therefore a condition to our obligation to the closing of the exchange offer that such approval is given.

Office of The Chief Scientist

To the extent that a research and development program developed by a company has been funded by the Office of the Chief Scientist, the Office of the Chief Scientist's consent would be required for the transfer of the means of control in the company to a non-Israeli entity. The Office of the Chief Scientist is part of Israel's Ministry of Trade and Industry and provides research and development grants to Israeli companies in order to encourage research and development in industry, subject to an obligation to repay the grants by means of royalties on the sale of products deriving from programs funded by the grants. Indigo Electronic Printing Systems Ltd., referred to as IEPS, has obtained grants from the Office of the Chief Scientist for different development programs. The Office of the Chief Scientist's approval for the closing of the exchange offer is required.

The conditions of grants provided by the Office of the Chief Scientist generally place limitations on the transfer of know-how and the manufacture outside of Israel of products funded by such grants. These conditions apply to the grants received by IEPS from the Office of Chief Scientist. The consent of the Office of Chief Scientist to Indigo's ownership of know-how funded by the Office of Chief Scientist is required under the offer agreement.

Under the offer agreement, we have agreed to provide an undertaking to comply with the laws and regulations of the Office of the Chief Scientist and to confirm to the Office of the Chief Scientist that after the closing of the exchange offer, Indigo will continue its operations in a manner consistent with Indigo's previous undertakings to the Office of the Chief Scientist. However, we cannot assure you that these actions will be sufficient for the consents of the Office of the Chief Scientist, as required under the offer agreement, to be granted. Indigo submitted the request for this approval to the Office of the Chief Scientist on October 30, 2001.

Israeli Investment Center

The Investment Center, which is also a part of Israel's Ministry of Industry and Trade, provides various benefits to Israeli companies, including grants to finance capital investments and tax benefits ranging from reduced rates of Israeli company tax to a full tax exemption for a fixed period, depending on a number of factors. IEPS's production facilities in Nes Ziona was granted Approved Enterprise status by the Investment Center and, accordingly, IEPS is entitled to receive tax benefits from the Investment Center in respect of that facility. In general, the consent of the Investment Center is required for any change in the ownership structure of a company that was granted Approved Enterprise status. The approval of the Investment Center to the closing of the exchange offer is required under the offer agreement. Indigo submitted the request for this approval to the Investment Center on November 19, 2001. We also have agreed to comply with the laws and regulations of the Investment Center and to confirm to the Investment Center that after the closing of the exchange offer, Indigo will continue its operations in a manner consistent with Indigo's previous undertakings to the Investment Center. However, we cannot assure you that these actions will be sufficient for the consent to be granted.

Israeli Income Tax Authorities

Under the offer agreement, Indigo is to prepare and file an application to the Israeli Income Tax Commissioner for a pre-ruling confirming that the conversion of Indigo stock options for HP stock options will not result in a requirement for an immediate Israeli tax payment and that Israeli taxation will be deferred until the exercise of such converted stock options, or in the case of Indigo stock options which are part of a stock option plan which is subject to Section 102 of the Israeli Income Tax Ordinance, until the actual sale of the shares of HP common stock by the option holders. The offer agreement also provides that, subject to certain conditions, Indigo shall be allowed to comply with any conditions contained in the ruling or reasonable requests made by the Israeli Tax Commissioner in connection with its delivery of such ruling.

Israeli Securities Authority

The exchange of Indigo stock options held by Israeli employees of Indigo, or its subsidiaries, for HP stock options will require the publication of a prospectus under the Israeli Securities Law, 1968 unless an exemption, pursuant to Section 15D of the Israeli Securities Law, 1968, from the requirement is given by the Israeli Securities Authority. Therefore, the receipt of such exemption is required under the offer agreement.

A pre-ruling is also required under the offer agreement from the Israeli Securities Authority regarding the inapplicability of the requirement under the Israeli Securities Law, 1968 to publish a prospectus in respect of the exchange offer for Indigo common shares and the exchange of Indigo warrants for HP

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warrants. We filed the application for the pre-ruling on October 21, 2001 and received the requested pre-ruling on October 29, 2001.

Indigo Appraisal Rights

Dutch law does not recognize the concept of appraisal or dissenters' rights and, accordingly, holders of shares of a Netherlands company, such as Indigo, have no appraisal rights. However, on the basis of a general rule of Dutch corporate law, the management of a company (and the other shareholders) must act towards a shareholder in accordance with the "principles of reasonableness and fairness." Acts in violation of those principles may be challenged through court proceedings.

77

U.S. State Takeover Laws

A number of states of the United States have adopted takeover laws and regulations which purport, to varying degrees, to be applicable to attempts to acquire securities of corporations that are incorporated in such states or whose business operations have, substantial economic effects in such states, or have substantial assets, security holders, principal executive offices or principal places of business therein. We do not believe that any of these statutes will apply to the exchange offer by their terms and has not attempted to comply with any state takeover statutes in connection with the exchange offer. We reserve the right to challenge the validity of applicability of any state law allegedly applicable to the exchange offer and nothing in this prospectus and no action taken in connection herewith is intended as a waiver of that right. In the event it is asserted that one or more state takeover statutes is applicable to the exchange offer, and an appropriate court does not determine that it is inapplicable or invalid as applied to the exchange offer, we may be required to file certain information with, or receive approvals from, the relevant state authorities, and we may be unable to accept or pay for Indigo common shares tendered in the exchange offer or may be delayed in continuing or completing the exchange offer. In such case, we may not be obligated to accept, or pay for, any Indigo common shares tendered in the exchange offer under the terms of the offer agreement, as described in the section entitled "The Offer Agreement--Conditions to the Exchange Offer."

Rule 13e-3 Transactions

The Securities and Exchange Commission has adopted Rule 13e-3 under the Exchange Act, which is applicable to certain "going private" transactions. We believe that Rule 13e-3 will not be applicable to a compulsory acquisition or any open-market purchases subsequent to the completion of the exchange offer, each as described under "--Post-Closing Restructuring," if, at the time of such action, Indigo is no longer registered under the Exchange Act. See "Special Factors--Effects of the Exchange Offer; Plans or Proposals After the Exchange Offer." If applicable, Rule 13e-3 would require that, among other things, certain financial information concerning Indigo and certain information relating to the fairness of the compulsory acquisition and the consideration offered to minority Indigo shareholders be filed with the Securities and Exchange Commission and distributed to minority Indigo shareholders prior to the consummation of any such transaction.

Fees and Expenses

We have retained Georgeson Shareholder Communications, Inc. to act as information agent in connection with the exchange offer. The information agent may contact holders of Indigo common shares by mail, telephone, telex,

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telegraph, e-mail and personal interview and may request brokers, dealers and other nominee shareholders to forward material relating to the exchange offer to beneficial owners of Indigo common shares. We have agreed to pay the information agent reasonable and customary compensation for these services in addition to reimbursing the information agent for its reasonable out-of-pocket expenses. We have agreed to indemnify the information agent against certain liabilities and expenses in connection with the exchange offer, including certain liabilities under the U.S. federal securities laws.

In addition, we have retained Computershare Trust Company of New York as the exchange agent. We have agreed to pay the exchange agent reasonable and customary compensation for its services in connection with the exchange offer, has agreed to reimburse the exchange agent for its reasonable out-of-pocket expenses and has agreed to indemnify the exchange agent against certain liabilities and expenses, including certain liabilities under the U.S. federal securities laws.

Except as described above, we have not agreed to pay any fees or commissions to a broker, dealer or other person for soliciting tenders of Indigo common shares pursuant to the exchange offer. We have agreed to reimburse brokers, dealers, commercial banks and trust companies and other nominees, upon request, for customary clerical and mailing expenses incurred by them in forwarding offering materials to their customers.

78

The estimated aggregate fees and expenses to be incurred by us, on the one hand, and by Indigo and its affiliates other than us, on the other hand, in connection with the completion of the exchange offer are as follows:

	Indigo	HP
	-----	--
Advisory Fees and Expenses.....	\$	\$
Legal and Accounting Fees and Expenses.....		
Depository and Paying Agent Fees and Expenses.....		
Printing and Mailing Costs.....		
Solicitation Fees and Expenses.....		
Securities and Exchange Commission Filing Fee.....		
Other Regulatory Filing Fees.....		
Miscellaneous Expenses.....		
	--	--
Total.....	\$	\$
	==	==

The offer agreement provides that fees and expenses incurred in connection with the offer agreement and the transactions contemplated thereby will be paid by the party that incurred them.

Source and Amount of Funds

The source and amount of funds or other consideration to be used by our subsidiary to purchase the Indigo common shares in connection with the exchange offer are newly issued shares of HP common stock, which our subsidiary will purchase from HP for cash, and CVRs to be issued by our subsidiary. HP will guarantee the contingent payment obligations of our subsidiary under the CVRs. However, we anticipate our subsidiary will have access to sufficient capital to

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make any payments under the CVRs.

Restrictions on Sales of Shares of HP Common Stock Received in the Exchange Offer

The shares of HP common stock to be issued in the exchange offer will be registered under the Securities Act and will be freely transferable under the Securities Act, except for shares of HP common stock issued to any person who is deemed to be an "affiliate" of Indigo prior to the exchange offer. Persons who may be deemed to be "affiliates" of Indigo prior to the exchange offer include individuals or entities that control, are controlled by, or are under common control of Indigo prior to the exchange offer, and may include officers and directors, as well as principal shareholders of Indigo prior to the exchange offer. Persons who may be deemed to be affiliates of Indigo prior to the exchange offer may not sell any of the shares of HP common stock received by them in the exchange offer except pursuant to:

- . An effective registration statement under the Securities Act covering the resale of those shares;
- . An exemption under paragraph (d) of Rule 145 under the Securities Act; or
- . Any other applicable exemption under the Securities Act.

Our registration statement on Form S-4, of which this prospectus forms a part, does not cover the resale of shares of HP common stock to be received in the exchange offer by persons who may be deemed to be affiliates of Indigo prior to the exchange offer.

Listing of Shares of HP Common Stock Issued in the Exchange Offer on the New York Stock Exchange and Pacific Stock Exchange

We will use our commercially reasonable efforts to cause the listing on the New York Stock Exchange and the Pacific Stock Exchange, effective as of the closing time, of the shares of HP common stock issuable, and those required to be reserved for issuance, in connection with the exchange offer, subject to official notice of issuance.

79

Delisting and Deregistration of Indigo Common Shares after the Exchange Offer

Pursuant to the offer agreement, we, after the closing of the exchange offer, may effectuate a post-closing restructuring of Indigo and its subsidiaries, which may include, without limitation, the termination of the listing of Indigo common shares on the Nasdaq National Market and deregistration under the Exchange Act. See the section entitled "Special Factors--Effects of the Exchange Offer; Plans or Proposals After the Exchange Offer" for a description of the possible effects of such delisting and deregistration on the liquidity and market value of the remaining Indigo common shares held by the public and not tendered pursuant to the exchange offer.

80

THE OFFER AGREEMENT

The following summary describes the material provisions of the offer agreement. The provisions of the offer agreement are complicated and not easily

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summarized. This summary may not contain all of the information about the offer agreement that is important to you. The offer agreement is attached to this prospectus as Annex A and is incorporated by reference into this prospectus, and HP and Indigo encourage you to read it carefully in its entirety for a more complete understanding of the offer agreement.

The Exchange Offer

Terms of the Exchange Offer

Under the terms of the offer agreement, we have agreed to commence through our newly-formed subsidiary as promptly as practicable an exchange offer for all outstanding Indigo common shares. We are causing our newly-formed subsidiary to offer to exchange each Indigo common share that is validly tendered and not properly withdrawn for either the fixed offer price or the contingent offer price.

The initial expiration date of the exchange offer is , the twentieth business day following its commencement.

Extensions of the Exchange Offer

We have the right to extend the exchange offer (1) if at the scheduled expiration date of the exchange offer any of the conditions to the exchange offer shall not have been satisfied or waived; or (2) for any period required by any rule, regulation, interpretation or position of the Securities and Exchange Commission or the staff thereof applicable to the exchange offer.

We are not making any assurances that we will exercise our right to extend the exchange offer, although, subject to the terms of the offer agreement, we have agreed to extend the exchange offer for successive extension periods not in excess of ten (10) business days per extension if, at the scheduled expiration of the exchange offer (1) any of the conditions to the exchange offer has not been satisfied or, where permissible, waived, (2) such conditions are reasonably capable of being satisfied in our sole judgment, and (3) none of the following events that would permit us not to accept tendered shares has occurred and is continuing at the time of the expiration of the offer:

- . there shall be pending any suit, action or proceeding by any governmental entity against us, Indigo, any subsidiary of Indigo or any of our subsidiaries (i) seeking to prohibit or impose any material limitations on our ownership or operation (or that of any of our subsidiaries or affiliates) of all or a material portion of their or Indigo's businesses or assets, or to compel us or its subsidiaries and affiliates to dispose of or hold separate any material portion of the business or assets of Indigo or us and their respective subsidiaries, in each case taken as a whole, (ii) challenging the acquisition by us of any Indigo common shares under the exchange offer, seeking to restrain or prohibit the making or completion of the exchange offer or the performance of any of the other transactions contemplated by the offer agreement, the tender agreements, or the voting agreements (including the voting provisions thereunder), or seeking to obtain from Indigo or us any damages that are material in relation to Indigo and its subsidiaries taken as a whole, (iii) seeking to impose material limitations on our ability, or render us unable, to accept for payment, pay for or purchase some or all of the Indigo common shares pursuant to the exchange offer, (iv) seeking to impose material limitations on our ability effectively to exercise full rights of ownership of the Indigo common shares, including, without limitation, the right, to vote the Indigo common shares purchased on all matters properly presented to Indigo's shareholders, (v) compelling us or our affiliates to dispose of or hold separate any portion of the business or assets or shares of

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Indigo or us and our respective subsidiaries, (vi) obligating Indigo, us or any of our respective subsidiaries to pay material damages in connection with the transactions contemplated by the offer agreement, or (vii) which otherwise is reasonably likely to have a material adverse effect on Indigo, as

81

determined in accordance with the offer agreement, or, as a result of the transactions contemplated by the offer agreement, a material adverse effect on us, as determined in accordance with the offer agreement;

- . there shall be any law, statute, rule, regulation, ordinance, judgment, order, decree or injunction enacted, entered, enforced, promulgated, or deemed applicable, pursuant to an authoritative interpretation by or on behalf of a government entity, to the exchange offer, or any other action shall be taken by any governmental entity, other than the application to the exchange offer of applicable waiting periods or approvals under the Hart-Scott-Rodino Act or any foreign antitrust or competition law and any Israeli governmental approvals required pursuant to Israeli legal requirements for the completion of the exchange offer, including approval of the Office of the Chief Scientist of the Israeli Ministry of Trade & Industry, the Israeli Investment Center of the Israeli Ministry of Trade & Industry and the Israeli Commissioner of Restrictive Trade Practices and receipt by HP of the Israeli securities law exemption described in Section 6.11(d) of the offer agreement, that, is reasonably likely to result, directly or indirectly, in any of the consequences referred to in clauses (i) through (vii) of the foregoing paragraph;
- . there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange, for a period in excess of 24 hours (excluding suspensions or limitations resulting solely from physical damage or interference with such exchanges not related to market conditions), (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), (iii) a commencement of a war, armed hostilities or other international or national calamity directly involving the United States, (iv) a commencement of a war or escalation of armed hostilities or a general mobilization or other international or national calamity directly involving Israel that is or is reasonably likely to be materially adverse to Indigo's ability to conduct business in Israel, (v) any limitation (whether or not mandatory) by any United States governmental authority on the extension of credit generally by banks or other financial institutions, or (vi) in the case of any of the foregoing existing at the time of the commencement of the offer, a material acceleration or worsening thereof;
- . Indigo shall not have received the consents, waivers and approvals required to be obtained in connection with the consummation of the transactions contemplated by the offer agreement;
- . the extraordinary general meeting of shareholders of Indigo shall not have passed on the appointments of members of Indigo's supervisory and management boards and the amendment of Indigo's articles of association in accordance with Section 1.3 of the offer agreement; or
- . the offer agreement shall have been terminated in accordance with its terms.

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So long as the conditions to the exchange offer are reasonably capable of being satisfied in our sole judgment and none of the foregoing events has occurred, we have agreed to the foregoing extensions of the exchange offer until all conditions to the exchange offer are satisfied or, if permissible waived, or until the offer agreement is terminated in accordance with its terms.

In addition, if we exercise our right to amend or waive the minimum condition to reduce the percentage of outstanding Indigo common shares required to be validly tendered in accordance with the terms of the exchange offer, the offer agreement provides that we are required to extend the exchange offer for a period of not fewer than ten (10) business days after any such amendment or waiver.

Prompt Payment for Indigo Common Shares in the Exchange Offer

Subject to the terms of the exchange offer and the offer agreement, and the satisfaction or waiver to the extent permitted, of the conditions to the exchange offer, we are required to accept for exchange all Indigo

82

common shares validly tendered and not properly withdrawn pursuant to the exchange offer promptly after the applicable expiration date of the exchange offer, as it may be extended pursuant to the offer agreement, and is required to exchange all accepted Indigo common shares promptly after acceptance.

Fractional shares of HP common stock will not be issued in the exchange offer. Instead, each tendering shareholder who would otherwise be entitled to a fractional share (after aggregating all fractional shares of HP common stock that otherwise would be received by the shareholder in the exchange offer) will receive cash (rounded up to the nearest whole cent), without interest, equal to the price obtained by multiplying that fraction by the closing sale price of one share of HP common stock on the New York Stock Exchange on the first day on which we accept shares in the exchange offer.

Neither we nor Indigo has made any provisions in connection with the exchange offer to grant unaffiliated shareholders of Indigo access to the corporate files of either us or Indigo or to obtain counsel or appraisal services at the expense of us or Indigo.

Indigo's Management and Supervisory Boards following the Exchange Offer

Under the terms of the offer agreement, Indigo has agreed to convene an extraordinary general meeting of its shareholders, or EGM, no later than five (5) business days prior to the expiration date of the exchange offer to accept the resignation from the management board and the supervisory board of the existing members thereof and to appoint new members to the management boards as designated by us, as further described in the offer agreement. These resignations and appointments will be effective as of, and conditional upon the occurrence of, the closing of the exchange offer. We do not intend to maintain the supervisory board of Indigo after the completion of the exchange offer.

Treatment of Indigo Stock Options and Warrants

Indigo Stock Options

Under the terms of the offer agreement, we have agreed to take all actions necessary to convert each outstanding option to purchase Indigo common shares that is outstanding immediately prior to the closing of the exchange offer, also referred to as an "Indigo stock option," into a stock option to purchase

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shares of HP common stock subject to HP's 2000 Stock Plan with substantially equal value and substantially equivalent provisions as the Indigo stock option effective immediately after the closing of the exchange offer.

Unless we and Indigo agree otherwise and subject to local laws, each Indigo stock option that is intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code that is converted into HP stock options shall (1) be exercisable for, and represent the right to acquire, that number of shares of HP common stock, rounded down to the nearest whole share, equal to (A) the number of Indigo common shares subject to such Indigo stock option in effect immediately prior to the closing of the exchange offer, multiplied by (B) the exchange ratio applicable to Indigo common shares exchanged for the fixed offer price; and (2) have an exercise price per share of HP common stock equal to (A) the exercise price per Indigo share subject to such Indigo stock option in effect immediately prior to the closing time of the exchange offer, divided by (B) the exchange ratio applicable to Indigo common shares exchanged for the fixed offer price, rounded up to the nearest whole cent.

With respect to all other outstanding Indigo stock options, such Indigo stock options converted into HP stock options shall (x) be exercisable for, and represent the right to acquire, that number of shares of HP common stock, rounded up to the nearest whole share, equal to (i) the number of Indigo common shares subject to such Indigo stock option in effect immediately prior to the closing of the exchange offer multiplied by (ii) the exchange ratio applicable to Indigo common shares exchanged for the fixed offer price; and (y) have an exercise price per share of HP common stock subject to such converted Indigo stock option equal to (i) the exercise price per Indigo share subject to such Indigo stock option in effect immediately prior to the closing of the exchange

83

offer divided by (ii) the exchange ratio applicable to Indigo common shares exchanged for the fixed offer price, rounded down to the nearest whole cent. Pursuant to the offer agreement, Indigo agreed to use commercially reasonable efforts, to the extent we provide funding for such activity, to repurchase, subject to the terms and conditions of the stock option agreement and applicable stock option plan, prior to the closing of the exchange offer each Indigo stock option that is outstanding and held by an optionee who is not an employee of Indigo or any of its subsidiaries.

If necessary, we have agreed to file a registration statement on Form S-8, with respect to the shares of HP common stock issuable with respect to the Indigo stock options that are converted into HP stock options, no later than one (1) business day after the completion of the exchange offer and to cause such HP common stock to be listed for trading on the New York Stock Exchange and the Pacific Exchange.

Option shares subject to an outstanding Indigo stock option that, immediately prior to the completion of the exchange offer, are unvested or are subject to a repurchase option, risk of forfeiture or other condition, will continue to be unvested or subject to the same option, risk or other condition upon conversion after the completion of the exchange offer unless the relevant agreement provides that the option, risk or condition will be altered or will terminate upon completion of the exchange offer.

Indigo Warrants

Unless we and Indigo agree otherwise, the offer agreement requires Indigo to request that all holders of warrants to acquire Indigo shares, also referred to

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as an Indigo warrant, exercise the Indigo warrants prior to the closing of the exchange offer. As of the effective time of a post-closing restructuring satisfying the applicable provisions covering mergers, consolidations and/or other similar transactions of the Indigo warrants, if any, each remaining outstanding Indigo warrant shall cease to represent a right to acquire Indigo shares and shall be converted automatically into a warrant to purchase either shares of HP common stock based on the fixed offer price or, to the extent the holder thereof makes an effective written election prior to the closing of the exchange offer, shares of HP common stock and CVRs based on the contingent offer price in an amount, at an exercise price and subject to such terms and conditions determined as provided below.

Each Indigo warrant so substituted by us shall be subject to, and exercisable upon, the same terms and conditions as under the applicable Indigo warrant and the applicable warrant agreement related thereto, except that each substituted Indigo warrant shall be exercisable for, and represent the right to acquire, either (1) (A) that number of shares of HP common stock (rounded to the nearest whole share) equal to (x) the number of Indigo shares subject to such Indigo warrant in effect immediately prior to the date we initially accept for payment shares tendered in the exchange offer multiplied by (y) the exchange ratio applicable to Indigo common shares exchanged for the fixed offer price; and (B) the exercise price per share of the HP common stock subject to such substituted Indigo warrant shall be an amount equal to (x) the exercise price per Indigo share subject to such Indigo warrant in effect immediately prior to the date we initially accept for payment shares tendered in the exchange offer divided by (y) the exchange ratio applicable to Indigo common shares exchanged for the fixed offer price (rounded up to the nearest whole cent); or (2) (A) a number of units equal to the number of Indigo shares subject to such Indigo warrant in effect immediately prior to the date we initially accept for payment shares tendered in the exchange offer, each such unit comprised of that number of shares of HP common stock and CVRs equal to the contingent offer price, and (B) the exercise price per such unit subject to such substituted Indigo warrant shall be an amount equal to the exercise price per Indigo share subject to such Indigo warrant in effect immediately prior to the date we initially accept for payment shares tendered in the exchange offer.

If and to the extent necessary or required by the terms of the Indigo warrants or pursuant to the terms of any warrant agreement related thereto, each of us and Indigo have agreed to request the consent of each holder of outstanding Indigo warrants to the foregoing treatment of such Indigo warrants. Indigo is also required to provide any notice to warrant holders required under the terms of each Indigo warrant in connection with the exchange offer.

84

Termination of Indigo Employee Stock Purchase Plan

Indigo's employee stock purchase plans permit eligible Indigo employees to purchase Indigo common shares at a discount pursuant to such employee's participation in the relevant Indigo employee stock purchase plan. Prior to the closing of the exchange offer, the Indigo employee stock purchase plans will be terminated pursuant to the terms of such plans. It is expected that Indigo will agree to take all actions that are necessary to effect the foregoing.

Representations and Warranties

The offer agreement contains a number of customary representations and warranties relating to, among other things, certain aspects of the respective businesses and assets of each of the parties and their ability to complete the transaction. The representations and warranties of each party will expire upon

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completion of the exchange offer.

Conduct of Indigo's Business Prior to Completion of the Exchange Offer

The offer agreement provides that, until the termination of the offer agreement pursuant to its terms or the acceptance for exchange of Indigo common shares pursuant to the exchange offer, each of Indigo and its subsidiaries will carry on its business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and in material compliance with all applicable laws and regulations, pay its debts and taxes when due subject to good faith disputes over such debts or taxes, pay or perform other material obligations when due, and use its commercially reasonable efforts consistent with past practices and policies to (1) preserve intact its present business organization, (2) keep available the services of its present officers and employees; and (3) preserve its relationships with customers, suppliers, distributors, licensors, licensees and others with which it has significant business dealings. The offer agreement also requires that, until Indigo common shares are accepted for exchange pursuant to the exchange offer, neither Indigo nor any of its subsidiaries will, without our prior written consent:

- . Waive any stock repurchase rights, accelerate, amend or change the period of exercisability or vesting of options or restricted shares, or reprice options granted under any employee, consultant, director or other stock plans or authorize cash payments inexchange for any options granted under any such plans;
 - . Grant any severance or termination pay or benefits, or payments or benefits triggered by a change of control or acquisition (including the exchange offer), to any employee except to persons who are employees of Indigo as of the date of the offer agreement pursuant to written agreements outstanding, or written policies existing, on the date of the offer agreement; provided, however, that Indigo shall not grant, or offer to grant, any such severance or termination payments or benefits, or payments or benefits triggered upon a change of control or acquisition (including the exchange offer), to any person who is hired or offered employment with Indigo on or after the date of the offer agreement, or adopt any new severance plan, or amend or modify or alter in any manner any severance plan, agreement or arrangement existing on the date hereof, or take any other action that would trigger the payment of any severance payments or other benefits pursuant to any agreement;
 - . Transfer or license to any person or entity or otherwise extend, amend or modify any rights to Indigo's intellectual property, or enter into grants to transfer or license to any person future patent rights, other than non-exclusive licenses granted to resellers and end-users in the ordinary course of business consistent with past practices;
 - . Declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock, equity securities or property) in respect of any capital stock or split, combine or reclassify any capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any capital stock, except for dividends or other distributions paid to Indigo by any of its wholly-owned subsidiaries;
- 85
- . Purchase, redeem or otherwise acquire, directly or indirectly, any shares of capital stock of Indigo or its subsidiaries;

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- . Issue, deliver, sell, authorize, pledge or otherwise encumber or propose any of the foregoing with respect to any shares of capital stock or any securities convertible into shares of capital stock, or subscriptions, rights, warrants or options to acquire any shares of capital stock or any securities convertible into shares of capital stock, or enter into other agreements or commitments of any character obligating it to issue any such shares or convertible securities, or grant any equity-based compensation whether payable in cash or stock, other than the issuance delivery and/or sale of (x) Indigo shares pursuant to the exercise of stock options, warrants and convertible preferred stock outstanding as of the date of the offer agreement, and (y) Indigo common shares issuable to participants in Indigo's employee stock purchase plan consistent with the terms thereof;
- . Cause, permit or propose any amendments to Indigo's articles of association (or similar governing instruments of any of Indigo's subsidiaries);
- . Acquire or agree to acquire by merging or consolidating with, or by purchasing any equity interest in or a material portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire all or substantially all of the assets of any of the foregoing, or purchase any equity interest in any of the foregoing or enter into any joint ventures, strategic partnerships or alliances;
- . Sell, lease, license, encumber or otherwise dispose of any properties or assets except sales or leases of inventory in the ordinary course of business consistent with past practice, and except for the sale, lease or disposition (other than through licensing, unless permitted by Section 5.1(c) of the offer agreement) of property or assets which are not material, individually or in the aggregate, to the business of Indigo and its subsidiaries, taken as a whole;
- . Materially modify, amend or terminate any existing lease, license or contract affecting the use, possession or operation of any material properties or material assets; grant or otherwise create or consent to the creation of any easement, covenant, restriction, assessment or charge which would materially and adversely affect Indigo's use, or the value of, any material owned property or leased property; convey, assign, sublease, license or otherwise transfer all or any portion of any material real property or any interest or rights therein; commit any waste or nuisance on any such property; or make any material changes in the construction or condition of any such property;
- . Incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of Indigo or any of its subsidiaries, enter into any "keep well" or other agreement to maintain any financial statement condition or enter into any arrangement having the economic effect of any of the foregoing other than in connection with the financing of working capital consistent with past practice;
- . Adopt or amend any employee benefit plan, policy or arrangement; any employee stock purchase or employee stock option plan; or enter into any employment contract or collective bargaining agreement (other than offer letters and letter agreements entered into in the ordinary course of business consistent with past practice with employees who are terminable "at will"); pay any special bonus or special remuneration to any

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director or employee other than consistent with past practice; or increase the salaries or wage rates or fringe benefits (including rights to severance or indemnification) of its directors, officers, employees or consultants except, in each case, as may be required by law or for normally scheduled increases in the ordinary course;

- . (i) Pay, discharge, settle or satisfy any material litigation (whether or not commenced prior to the date of the offer agreement) or any material claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge, settlement or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, or liabilities recognized or disclosed in the most recent consolidated financial statements (or the notes

86

thereto) of Indigo included in Indigo's reports filed with the Securities and Exchange Commission or incurred since the date of such financial statements in the ordinary course of business consistent with past practices, or (ii) waive the benefits of, agree to modify in any manner, terminate, release any person from or knowingly fail to enforce any confidentiality or similar provisions of any agreement to which Indigo or any of its subsidiaries is a party or of which Indigo or any of its subsidiaries is a beneficiary;

- . Except in the ordinary course of business consistent with past practice, modify, amend or terminate any contract or waive, delay the exercise of, release or assign any material rights or claims thereunder;
- . Except as required by U.S. GAAP, revalue any of its assets or make any change in accounting methods, principles or practices;
- . Make any payment or series of related payments outside the ordinary course of business, or enter into any contract or series of related contracts outside the ordinary course of business requiring Indigo or any of its subsidiaries to pay, in excess of \$250,000 in the aggregate;
- . Make any tax election or accounting method change inconsistent with past practice that, individually or in the aggregate, would be reasonably likely to adversely affect in any material respect the tax liability or tax attributes of Indigo or any of its subsidiaries, taken as a whole, settle or compromise any material tax liability;
- . Hire any employee; or
- . Agree in writing or otherwise to take any of the actions described in above.

Commercially Reasonable Efforts to Complete the Exchange Offer

Subject to the terms of the offer agreement, we and Indigo are required to use commercially reasonable efforts to take all reasonable actions necessary to complete the exchange offer.

Indigo is Prohibited from Considering Other Acquisition Proposals

Indigo has agreed that it will not, directly or indirectly:

- . Solicit, initiate, encourage or induce the making, submission or

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announcement of any Acquisition Proposal (as defined below);

- . Engage or participate in any discussions or negotiations regarding, or furnish to any person any information relating to Indigo or its subsidiaries or afford access to the business, properties, assets, books or records of Indigo or its subsidiaries to, any person that has made, or take any other action intended to assist or facilitate any inquiries or the making, submission or announcement of any proposal that constitutes or would reasonably be expected to lead to, any Acquisition Proposal;
- . Approve, endorse or recommend any Acquisition Proposal; or
- . Enter into any letter of intent or similar document or any contract, agreement or commitment contemplating or otherwise relating to any Acquisition Transaction (as defined below).

Indigo must as promptly as practicable, and in any event within 24 hours, advise HP orally and in writing of (1) any request for information which Indigo reasonably believes would lead to an Acquisition Proposal, or of any Acquisition Proposal, or any inquiry with respect to or which Indigo reasonably believes would lead to any Acquisition Proposal, (2) the material terms and conditions of such request, Acquisition Proposal or inquiry, and (3) the identity of the person or group making any such request, Acquisition Proposal or inquiry. Indigo is required to keep HP informed in all material respects of the status and details, including material amendments or proposed amendments, of any such request, Acquisition Proposal or inquiry.

87

An "Acquisition Proposal" means any offer or proposal, other than an offer or proposal by HP, relating to any Acquisition Transaction.

An "Acquisition Transaction" means any transaction or series of related transactions, other than the transactions contemplated by the offer agreement involving:

- . Any acquisition or purchase from Indigo by any person or group, as defined under Section 13(d) of the Exchange Act and the rules and regulations thereunder, of more than a 10% interest in the total outstanding voting securities of Indigo or any of its subsidiaries or any tender offer or exchange offer that if consummated would result in any person or group, as defined under Section 13(d) of the Exchange Act and the rules and regulations thereunder, beneficially owning 10% or more of the total outstanding voting securities of Indigo or any of its subsidiaries or any acquisition, consolidation, business combination or similar transaction involving Indigo pursuant to which the shareholders of Indigo immediately preceding such transaction hold less than 90% of the equity interests in the surviving or resulting entity of such transaction; or
- . Any sale, lease, other than in the ordinary course of business, exchange, transfer, license, other than in the ordinary course of business, acquisition or disposition of more than 10% of the assets of Indigo; or
- . Any liquidation, dissolution, recapitalization or other significant corporate reorganization of Indigo.

The terms of the offer agreement do not prohibit Indigo or its management

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and supervisory boards from taking and disclosing to Indigo shareholders a position with respect to a tender or exchange offer by a third party pursuant to Rule 14d-9 and 14e-2(a) promulgated under the Exchange Act. However, Indigo or its management and supervisory boards may not withhold, withdraw, modify or change in a manner adverse to us, or fail to make, any of its recommendations in connection with, or approve, endorse or recommend, any Acquisition Proposal.

Employee Benefits

The offer agreement provides that, to the extent required by applicable local law, we will assume, perform and discharge Indigo's obligations, or cause Indigo to perform and discharge such obligations, under all employment agreements, except where employees agree to waive their rights under such employment agreements or accept other rights or benefits in lieu of the rights and benefits provided in such employment agreements.

The offer agreement also provides that we will continue the employment of all of Indigo's employees, including employees on leaves of absence, except where we reasonably conclude that any employee's position is redundant in relation to our operational needs. The offer agreement also provides that Indigo employees will initially receive a package of compensation and benefits, including without limitation, equity compensation that is approximately equivalent in the aggregate to the compensation and benefits they had received from Indigo immediately prior to the closing of the exchange offer.

We have also agreed that its U.S. benefit plans that provide health, disability, life insurance or other welfare benefits (1) shall provide Indigo employees and their dependents and beneficiaries with immediate eligibility and coverage after the closing of the exchange offer, (2) shall waive any exclusions or limitations with respect to pre-existing conditions, waiting periods, evidence of insurability or good health, and actively-at-work requirements, and (3) shall either (A) provide that any expenses incurred through the closing of the exchange offer by Indigo employees or their covered dependents shall be taken into account for purposes of satisfying applicable deductible, co-insurance and maximum out-of-pocket provisions, or (B) reimburse Indigo employees for any duplicate payment of such expenses. We have also agreed to use our best efforts to provide similarly advantageous transition arrangements under its non-U.S. benefit plans.

We have also agreed to assume, honor and be responsible for any accrued but unused vacation time to which any Indigo employee is entitled pursuant to the vacation policy applicable to such employee immediately prior to

88

the closing of the exchange offer. We shall allow each Indigo employee to use such accrued but unused vacation time under the terms and subject to the conditions of HP's vacation or flexible time off policies and programs, including any terms and conditions of the same that allow unused vacation time to be paid in cash upon an employee's termination of employment with HP. An Indigo employee's continuous service with Indigo shall be recognized in determining the Indigo employee's rate of accrual for future vacation time (1) under our U.S. vacation or flexible time off policies and programs and (2) to the extent it is reasonable under local conditions, under our non-U.S. vacation policies and programs.

Conditions to the Exchange Offer

Our obligation to accept for exchange, and to deliver shares of HP common stock and CVRs in exchange for, Indigo common shares that are validly tendered

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and not properly withdrawn, is subject to the satisfaction or, where permissible, the waiver of the conditions described in the offer agreement, including the following conditions:

The Minimum Tender Condition

Prior to the expiration date of the exchange offer, as it may be extended pursuant to the offer agreement, there must be validly tendered, in accordance with the terms of the exchange offer, and not withdrawn a number of Indigo common shares that, when added to any Indigo common shares owned by us or our subsidiaries, is equal to at least ninety-five percent (95%) of the sum of:

- . The total number of Indigo common shares outstanding immediately prior to the expiration date of the exchange offer, as it may be extended pursuant to the offer agreement, excluding for this purpose any Indigo common shares that are held in the treasury of Indigo; and
- . The total number of Indigo common shares issuable upon the exercise or conversion of all warrants to acquire Indigo common shares, excluding for this purpose any warrants held by HP or its subsidiaries or the warrants held by Walthroup Corporation N.V., Visionvest Corporations N.V., Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd. and Deering Corporation N.V.

Other Conditions to the Exchange Offer

The exchange offer is also subject to the conditions that, before the expiration of the exchange offer, as it may be extended pursuant to the offer agreement,

- . The applicable waiting periods or approvals under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and under any foreign antitrust laws must have expired or been terminated or been obtained, as applicable;
- . Indigo must have received approval from the Office of the Chief Scientist of the Israeli Ministry of Trade & Industry, without obligation to pay materially increased royalties, of the ownership by Indigo of all intellectual property created, discovered, arising or resulting from any research or development that has, directly or indirectly, in whole or in part, been funded or financed by any grants, incentives, including tax incentives, or subsidies from the government of the State of Israel or any of its agencies from any foreign governmental or administrative agency;
- . Indigo must have obtained any Israeli governmental approvals required pursuant to Israeli legal requirements for the completion of the exchange offer, including approval of the Office of the Chief Scientist of the Israeli Ministry of Industry and Trade, the Israeli Investment Center of the Israeli Ministry of Industry and Trade and the Israeli Commissioner of Restrictive Trade Practices;
- . We must have obtained (1) an exemption from the requirements of the Israeli Securities Authority from the requirements of the Israeli Securities Law, 1968, concerning publication of a prospectus in respect of the exchange of Indigo stock options for HP stock options, and (2) a pre-ruling regarding the inapplicability of the prospectus requirement pursuant to the Israeli Securities Law, 1968, in respect of

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- the exchange offer for Indigo common shares and the exchange of Indigo warrants for HP warrants, which we also refer to as the Israel Securities Exemption;
- . The Registration Statement on Form S-4 relating to the exchange offer must have become effective under the Securities Act, and must not be the subject of any stop order or proceedings seeking a stop order;
 - . The shares of HP common stock to be issued in the exchange offer must have been approved for listing on the New York Stock Exchange, subject to official notice of issuance, or must be exempt from such requirement under then applicable laws, regulations and rules of the New York Stock Exchange;
 - . Seventy-five percent (75%) of specified individuals identified by us and Indigo must continue to be employees of Indigo at the closing of the exchange offer;
 - . At any time on or after September 6, 2001 and before the time of acceptance for exchange of any Indigo common shares, none of the following events shall have occurred and be continuing:
 - There must not be pending any suit, action or proceeding by any governmental entity against HP, Indigo, any subsidiary of Indigo or any of our subsidiaries (1) seeking to prohibit or impose any material limitations on our ownership or operation (or that of any of its subsidiaries or affiliates) of all or a material portion of their or Indigo's businesses or assets, or to compel us or our subsidiaries and affiliates to dispose of or hold separate any material portion of the business or assets of Indigo or HP and their respective subsidiaries, in each case taken as a whole, (2) challenging the acquisition by HP of any Indigo common shares under the exchange offer, seeking to restrain or prohibit the making or completion of the exchange offer or the performance of any of the other transactions contemplated by the offer agreement, the tender agreements, or the voting agreements (including the voting provisions thereunder), or seeking to obtain from Indigo or us any damages that are material in relation to Indigo and its subsidiaries taken as a whole, (3) seeking to impose material limitations on our ability, or render us unable, to accept for payment, pay for or purchase some or all of the Indigo common shares pursuant to the exchange offer, (4) seeking to impose material limitations on our ability effectively to exercise full rights of ownership of Indigo common shares, including, without limitation, the right to vote Indigo common shares purchased on all matters properly presented to Indigo's shareholders, (5) compelling us or our affiliates to dispose of or hold separate any portion of the business or assets or shares of Indigo or us and our respective subsidiaries, (6) obliging Indigo, us or any of our respective subsidiaries to pay material damages in connection with the transactions contemplated by the offer agreement, or (7) which otherwise is reasonably likely to have a material adverse effect on Indigo, as determined in accordance with the offer agreement or, as a result of the transactions contemplated by the offer agreement, a material adverse effect on us, as determined in accordance with the offer agreement;
 - There must not be any law, statute, rule, regulation, ordinance, judgment, order, decree or injunction enacted, entered, enforced, promulgated, or deemed applicable, pursuant to an authoritative interpretation by or on behalf of a government entity, to the exchange offer, or any other action shall be taken by any

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governmental entity, other than the application to the exchange offer of applicable waiting periods or approvals under the Hart-Scott-Rodino Act or any foreign antitrust or competition law and any Israeli governmental approvals required pursuant to Israeli legal requirements for the completion of the exchange offer, including approval of the Office of the Chief Scientist of the Israeli Ministry of Industry and Trade, the Israeli Investment Center of the Israeli Ministry of Industry and Trade and the Israeli Commissioner of Restrictive Trade Practices and receipt by us of the Israeli Securities Exemption, that, is reasonably likely to result, directly or indirectly, in any of the consequences referred to in clauses (1) through (7) of the above paragraph;

- There must not have occurred (1) any general suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange, for a period in excess of 24 hours (excluding

90

suspensions or limitations resulting solely from physical damage or interference with such exchanges not related to market conditions), (2) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), (3) a commencement of a war, armed hostilities or other international or national calamity directly involving the United States, (4) a commencement of a war or escalation of armed hostilities or a general mobilization or other international or national calamity directly involving Israel that is or is reasonably likely to be materially adverse to Indigo's ability to conduct business in Israel, (5) any limitation (whether or not mandatory) by any United States governmental authority on the extension of credit generally by banks or other financial institutions, or (6) in the case of any of the foregoing existing at the time of the commencement of the exchange offer, a material acceleration or worsening thereof;

- The representations and warranties of Indigo contained in the offer agreement:
 - (i) shall not have been true and correct in all respects (if qualified by material adverse effect on Indigo, as determined in accordance with the offer agreement, materiality or other qualifications based on the word "material" or similar phrases) or in all material respects (if not so qualified) as of the date of the offer agreement; provided that, for purposes of determining the accuracy of Indigo's representations and warranties for purposes of this clause (i) any update of or modification to Indigo's disclosure letter made or purported to have been made after the date of the offer agreement shall be disregarded; or
 - (ii) with respect to the representations and warranties regarding Indigo's organization, qualification, articles of association, capitalization, authority relative to the offer agreement, Securities and Exchange Commission filings and financial statements, brokers, opinion of financial advisor and board approval contained in the offer agreement, which we refer to as the "special representations," shall not be true and correct in all respects (if qualified by material adverse effect on Indigo, as determined in accordance with the offer agreement, materiality or other qualifications based on the word "material"

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or similar phrases) or in all material respects (if not so qualified) on and as of the time and date of the expiration of the exchange offer with the same force and effect as if made on or as of such time, except for those representations listed above which address matters only as of a particular date which representations shall have been true and correct in all respects (if qualified by material adverse effect on Indigo, as determined in accordance with the offer agreement, materiality or other qualifications based on the word "material" or similar phrases) or in all material respects (if not so qualified) as of such particular date; provided that, for purposes of determining the accuracy of the representations listed above for purposes of this clause (ii) any update of or modification to Indigo's disclosure letter made or purported to have been made after the date of the offer agreement shall be disregarded; or

- (iii) with respect to the representations and warranties that are not special representations listed in clause (ii) above, shall not be true and correct in all respects on and as of the time and date of the expiration of the exchange offer with the same force and effect as if made on or as of such time, except (A) in the aggregate, as does not, and could not reasonably be expected to, constitute a material adverse effect on Indigo, as determined in accordance with the offer agreement, and (B) for those representations and warranties which address matters only as of a particular date which representations shall have been true and correct (subject to material adverse effect qualification set forth in the preceding clause (A)) as of such particular date; provided, that for purposes of determining the accuracy of Indigo's representations and warranties other than the representations listed in clause (ii) above for purposes of this clause (iii), (x) all material adverse effect on Indigo, as determined in accordance with the offer agreement, and materiality qualifications and other qualifications based on the word "material" or similar phrases contained in such representations and warranties shall be disregarded, and (y) any update of or modification to Indigo's disclosure letter made or purported to have been made after the date of the offer agreement shall be disregarded;

91

- Indigo must have performed in all material respects any obligation and complied in all material respects with any agreement or covenant of Indigo to be performed or complied with by it under the offer agreement;
- Indigo must have received the consents, waivers and approvals required to be obtained in connection with the consummation of the transactions contemplated by the offer agreement;
- The extraordinary general meeting of shareholders of Indigo must have passed on the appointments of members of Indigo's management board and supervisory board and the amendment of Indigo's articles of association in accordance with the offer agreement; and
- The offer agreement must not have been terminated in accordance with its terms.

The foregoing conditions are for the sole benefit of HP and may be waived by

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HP, in whole or in part at any time and from time to time in the sole discretion of HP prior to the expiration of the exchange offer. The failure by HP at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

As used in the offer agreement, "material adverse effect" as it relates to Indigo means any change or effect that, individually or when taken together with all other such changes or effects that have occurred prior to the date of determination of the material adverse effect if, or is reasonably likely to be materially adverse to the business, assets, including intangible assets, financial condition or results of operation of Indigo and its subsidiaries, taken as a whole. However, in no event shall any of the following be deemed to constitute a material adverse effect as it relates to Indigo:

- . Any change or effect that results or arises primarily and directly from changes affecting the digital commercial printing industry generally or the worldwide economy generally, which changes or effects do not disproportionately affect Indigo;
- . Any change or effect primarily and directly resulting from the pendency of the exchange offer or the transactions contemplated by the offer agreement; or
- . Any change in Indigo's stock price or trading volume.

To successfully assert the exception in either of the first two bullet points listed above, Indigo must show by a preponderance of the evidence that such exception is applicable.

As used in the offer agreement, "material adverse effect" as it relates to HP means any change or effect that, individually or when taken together with all other such changes or effects that have occurred prior to the date of determination of the material adverse effect, is or is reasonably likely to be materially adverse to the business, assets, including intangible assets, financial condition, or results of operations of HP and its subsidiaries, taken as a whole. However, in no event shall any of the following be deemed to constitute a material adverse effect as it relates to us:

- . Any change or effect that results or arises primarily and directly from changes affecting any of the industries in which we operate generally or the worldwide economy generally, which changes or effect do not disproportionately affect us;
- . Any change or effect primarily and directly resulting from the pendency of the exchange offer or the transactions contemplated by the offer agreement; or
- . Any change in our stock price or trading volume.

To successfully assert the exception in either of the first two bullet points listed above, we must show by a preponderance of the evidence that such exception is applicable.

Termination of the Offer Agreement

Termination by Mutual Agreement

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We and Indigo may terminate the offer agreement at any time prior to the completion of the exchange offer by mutual written consent.

Termination by either HP or Indigo

Either we or Indigo may terminate the offer agreement at any time prior to the completion of the exchange offer if:

- . The exchange offer expires or terminates in accordance with the terms of the offer agreement without HP having accepted for exchange any Indigo common shares;
- . The exchange offer has not been completed on or before August 30, 2002, except that the right to terminate the offer agreement for the reason identified in this bullet point is not available to any party whose action or failure to act has been a principal cause of, or resulted in the failure of, the exchange offer to have been completed on or before such date if the action or failure to act constitutes a material breach of the offer agreement; or
- . There is any applicable law or regulation that makes completion of the exchange offer illegal or otherwise prohibited, or any final and nonappealable judgment, injunction, order or decree of any court or governmental body that enjoins HP or Indigo from completing the exchange offer.

Termination by HP

We may terminate the offer agreement at any time prior to the acceptance for exchange of Indigo common shares pursuant to the exchange offer, if any of the following occurs:

- . Indigo's management board or supervisory board or any committee thereof approves or recommends to Indigo shareholders any acquisition proposal, as defined in the offer agreement;
- . Indigo's management board or supervisory board or any committee thereof for any reason withholds, withdraws, amends or modifies its recommendation in favor of the exchange offer;
- . Indigo fails to include the recommendation in this registration statement or the Schedule 14d-9;
- . Indigo shall have breached the no solicitation provisions of the offer agreement in any material respect;
- . Any of Walthroup Corporation N.V., Visionvest Corporation N.V., Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd., or Deering Corporation N.V., or any of such entity's affiliates breaches the provisions of any of the voting agreements or the tender agreements in any material respect; or
- . A tender or exchange offer is commenced by a person unaffiliated with us, and Indigo does not send to Indigo shareholders pursuant to Rule 14e-2 promulgated under the Securities Act, within ten (10) business days after such tender or exchange offer is first published, sent or given, a statement disclosing that Indigo recommends rejection of such tender or exchange offer.

In addition, we may terminate the offer agreement, at any time prior to the acceptance for exchange of Indigo common shares pursuant to the exchange offer, if:

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- . Indigo materially breaches any covenant or agreement in the offer agreement; or
- . Any representation or warranty of Indigo was untrue when made or becomes untrue or inaccurate such that, pursuant to the terms of the offer agreement, we would not be required to accept for exchange any Indigo common shares tendered pursuant to the exchange offer if the expiration of the exchange offer had occurred on such date.

93

If, however, the breach of the covenant or agreement by Indigo, or the untruth of the representation or warranty of Indigo, is curable by Indigo through the exercise of commercially reasonable efforts, then HP may not terminate the offer agreement until the earlier of thirty (30) days after delivery of written notice from HP to Indigo of the breach or untruth or inaccuracy, or the date on which Indigo ceases to exercise commercially reasonable efforts to cure the breach or untruth or inaccuracy.

Termination by Indigo

Indigo may terminate the offer agreement, at any time prior to the acceptance for exchange of Indigo common shares pursuant to the exchange offer, if:

- . We materially breach any covenant or agreement in the offer agreement; or
- . Any representation or warranty of us was untrue or inaccurate when made or becomes untrue or inaccurate such that, in the aggregate the untruths or inaccuracies would reasonably be expected to have a material adverse effect on us.

If, however, the breach of the covenant or agreement by us, or the untruth or inaccuracy of the representation or warranty of us, is curable by us through the exercise of commercially reasonable efforts, then Indigo may not terminate the offer agreement until the earlier of thirty (30) days after delivery of written notice from Indigo to us of the breach or untruth or inaccuracy, or the date on which we cease to exercise commercially reasonable efforts to cure the breach or untruth or inaccuracy.

If the offer agreement is terminated pursuant to any of the provisions described above in this section, the offer agreement will become void and of no effect, with no liability on the part of us or Indigo, other than liability for any intentional or willful breach of or fraud in connection with the offer agreement or the payment by Indigo or us of the fees described below, as the case may be.

Payment of Termination Fee; Expenses

If we terminate the offer agreement before Indigo common shares are accepted for exchange pursuant to the exchange offer as a result of (1) Indigo's material breach of any covenant or agreement in the offer agreement, or (2) any representation or warranty of Indigo's being untrue or inaccurate when made or becoming untrue or inaccurate such that, pursuant to the terms of the offer agreement, we would not be required to accept for exchange any Indigo common shares tendered pursuant to the exchange offer if the expiration of the exchange offer had occurred on such date, Indigo has agreed to reimburse all of our fees and expenses, including without limitation, costs of internal, legal, accounting and similar professional services incurred in connection with the

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offer agreement and the transactions contemplated by the offer agreement. However, the foregoing reimbursement fee will not in any event exceed U.S. \$2 million.

If we terminate the offer agreement before Indigo common shares are accepted for exchange pursuant to the exchange offer as a result of the occurrence of a triggering event, as defined in the offer agreement, Indigo has agreed to pay us a termination fee equal to U.S. \$27 million and to reimburse all of HP's fees and expenses, including without limitation, costs of internal, legal, accounting and similar professional services incurred in connection with the offer agreement, and the transactions contemplated by the offer agreement. However, the foregoing reimbursement fee will not in any event exceed U.S. \$2 million. See the above section entitled "--Termination of the Offer Agreement--Termination by HP" for the definition of triggering event.

If Indigo terminates the offer agreement as a result of (1) our material breach of any covenant or agreement in the offer agreement, or (2) any representation or warranty of us being untrue or inaccurate when made or becoming untrue or inaccurate such that, in the aggregate, the untruths or inaccuracies would reasonably be expected to have a material adverse effect on us, we have has agreed to reimburse all of Indigo's fees and expenses, including without limitation, costs of internal, legal, accounting and similar professional services

94

incurred in connection with the offer agreement. However, the foregoing reimbursement fee will not in any event exceed U.S. \$2 million.

The offer agreement provides that all expenses, other than any termination fees incurred in connection with the offer agreement and the transactions contemplated by the offer agreement, are to be paid by the party incurring such expenses.

Amendments to the Offer Agreement

Subject to applicable law, the offer agreement may be amended by us or Indigo at any time prior to the completion of the exchange offer by the execution of an instrument in writing signed on behalf of us and Indigo.

95

DESCRIPTION OF THE CVRs

The following summary describes the material provisions of the CVRs. The provisions of the CVRs are complicated and not easily summarized. This summary may not contain all of the information about the CVRs that is important to you. The form of CVR agreement is attached to this prospectus as Annex B and is incorporated by reference into this prospectus, and we encourage you to read it carefully for a more complete understanding of the CVRs.

Summary

The CVRs will be issued under a CVR agreement, between our new subsidiary, which we will form in connection with the exchange offer, and Chase Manhattan Bank and Trust Company, National Association, as trustee. The CVRs will be unsecured obligations of our subsidiary. The contingent payment obligations of our subsidiary will be guaranteed by Hewlett-Packard Company and will rank

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equally with all other unsecured obligations of HP.

There are many uncertainties associated with the CVRs and there is no assurance that any payment on the CVRs will be made. See "Risk Factors--Risks Related to the Contingent Value Rights" for a description of such uncertainties.

The definitions of selected terms used in the following summary are set forth below under "--Selected Definitions Related to the CVR Agreement."

Contingent Payment

The holder of each Indigo common share that is validly tendered and not properly withdrawn in the exchange offer for the contingent offer price will receive \$6.00, subject to adjustment, in HP common stock and one non-transferable contingent value right, or "CVR," for each Indigo common share so exchanged. Indigo common shares that are exchanged for the fixed offer price will not receive any CVRs.

Each CVR will entitle the holder to a contingent cash payment from our newly-formed subsidiary of up to \$4.50 if we achieve a total of up to \$1.6 billion in Revenue, as defined below and in the form of CVR agreement, over the three-year period commencing on the later of the first day of the first month subsequent to the closing of the exchange offer or February 1, 2002, which three-year period is referred to in this prospectus as the "CVR Measuring Period." The future cash payout for each CVR increases linearly from \$0 to \$4.50 as Revenue increases from \$1.0 billion to \$1.6 billion during the CVR Measuring Period. No payment will be made under the CVR if such Revenue is less than or equal to \$1.0 billion. No payment will be made in excess of \$4.50 under the CVR if such Revenue is greater than \$1.6 billion.

Payment at Maturity Date

The future cash payout, if any, of the CVRs will be determined and payable after the end of the CVR Measuring Period.

CVR Agreement

Immediately prior to the closing of the exchange offer, our newly-formed subsidiary and the trustee will enter into the CVR agreement substantially in the form attached to this prospectus as Annex B. We will cause the CVR agreement to be qualified under the Trust Indenture Act of 1939, as amended. The terms of the CVRs include those stated in the CVR agreement and those made part of the CVR agreement by reference to the Trust Indenture Act.

The contingent payment obligations of our subsidiary under the CVR agreement will be guaranteed by Hewlett-Packard Company pursuant to a guarantee to be entered into by our subsidiary, HP and trustee

96

concurrently with the execution of the CVR agreement. The guarantee will be substantially in the form filed as an exhibit to the registration statement of which this prospectus forms a part.

Among other things, the CVR agreement will provide that:

- . HP and its affiliates shall be entitled, in their sole discretion, to establish and modify from time to time all aspects of HP's program for the development, manufacturing, marketing and sale of any products, including, without limitation, the LEP Digital Press Products and

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Consumables, including product design, functionality and features, development processes, roadmaps and timelines, evaluation, testing and release readiness, procurement of materials and components, manufacturing, marketing and sales and staffing and funding for any of the foregoing, any or all of which may be performed by HP or its affiliates using its internal resources or by third parties pursuant to outsourcing or other contractual relationships with HP or its affiliates; and

- . HP and its affiliates will have no obligation to initiate or continue research, development, commercialization, marketing or sales activities with respect to any products, including, without limitation, the LEP Digital Press Products and Consumables and, in HP's sole and subjective discretion, HP and its affiliates may abandon efforts to research, develop, commercialize, market or sell any or all products, including, without limitation, the LEP Digital Press Products and Consumables.

Selected Definitions Related to the CVR Agreement

For purposes of the CVRs and the CVR agreement:

- . "Revenue" means the actual net revenue from the sale or lease of LEP Digital Press Products and Consumables, as defined below and in the form of CVR agreement, by HP and its affiliates, and its successors and assigns under the CVR agreement, during the CVR Measuring Period plus the Residual Calculation, as defined below and in the form of CVR agreement. Actual net revenue is to be based on U.S. GAAP, as applied by HP consistent with its financial reporting practices as of the beginning of the CVR Measuring Period, or in the case of successors or assigns under the CVR agreement which are not affiliates of HP, as such successors or assigns account for net revenue under their standard accounting practices.
- . "Residual Calculation" means the present value, as of the end of the CVR Measuring Period, of remaining minimum contractually committed payments associated with LEP Digital Press Products placed during the CVR Measuring Period under operating leases, provided the placement of such LEP Digital Press Products has not been and will not be recognized as a sale under U.S. GAAP, as applied by HP consistent with its financial Securities and Exchange Commission reporting practices as of the beginning of the CVR Measuring Period. The present value will be determined by using a discount rate of twelve percent (12%) per year.
- . "LEP Digital Press Products" means digital press products, including accessories and options, (e.g., finishing equipment and sheet feeders) which utilize Indigo technology which enables the creation of a printed image employing a liquid composition of charged, pigmented thermoplastic particles which are being transferred from an image-bearing surface to a final substrate.
- . "Consumables" means (1) consumables and accessories that in each case have a commercial use which is limited to the support and use of LEP Digital Press Products, and (2) support services directly related to the initial installation of and the ongoing repair and maintenance of LEP Digital Press Products.

Description of the CVR Certificates

CVRs Issued in Global Form

A newly-formed subsidiary of ours will issue the CVRs pursuant to the CVR agreement between that subsidiary and the trustee. Except in certain limited

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instances, the CVRs will be issued in the form of one or

97

more global certificates, registered in the name of the trustee, as depository, or any successor depository. Upon the issuance of a global certificate, the depository will credit on its records the respective number of CVRs held by each beneficial owner and will provide each beneficial owner with a notice indicating the respective number of CVRs credited to such beneficial owner. Ownership of interests in such global certificate will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by the depository. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form.

So long as the depository is the registered holder and owner of such global certificate, the depository will be considered the sole owner and holder of the related CVRs for all purposes of such CVRs and for all purposes under the CVR agreement. Except as set forth in the CVR agreement, owners of beneficial interests in a global certificate:

- . will not be entitled to have the CVRs represented by such global certificate registered in their names;
- . will not receive or be entitled to receive physical delivery of CVRs in definitive form; and
- . will not be considered to be the owners or holders of any CVRs under the CVR agreement or such global certificate.

Accordingly, each person owning a beneficial interest in a global certificate must rely on the procedures of the depository to exercise any rights of a holder of CVRs under the CVR agreement or such global certificate.

Payment of principal of and interest, if any, on CVRs represented by a global certificate will be made by us to the depository as the registered owner and holder of such global certificate. We expect that the depository, upon receipt of any payment of principal or interest, if any, in respect of a global certificate, will immediately transfer funds to the accounts designated by the beneficial owners in amounts proportionate to their respective beneficial interests in the principal amount of such global certificate as shown on the records of the depository.

Subject to the further restrictions on transfer described below, unless and until it is exchanged in whole or in part for CVRs in definitive form, a global certificate may not be transferred except as a whole by the depository to a successor depository.

Restrictions on Transfer of the CVRs

We are registering the CVRs under the registration statement of which this prospectus forms a part. The CVRs are not currently listed on any securities exchange and we do not plan to list the CVRs in the future. In addition, the CVRs are non-transferable, except for the following permitted transfers:

- . The transfer of any or all of the CVRs upon death by will or intestacy;
- . The transfer by instrument to an inter vivos or testamentary trust in which the CVRs are to be passed to beneficiaries upon the death of the trustee;

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- . Transfer to an affiliate of a CVR holder;
- . If the CVR holder is a partnership or limited liability or similar company, a distribution by the transferring entity to its limited partners or members;
- . By gift; or
- . A sale or transfer to HP or one of its affiliates.

However, in the event of any such permitted transfer, the transferee, other than HP or one of its affiliates is required to agree to be bound by these restrictions on transfer.

98

AGREEMENTS RELATED TO THE OFFER AGREEMENT

The following description of agreements related to the offer agreement describe the material terms of certain voting agreements, the tender agreements and the tender and option agreement entered into as of the date of the offer agreement. These agreements are attached as Annex C to this prospectus and are incorporated by reference into this prospectus. We encourage your to read these agreements carefully.

Parties to the Related Agreements

As an inducement to HP to enter into the offer agreement:

- . Each of Walthroup Corporation N.V., Visionvest Corporation N.V., Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd. and Deering Corporation N.V. and certain directors, executive officers and major shareholders of Indigo entered into a voting agreement with HP as described below;
- . S-C Indigo CV entered into a voting agreement with HP as described below;
- . Certain directors, executive officers and major shareholders of Indigo entered into a tender agreement with HP as described below;
- . S-C Indigo CV entered into a tender agreement with HP as described below; and
- . Each of Walthroup Corporation N.V., Visionvest Corporation N.V., Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd. and Deering Corporation N.V. entered into a tender and option agreement with HP as described below.

In addition, on November 7, 2001, the Landa Family Trust entered into a tender and option agreement and a voting agreement with HP as described below.

These shareholder agreements cover, in the aggregate, 72,382,936 common shares of Indigo, which represented approximately 65.8% of the outstanding Indigo common shares as of September 30, 2001.

Voting Agreements

Pursuant to the voting agreements, each of the Indigo shareholders who is a party thereto agreed, among other things, to vote its Indigo common shares:

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- . In favor of the appointment of the new members of Indigo's management and supervisory boards as set forth in the offer agreement;
- . In favor of the amendment of Indigo's articles of association as contemplated by the offer agreement;
- . In favor of the post-closing restructuring and any action required in furtherance thereof as contemplated by the offer agreement;
- . Against certain alternative transactions; and
- . In favor of waiving any notice that may have been or may be required relating to the exchange offer or any of the other transactions contemplated by the offer agreement, including the post-closing restructuring.

Pursuant to the voting agreements, each of the Indigo shareholders who is a party thereto also agreed not to transfer its Indigo common shares to any party from the date of the voting agreements, unless such party agrees: (1) to execute a counterpart to the voting agreement and to execute an irrevocable proxy substantially in the form set forth as Exhibit A to the voting agreements; and (2) to hold such Indigo common shares, or such interest therein, subject to all of the terms and conditions of the voting agreement. In furtherance of the foregoing, each of the Indigo shareholders who is a party to a voting agreement granted HP an irrevocable proxy to vote such shareholder's Indigo common shares as described above.

99

The voting agreements and the irrevocable proxies will terminate on the earlier of the closing of the exchange offer or the termination of the offer agreement pursuant to its terms; provided, that the voting agreement and irrevocable proxy between HP and S-C Indigo C.V. will terminate on December 30, 2002, if such date is earlier.

Tender Agreements

Pursuant to the tender agreements, each of the Indigo shareholders who is a party thereto agreed to tender their Indigo common shares, including any subsequently acquired Indigo common shares, in the exchange offer pursuant to and in accordance with the terms of the offer agreement. Each of these shareholders further agreed not to withdraw any of the Indigo common shares they tender unless the offer is terminated or has expired. Each of these shareholders also agreed not to transfer its Indigo common shares to any party from the date of the tender agreement, unless such party agrees: (1) to execute a counterpart to the tender agreement; and (2) to hold such Indigo common shares, or such interest therein, subject to all of the terms and conditions of the tender agreement.

The tender agreements will terminate on the earlier of the closing of the exchange offer or the termination of the offer agreement pursuant to its terms; provided, that the tender agreement between HP and S-C Indigo C.V. will terminate on December 30, 2002, if such date is earlier.

Tender and Option Agreements

A foundation, which we refer to as the Landa Family Trust, of which Mr. Landa, Indigo's Chairman and Chief Executive Officer, is a beneficiary, and each of the following entities directly or indirectly owned by the Landa Family Trust are parties to tender and option agreements: Walthroup Corporation N.V.,

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Visionvest Corporation N.V., Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd. and Deering Corporation N.V. Pursuant to the tender and option agreement, each of these entities controlled by the Landa Family Trust has agreed to tender its Indigo common shares, including any subsequently acquired Indigo common shares) in the exchange offer under substantially the same terms as the tender agreements described above.

In addition, each of these entities controlled by the Landa Family Trust has, pursuant to the tender and option agreement, granted us an irrevocable option, under specified circumstances, to purchase all of its Indigo common shares. This option is only exercisable by us upon such shareholder's breach of its obligations to tender its Indigo common shares into the exchange offer or upon such shareholder's breach of any other material agreement or covenant on the part of such shareholder set forth in the tender and option agreement.

Pursuant to the tender and option agreement, each of these entities controlled by the Landa Family Trust has also agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by such shareholder.

Pursuant to the tender and option agreement, the Landa Family Trust agreed to support all such agreements of these entities controlled by the trust.

The tender and option agreements will terminate on the earlier of the closing of the exchange offer or the termination of the offer agreement pursuant to their terms.

Affiliate Agreements

Each of the entities controlled by the Landa Family Trust that are party to the tender and option agreement has also entered into an agreement with us under which such entity acknowledged that its shares of HP common stock issued in connection with the exchange offer would be subject to the restrictions set forth in Rule 145 and,

100

accordingly, such entity agreed not to sell, transfer or otherwise dispose of such HP common stock unless the sale, transfer or other disposition is made in compliance with the requirements of Rule 145(d), or is made in reliance on a written opinion of counsel delivered to us that such sale, transfer or disposition is otherwise exempt from registration under the Securities Act.

101

RELATIONSHIPS BETWEEN HP AND INDIGO

Except for the voting, tender, tender and option, and affiliate agreements described in the section entitled "Agreements Related to the Offer Agreement" and as otherwise described in this prospectus, neither we nor, to the best of our knowledge, any of our directors, executive officers or affiliates has any agreement, arrangement or understanding with any other person with respect to any Indigo securities. Except as described herein, there have been no negotiations, transactions or material contacts during the past two years between us, or to the best of our knowledge any of our directors, executive officers or affiliates, on the one hand, and Indigo or any of its affiliates, on the other hand, concerning any: (1) merger, (2) consolidation, (3)

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acquisition, (4) tender offer for or other acquisition of Indigo securities, (5) election of Indigo's directors or (6) sale or other transfer of a material amount of Indigo's assets.

Except as described herein, neither we nor, to the best of our knowledge, any of our directors, executive officers or affiliates has had during the past two years any transaction with Indigo or any of its officers, directors or affiliates that would require disclosure under the rules and regulations of the Securities and Exchange Commission applicable to the exchange offer.

Except as otherwise set forth herein, neither we nor, to the best of our knowledge, any of our directors, executive officers or affiliates beneficially owns or has any right to acquire, directly or indirectly, any Indigo common shares.

Except as otherwise set forth herein, neither we nor, to the best of our knowledge, any of our directors, executive officers or affiliates has effected any transaction in Indigo common shares during the past 60 days.

Strategic Affiliation Agreement

We and Indigo have been familiar with each other's businesses for many years. In November 1998, we entered into a strategic affiliation agreement with Indigo pursuant to which we agreed, among other things (1) to explore the development and sale of digital color printing products combining Indigo's and our technology, (2) to identify necessary factors to achieve broad adoption of Indigo's technology and (3) to form a strategic alliance for exploring future products and applications. In September 2000, we made the equity investment in Indigo described below.

The Stock Purchase Agreement

On September 13, 2000, Hewlett-Packard Europe B.V., a wholly-owned subsidiary of Hewlett-Packard Company, agreed to purchase 14,814,814 newly issued common shares of Indigo pursuant to a stock purchase agreement between Indigo and Hewlett-Packard Europe B.V. In addition, Indigo granted to Hewlett-Packard Europe B.V. (1) a warrant, which we refer to as the acquisition warrant, to purchase 14,814,815 Indigo common shares, at a price of \$6.75 per common share, upon the acquisition of all or substantially all of the outstanding capital stock of Indigo by us or any of our subsidiaries, and (2) a warrant, which we refer to as the performance warrant, to purchase up to 12,000,000 common shares, at a price of \$6.75 per common share, upon the delivery by us of specified revenue to Indigo. For every \$100 million of cash revenues generated by us or any of our subsidiaries and paid to Indigo, the performance warrant vests with respect to the right to purchase 2,000,000 common shares of Indigo. On October 17, 2000, Indigo issued 14,814,814 common shares to Hewlett-Packard Europe B.V., as contemplated in the stock purchase agreement. A portion of the proceeds was used by Indigo to redeem Indigo shares. The Indigo common shares purchased by Hewlett-Packard Europe B.V. pursuant to the stock purchase agreement, and those issued or issuable upon exercise of the acquisition warrant and the performance warrant, are subject to a registration rights agreement, dated as of October 17, 2000, by and between Hewlett-Packard Europe B.V. and Indigo. As of the date of this prospectus no rights to purchase Indigo common shares have vested under the performance warrant.

The references to, and summary and description of the stock purchase agreement, the performance warrant, the registration rights agreement and the

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acquisition warrant are qualified in their entirety by reference to the copies of the stock purchase agreement, the performance warrant, the registration rights agreement and the acquisition warrant, which were previously filed as exhibits 1, 2, 3 and 5, respectively, to the Schedule 13D filed by Hewlett-Packard Company and Hewlett-Packard Europe B.V. on October 27, 2000 and are incorporated herein by reference.

The OEM Agreement and the Co-Development Agreement

On September 13, 2000, in connection with the transactions contemplated by the stock purchase agreement discussed in the section above, we and Indigo entered into (1) an OEM agreement to establish a commercial relationship to enable the sale of certain of Indigo's products by us on an OEM basis, and (2) a co-development agreement for the joint development of future products.

Pursuant to the OEM agreement, we have the right to select one or more digital printers offered for sale by Indigo, and to sell, lease or otherwise place under the HP brand such printers and the spare parts, ink, and other consumables used in connection with such printers. We also have the right to service such products worldwide. As of the date of this prospectus, we have selected one of Indigo's products, similar in configuration to Indigo's Platinum press, as the first product that HP distributes under the OEM Agreement. We sell the product under the name 6600 digital press.

Pursuant to the co-development agreement, we and Indigo agreed to develop printing presses jointly in accordance with specifications proposed by us. Under the co-development agreement, we and Indigo agreed (i) to provide each other with mutual access to relevant know-how, (ii) to fund jointly research and development programs, (iii) to have approximately ten (10) technical experts employed by us stationed at Indigo's facilities in Israel, and (iv) that we and Indigo have the right to sell directly or through third parties the jointly-developed products.

The Shareholders Agreement

In connection with the transactions contemplated by the stock purchase agreement, Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd., Visionvest Corporation N.V., Walthroup Corporation N.V., Deering Corporation N.V., S-C Indigo CV, Hewlett-Packard Europe B.V., HP and Indigo entered into a shareholders agreement, dated as of September 13, 2000. The shareholders agreement was previously filed as Exhibit 4 to the Schedule 13D filed by HP and Hewlett-Packard Europe B.V. on October 27, 2000, and is incorporated by reference herein.

Pursuant to the terms of the shareholders agreement, the common shares owned by Hewlett-Packard Europe B.V. may be transferred only pursuant to (1) a registration statement filed with the Securities and Exchange Commission or (2) any exemption from registration subject to receipt of an opinion of counsel that such transfer is exempt from registration. Under the shareholders agreement, Indigo and the major shareholders of Indigo, as such term is defined in the shareholders agreement, have a right of first refusal or a right of first offer, as applicable, with respect to certain sales by Hewlett-Packard Europe B.V., occurring after October 17, 2001 but on or before October 17, 2002, of any of the common shares subject to the shareholders agreement.

The shareholders agreement also provides Hewlett-Packard Europe B.V. a right of first refusal. Until the earlier of October 17, 2003 or HP's failure to make certain payments to Indigo under the co-development agreement, if Indigo or the major shareholders propose to enter into any agreement with a third party that would prevent Hewlett-Packard Europe B.V. from purchasing all or substantially all of the assets or all of the outstanding capital stock of Indigo, then Hewlett-Packard Europe B.V. has the right to enter into such transaction with

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Indigo or the major shareholders, as the case may be, on substantially the same terms proposed with the third party.

103

The shareholders agreement provides also (i) certain tag-along rights in favor of Hewlett-Packard Europe B.V. after October 17, 2002, (ii) certain drag-along rights in favor of the major shareholders after October 17, 2004, and (iii) certain anti-dilution rights in favor of Hewlett-Packard Europe B.V. until October 17, 2003.

Hewlett-Packard Europe B.V. and the major shareholders have agreed in the shareholders agreement that, for as long as each of the shareholders of Indigo affiliated with the Landa Family Trust, in the aggregate, and S-C Indigo CV owns 62.5% of the common shares held by them as of October 17, 2000, the supervisory board of Indigo shall include (1) a designee of Hewlett-Packard Europe B.V., (2) two designees of S-C Indigo CV and, (3) that number of designees of the shareholders affiliated with the Landa Family Trust as represents a majority of the supervisory board. Pursuant to the shareholders agreement, until the earlier of (1) October 17, 2005 and (2) such time when the shareholders affiliated with the Landa Family Trust cease to own, in the aggregate, at least 62.5% of the common shares held by them as of October 17, 2000, each of Hewlett-Packard Europe B.V. and S-C Indigo CV must vote its common shares as directed by a majority of the major shareholders with respect to any matter except a merger or consolidation of Indigo requiring a vote of Indigo's shareholders under Dutch law, any disposition of assets of Indigo, any change of control of Indigo or any liquidation of Indigo.

Under the terms of the shareholders agreement, if Hewlett-Packard Europe B.V. transfers any of its common shares subject to the shareholders agreement to a party other than an affiliate, certain rights of Hewlett-Packard Europe B.V. lapse, including, but not limited to, the right of first refusal, anti-dilution rights and the right to designate a nominee to the supervisory board.

Hewlett-Packard Europe B.V., the major shareholders and their respective affiliates are subject, pursuant to the shareholders agreement, to customary standstill provisions until October 17, 2003. Such limitations may be waived only by the supervisory board of Indigo or the chief executive officer of Indigo. Such limitations have been waived by Benzion Landa, Indigo's Chairman and Chief Executive Officer.

Purchases of Indigo Common Shares

Except as described above in the section entitled "--The Stock Purchase Agreement," neither we nor our subsidiaries purchased any other Indigo common shares during the past two years. Following the completion of the exchange offer, we and our subsidiaries may from time to time purchase Indigo common shares, subject to applicable law.

Indigo Stock Options

Indigo has granted Dr. Joel Birnbaum, the member of Indigo's supervisory board designated by Hewlett-Packard Europe B.V. pursuant to the shareholders' agreement described above, options to purchase 15,000 Indigo common shares.

104

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INDIGO MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the interim unaudited condensed consolidated financial statements and related notes for the periods ended September 30, 2001 and 2000 contained elsewhere in this prospectus as well as Form 20-F incorporated by reference into this prospectus. The discussion in this section contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as Indigo's plans, objectives and intentions. The actual results may differ materially from those indicated in such forward-looking statements.

Overview

See the section in this prospectus entitled "Summary--Parties to the Exchange Offer--Indigo N.V."

Significant Events in 2001

On July 25, 2001, Indigo introduced the Platinum, a new Digital Offset Color press which achieves very high image quality and functionality at a base configuration price below \$200,000. The new press is designed to bring the benefits of digital printing to commercial printers, trade shops, repro houses, in-plant and quick printers.

On September 27, 2001, Indigo and Nilpeter A/S announced an OEM agreement to provide digital label printing solutions. As part of this alliance, inline finishing solutions for Indigo's WebStream 100/200/400 digital presses will be sold through Indigo as a single package.

See also the section entitled "Exchange Offer" in this prospectus.

Operating Results

The third quarter of 2001 compared with the third quarter of 2000 and the first nine months of 2001 compared with the first nine months of 2000.

Total revenue in the third quarter of 2001 increased by 14% to \$44.1 million, from \$38.7 million in the third quarter of 2000. Equipment sales in the third quarter of 2001 increased by 14% to \$23.7 million, from \$20.8 million in the third quarter of 2000. Indigo attributes the increase in equipment revenues in the third quarter of 2001, as compared to the third quarter of 2000, primarily to an increase in the number of systems sold. This increase was partially offset by lower average selling prices of equipment in the third quarter of 2001. Total revenue in the first nine months of 2001 increased by 17% to \$134.7 million, from \$115.4 million in the first nine months of 2000. Equipment sales in the first nine months of 2001 increased by 18% to \$76.7 million, from \$64.8 million in the comparable period of 2000. Indigo attributes the increase in equipment revenues during the first nine months of 2001, as compared to the first nine months of 2000, to an increase in the number of systems sold.

Post-sales revenues in the third quarter of 2001 were at a record high of \$20.3 million, a 14% increase as compared to \$17.9 million in the third quarter of 2000. Post-sales revenues in the first nine months of 2001 increased by 15% to \$58.1 million, from \$50.6 million in the comparable period of 2000. The increase in post-sales revenues in the third quarter and nine-month period ending September 30, 2001, as compared to the third quarter and nine-month period ending September 30, 2000, is due mainly to growth in the installed base.

Gross margin on equipment sales decreased to \$6.7 million in the third quarter of 2001, compared to \$9.3 million in the third quarter of 2000. Gross

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margin as a percentage of equipment sales decreased to 28% in the third quarter of 2001, compared with 45% in the third quarter of 2000. Gross margin on equipment sales decreased to \$23.6 million in the first nine months of 2001, compared to \$25.2 million in the first nine months of 2000. Gross margin as a percentage of equipment sales decreased to 30.9% in the first nine months of 2001,

105

compared with 39% in the comparable period of 2000. The decrease in gross margin as a percentage of equipment sales in the third quarter and nine-month period ending September 30, 2001, as compared to the third quarter and nine-month period ending September 30, 2000, is primarily attributable to lower-margin sales through Indigo's indirect channels, price erosion primarily in the U.S. and costs associated with the launch of the Platinum press.

Gross margin on post-sales revenue decreased to \$10.0 million in the third quarter of 2001, compared to a gross margin of \$10.2 million in the third quarter of 2000. Gross margin as a percentage of post-sales revenue for the third quarter of 2001 decreased to 49%, compared with a gross margin of 57% in the third quarter of 2000. Gross margin on post-sales revenue increased to \$30.6 million in the first nine months of 2001, compared to a gross margin of \$28.4 million in the first nine months of 2000. However, gross margin as a percentage of post-sales revenue for the first nine months of 2001 decreased to 52.7%, compared to a gross margin of 56.2% in the comparable period of 2000. The decrease in gross margin as a percentage of post-sales revenue in the third quarter and nine-month period ending September 30, 2001, as compared to the third quarter and nine-month period ending September 30, 2000, is attributable primarily to an increased share of UltraStream presses in Indigo's installed base. The imaging products for the UltraStream presses, included in post-sales revenue, are less mature than the imaging products for Indigo's other presses and deliver a lower gross margin.

Gross research and development costs, before participation grants, increased to \$7.0 million in the third quarter of 2001, from \$6.2 million in the third quarter of 2000. Net research and development costs, after participation grants by the Office of the Chief Scientist and HP, decreased to \$3.8 million in the third quarter of 2001, compared to \$5.3 million in the third quarter of 2000. Gross research and development costs, before participation grants, increased to \$20.5 million in the first nine months of 2001, from \$17.7 million in the first nine months of 2000. Net research and development costs, after participation grants by the Office of the Chief Scientist and HP, decreased to \$13.0 million in the first nine months of 2001, compared to \$14.5 million in the comparable period of 2000. The increase in research and development costs in the third quarter and nine-month period ending September 30, 2001, as compared to the third quarter and nine-month period ending September 30, 2000, reflects the increase in resources related to Indigo's strategic agreement with HP. Indigo continues to focus on the enhancements of the UltraStream, the Publisher and Photo-e-Print Families, as well as co-development with HP. The decrease in net research and development costs in the third quarter and nine-month period ending September 30, 2001, as compared to the third quarter and nine-month period ending September 30, 2000, is related to participation from HP and an increase in Government funding in 2001 on behalf of research and development projects performed during 2000 and 2001.

Starting in the third quarter of 2001, Indigo classifies its royalty payments to the Government of Israel, relating to research and development grants, to cost of goods sold. Previously, Indigo classified these royalty payments to selling, general and administrative expenses. The amounts reclassified for the three month period ended September 30, 2000 and for the

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nine month period ended September 30, 2000 were \$0.75 million and \$2.3 million, respectively. The amounts classified as above for the three month period ended September 30, 2001 and for the nine month period ended September 30, 2001 were \$1.0 million and \$3.1 million, respectively.

During 1998, Indigo joined an additional program of the Office of the Chief Scientist known as the "Magnet Program." The Magnet Program's mission is to optimize national investment in research and development by encouraging generic technology development for mid- and long-term projects, as well as by initiating cooperation between companies and academia at the pre-competitive stage. Magnet Program funding includes financing of 66% of the program budget with no commitment to pay royalties to the Office of the Chief Scientist. The participation received from the Magnet Program is included in the participation received from the Office of the Chief Scientist.

Selling, general and administrative expenses increased to \$20.9 million in the third quarter of 2001, compared to \$16.3 million in the third quarter of 2000. This increase is directly related to HP-Indigo acquisition related expenses, an increase in the allowance for doubtful accounts due to the loss of several customers who

106

have ceased operations due to the economic environment, marketing costs for the Print 01 show in Chicago in September 2001 and the continued increase in the direct sales force.

Interest income, net of interest expense was \$1.1 million in the third quarter of 2001, compared to \$0.2 million in the third quarter of 2000. The increase in interest income is mainly a result of interest income generated from deposits.

Indigo operates worldwide and in a variety of currencies. When operating in currencies other than the U.S. dollar, Indigo's cash flows and earnings are exposed to fluctuations in foreign currency exchange rates. Indigo attempts to reduce this exposure through operational strategies and hedge-oriented financial instruments.

Indigo does not enter into derivative contracts for trading purposes, nor is it a party to any leveraged financial instruments. Balance sheet hedges protect Indigo from fluctuations in balance sheet accounts linked to non-U.S. dollar currencies. Cash flow hedges protect Indigo from fluctuations in income and expenses incurred in subsidiaries that operate in non-U.S. dollar-based environments.

To date, Indigo has utilized monetary assets and liabilities, forward contracts and purchased option contracts to mitigate the exposure from changes in foreign currency rates. However, there can be no assurance that the steps taken will be successful in protecting Indigo from the above-described risks.

Provision for income taxes decreased to \$10,000 in the third quarter of 2001, compared to \$464,000 in the third quarter of 2000. The decrease in income taxes is a result of a one-time reduction in income taxes during the third quarter of 2001. Income taxes include taxes on income reported by Indigo to the respective taxing jurisdictions.

The cumulative effect of an accounting change, net as of the beginning of year 2000, was a loss of \$1.9 million. The accounting change is attributed to the adoption of SAB 101 "Revenue Recognition in Financial Statements."

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Net loss was \$7.0 million in the third quarter of 2001, compared to a net loss of \$2.4 million in the third quarter of 2000. Net loss applicable for common shares outstanding was \$7.0 million in the third quarter of 2001, compared to a net loss applicable for Indigo common shares outstanding of \$64.0 million in the third quarter of 2000. Net loss was \$12.5 million in the first nine months of 2001 and 2000, and the net loss applicable for common shares outstanding was \$12.5 million in the first nine months of 2001, compared to a net loss applicable for Indigo common shares outstanding of \$81.9 million in the first nine months of 2000. During the third quarter of 2000, Indigo reached an agreement with the holders of most of the Series A Preferred Shares to convert these shares to Indigo common shares. As a result, a one-time charge of \$58.7 million related to the inducement to convert the preferred shares was included in the calculation of loss per share, in addition to the current charge of \$2.9 million regarding the preferred shares dividends. Basic and diluted loss per Indigo common share was \$0.06 for the third quarter of 2001, compared to \$0.81 for the third quarter of 2000. Basic and diluted loss per Indigo common share was \$0.11 for the first nine months of 2001, compared to \$1.04 for the first nine months of 2000.

2000 compared with 1999

In 2000, pursuant to Securities and Exchange Commission, Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," Indigo implemented a change in its revenue recognition policy. Previously, Indigo had recognized revenue upon shipment of equipment, which preceded installation, provided collectibility was reasonably assured, future obligations of Indigo were considered insignificant and the costs of such obligations could be reasonably estimated. Under the new policy, revenue on sales of equipment to customers is recognized upon installation at the customer's site within the reporting period, where applicable, provided collectibility is reasonably assured, future obligations of Indigo are considered insignificant and the costs of such obligations can be reasonably estimated.

107

Total revenue, which is comprised of revenues from equipment, post-sales activities, license fees and royalties, increased by 13.7% to \$164.8 million in 2000 from \$145.0 million in 1999 (implementation of SAB 101 in 1999 would have resulted in total revenue of \$146.2 million in year 1999).

Equipment revenues increased by 21.1% to \$95.3 million in 2000 compared with \$78.7 million in 1999 (implementation of SAB 101 in 1999 would have resulted in equipment revenue of \$79.9 million in year 1999). During 2000, Indigo's unit sales increased by 24% compared to 1999 primarily due to sales of the new generation of ultra-high speed Digital Offset Color presses--the UltraStream 2000 and an increase in sales of the e-Print Pro+.

Post-sales revenues, which include revenues from consumable products and service, increased by 12.0% to \$69.4 million in 2000 from \$62.0 million in 1999. The increase is primarily attributable to the increased installed base. The increase in equipment and post-sales revenues was offset by the devaluation of the Euro.

Revenues from license fees and royalties were \$0.09 million for 2000, compared to \$4.3 million for 1999. The 1999 revenues from licensing fees and royalties resulted primarily from patent-licensing agreements relating to document scanning and handling technologies.

Equipment and post-sales revenues in North America increased by 46.9% to \$71.1 million in 2000 from \$48.4 million in 1999. Equipment and post-sales

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revenues in Europe increased by 7.1% to \$75.8 million in 2000 from \$70.8 million in 1999. Equipment and post-sales revenues in Europe were negatively influenced by the devaluation of the Euro during 2000. Equipment and post-sales revenues in other territories increased by 45% to \$8.7 million in 2000 from \$6.0 million in 1999. The increase in these revenues is primarily attributable to the increase of sales in Latin America.

Gross margin (net of royalties and license fees) increased by 22.7% to \$81.1 million in 2000 from \$66.1 million in 1999 (implementation of SAB 101 in 1999 would have resulted in gross margin of \$66.7 million in year 1999). Gross margin as a percentage of revenues increased to 49.2% in 2000 compared with 47.0% in 1999. Gross margin on equipment sales increased by 23.0% to \$41.7 million in 2000, compared to \$33.9 million in 1999. Gross margin as a percentage of equipment sales for 2000 increased to 43.7% compared with 43.1% in 1999. The increase is attributable primarily to sales of the UltraStream 2000. Gross margin on post-sales revenues increased by 22.4% to \$39.4 million in 2000, compared to a gross margin of \$32.2 million in 1999. Gross margin as a percentage of post-sales revenues for 2000 increased to 56.8% compared with 52.0% in 1999. The improvement in 2000 is attributable primarily to increased post-sales revenues as a result of the increased installed base, improvement in the reliability of consumable products, and to the continuing improvement in equipment reliability resulting in a reduction of cost of service per unit.

Gross research and development costs, before participation grants, increased to \$24.4 million in 2000 from \$20.4 million in 1999. The high level of costs during the last two years reflects Indigo's focus on the development of new products, including the products which were first presented in the Drupa exhibition in Dusseldorf, Germany, in May 2000 and the Photo-e-Print products.

Net research and development costs, after participation grants, increased to \$19.5 million in 2000, from \$14.2 million in 1999. Participation grants from the Israeli Office of the Chief Scientist decreased to \$4.9 million in 2000 compared to \$6.2 million in 1999. The high level in the Chief Scientist's participation in the last two years is directly associated with the development of Indigo's new products and Indigo's participation in the Magnet Program.

Indigo is committed to pay royalties to the Chief Scientist upon successful completion of projects that the Chief Scientist funds, and upon sales of the resulting products, until the amount of the grant has been repaid. This expense has been reflected in selling, general and administrative expenses.

108

Selling, general and administrative expenses increased to \$71.9 million during 2000 from \$57.6 million in 1999. The increase primarily reflects an increase in selling expenses due to an increase in the number of sales personnel, which is consistent with Indigo's policy of increasing its presence in the direct sales market. The increase is also attributable to an increase in marketing expenses due to the Drupa exhibition in May 2000 and the Graph-Expo exhibition in September 2000.

Interest income and other, net of interest expense and other, was \$1.8 million in 2000, compared to interest income, net of interest expense, of \$0.7 million in 1999. The increase is primarily a result of the increase in cash, cash equivalents, short-term deposits and marketable securities and a decrease in short-term loans in the fourth quarter of 2000 following HP's investment.

Indigo operates worldwide and in a variety of currencies. When operating in several currencies other than the U.S. dollar, Indigo's cash flows and earnings are exposed to fluctuations in foreign currency exchange rates. Indigo attempts

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to reduce this exposure through operational strategies and hedge-oriented financial instruments.

Indigo does not enter into derivative contracts for trading or speculative purposes, nor is it a party to any leveraged financial instruments. Cash flow hedges protect Indigo from fluctuations in income and expenses incurred in subsidiaries that operate in non-U.S. dollar-based environments.

Provision for income taxes includes taxes on income reported by Indigo to the respective taxing jurisdictions. Provision for income taxes increased to \$1.1 million in 2000 from \$0.7 million in 1999.

The cumulative effect of an accounting change, net as of the beginning of year 2000, was a loss of \$1.9 million. The accounting change is attributed to the adoption of SAB 101, "Revenue Recognition in Financial Statements," as described above.

Net loss increased to \$11.6 million in 2000 compared to a net loss of \$1.4 million for 1999. Basic and diluted loss per common share before the cumulative effect of an accounting change, net, was \$0.90 and \$0.16 for 2000 and 1999, respectively. Basic and diluted loss per common share after the cumulative effect of an accounting change, net, was \$0.93 and \$0.16 for 2000 and 1999, respectively. The increase in net loss is primarily attributed to the increase in selling and marketing expenses and research and development expenses as described above.

1999 compared with 1998

Total revenue, which is comprised of revenues from equipment, post-sales activities, license fees and royalties, decreased by 2% to \$145.0 million in 1999 from \$147.4 million in 1998.

Equipment revenues remained flat at \$78.7 million in 1999 compared with \$79.0 million in 1998. During 1999, Indigo sold substantially more units than in 1998. However, the average selling price of the systems was reduced following the introduction and sale of the e-Print Pro+ during the second half of 1999. The combination of these two factors, and the lower Euro exchange rate in Europe, led to equipment revenues remaining at the same levels as in 1998.

Post-sales revenues, which include revenues from consumable products and service, increased by 7% to \$62.0 million in 1999 from \$58.0 million in 1998. The increase is primarily attributable to the increased installed base, which was partially offset by rebates in respect of accounts receivable in Europe.

Revenues from license fees and royalties were \$4.3 million for 1999, compared to \$10.3 million for 1998. The 1999 revenues from licensing fees and royalties resulted primarily from patent-licensing agreements relating to document scanning and handling technologies.

109

During 1999, Indigo undertook a new strategy targeted at the lower end of its market by introducing a new system, the e-Print Pro+, with a list price of \$149,000. Under an OEM agreement with A.B. Dick, A.B. Dick is marketing its own branded digital press that incorporates this technology. This system is targeted at copy shops, in-plant printers, quick printers and small commercial printers. During the second half of 1999, the e-Print Pro+ became Indigo's most popular unit, increasing Indigo's installed base, but lowering Indigo's average selling price of units sold.

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Equipment and post-sales revenues in North America increased by 3% to \$48.4 million in 1999 from \$46.9 million in 1998. Equipment and post-sales revenues in Europe increased by 3.2% to \$70.8 million in 1999 from \$68.6 million in 1998. The lower sales activity in North America as compared to Europe is primarily attributable to fewer available sales channels in North America.

Sales of equipment to Toyo Ink, Indigo's distributor in Japan and much of Southeast Asia and the Pacific Rim, increased by 20% to \$7.7 million in 1999 from \$6.4 million in 1998. Total revenues from Toyo Ink in 1999 and 1998 constituted 11% of Indigo's equipment and post-sales revenues. During the third quarter of 1998, Indigo signed an agreement with Toyo Ink to repurchase from Toyo Ink's inventory 30 systems to be upgraded to one of Indigo's newly announced products (the e-Print Pro+). The transaction was initiated by Indigo in order to be able to supply the demand for the newly announced e-Print Pro+ and included a repurchase of systems at a purchase price lower than Indigo's own manufacturing cost for the product. Sixteen of these systems were upgraded to the e-Print Pro+ and resold during the fourth quarter of 1998 and the remaining systems were resold during the first half of 1999.

Gross margin (net of royalties and license fees) remained flat at \$66.1 million in 1999 from \$66.0 million in 1998. Gross margin as a percentage of revenues decreased to 47% in 1999 compared with 48% in 1998. Gross margin on equipment sales decreased by 17% to \$33.9 million in 1999, compared to \$40.8 million in 1998. Gross margin as a percentage of equipment sales for 1999 decreased to 43% compared with 52% in 1998. The decrease in gross margin as a percentage of equipment sales is primarily attributable to the increase in sales of the lower priced e-Print Pro+ during 1999. Gross margin on post-sales revenues increased by 28% to \$32.2 million in 1999, compared to a gross margin of \$25.2 million in 1998. Gross margin as a percentage of post-sales revenues for 1999 increased to 52% compared with 43% in 1998. The improvement in 1999 is attributed primarily to increased revenue from the increased installed base, improvement in the reliability of imaging products, and to the continuing improvement in equipment reliability resulting in a reduction of cost of service per unit.

Gross research and development costs, before participation grants, decreased to \$20.4 million in 1999 from \$21.0 million in 1998. The high level of costs during those two years reflects Indigo's focus on the development of new products, including those unveiled in February 2000.

Net research and development costs, after participation grants, decreased to \$14.2 million in 1999, from \$16.7 million in 1998. Participation grants from the Chief Scientist increased to \$6.2 million in 1999 compared to \$4.4 million in 1998. The increase in the Chief Scientist's participation is directly associated with the development of Indigo's new products and Indigo's participation in the Magnet Program.

Selling, general and administrative expenses decreased to \$57.6 million during 1999 from \$61.5 million in 1998. The reduction was primarily in the areas of general and administrative costs, due to Indigo's restructuring in 1998, as well as Indigo's continuing efforts to reduce its general and administrative costs. This decrease was partially offset by an increase in the number of sales personnel, which is consistent with Indigo's policy to increase its presence in the direct sales market. During 1999, Indigo paid all outstanding payments relating to the 1998 and prior year's restructuring.

Interest income and other, net of interest expense and other, was \$0.7 million in 1999, compared to interest income, net of interest expense, of \$0.8 million in 1998. Indigo operates worldwide and in a variety of currencies. When operating in several currencies other than the U.S. dollar, Indigo's cash flows and earnings are exposed to

fluctuations in foreign currency exchange rates. Indigo attempts to reduce this exposure through operational strategies and hedge-oriented financial instruments.

Indigo does not enter into derivative contracts for trading or speculative purposes, nor is it a party to any leveraged financial instruments. Cash flow hedges protect Indigo from fluctuations in income and expenses incurred in subsidiaries that operate in non-U.S. dollar-based environments.

Provision for income taxes includes taxes on income reported by Indigo to the respective taxing jurisdictions. Provision for income taxes decreased to \$0.7 million in 1999 from \$2.4 million in 1998. This decrease is primarily a result of a revision of estimates made by Indigo in 1999 with respect to tax liabilities by a net amount of approximately \$1.5 million.

Net loss decreased by 73% to \$1.4 million in 1999 compared to a net loss of \$5.1 million for 1998. Basic and diluted loss per common share was \$0.16 and \$0.22 for 1999 and 1998, respectively.

Liquidity and Capital Resources

Indigo's cash and cash equivalents and restricted cash were \$18.9 million at September 30, 2001, compared to \$47.8 million at December 31, 2000. Indigo's short-term deposits and marketable securities were \$48.4 million at September 30, 2001, compared to \$47.2 million at December 31, 2000, while its long-term marketable securities were \$9.5 million at September 30, 2001, compared to nil at December 31, 2000. The reduction in cash and cash equivalents and restricted cash is directly associated with an increase in capital expenditures and investment in long-term marketable securities, as well as a decrease in accounts payable and accrued expenses.

The long term securities represent corporate and bank fixed rate bonds, with interest rate ranges between 5.4% and 7.6% and with maturity dates through 2003.

Indigo's accounts receivable was \$40.7 million at September 30, 2001 and December 31, 2000.

Indigo's inventory levels decreased to \$47.4 million at September 30, 2001, compared to \$47.8 million at December 31, 2000. The decrease is mainly a result of a decrease in work in process and finished goods of systems and options, offset by an increase in raw materials and finished goods of imaging products.

Indigo's fixed assets, net, increased by \$3.0 million to \$26.0 million as of September 30, 2001, compared to \$23.0 million at December 31, 2000. The increase in fixed assets, net, is primarily a result of additional products capitalized in Indigo's training and demo centers, as well as expansion of the ink plant and investments in additional office space in Israel.

During 2001, Indigo signed three new independent agreements with two major Israeli banks and with Citibank N.A. The total bank facilities (including an existing facility with a third Israeli bank), provide for total advances up to \$50.0 million. The facilities expire on various dates during 2002. Indigo has the option to extend certain of the facilities upon the fulfillment of certain requirements.

As of September 30, 2001, Indigo's working capital was \$78.7 million, a decrease of \$29.9 million compared to working capital of \$108.6 million at December 31, 2000. The decrease in working capital is mainly a result of a

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\$27.4 million decrease in cash and cash equivalents and a \$12.9 million increase in short-term loans payable, which was offset by a \$8.4 million decrease in accounts payable and accrued expenses.

Cash flows used in operating activities increased to \$14.2 million during the nine-month period ending September 30, 2001, compared to \$9.4 million in the comparable period of 2000. This increase is attributed primarily to a decrease in accounts payable and accrued expenses. Cash flows from financing activities increased to \$6.8 million during the nine-month period ending September 30, 2001, compared to \$1.6 million in the

111

comparable period of 2000. This increase is attributed primarily to an increase in short-term loans payable which was partially offset by an increase in the purchase of treasury stock.

Litigation

One of Indigo's Israeli subsidiaries is party to a dispute regarding the amount of rent payable pursuant to a long-term lease for a tract of land adjacent to Indigo's manufacturing facilities in Nes-Ziona, Israel. The dispute involves issues of contract interpretation and real estate appraisal. Arbitration proceedings commenced in March 1998, and in August 1999 the arbitrator issued his decision, which was invalidated by the Tel Aviv District Court in June 2001. In July 2001, the landlord petitioned Israel's Supreme Court for permission to appeal the District Court's ruling, and in October 2001, Indigo's subsidiary filed its response to such petition. In the event that the parties are unable to resolve the dispute amicably, Indigo intends to continue to defend the claim vigorously, since Indigo believes that the amount of rent sought by the landlord is unreasonable and not supported by the terms of the lease. The maximum exposure regarding this claim would not have a significant effect on Indigo's financial position or its results of operations.

Contingencies

a. Indigo is committed to pay royalties to the Government of Israel relating to research and development grants, in which the Government participates by way of grants. At the time the grants were received, successful development of the related projects was not assured. As from January 1, 1998, the royalty rate is 3%-3.5% of either 50% or 100% of sales of the products, until the cumulative amount of the royalties equals 100% of the grants received for research and development with the addition of an annual interest rate based on LIBOR. Repayment of such grants is not required in the event that there are no sales of products with respect to such grants. As of September 30, 2001, Indigo had received and accrued cumulative grants, net of royalties paid and accrued, of approximately \$23.0 million.

Following an amendment to the regulations relating to research and development grants, Indigo is negotiating with the Office of the Chief Scientist with the object of settling all of its potential future royalty commitments by way of a fixed payment arrangement. These negotiations are in the initial stage and the outcome is, therefore, uncertain.

b. Assuming close of the exchange offer, Indigo has agreed to pay additional deal-related expenses of approximately \$10.0 million relating to legal and investment banking expenses and other liabilities related to the exchange offer. See section entitled "Fees and Expenses" in this prospectus.

Impact of Recently Issued Accounting Pronouncements

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In July 2001, the FASB issued Statements of Financial Accounting Standards No. 141 (FAS 141), "Business Combinations," and No. 142 (FAS 142), "Goodwill and Other Intangible Assets." FAS 141 supercedes Accounting Principles Board Opinion No. 16 (APB 16), "Business Combinations" and FAS 142 supercedes APB 17, "Intangible Assets."

The most significant changes made by FAS 141 are: (1) requiring that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, (2) establishing specific criteria for the recognition of intangible assets separately from goodwill and (3) requiring unallocated negative goodwill to be written off immediately as an extraordinary gain (instead of being deferred and amortized).

The most significant changes made by FAS 142 are: (1) goodwill and indefinite lived intangible assets will no longer be amortized, (2) goodwill will be tested for impairment at least annually at the reporting unit level, (3) intangible assets deemed to have an indefinite life will be tested for impairment at least annually, and (4) the amortization period of intangible assets with finite lives will no longer be limited to forty years. In addition,

112

FAS 142 contains certain transitional provisions which may effect the classification of intangible assets as well as the balance of goodwill. The provisions for FAS 141 are effective for acquisitions consummated after June 30, 2001. The provisions of FAS 142 are effective for fiscal years beginning after December 15, 2001 (fiscal year 2002 for Indigo). Management are currently assessing the impact of the adoption of these new pronouncements.

In July 2001, the FASB approved the issuance of FAS 143, "Accounting for Asset Retirement Obligations." FAS 143 prescribes the accounting for retirement obligations associated with tangible long-lived assets, including the timing of liability recognition and initial measurement of the liability. FAS 143 requires that an asset retirement cost should be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. FAS 143 is effective for fiscal years beginning after June 15, 2002 (January 1, 2003 for Indigo).

In August 2001, the FASB issued FAS 144, "Accounting for the impairment or Disposal of Long-Lived Assets," which is effective for fiscal periods beginning after December 15, 2001 (January 1, 2002 for Indigo) and interim periods within those years. FAS 144 establishes an accounting model for impairment or disposal of long-lived assets to be disposed of by sale.

Indigo is currently evaluating the potential effects, if any, that the adoption of these standards may have on its consolidated financial statements.

113

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK OF INDIGO

Market risks relating to Indigo's operations result primarily from changes in exchange rates. To address this risk, Indigo uses various financial instruments. These instruments are composed of monetary assets and liabilities, derivative forward exchange contracts and purchased options. These financial instruments enable Indigo to manage and reduce the impact of fluctuation in foreign currency exchange rates. Balance sheet hedges protect Indigo from

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fluctuations in balance sheet accounts that are linked to non-U.S. dollar-based environments. Cash flow hedges protect Indigo from fluctuations in income and expenses incurred in subsidiaries that operate in non-U.S. dollar-based environments. Changes in interest rates do not have a material effect on Indigo's operations. Indigo does not enter into derivative contracts for trading or speculative purposes, nor is it a party to any leveraged financial instruments.

Foreign Currency Risk

Indigo operates in several countries and in a variety of currencies. When operating in currencies other than the U.S. dollar, Indigo's cash flows and earnings are exposed to fluctuations in foreign currency exchange rates, including exposure due to compensation expenses which are mainly in New Israeli Shekels (NIS) and European currency. Indigo strives to limit its exposure through "natural" hedging by attempting to have similar levels of assets and liabilities in any one currency. The rest of the exposure, which is not set off naturally, is mainly hedged by derivative financial instruments. Indigo enters into foreign exchange forward contracts and purchased option contracts to hedge a substantial portion of its foreign currency exposure. Indigo uses such contracts to hedge exposure to changes in foreign currency exchange rates associated with monetary assets and liabilities in the balance sheet and anticipated sales transactions to be incurred in a foreign currency. The exposure to Indigo is in European currencies and NIS. Indigo seeks to minimize the risk that the fair value of its revenues and cash flow, required for its operational expenses denominated in a currency other than U.S. dollars, will be affected by changes in exchange rates. Between January 1 and September 30, 2001, Indigo utilized monetary assets and liabilities, purchased option contracts and forward contracts to reduce the exposure from changes in foreign currency rates. The table below details the net current assets balance (net current liabilities balance) of the balance sheet exposure, by currency and geography (at fair value). All data in the table has been converted into U.S. dollar equivalents (in thousands). See the explanatory notes below the table.

	European Currencies		New Israeli Shekel		Total	
	September 30, 2001	December 31, 2000	September 30, 2001	December 31, 2000	September 30, 2001	December 31, 2000
The Netherlands.....	\$ 23,531	\$17,082	\$ --	\$ --	\$ 23,531	\$ 17,082
Israel.....	(11,278)	(6,596)	(17,490)	(20,442)	(28,768)	(37,932)
Total.....	\$ 12,253	\$10,486	\$ (17,490)	\$ (20,442)	\$ (5,237)	\$ (16,946)

Explanatory notes:

Total exposure is the summation of the absolute figures.

The data presented in the table reflects the exposure after the use of natural hedging.

The data in the column under the title "European currencies" includes, primarily, exposures in Euros, German marks, Netherlands florins and British pound.

As of September 30, 2001, Indigo held several forward contracts to hedge forecasted sales transactions in Euro and GBP in an aggregate amount of \$15

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million and to hedge balance sheet exposure in NIS in an aggregate amount of \$9.5 million. Indigo's outstanding debt consisted of \$11,278,000 in Euro, \$7,070,000 in U.S. dollars and \$26,000 in NIS. The loan in Euro was taken to hedge against fluctuation of the Euro exchange rate that would partially affect the expected collection from accounts receivables in Europe.

114

Interest Rate Risk

The fair value of Indigo's cash, cash equivalents and short-term debt portfolio at September 30, 2001 approximated its carrying value due to its short-term nature. The cash, cash equivalents and short-term debt portfolio as of September 30, 2001 was composed of cash, short-term deposits, marketable securities (held-to-maturity) and short-term loans bearing mainly fixed interest rates. A change in interest rate would have no material effect upon the fair value of the cash, cash equivalents and short-term loans portfolio as of September 30, 2001.

115

INDIGO MARKET PRICE DATA AND DIVIDEND INFORMATION

The following table shows, for the periods indicated, the highest and lowest sale prices for Indigo common shares on the Nasdaq National Market for the quarters indicated.

	Low	High
	-----	-----
1999 Calendar Year		
Fourth Quarter.....	\$2.56	\$3.75
2000 Calendar Year		
First Quarter.....	2.88	8.88
Second Quarter.....	4.59	9.00
Third Quarter.....	5.06	8.63
Fourth Quarter.....	2.97	6.88
2001 Calendar Year		
First Quarter.....	3.63	6.13
Second Quarter.....	3.30	5.49
Third Quarter.....	5.15	7.03
Fourth Quarter (through November 19, 2001).....	5.85	7.20

Indigo Dividend Policy

Indigo has never declared or paid any cash dividends on its common shares. Moreover, the offer agreement prohibits Indigo from paying any dividends on its common shares until the termination of the offer agreement in accordance with its terms or the acceptance for exchange of Indigo common shares pursuant to the exchange offer. If the exchange offer is completed, Indigo, in connection with any post-closing restructuring undertaken at HP's sole discretion, may distribute an extraordinary dividend on the shares of Indigo or a particular class or classes of shares of Indigo.

COMPARISON OF RIGHTS OF HOLDERS OF HP COMMON STOCK AND INDIGO COMMON SHARES

Upon completion of the exchange offer, the shareholders of Indigo who tender their Indigo common shares into the exchange offer will become shareowners of HP, and the HP certificate of incorporation, the HP bylaws, and Delaware General Corporation Law will govern the rights of former Indigo shareholders. HP is incorporated under Delaware law and is subject to the Delaware General Corporation Law. Indigo is incorporated in The Netherlands as a public limited company (naamloze vennootschap) and is subject to Dutch law. The following is a summary of material differences between the rights of holders of HP common stock and the rights of holders of Indigo common shares. While we believe that this description covers the material differences between the two, this summary may not contain all of the information that is important to you.

Comparison of the Certificate of Incorporation and Bylaws of HP and Articles of Association of Indigo

The following is a summary of the material differences between the provisions of the certificate of incorporation and bylaws of HP and the articles of association of Indigo. This summary is not intended to be a complete discussion of the certificate of incorporation and bylaws of HP and the articles of association of Indigo and it is qualified in its entirety by reference to the applicable Delaware General Corporation Law and Dutch law, as the case may be, as well as by reference to HP's certificate of incorporation and bylaws and Indigo's articles of association. You should carefully read this entire prospectus and the other documents we refer to in this prospectus for a more complete understanding of the differences between being a shareowner of HP and being a shareholder of Indigo. HP and Indigo have filed with the Securities and Exchange Commission their respective certificates of incorporation and bylaws and articles of association and will send copies of these documents to you upon your request. See the section entitled "Where You Can Find More Information" beginning on page 127 of this prospectus.

Authorized Capital Stock

HP's certificate of incorporation authorizes the issuance of 9,900,000,000 shares of capital stock, consisting of:

- . 9,600,000,000 shares of common stock, par value \$0.01 per share; and
- . 300,000,000 shares of preferred stock, par value \$0.01 per share.

Indigo's articles of association authorize the issuance of 266,950,000 shares of capital stock, consisting of:

- . 240,000,000 common shares, par value NLG 0.04 per share; and
- . 26,950,000 preferred shares, par value NLG 0.04 per share.

Size of the Board of Directors

HP's certificate of incorporation provides that the number of directors comprising the HP board of directors shall be no fewer than eight and no more than 17. HP's certificate of incorporation further provides that the exact number of directors comprising the HP board of directors shall be fixed, and may be changed from time to time, within the foregoing limits, by an amendment to HP's bylaws that has been duly adopted by the HP board of directors or HP

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shareowners. HP's bylaws provide that within the range of eight to 17 directors set forth in HP's certificate of incorporation, the exact number of directors comprising the HP board of directors may be as fixed from time to time by the HP board of directors. The HP board of directors currently has nine members. Upon completion of the Compaq merger, the HP board of directors will have 13 members.

Indigo's articles of association provide for a supervisory board, a management board, and a combined board consisting of all the members of the supervisory board and the management board. The number of directors

117

comprising the management board is determined by the combined board. The number of directors comprising the supervisory board is determined by the combined board and these directors are appointed by the combined board and the general meeting of shareholders. As of the date of this prospectus, the management board consists of four members and the supervisory board consists of six members.

Cumulative Voting

HP's certificate of incorporation provides that HP shareowners are entitled to cumulate votes in connection with the election of directors.

Dutch law does not recognize the concept of cumulative voting. As a result, Indigo shareholders are not entitled to cumulate votes in connection with the election of directors.

Term of Directors

HP's bylaws provide that directors on the HP board of directors are elected for a term of office to expire at the succeeding annual meeting of shareowners after their election, with each director to hold office until such director's successor shall have been duly elected and qualified.

Indigo's articles of association provide that directors of Indigo serve until they resign or are dismissed.

Removal of Directors

HP's bylaws provide that any director, or the entire HP board of directors, may be removed with or without cause by the holders of a majority of the shares then entitled to vote at an election of directors. However, if and so long as shareowners are entitled to cumulative voting in connection with the election of directors, if less than the entire HP board of directors is to be removed, no individual director may be removed from the HP board of directors without cause if the votes cast against such director's removal would be sufficient to elect such director if then cumulatively voted in an election of the entire HP board of directors.

Indigo's articles of association provide that (1) any management board member may be suspended or dismissed at the general meeting of shareholders by a majority of the votes cast if a majority of the outstanding shares entitled to vote are represented in person or proxy at such meeting, and (2) any supervisory board member may be suspended or dismissed at any time by the corporate body by which he/she was appointed. Under Dutch law, any board member, or an entire board, may be suspended or dismissed.

Filling Vacancies on the Board of Directors

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HP's bylaws provide that vacancies on the HP board of directors may be filled by a majority of the remaining directors, even if less than a quorum, or by the sole remaining director. However, a vacancy created by the removal of a director by the vote of the shareowners or by court order may be filled only by the affirmative vote of a majority of the voting power of shares represented and voting at a duly held shareowner meeting at which a quorum is present (which shares voting affirmatively also constitute a majority of the required quorum).

HP's bylaws further provide that vacancies on the HP board of directors and newly created directorships resulting from an increase in the authorized number of directors elected by all of the HP shareowners having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. However, whenever the holders of any class or classes of stock, or any series of any class of stock, are entitled to elect one or more directors by the provisions of HP's certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series then in office, or by a sole remaining director so elected.

118

HP's bylaws also provide that if, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole HP board of directors (as constituted immediately prior to any such increase), then the Delaware Court of Chancery may, upon application of any shareowner(s) holding at least 10% of the total number of the then outstanding shares having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office, and such election shall be governed by the provisions of Section 211 of the Delaware General Corporation Law as far as applicable.

Indigo's articles of association provide (1) that vacancies on the management board may be filled by the shareholders at a general meeting of shareholders, and (2) that vacancies on the supervisory board are filled either by the shareholders at a general meeting of shareholders, or by the combined board in accordance with the articles of association of Indigo.

Special Voting of Board of Directors

HP's bylaws provide that action by the board of directors may be taken by a vote of the majority of the directors. HP's bylaws also provide that the HP board of directors may delegate to its executive committee, or any other committee of the HP board of directors, the authority to conduct all business and to take all actions that may be taken by the HP board of directors unless such delegation is not permitted under applicable law. However, no committee shall have the power of authority to (1) approve or adopt or recommend to the HP shareowners any action or matter that requires the approval of the HP shareowners or (2) adopt, amend or repeal any bylaw of HP. HP's bylaws also provide, subject to the limitation in the preceding sentence, that, unless the full HP board of directors determines otherwise, the executive committee of the HP board of directors shall have and may exercise all the powers and authority of the HP board of directors in the management of the business and affairs of the corporation.

Indigo's articles of association require that all resolutions of the combined board shall be adopted by a majority of the votes cast, which vote

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must include the vote of the chairman of the supervisory board.

Ability to Call Special Meetings of the Board of Directors

HP's bylaws provide that special meetings of the HP board of directors for any purpose(s) may be called at any time by the chairman of the board of directors, the vice chairman of the board of directors, the president, the chairman of the executive committee, any vice president, the secretary or a majority of the directors then in office.

Meetings of the management board may be called by the management board. Indigo's articles of association provide (1) that meetings of the supervisory board may be called by the chairman or two other supervisory board members and (2) that the combined board shall meet whenever the chairmen or at least two other board members deem such necessary, but at least four times a year.

Ability to Call Special Meetings of Shareowners

HP's bylaws provide that a special meeting of HP shareowners may be called at any time by the HP board of directors, the chairman of the board of directors, the vice chairman of the board of directors, the chairman of the executive committee or the president, and special meetings of HP shareowners may not be called by any other person(s).

Indigo's articles of association provide that a general meeting of the shareholders may be convened by the combined board and that shareholders representing in the aggregate at least one-tenth of the issued capital may request the combined board to convene a general meeting of shareholders.

119

Limitations on Business Transacted at Meetings of Shareowners

HP's bylaws provide only such business shall be considered at a special meeting of HP shareowners as shall have been stated in the notice for such meeting.

Indigo's articles of association provide that business transacted at a general meeting of Indigo shareholders is limited to the subjects specified in the convocation or amendment at a later date in accordance with Indigo's advance notice procedure unless the entire issued capital is represented at the meeting and resolutions pertaining to business not specified in the convocation are adopted unanimously.

Shareowner Nominations and Proposals at Shareowner Meetings

HP's bylaws allow shareowners to nominate candidates for election to the HP board of directors at any annual meeting of HP shareowners. In addition, HP's bylaws allow shareowners to propose business to be conducted at any annual meeting of HP shareowners. However, nominations of candidates for election to the HP board of directors and proposals for business to be conducted at an annual meeting may only be made by a shareowner who has given timely written notice to the corporate secretary of HP before the annual meeting.

Shareowner nominations of candidates for election to the HP board of directors and proposals for business to be conducted at an annual meeting cannot be brought before any annual meeting of HP shareowners unless the nomination or proposal was brought before the annual meeting in accordance with HP's shareowner advance notice procedures, as described in "Delivery and Notice Requirements for Shareowner Nominations and Proposals" below.

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Indigo's articles of association do not specify the procedure to nominate candidates for election to Indigo's management board or supervisory board and in the absence of specific provisions, such nomination takes place in accordance with customary procedures under Dutch law. The combined board convenes general meetings of shareholders and specifies the subjects to be discussed at those meetings, including proposed members of the management board or supervisory board. Furthermore, the combined board has the right to appoint one supervisory board member (if the supervisory board consists of three, four or five members) or two supervisory board members (if the supervisory board consists of six or more members). Indigo's articles of association allow shareholders representing at least one-tenth of the issued capital to propose business to be brought before any shareholder meeting, including proposed new members for the management board or the supervisory board. However, proposals must be made by a shareholder in accordance with Indigo's advance notice procedure.

Delivery and Notice Requirements for Shareowner Nominations and Proposals

HP's bylaws provide that for business to be properly brought before an annual meeting of HP shareowners by an HP shareowner, or for a nomination of candidates for election to the HP board of directors to be properly made by an HP shareowner, such shareowner must have given timely notice of the proposal for business to be conducted or of such nomination of candidates for election to the HP board of directors in writing to the secretary of HP. To be timely, notice of a proposal for business to be conducted at an annual meeting of HP shareowners or of a nomination of candidates for election to the HP board of directors must be delivered to, or mailed and received at, the principal executive offices of HP during the earlier period to occur of (1) not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's meeting, or (2) not less than the later of the close of business on the 45th day nor earlier than the close of business on the 75th day prior to the first anniversary of the date on which HP first sent or gave its proxy statement to shareowners for the preceding year's annual meeting. However, if HP did not have an annual meeting of HP shareowners in the previous year or if the date of the annual meeting is more than 30 days before or more than 60 days after the anniversary date of the previous year's annual meeting, to be timely, notice of a proposal for business to be conducted at an annual meeting of HP shareowners or of a nomination of candidates for election to the HP board of directors must be received not earlier than the close of business on the 120th day prior to the meeting and not later than the close of business on the later of (A) the 90th day prior to such meeting

120

and (B) the 10th day following the day HP publicly announces the date of the annual meeting for the current year. In addition, for a proposal for business to be conducted at an annual meeting, an HP shareowner must have delivered a proxy statement and form of proxy to holders of a sufficient number of shares of HP common stock to approve the proposal.

Indigo's articles of association provide that a general meeting of shareholders shall be convened by the combined board and that shareholders representing in the aggregate at least one-tenth of the issued capital may request the combined board to convene a general meeting of shareholders. A convocation letter, specifying the subjects to be discussed, must be mailed to shareholders to their addresses shown in the register of shareholders. Such convocation shall be given no later than on the fifteenth day prior to the date of the meeting.

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Shareowner Action by Written Consent in Lieu of a Shareowner Meeting

HP's certificate of incorporation provides that no action may be taken by HP shareowners except at an annual or special meeting of the shareowners called in accordance with HP's bylaws, and that HP shareowners may not take action by written consent.

Indigo's articles of association provide that shareholders may take action at annual general meetings of shareholders, or by written consent. A resolution by written consent of Indigo shareholders must be adopted by the unanimous vote representing the entire issued capital.

Amendment to Certificate of Incorporation and Articles of Association

Under Delaware General Corporation Law, a certificate of incorporation of a Delaware corporation may be amended by approval of the board of directors of the corporation and the affirmative vote of the holders of a majority of the outstanding shares entitled to vote for the amendment, unless a higher vote is required by the corporation's certificate of incorporation.

HP's certificate of incorporation contains does not contain provisions requiring a vote greater than that required by Delaware General Corporation Law to amend HP's certificate of incorporation.

Under Dutch law, articles of association may be amended by the general meeting of shareholders in accordance with the procedures set out by law and in the articles of association. Indigo's articles of association require that when a proposal to amend the articles of association is to be made at a general meeting of shareholders, such amendment must first be approved by the combined board then be stated in the convocation regarding the meeting, a copy of the proposed alteration quoted in full must be filed at Indigo's office until the end of the meeting for inspection by the shareholders, and the amendment shall require the approval of a majority of shareholders voting in person or by proxy at the meeting.

Amendment to Bylaws

The HP board of directors is expressly authorized to make, alter, amend or repeal HP's bylaws. HP's shareowners entitled to vote may also adopt, amend or repeal HP's bylaws. However, HP's bylaws provide that the affirmative vote of the holders of 66 2/3% of the outstanding shares entitled to vote thereon is required to amend or delete the provisions of HP's bylaws relating to:

- . meetings of shareowners;
- . the number, election and term of directors;
- . resignation and vacancies of directors;
- . indemnification of officers and directors; and
- . amendments to HP's bylaws.

121

Indigo's articles of association provide the basis for the management board and the combined board to lay down further rules regarding its own decision making process.

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Payment of Expenses Incurred by Directors and Officers in Connection with Legal Proceedings

HP's bylaws provide that HP shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative), by reason of the fact that such person is or was a director or officer of HP, prior to the final disposition of the proceeding, all expenses incurred by such person in connection with such proceeding. However, such payment will be made only if HP receives an undertaking by or on behalf of such person to repay all amounts advanced if it is ultimately determined that such person is not entitled to be indemnified by HP as authorized by HP's bylaws or otherwise.

HP's bylaws also provide that HP shall not be required to advance expenses to any director or officer in connection with any proceeding initiated by such officer or director unless the proceeding was authorized in advance by the HP board of directors.

In addition, subject to some exceptions, HP will not advance expenses to an officer of HP (unless such officer is also a director of HP) in any action, suit or proceeding (whether civil, criminal, administrative or investigative), if a determination is reasonably and promptly made by the HP board of directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding (or if such quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion), that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of HP.

Indigo's articles of association provide that Indigo shall, to the full extent permitted by Dutch law, advance expenses to each of its now acting and former combined board members, officers, employees or agents whenever such person is made a party or threatened to be made a party in an action, suit or proceeding by reason of his/her service as such with Indigo.

Indemnification of Directors and Officers

HP's certificate of incorporation contains a provision eliminating the personal liability of its directors to the company or its shareholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by applicable law. The effect of this provision is to eliminate the personal liability of directors to the company or its shareholders for monetary damages for actions involving a breach of their fiduciary duty of care, including any actions involving gross negligence. The bylaws of HP generally provide for the mandatory indemnification of, and payment of expenses incurred by, its directors and officers to the fullest extent permitted by applicable law unless the proceedings were initiated by the director or officers and not authorized by the board of directors. The articles of association of Indigo include a provision indemnifying, to the full extent permitted by Dutch law, each of its now acting or former combined board members, officers, employees or agents whenever such person is made a party or threatened to be made a party in an action, suit or proceeding by reason of his/her service as such for the company. There is no conclusive case law or any other law or regulation that confirms that a company may indemnify its management and supervisory board members under Dutch law. Each of HP and Indigo also have obtained directors' and officers' liability insurance, which insures against liabilities that its directors and officers may incur in such capacities. HP and Indigo have also entered into indemnification agreements with their respective directors and officers. The indemnification agreements provide indemnification to these directors and officers under certain

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circumstances for acts or omissions which may not be covered by directors' and officers' liability insurance.

122

In addition, in accordance with the terms of the offer agreement and upon completion of the exchange offer, HP has agreed to indemnify Indigo's officers and directors, to the fullest extent provided under Indigo's articles of association in effect immediately prior to the closing of the exchange offer and any indemnification agreements as in effect on the date of the offer agreement, as well as under applicable law until the sixth anniversary of the closing of the exchange offer for all claims arising at or prior to the closing of the exchange offer made against such officers or directors in their capacity as such. HP has also agreed to maintain, at all times, assets sufficient to satisfy its obligations with respect to such indemnification.

Section 145 of the General Corporation Law of the State of Delaware authorizes a court to award or a corporation's board of directors to grant indemnification to directors and officers in terms that are sufficiently broad to permit indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling HP or Indigo pursuant to the foregoing provisions, HP has been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable.

Shareowner Rights Plan

Under Delaware General Corporation Law, every corporation may create and issue rights entitling the holders of such rights to purchase from the corporation shares of its capital stock of any class or classes, subject to any provisions in its certificate of incorporation. The price and terms of such shares must be stated in the certificate of incorporation or in a resolution adopted by the board of directors for the creation and issuance of such rights.

Under Dutch law, every Dutch corporation may issue rights entitling the holders of such rights to subscribe for shares of such corporation's capital stock of such class or classes as are defined in such corporation's articles of association. The corporate body authorized to issue such shares will decide upon the price of such shares and certain terms to the extent not defined in the articles of association, including any exclusion or limitation of rights of pre-emption. As of the date of this prospectus, Indigo has not entered into any such shareholder rights agreement.

HP has entered into a shareowner rights agreement. The terms of the HP rights agreement are complex and not easily summarized, particularly as they relate to the acquisition of common stock and to exercisability. This summary may not contain all of the information that is important to you. Accordingly, you should carefully read the HP rights agreement, which is incorporated by reference into this prospectus, in its entirety.

HP Shareowner Rights Plan

On August 31, 2001, the HP board of directors declared a dividend distribution of one right for each outstanding share of HP common stock to HP shareowners of record at the close of business on September 17, 2001. Each right is subject to the terms of HP's rights agreement.

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HP's rights agreement provides that each share of HP's outstanding common stock will have the right to purchase one one-thousandth of a share of HP's Series A Participating Preferred Stock at an exercise price of \$180.00, subject to adjustment. Each share of HP common stock issued in connection with the exchange offer will have one right attached.

The rights under HP's rights agreement currently are attached to and trade only together with outstanding certificates representing HP common stock. The rights will separate from HP common stock and be represented by separate and distinct certificates approximately ten days after someone acquires or commences a tender offer for 15% or more of the outstanding HP stock.

123

After the rights separate from HP's common stock, certificates representing the rights will be mailed to record holders of the common stock. Once distributed, the rights certificates alone will represent the rights.

All shares of HP common stock issued prior to the date the rights separate from the common stock will be issued with the rights attached. The rights are not exercisable until the date the rights separate from the common stock. The rights will expire on September 17, 2011 unless earlier redeemed or exchanged by HP.

If an acquiror (which could be a person or group) obtains, or commences a tender or exchange offer to obtain, 15% or more of HP common stock, then each right will entitle the holder to purchase a number of shares of HP common stock having a then current market value equal to two times the exercise price.

Each right will entitle the holder to purchase a number of shares of common stock of the acquiring entity having a then current market value of twice the purchase price if an acquiror obtains 15% or more of HP common stock and any of the following occurs:

- . HP merges into another entity;
- . an acquiring entity merges into HP; or
- . HP sells more than 50% of its assets or earning power.

Under HP's rights agreement, any rights that are or were owned by an acquiror or its affiliates of more than 15% of HP's outstanding common stock will be null and void.

HP's rights agreement provides that after an acquiror obtains 15% or more of HP's outstanding common stock, but less than 50% of HP's outstanding common stock, the HP board of directors may, at its option, exchange all or part of the then outstanding and exercisable rights (other than rights owned by the acquiror or its affiliates) for HP common stock. In such an event, the exchange ratio is one common share per right, adjusted to reflect any stock split, stock dividend or similar transaction.

At its option, the HP board of directors may redeem all of the outstanding rights under the HP rights agreement at any time on or prior to the close of business on the earlier of (1) the fifth day following the time that an acquiror obtains 15% or more of HP's outstanding common stock or such later date as may be determined by a majority of the board and publicly announced by HP, or (2) September 17, 2011. The redemption price under HP's rights agreement is \$0.001 per right. The right to exercise the rights will terminate upon the action of the HP board of directors ordering the redemption of the rights and

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the only right of the holders of the rights will be to receive the redemption price.

Holders of rights will have no rights as shareowners of HP, including without limitation the right to vote or receive dividends, simply by virtue of holding the rights.

The provisions of HP's rights agreement may be amended by the board of directors prior to the date ten days after any person acquires 15% or more of HP's common stock without approval of the holders of the rights. However, after the date any person acquires 15% or more of HP's common stock, the rights agreement may not be amended in any manner which would adversely affect the interests of the holders of the rights, excluding any interests of the acquiror.

The rights issued under HP's rights agreement are designed to protect and maximize the value of the outstanding equity interests in HP in the event of an unsolicited attempt by an acquirer to take over HP in a manner or on terms that are not approved by the HP board of directors. The rights are designed to deter unfair tactics, including a gradual accumulation of shares in the open market of a 15% or greater position, followed by a merger or a partial or two-tier tender offer that does not treat all HP shareowners equally.

124

Subject to the restrictions described above, the rights may be redeemed by HP at \$0.001 per right at any time prior to the time when rights separate from the common stock. Accordingly, the rights should not interfere with any merger or business combination approved by the board of directors. The rights are not intended to prevent a takeover of HP. However, the rights may have the effect of rendering more difficult or discouraging an acquisition of HP deemed undesirable by the HP board of directors. The rights may cause substantial dilution to a person or group that attempts to acquire HP on terms or in a manner not approved by the HP board of directors, except pursuant to an offer conditioned upon redemption of the rights.

125

LEGAL MATTERS

Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California, will pass upon the validity of the shares of HP common stock offered by this prospectus and certain federal income tax consequences of the exchange offer.

EXPERTS

The consolidated financial statements and schedule of Hewlett-Packard Company at October 31, 2000 and for the year then ended, appearing in Hewlett-Packard Company's Annual Report on Form 10-K for the year ended October 31, 2000, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements and schedule are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements and schedule of Hewlett-Packard Company as of October 31, 1999 and for each of the two years ended October 31, 1999 incorporated in this Registration Statement on Form S-4 and related

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Prospectus of Hewlett-Packard Company by reference to the Annual Report on Form 10-K for the year ended October 31, 2000, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements and schedule of Compaq Computer Corporation at December 31, 2000 and for the year then ended, appearing in Compaq Computer Corporation's Annual Report on Form 10-K for the year ended December 31, 2000, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon included therein and incorporated herein by reference. Such consolidated financial statements and schedule are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements and schedule of Compaq Computer Corporation as of December 31, 1999 and for each of the two years ended December 31, 1999 incorporated in this Registration Statement on Form S-4 and related Prospectus of Hewlett-Packard Company by reference to the Annual Report on Form 10-K for the year ended December 31, 2000, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The financial statements incorporated in this prospectus by reference to the Annual Report of Indigo N.V. on Form 20-F for the year ended December 31, 2000 have been so incorporated in reliance on the report of Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited, independent accountants, given on the authority of said firm as experts in auditing and accounting.

126

WHERE YOU CAN FIND MORE INFORMATION

This prospectus incorporates documents by reference which are not presented in or delivered with this prospectus. You should rely only on the information contained in this prospectus and in the documents that we have incorporated by reference into this prospectus. We have not authorized anyone to provide you with information that is different from or in addition to the information contained in the foregoing documents.

The following documents, which were filed by HP with the Securities and Exchange Commission, are incorporated by reference into this prospectus:

- . HP's annual report on Form 10-K for the fiscal year ended October 31, 2000, filed with the Securities and Exchange Commission on January 25, 2001;
- . HP's quarterly report on Form 10-Q for the period ended January 31, 2001, filed with the Securities and Exchange Commission on March 16, 2001;
- . HP's quarterly report on Form 10-Q for the period ended April 30, 2001, filed with the Securities and Exchange Commission on June 13, 2001;
- . HP's quarterly report on Form 10-Q for the period ended July 31, 2001, filed with the Securities and Exchange Commission on September 14, 2001;
- . HP's current report on Form 8-K, dated November 13, 2000, filed with the Securities and Exchange Commission on November 13, 2000;

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- . HP's current report on Form 8-K, dated December 6, 2000, filed with the Securities and Exchange Commission on December 6, 2000;
- . HP's current report on Form 8-K, dated January 11, 2001, filed with the Securities and Exchange Commission on January 11, 2001;
- . HP's current report on Form 8-K, dated February 2, 2001, filed with the Securities and Exchange Commission on February 8, 2001;
- . HP's current report on Form 8-K, dated February 15, 2001, filed with the Securities and Exchange Commission on February 15, 2001;
- . HP's current report on Form 8-K, dated April 18, 2001, filed with the Securities and Exchange Commission on April 18, 2001;
- . HP's current report on Form 8-K, dated May 16, 2001, filed with the Securities and Exchange Commission on May 16, 2001;
- . HP's current report on Form 8-K, dated May 24, 2001, filed with the Securities and Exchange Commission on May 24, 2001;
- . HP's current report on Form 8-K, dated June 4, 2001, filed with the Securities and Exchange Commission on June 4, 2001;
- . HP's current report on Form 8-K, dated June 4, 2001, filed with the Securities and Exchange Commission on June 5, 2001;
- . HP's current report on Form 8-K, dated June 6, 2001, filed with the Securities and Exchange Commission on June 6, 2001;
- . HP's current report on Form 8-K, dated July 5, 2001, filed with the Securities and Exchange Commission on July 5, 2001;
- . HP's two current reports on Form 8-K, dated July 26, 2001, filed with the Securities and Exchange Commission on July 26, 2001;

127

- . HP's current report on Form 8-K, dated August 16, 2001, filed with the Securities and Exchange Commission on August 16, 2001;
- . HP's current report on Form 8-K, dated August 31, 2001, filed with the Securities and Exchange Commission on September 4, 2001 (as amended by HP's Form 8-K/A filed with the Securities and Exchange Commission on September 13, 2001);
- . HP's current report on Form 8-K, dated September 6, 2001, filed with the Securities and Exchange Commission on September 7, 2001 (as amended by HP's Form 8-K/A filed with the Securities and Exchange Commission on September 19, 2001);
- . HP's current report on Form 8-K, dated September 17, 2001, filed with the Securities and Exchange Commission on September 18, 2001;
- . HP's current report on Form 8-K, dated November 14, 2001, filed with the Securities and Exchange Commission on November 14, 2001;
- . HP's current report on Form 8-K, dated November 15, 2001, filed with the Securities and Exchange Commission on November 16, 2001;

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- . The description of HP's common stock contained in its registration statement on Form 8-A, filed with the Securities and Exchange Commission on or about November 6, 1957 and any amendment or report filed with the Securities and Exchange Commission for the purposes of updating such description; and
- . The description of HP's preferred share purchase rights contained in its registration statement on Form 8-A, filed with the Securities and Exchange Commission on or about September 4, 2001 and any amendment or report filed with the Securities and Exchange Commission for the purpose of updating such description.

The following documents, which were filed by Indigo with the Securities and Exchange Commission, are incorporated by reference into this prospectus:

- . Indigo's Annual Report on Form 20-F for its fiscal year ended December 31, 2000 filed with the Securities and Exchange Commission filed on June 28, 2001.

The following documents, which were filed by Compaq with the Securities and Exchange Commission, are incorporated by reference into this prospectus:

- . Compaq's annual report on Form 10-K for the fiscal year ended December 31, 2000, filed with the Securities and Exchange Commission on February 9, 2001; and
- . Compaq's quarterly report on Form 10-Q for the period ended March 31, 2001, filed with the Securities and Exchange Commission on April 25, 2001;
- . Compaq's quarterly report on Form 10-Q for the period ended June 30, 2001, filed with the Securities and Exchange Commission on July 26, 2001;
- . Compaq's quarterly report on Form 10-Q for the period ended September 30, 2001, filed with the Securities and Exchange Commission on October 23, 2001.

In addition, all documents filed by HP or Indigo pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and before the expiration of the exchange offer are deemed to be incorporated by reference into, and to be a part of, this prospectus from the date of filing of those documents.

Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be

128

incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

HP has supplied all information contained or incorporated by reference into this prospectus about HP. Indigo has supplied all information contained or incorporated by reference into this prospectus about Indigo. Compaq has supplied all information contained or incorporated by reference into this prospectus about Compaq.

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The documents incorporated by reference into this prospectus are available from us upon request. We will provide a copy of any and all of the information that is incorporated by reference in this prospectus (not including exhibits to the information unless those exhibits are specifically incorporated by reference into this prospectus) to any person, without charge, upon written or oral request. Any request for documents should be made by _____, 200_____ to ensure timely delivery of the documents.

Indigo shareholders may request a copy of information incorporated by reference into this prospectus by contacting the investor relations department for each of HP, Indigo and Compaq at:

For information relating to HP: For information relating to Indigo: For information relating to

Hewlett-Packard Company 3000 Hanover Street Palo Alto, California 94304 Attention: Investor Relations (650) 857-1501	Indigo N.V. c/o Indigo America, Inc. 400 Unicorn Park Drive Woburn, Massachusetts 01801 Attention: Investor Relations (781) 937-8999	Compaq Computer Corporation P.O. Box 692000 Houston, Texas 77269-2000 Attention: Compaq Investor Relations MS 110605 (800) 433-2391
--	---	--

In addition, you may obtain copies of HP's information by making a request through HP's investor relations website, <http://www.hp.com/hpinfo/investor> or by email, to investor_relations@hp.com.

You may obtain copies of Indigo's information by sending an e-mail to Michael King at indigoir@indigousa.com.

You may obtain copies of Compaq's information by making a request through Compaq's investor relations website, http://www.shareholder.com/cpq/document_request.cfm, or by sending an e-mail to investor_relations@compaq.com.

HP and Compaq file annual, quarterly and current reports, proxy and information statements and other information with the Securities and Exchange Commission. Indigo files annual and current reports and other information with the Securities and Exchange Commission. Copies of the reports, proxy and information statements and other information filed by HP, Indigo and Compaq with the Securities and Exchange Commission may be inspected and copied at the public reference facilities maintained by the Securities and Exchange Commission at:

Judiciary Plaza
450 Fifth Street, N.W.
Room 1024
Washington, D.C. 20549

Citicorp Center
500 West Madison Street
Suite 1400
Chicago, Illinois 60661

Reports, proxy and information statements and other information concerning HP and Compaq may be inspected at:

New York Stock Exchange
20 Broad Street
New York, New York 10005

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Reports and other information concerning Indigo may be inspected at:

National Association of Securities Dealers
1735 K Street, N.W.
Washington, D.C. 20006

Copies of these materials can also be obtained by mail at prescribed rates from the Public Reference Section of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549 or by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission maintains a Website that contains reports, proxy statements and other information regarding HP. The address of the Securities and Exchange Commission web site is <http://www.sec.gov>.

HP has filed a registration statement on Form S-4 under the Securities Act of 1933 with the Securities and Exchange Commission with respect to HP's common stock and the CVRs to be issued to Indigo shareholders in connection with the exchange offer. HP and Indigo also have filed a transaction statement on Schedule 13E-3 under the Exchange Act with the Securities and Exchange Commission. Prior to the commencement of the exchange offer, HP also will file a tender offer statement on Schedule TO under the Exchange Act with the Securities and Exchange Commission with respect to the exchange offer. This prospectus, or portions hereof, constitutes the prospectus of HP filed as part of the registration statement and contained as an exhibit or incorporated by reference into the transaction statement on Schedule 13E-3 and the tender offer statement on Schedule TO. This prospectus does not contain all of the information set forth in the registration statement and the transaction statement on Schedule 13E-3 and the tender offer statement on Schedule TO and respective exhibits thereto because certain parts of the registration statement, the transaction statement on Schedule 13E-3 and the tender offer statement on Schedule TO are omitted in accordance with the rules and regulations of the Securities and Exchange Commission. The registration statement and the transaction statement on Schedule 13E-3 and respective exhibits thereto are available, and the tender offer statement on Schedule TO will be available, for inspection and copying as set forth above.

Indigo shareholders should contact Georgeson Shareholder at the address, telephone number or Internet address listed below with any questions about the exchange offer:

Georgeson Shareholder
111 Commerce Road
Carlstadt, New Jersey 07072
@georgesonshareholder.com

Indigo shareholders can call toll-free:

() -

international calls: () -

This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. Neither the delivery of this prospectus nor any distribution of securities pursuant to this prospectus shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated by reference into this prospectus or in our affairs since the date of this prospectus.

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of Compaq Information Technologies Group, L.P. in the United States and other countries.

130

INDIGO N.V. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 INDEX

Condensed Consolidated Interim Statements of Operations of Indigo N.V. and Subsidiaries for the three months and nine months ended September 30, 2001 (unaudited) and 2000 (unaudited).....

Condensed Consolidated Interim Balance Sheets of Indigo N.V. and Subsidiaries as of September 30, 2001 (unaudited) and December 31, 2000.....

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity of Indigo N.V. and Subsidiaries for the nine months ended September 30, 2001 (unaudited).....

Condensed Consolidated Interim Statements of Cash Flows of Indigo N.V. and Subsidiaries for the nine months ended September 30, 2001 (unaudited) and 2000 (unaudited).....

Notes to Condensed Consolidated Interim Financial Statements of Indigo N.V. and Subsidiaries (unaudited).....

F-1

INDIGO N.V. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
 (In thousands and in U.S. Dollars, except loss per common share)
 (unaudited)

	Three months ended September 30,		Nine month September
	2001	2000	2001
Revenues:			
Equipment.....	\$ 23,701	\$ 20,816	\$ 76,659
Post-sales.....	20,349	17,878	58,077
Total revenues.....	44,050	38,694	134,736
Costs and expenses:			
Cost of equipment.....	16,982	11,502	53,040
Cost of post-sales.....	10,337	7,663	27,522
Research and development, net.....	3,831	5,314	13,044

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Selling, general and administrative.....	20,933	16,341	55,910
	-----	-----	-----
Total costs and expenses.....	52,083	40,820	149,516
	-----	-----	-----
Operating loss.....	(8,033)	(2,126)	(14,780)
Interest and other income, net.....	1,065	219	2,450
	-----	-----	-----
Loss before provision for income taxes.....	(6,968)	(1,907)	(12,330)
Provision for income taxes.....	10	464	135
	-----	-----	-----
Net loss before cumulative effect of an accounting change.....	(6,978)	(2,371)	(12,465)
Cumulative effect, at beginning of year, of an accounting change, net.....	--	--	--
	-----	-----	-----
Net loss before dividend requirements.....	(6,978)	(2,371)	(12,465)
Dividend on convertible preferred shares:			
Current.....	--	(2,931)	--
Inducement regarding conversion of Series A Preferred Shares.....	--	(58,685)	--
	-----	-----	-----
Net loss applicable to common shares outstanding.....	\$ (6,978)	\$ (63,987)	\$ (12,465)
	=====	=====	=====
Basic and diluted weighted average number of common shares outstanding.....	110,269	79,312	110,418
	=====	=====	=====
Basic and diluted loss per common share before cumulative effect of an accounting change, net.....	\$ (0.06)	\$ (0.81)	\$ (0.11)
	=====	=====	=====
Basic and diluted loss per common share of cumulative effect of an accounting change, net.....	--	--	--
	=====	=====	=====
Basic and diluted loss per common share after cumulative effect of an accounting change, net.....	\$ (0.06)	\$ (0.81)	\$ (0.11)
	=====	=====	=====

See notes to condensed consolidated financial statements (unaudited).

F-2

INDIGO N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

(In thousands and in U.S. Dollars, except share par value amounts)
(unaudited)

Sept

ASSETS

Current assets:

Cash and cash equivalents.....	\$
Restricted cash.....	
Short term deposits and marketable securities.....	
Accounts receivable:	
Trade, net of allowance for doubtful accounts.....	

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Other.....	
Inventories.....	
Other current assets.....	
Total current assets.....	
Marketable securities, long-term.....	
Accounts receivable, long-term.....	
Investments--amounts funded for employee rights upon retirement.....	
Property and equipment, net.....	
Other assets, net.....	
Total assets.....	\$

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:	
Accounts payable, trade.....	\$
Accrued expenses.....	
Loans payable, short-term.....	
Income taxes payable.....	
Deferred revenue.....	
Other current liabilities.....	
Total current liabilities.....	
Liability for employee rights upon retirement.....	
Other liabilities.....	
Total liabilities.....	

Commitments and contingencies (note 5)

Shareholders' equity:	
Common shares, NLG 0.04 par value; 240,000 shares authorized:	
113,790 and 113,182 issued and outstanding on September 30, 2001 and on December 31, 2000, respectively.....	
Preferred shares , NLG 0.04 par value; 26,950 authorized on September 30, 2001 and December 31, 2000.....	
Additional paid-in capital.....	
Accumulated deficit.....	
Accumulated other comprehensive loss.....	
Common shares held in treasury, at cost: 3,765 and 2,751 shares on September 30, 2001 and on December 31, 2000, respectively.....	
Total shareholders' equity.....	
Total liabilities and shareholders' equity.....	\$

See notes to condensed consolidated financial statements (unaudited).

F-3

INDIGO N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF
CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2001
(In thousands and in U.S. Dollars, except number of shares)

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(unaudited)

	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit
Balance at January 1, 2001.....	\$2,273	\$547,978	\$ (68)	\$ (405,786)
Comprehensive loss:				
Net loss.....				(12,465)
Other comprehensive loss--				
Realized loss on derivatives designated as cash flow hedge.....			68	
Unrealized loss on derivatives designated as cash flow hedge.....			(77)	
Total comprehensive loss*.....				
Issuance of 252,475 common shares in connection with the exercise of Employee Share Purchase Plan...	3	455		
Issuance of 355,463 common shares in connection with the exercise of stock options, net of stock issuance costs.....	6	1,061		
Purchase of 1,013,500 Treasury shares.....				
Balance at September 30, 2001.....	\$2,282	\$549,494	\$ (77)	\$ (418,251)

* Total comprehensive loss for the three month periods ended September 30, 2001 and September 30, 2000 and for the nine month periods ended September 30, 2000 are: \$7,101,000, \$2,450,000, \$14,420,000, respectively.

See notes to condensed consolidated financial statements (unaudited).

F-4

INDIGO N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(In thousands and in U.S. Dollars)
(unaudited)

	Nine Months E	
	September 30, Sept	2001
Cash flows from operating activities:		
Net loss.....	\$ (12,465)	\$ (
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation, amortization and write-off of property and equipment.....	6,185	

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Cumulative effect of an accounting change.....	--
Provision for doubtful accounts.....	794
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable.....	(2,151)
Decrease (increase) in inventories.....	2,582
Decrease (increase) in other current assets.....	(274)
Increase (decrease) in accounts payable and accrued expenses.....	(6,313)
Decrease in customer advances.....	--
Increase (decrease) in taxes payable.....	453
Decrease in deferred revenue.....	(647)
Decrease in other current liabilities.....	(2,561)
Increase in liability for employee rights upon retirement.....	784
Increase (decrease) in other liabilities.....	(642)
Loss (gain) from short term investments and marketable securities.....	68

Net cash flows used in operating activities.....	(14,187)

Cash flows from investing activities:	
Capital expenditures.....	(11,375)
Decrease in restricted cash.....	229
Amount funded for employee rights upon retirement.....	(461)
Proceeds from maturity of short term deposits and marketable securities....	32,216
Purchase of short term deposits and marketable securities.....	(41,848)

Net cash flows used in investing activities.....	(21,239)

Cash flows from financing activities:	
Short-term loans payable.....	12,946
Purchase of treasury shares.....	(5,914)
Proceeds from exercise of warrants.....	--
Proceeds from exercise of stock options and Employee Stock Purchase Plan...	1,819
Stock issuance costs.....	(2,038)

Net cash flows provided by financing activities.....	6,813

Net decrease in cash and cash equivalents.....	(28,613)
Cash and cash equivalents, beginning of period.....	47,458

Cash and cash equivalents, end of period.....	\$ 18,845
	=====

See notes to condensed consolidated financial statements (unaudited).

F-5

INDIGO N.V. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS--(Continued)
(In thousands and in U.S. Dollars)
(unaudited)

Non-cash transactions:

As of September 30, 2001 and 2000, the Company acquired additional property and equipment for \$405 and \$449, respectively, which had not been paid as of that date.

In September 2000, the Company issued a share dividend of \$104,867 in connection with the conversion of Series A Preferred Shares.

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As of September 30, 2001 and 2000, the Company issued \$366 and \$216 respectively, share capital in connection with the exercise of stock options, which had not been paid as of that date.

See notes to condensed consolidated financial statements (unaudited).

F-6

INDIGO N.V. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

1. Basis of Presentation

Indigo N.V., a Netherlands company, and its wholly-owned subsidiaries (the "Company" or "Indigo"), develop, manufacture and market proprietary Digital Offset Color(TM) printing presses used in the production of on-demand, short-run color digitally-printed products. The Company's presses are primarily targeted towards the commercial and industrial markets. The Company also manufactures a number of presses which are marketed through OEM channels. The Company also develops, manufactures and markets consumable products for use in its presses and provides service to its customers, activities referred to in these financial statements as "Post-sales" activities. The Company markets products directly and through distributors in Europe, through a wholly-owned subsidiary in the United States and through distributors in other parts of the world. The Company conducts its research and development and manufacturing activities through a wholly-owned subsidiary in Israel.

The Condensed Consolidated Interim Financial Statements included herein are unaudited and include all adjustments that management considers necessary for a fair presentation of the results of operations of the interim periods pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted. These Condensed Consolidated interim Financial Statements should be read in conjunction with the Company's Consolidated Financial Statements and related notes for the year ended December 31, 2000. The results of operations for the three months and nine months ended September 30, 2001 and 2000 are not necessarily indicative of the operating results for the full year.

Starting in the third quarter of 2001, the Company classifies its royalty payments to the Government of Israel, resulting from research and development grants (see note 5b) to cost of goods sold. Previously, Indigo classified these royalty payments to selling, general and administrative expenses. The comparative figures in these interim financial statements have been reclassified accordingly.

Revenue recognition

(1) Equipment sales

Effective January 1, 2000 and pursuant to Securities and Exchange Commission, Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," the Company has implemented a change in its revenue

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recognition policy that has added installation as a requirement for recognition of direct sales of equipment. Previously, the Company had recognized revenue upon shipment of equipment, as installation being perfunctory, provided collectibility is reasonably assured, future obligations of the Company are considered insignificant and the costs of such obligations can be reasonably estimated. Under the new policy, revenue on sales of equipment to customers is recognized upon installation at the customer's site, where applicable, provided collectibility is reasonably assured, future obligations of the Company are considered insignificant and the costs of such obligations can be reasonably estimated.

Revenue on sales of equipment to distributors is recognized upon delivery, provided collectibility is reasonably assured, future obligations of the Company are considered insignificant and the costs of such obligations can be reasonably estimated.

Sales of equipment that do not initially meet the criteria for recognition are recognized when all such criteria are met.

The cumulative effect of the change as of January 1, 2000, recorded in the Statements of Operations for the year 2000, was an increase of the net loss amounted to \$1,935,000.

F-7

INDIGO N.V. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT--(Continued) (unaudited)

Revenue from sales to leasing companies for lease to third party end-users is recognized according to the policy of revenue recognition of equipment sales as described above. In certain leasing transactions, the leasing company is obligated to pay the Company an additional amount in excess of the purchase price of the equipment if the third party performs fully under the leasing arrangement; such additional revenue is recognized when realized.

Customer deposits and other payments received prior to sales recognition are included in customer advances and deferred revenue in the consolidated balance sheets.

(2) Post-sales

Post-sales revenues include revenues from imaging products, service and click charges. Revenues from post-sale activities are generally recognized upon shipment for products and usage for click charges. Revenues from customer service contracts are recognized ratably over the contract period or as services are performed.

2. HP acquisition

On September 6, 2001, Indigo N.V. and Hewlett Packard Company entered into an agreement pursuant to which HP or a subsidiary of HP to be formed will offer to acquire all of the outstanding equity of Indigo not already owned by HP in exchange for a combination of shares of HP stock and non-transferable contingent value rights (CVRs) entitling the holder to a contingent cash payment based on the achievement of certain revenue milestones. In exchange for each share of Indigo stock, shareholders of Indigo will receive either \$7.50 in HP common stock, or \$6 in HP common stock plus one CVR entitling its holder to

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a cash payment of up to \$4.50 per share if HP consolidated revenues from digital press products that utilize Indigo technology achieve a total of \$1.6 billion in revenue over a three-year post-closing period. The value of each CVR increases linearly from \$0 to \$4.50 as cumulative revenues increase from \$1.0 billion to \$1.6 billion.

The HP common stock to be issued in each case will be determined based on the average closing price during the 20 trading days ending three trading days prior to expiration of the offer, with the average trading price to be used in such calculation not to be less than \$16.69 or more than \$23.68. The agreement provides that the total number of Indigo common shares that may be exchanged for each consideration alternative is limited. The exchange represents a deal valued at approximately \$629 million in HP common stock (based on the closing price of HP shares on September 5, 2001) as well as a maximum contingent cash payment of approximately \$253 million.

The acquisition is subject to a 95% minimum exchange condition, customary closing conditions and normal regulatory reviews.

3. Inventories

Inventories consist of the following:

	September 30, 2001	December 31, 2000

(In thousands and in U.S. Dollars)		
Raw Materials.....	\$15,238	\$13,512
Work in Process.....	8,064	10,940
Finished Goods.....	24,132	23,324
	-----	-----
	\$47,434	\$47,776
	=====	=====

F-8

INDIGO N.V. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT--(Continued)
(unaudited)

4. Loans payable

During 2001, Indigo signed three new independent agreements with two major Israeli banks and with Citibank. The total bank facilities (including an existing facility with a third Israeli bank), provide for total advances up to \$50 million. The facilities expire on various dates during 2002. Indigo has the option to extend certain of the facilities, upon the fulfillment of certain requirements.

5. Contingencies and Royalty commitments to the Government of Israel

a. One of Indigo's Israeli subsidiaries is party to a dispute regarding the amount of rent payable pursuant to a long-term lease for a tract of land

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adjacent to Indigo's manufacturing facilities in Nes-Ziona, Israel. The dispute involves issues of contract interpretation and real estate appraisal. Arbitration proceedings commenced in March 1998, and in August 1999 the arbitrator issued his decision, which was invalidated by the Tel Aviv District Court in June 2001. In July 2001, the landlord petitioned Israel's Supreme Court for permission to appeal the District Court's ruling, and in October 2001, Indigo's subsidiary filed its response to such petition. In the event that the parties are unable to resolve the dispute amicably, Indigo intends to continue to defend the claim vigorously, since the Company believes that the amount of rent sought by the landlord is unreasonable and not supported by the terms of the lease. The maximum exposure regarding this claim would not have a significant effect on the Company's financial position or its results of operations.

b. The Company is committed to pay royalties to the Government of Israel relating to research and development grants, in which the Government participates by way of grants. At the time, the grants were received, successful development of the related project was not assured. The royalty rate is 3%-3.5% of either 50% or 100% of sales of the products, until the cumulative amount of the royalties equals 100% of the grants received; as from January 1, 1998 for research and development grants with the addition of an annual interest rate based on LIBOR. Repayment of such grants is not required in the event that there are no sales of product with respect to such grants. At September 30, 2001, the Company had received and accrued cumulative grants, net of royalties paid and accrued, of approximately \$23 million.

Following an amendment to the regulations relating to research and development grants, the Company is negotiating with the Office of the Chief Scientist with the object of settling all of its potential future royalty commitments by way of a fixed payment arrangement. These negotiations are in the initial stage and the outcome is, therefore, uncertain.

c. Assuming consummation of the acquisition of Indigo by HP (see note 2), Indigo has agreed to pay certain deal related expenses of approximately \$10.0M relating to legal, investment banking and severance liabilities.

6. Segment information

The company has two reportable segments: Equipment and Post-sales Activities. The Equipment segment produces printing presses used in the production of on-demand, short-run color digitally-printed products. The Post-sales Activities segment produces imaging products and service products that are consumed by the Equipment sold.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see note 2 in the 2000 Consolidated Financial Statements). The Company does not allocate assets other than inventories to segments. The Company evaluates performance based on gross margin.

F-9

INDIGO N.V. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT--(Continued)
(unaudited)

Segment Revenues, Gross Margins for the three months ended:

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	September 30, 2001			September 30, 2000		
	Equipment	Post-sales	Total	Equipment	Post-sales	Total
(In thousands and in U.S. Dollars)						
Revenues.....	\$23,701	\$20,349	\$44,050	\$20,816	\$17,878	\$38,694
Gross Margin.....	6,719	10,012	16,731	9,314	10,215	19,529

Segment Revenues and Gross Margins for the nine months ended:

	September 30, 2001			September 30, 2000		
	Equipment	Post-sales	Total	Equipment	Post-sales	Total
(In thousands and in U.S. Dollars)						
Revenues.....	\$76,659	\$58,077	\$134,736	\$64,831	\$50,617	\$115,448
Gross Margin...	23,619	30,555	54,174	25,256	28,438	53,694

Reconciliation of segment revenues and loss before provision for income taxes to the Company's consolidated totals for the three months ended September 30:

	2001	2000
(In thousands and in U.S. Dollars)		
Revenues		
Total revenues for reportable segments.....	\$44,050	\$38,694
Total consolidated revenues.....	\$44,050	\$38,694
Loss before provision for income taxes		
Total Gross Margin of reportable segments.....	\$16,731	\$19,529
Research and Development, net.....	3,831	5,314
Selling, general and administrative.....	20,933	16,341
Operating loss.....	(8,033)	(2,126)
Interest and other income, net.....	1,065	219
Loss before provision for income taxes.....	\$(6,968)	\$(1,907)

F-10

INDIGO N.V. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT--(Continued)
(unaudited)

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Reconciliation of segments revenues and loss before provision for income taxes to the Company's consolidated totals for the nine months ended September 30:

	2001	2000
	-----	-----
	(In thousands and in U.S. Dollars)	
Revenues		
Total revenues for reportable segments.....	\$134,736	\$115,448
	-----	-----
Total consolidated revenues.....	\$134,736	\$115,448
	=====	=====
Loss before provision for income taxes		
Total Gross Margin of reportable segments.....	\$ 54,174	\$ 53,694
Research and Development, net.....	13,044	14,487
Selling, general and administrative.....	55,910	51,111
	-----	-----
Operating loss.....	(14,780)	(11,904)
Interest and other income, net.....	2,450	206
	-----	-----
Loss before provision for income taxes.....	\$(12,330)	\$(11,698)
	=====	=====

7. Derivatives and hedging activities

Effective October 1, 2000, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, which requires that all derivative instruments be reported on the balance sheet at fair value and establishes criteria for designation and effectiveness of transactions entered into for hedging purposes.

The Company is exposed to market risk, such as fluctuations in foreign currency exchange rates and changes in interest rates. To manage the volatility relating to these exposures, the Company aggregates the exposure on a consolidated basis to take advantage of natural offsets. For exposures that are not offset within the Company's operations, the Company enters into various derivative transactions pursuant to its risk management policies. Designation is performed on a transaction basis to support hedge accounting. The changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the fair value or cash flows of the underlying exposures being hedged. The Company assesses the initial and ongoing effectiveness of its hedging relationships in accordance with its documented policy. Indigo does not hold or issue derivative financial instruments for trading purposes.

Gains and losses on derivatives qualifying as cash flow hedges, as defined in SFAS No. 133, are recorded in other comprehensive income ("OCI") to the extent that hedges are effective until the underlying transactions are recognized in earnings. Net losses included in OCI as of September 30, 2001 were \$77 thousands.

8. Basic and diluted loss per common share

Basic net loss per share is computed by dividing the net loss available to common shareholders for the period by the weighted average number of common shares outstanding during the period. The calculation of diluted net loss per

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share excludes potential common shares if the effect is antidilutive. Potential common shares consist of incremental common shares issuable upon the exercise of stock options and warrants.

As of September 30, 2001, 17,144,162 potential common shares issuable upon exercise of outstanding stock options and warrants, and 26,814,815 potential common shares issuable upon exercise of warrants held by HP

F-11

INDIGO N.V. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENT--(Continued) (unaudited)

and HP affiliates have been excluded from the determination of diluted net loss per share, as their inclusion would have been antidilutive.

9. Recently Issued Accounting Pronouncements

In July 2001, the FASB issued Statement of Financial Accounting Standard No 141 (FAS 141), Business Combinations, and No. 142 (FAS 142), Goodwill and Other Intangible Assets. FAS 141 supersedes Accounting Principles Board Opinion No. 16 (APB 16), Business Combinations, and FAS 142 supersedes APB 17, Intangible Assets.

The most significant changes made by FAS 141 are: (1) requiring that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, (2) establishing specific criteria for the recognition of intangible assets separately from goodwill and (3) requiring unallocated negative goodwill to be written off immediately as an extraordinary gain (instead of being deferred and amortized).

The most significant changes made by FAS 142 are: (1) goodwill and indefinite lived intangible assets will no longer be amortized, (2) goodwill will be tested for impairment at least annually at the reporting unit level, (3) intangible assets deemed to have an indefinite life will be tested for impairment at least annually, and (4) the amortization period of intangible assets with finite lives will no longer be limited to forty years. In addition, FAS 142 contains certain transitional provisions, which may effect the classification of intangible assets as well as the balance of goodwill. The provisions for FAS 141 are effective for acquisitions consummated after June 30, 2001. The provisions of FAS 142 are effective for fiscal years beginning after December 15, 2001 (fiscal year 2002 for the Company). Management is currently assessing the impact of the adoption of these new pronouncements.

In July 2001, the FASB approved the issuance of FAS 143, "Accounting for Asset Retirement Obligations." FAS 143 prescribes the accounting for retirement obligations associated with tangible long-lived assets, including the timing of liability recognition and initial measurement of the liability. FAS 143 requires that an asset retirement cost should be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. FAS 143 is effective for fiscal years beginning after June 15, 2002 (January 1, 2003 for the Company).

In August 2001, the FASB issued FAS 144, "Accounting for the impairment or Disposal of Long-Lived Assets," which is effective for fiscal periods beginning after December 15, 2001 (January 1, 2002 for the Company) and interim periods within those years. FAS 144 establishes an accounting model for impairment or disposal of long-lived assets to be disposed of by sale.

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The Company is currently evaluating the potential effects, if any, that the adoption of these standards may have on its consolidated financial statements.

F-12

SCHEDULE I

INFORMATION CONCERNING DIRECTORS
AND EXECUTIVE OFFICERS OF HP

The following table sets forth the name, age and present principal occupation or employment, and material occupations, positions, offices or employment for the past five years, of each director and executive officer of HP. Unless otherwise indicated, the business address and telephone number of each such person is Hewlett-Packard Company, 3000 Hanover Street, Palo Alto, California 94304, (650) 857-1501.

During the last five years, neither HP, nor, to the best of HP's knowledge, any of the persons listed below:

- . Has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors); or
- . Was a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of such laws.

Other than Iain M. Morris, who is a citizen of the United Kingdom, each of the persons listed below is a citizen of the United States.

Name and Business Address Age Present Principal Occupation or Employment and Five Year Employment

Carleton S. Fiorina* 47 Chairman of the Board and Chief Executive Officer.

Ms. Fiorina became Chairman of the Board in September 2000 and was named Chief Executive Officer and director of HP in July 1999. From October 1997 until she joined HP, Ms. Fiorina was Group President of Global Services Provider Business of Lucent Technologies, Inc., a communications systems and technology company. From October 1996 to October 1997, she was President of Lucent Technologies' Consumer Products Business. Ms. Fiorina is a member of the Board of Directors of Cisco Systems, Inc., and also serves on the U.S. China Board of Trade and Economic Cooperation.

Susan D. Bowick 53 Vice President and Director, Corporate Human Resources.

Ms. Bowick was elected a Vice President in November 1999. Since 1999 she served as Business Personnel Manager for the Computer Organization. She was first appointed a Vice President in 1997.

Richard A. DeMillo 54 Vice President and Chief Technology Officer.

Mr. DeMillo was appointed Chief Technology Officer in October 2000 and was elected a Vice President in November 2000. From 1995 to 2000 he was Vice President and General Manager at Telcordia Technologies.

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provider of operations support systems, network software and consulting and engineering services to the telecommunications industry. At Tel Mr. DeMillo was responsible for computer science research, internet systems and software strategy.

Debra L. Dunn 45 Vice President, Strategy and Corporate Operations.

Ms. Dunn was elected a Vice President in November 1999. She previously held positions as General Manager of the Executive Staff from 1998 to 1999. From 1996 to 1998, she was General Manager of the Video Communications Division and from 1994 to 1996 she was the division's Marketing Manager.

I-1

Name	Age	Present Principal Occupation or Employment and Five Year Employment History
----	---	-----

Jon E. Flaxman	44	Vice President and Corporate Controller.
----------------	----	--

Mr. Flaxman was elected a Vice President and Controller in July 2001. He was General Manager of the Computer Logistics and Distribution from 1997 to 1998. From 1998 to 2000, he was Vice President and Chief Financial Officer of Enterprise Computing Business/Business Customer Organization, and from 2000 to 2001, he was Vice President of Infrastructure Reinvention. He was first appointed a Vice President in 1998.

Vyomesh Joshi	47	President, Imaging and Printing Systems.
---------------	----	--

Mr. Joshi was elected a Vice President in January 2001. He became President of the Imaging and Printing Systems in February 2001. From 1995 to 2000, he held various management positions in Imaging and Printing Systems. Mr. Joshi was first appointed a Vice President in 1999.

Pradeep Jotwani	47	President, Consumer Business Organization.
-----------------	----	--

Mr. Jotwani was elected a Vice President in September 2000 and became President and General Manager of the Consumer Business Organization in June 2000. From 1999 to June 2000, he served as Vice President and General Manager of the Consumer Business Organization. From 1997 to 1999, he served as Vice President of worldwide consumer sales and marketing for the Inkjet Products Group. Prior to 1997, he held a number of senior management positions for HP within Europe and the United States.

Ann M. Livermore	43	President, HP Services.
------------------	----	-------------------------

Ms. Livermore was elected a Vice President in 1995 and became General Manager of Worldwide Customer Support Operations in 1996. She was named General Manager of the Enterprise Computing Solutions Organization in 1998 and was appointed President of Enterprise Computing in April 1999. In October 1999, she became President of the Business Customer Organization. In April 2001, she became President of HP Services. Ms. Livermore is a member of the Board of Directors of United Parcel Service. She is also on the board of visitors of the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill.

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Harry W. McKinney 56 President, Business Customer Organization.

Mr. McKinney was elected a Vice President in April 2001. He is President of the Business Customer Organization. Mr. McKinney was General Manager of the Home Products Division in 1994, leading HP's initial entry into the consumer market for home computing products. In 1999, he was appointed a Vice President and became the Vice President and General Manager of the PC business within the Computing Systems Organization. From 1996 to 2001, he held various management positions in Computing System Organization.

I-2

Name Age Present Principal Occupation or Employment and Five Year Employment

Iain M. Morris 45 President, Embedded and Personal Systems.

Mr. Morris was elected a Vice President in March 2001. He is President of Embedded and Personal Systems (EPS) Organization. Mr. Morris joined HP after 23 years at Motorola, where he had served as senior vice president and general manager of Motorola's Personal Communications Sector Americas Region.

Robert P. Wayman* 56 Executive Vice President, Finance and Administration and Chief Financial Officer.

Mr. Wayman has served as an Executive Vice President responsible for finance and administration since December 1992 and Chief Financial Officer since 1984. Mr. Wayman is director of CNF Transportation, I Sybase Inc., and Portal Software, Inc. He also serves as a member of Kellogg Advisory Board to Northwestern University School of Business and is a Director of the Private Sector Council and Cultural Initiative Silicon Valley.

Duane E. Zitzner 54 President, Computing Systems.

Mr. Zitzner was elected a Vice President and named General Manager of the Personal Information Products Group in 1996. He continued as General Manager when Personal System Group became a group within the Computer Organization in 1997 and was named President of the Computer Products Organization in April 1999. Computer Products was renamed Computing Systems in November 1999.

Philip M. Condit* 60 Chairman and Chief Executive Officer of The Boeing Company.

P.O. Box 3707 - M/S 10-10
Seattle, Washington
98124-2207

Mr. Condit has been Chairman of The Boeing Company since February 1997, its Chief Executive Officer since April 1996 and a member of board since 1992. He served as President of The Boeing Company from August 1992 until becoming Chairman.

Patricia C. Dunn* 48 Chairman and Chief Executive Officer of Barclays Global Investors.

45 Fremont Street,
San Francisco, California
94105

Ms. Dunn has been Global Chief Executive of Barclays Global Investors since 1998 and its Co-Chairman since October 1995. Ms. Dunn oversees

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the activities and strategy of BGI, the world's largest institution investment manager, having joined the firm's predecessor organization Wells Fargo Investment Advisors, in 1978.

Sam Ginn*
1 California Street,
30th Floor,
San Francisco, California
94111

64 Retired Chairman of Vodafone Air Touch PLC.

Mr. Ginn served as Chairman of Vodafone AirTouch Plc from 1999, following the merger of Vodafone and AirTouch, until his retirement May 2000. He was Chairman of the Board and Chief Executive Officer of AirTouch from December 1993 to June 1999. Mr. Ginn is also a director of ChevronTexaco Corporation and Fremont Group.

I-3

Name Age Present Principal Occupation or Employment and Five Year Employment

Walter B. Hewlett*
945 Addison Avenue,
Palo Alto, California 94301

57 Independent Software Developer.

Mr. Hewlett has been an independent software developer involved with computer applications in the humanities for more than five years. Mr. Hewlett was elected to the Board of Overseers of Harvard University. In 1994, Mr. Hewlett participated in the formation of Vermont Telephone Company of Springfield, Vermont and currently serves as its Chairman. Mr. Hewlett founded the Center for Computer Assisted Research in the Humanities in 1984, for which he serves as a director. Mr. Hewlett has been a trustee of The William and Flora Hewlett Foundation since its founding in 1966 and currently serves as its Chairman. Mr. Hewlett served as a director of Agilent Technologies, Inc. since 1999. He is also of the late HP co-founder Mr. William R. Hewlett.

Dr. George A. Keyworth II*
41 Avenida de las Casas,
Santa Fe, New Mexico 87501

62 Chairman and Senior Fellow, The Progress and Freedom Foundation.

Dr. Keyworth has been Chairman and Senior Fellow with The Progress and Freedom Foundation, a public policy research institute, since 1999. He is a director of General Atomics, Vapotronics, Inc., and Curl, Inc. Dr. Keyworth holds various honorary degrees and is an honorary professor at Fudan University in Shanghai, People's Republic of China.

Robert E. Knowling Jr.*
5450 Northwest Central,
Suite 300,
Houston, Texas 77092

46 Chairman and Chief Executive Officer of Internet Access Technologies, Inc.

Mr. Knowling is Chairman and Chief Executive Officer of Internet Access Technologies, Inc. From July 1998 through November 2000, he was President and Chief Executive Officer of Covad Communications Company. He also served as Chairman of Covad from September 1999 to October 2000. From 1997 through July 1998, Mr. Knowling served as the Executive Vice President of Operations and Technologies at U S WEST Communications, Inc. Mr. Knowling is a director of Ariba, Inc., Broadmedia, Inc., Struggles International, Inc. and the Juvenile Diabetes Foundation International. He also serves as a member of the advisory board of Northwestern University's Kellogg Graduate School of Management and the University of Michigan Graduate School of Business.

Richard A. Hackborn*
2895 Los Altos Drive,
Meridian, Idaho 83642

64 Director.

Mr. Hackborn served as Chairman of the Board from January 2000 to

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September 2000. He was HP's Executive Vice President, Computer Products Organization from 1990 until his retirement in 1993 after 33-year career with our company. He is a director of the William Hewlett Foundation and the Boise Art Museum.

* Director of Hewlett-Packard Company.

I-4

ANNEX A

OFFER AGREEMENT
BY AND BETWEEN
HEWLETT-PACKARD COMPANY
AND
INDIGO N.V.

TABLE OF CONTENTS

	Page

ARTICLE I THE OFFER.....	A-2
1.1 The Offer.....	A-2
1.2 Company Actions.....	A-4
1.3 Company Boards and Committees.....	A-5
1.4 Stock Options; Warrants; Employee Stock Purchase Plans.....	A-6
1.5 Required Withholding.....	A-6
1.6 No Liability.....	A-6
ARTICLE II POST CLOSING REORGANIZATION.....	A-6
2.1 Restructuring.....	A-6
2.2 Co-operation of the Company.....	A-6
ARTICLE III REPRESENTATIONS AND WARRANTIES OF COMPANY.....	A-7
3.1 Organization and Qualification; Subsidiaries.....	A-7
3.2 Articles of Association.....	A-8
3.3 Capitalization.....	A-8
3.4 Authority Relative to this Agreement.....	A-9
3.5 No Conflict; Required Filings and Consents.....	A-10
3.6 Compliance; Permits.....	A-10
3.7 SEC Filings; Financial Statements.....	A-11
3.8 No Undisclosed Liabilities.....	A-12
3.9 Absence of Certain Changes or Events.....	A-12
3.10 Absence of Litigation.....	A-12
3.11 Employee Matters and Benefit Plans.....	A-12
3.12 Restrictions on Business Activities.....	A-16

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3.13	Title to Property.....	A-16
3.14	Taxes.....	A-17
3.15	Brokers.....	A-20
3.16	Intellectual Property.....	A-20
3.17	Agreements, Contracts and Commitments.....	A-23
3.18	Opinion of Financial Advisor.....	A-25
3.19	Insurance.....	A-25
3.20	Board Approval.....	A-25
3.21	Environmental Matters.....	A-25
3.22	Grants, Incentives and Subsidies.....	A-26
3.23	Disclosure.....	A-27
ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER.....		A-27
4.1	Organization.....	A-27
4.2	Certificate of Incorporation and Bylaws.....	A-28
4.3	Capitalization.....	A-28
4.4	Authority Relative to this Agreement.....	A-28
4.5	Issuance of Buyer Common Stock.....	A-28
4.6	No Conflict; Required Filings and Consents.....	A-28
4.7	SEC Filings; Financial Statements.....	A-29
4.8	Ownership of Company Common Stock.....	A-29
4.9	Absences of Certain Changes or Events.....	A-29
ARTICLE V INTERIM CONDUCT.....		A-30
5.1	Conduct of Business by Company.....	A-30

A-i

		Page

ARTICLE VI ADDITIONAL AGREEMENTS.....		A-32
6.1	Confidentiality; Access to Information.....	A-32
6.2	No Solicitation.....	A-32
6.3	Public Disclosure.....	A-33
6.4	Commercially Reasonable Efforts; Notification.....	A-33
6.5	Third Party Consents.....	A-34
6.6	Stock Options; ESPP; Warrants.....	A-34
6.7	Employment and Employee Benefits.....	A-35
6.8	Form S-8.....	A-36
6.9	Indemnification.....	A-36
6.10	Regulatory Filings.....	A-36
6.11	Israeli Approvals.....	A-37
6.12	Company Shareholder Approval.....	A-38
6.13	Inspection of Real Property.....	A-38
6.14	Company Affiliate Agreements.....	A-39
6.15	NYSE Listing.....	A-39
6.16	CVR Agreement.....	A-39
6.17	Consultation.....	A-39
6.18	Registered Intellectual Property Rights.....	A-39
6.19	Company Tender and Voting Agreements.....	A-39
6.20	Employee Covenants.....	A-40
6.21	Approved Enterprise Covenant.....	A-40
6.22	Environmental Covenant.....	A-40
6.23	Sale of Company Shares.....	A-40
6.24	Dutch Tax Ruling.....	A-40

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6.25 Tax Planning Cooperation..... A-40

ARTICLE VII TERMINATION, AMENDMENT AND WAIVER..... A-40

7.1 Termination..... A-40

7.2 Notice of Termination; Effect of Termination..... A-41

7.3 Fees and Expenses..... A-41

7.4 Amendment..... A-42

7.5 Extension; Waiver..... A-42

ARTICLE VIII GENERAL PROVISIONS..... A-43

8.1 Non-Survival of Representations and Warranties..... A-43

8.2 Notices..... A-43

8.3 Counterparts..... A-44

8.4 Entire Agreement; Third Party Beneficiaries..... A-44

8.5 Severability..... A-44

8.6 Other Remedies; Specific Performance..... A-44

8.7 Governing Law..... A-44

8.8 Rules of Construction..... A-44

8.9 Assignment..... A-44

8.10 Waiver of Jury Trial..... A-45

ARTICLE IX DEFINITIONS..... A-45

9.1 Definitions..... A-45

9.2 Miscellaneous..... A-55

A-ii

INDEX OF ANNEXES

Annex I Conditions of the Offer

INDEX OF EXHIBITS

Exhibit A Form of CVR Agreement

Exhibit B-1 Company Tender Agreement

Exhibit B-2 Company Tender and Option Agreement for the Principal Company Shareholders

Exhibit C Company Voting Agreement

Exhibit D Company Affiliate Agreement

Exhibit E Form of Amended Articles of Association of the Company

A-iii

OFFER AGREEMENT

THIS OFFER AGREEMENT (this "Agreement") is made and entered into as of September 6, 2001, by and between Hewlett-Packard Company, a Delaware corporation (the "Buyer"), and Indigo N.V., a corporation organized under the laws of The Netherlands (the "Company").

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RECITALS

A. Upon the terms and subject to the conditions set forth in the Agreement, the Buyer and the Company intend to enter into a business combination transaction.

B. The Company Boards have each (i) determined that the Offer is at a price and on terms that are favorable and fair to and in the best interests of the Company and the Company Shareholders, and (ii) approved the Offer upon the terms and subject to the conditions set forth in this Agreement.

C. In furtherance thereof, it is proposed that the Buyer or a Subsidiary of the Buyer shall, as promptly as practicable, commence an exchange offer (the "Offer") to acquire all of the outstanding Company Shares, at a price for each Company Share equal to either (i) the Fixed Offer Price or (ii) the Contingent Price Exchange Ratio plus one CVR (together, the "Contingent Offer Price") (the Fixed Offer Price and the Contingent Offer Price are collectively referred to herein as the "Offer Price"), upon the terms and subject to the conditions set forth in this Agreement.

D. Also in furtherance thereof, it is proposed that, prior to and following the consummation of the Offer, the Buyer and the Company shall cooperate to accomplish any one or more of the post-closing reorganizations described in Article II hereof.

E. The CVR Certificates will be issued pursuant to a Contingent Value Rights Agreement in substantially the form attached hereto as Exhibit A (the "CVR Agreement") to be entered into between the Buyer and a trustee mutually agreeable to the Company and the Buyer (the "Trustee").

F. Concurrently with the execution of this Agreement, as a condition and inducement to the Buyer's willingness to enter into this Agreement, (i) certain officers and directors of the Company are entering into Tender Agreements in substantially the form attached hereto as Exhibit B-1, and the Principal Company Shareholders are entering into Tender and Option Agreements in substantially the form attached hereto as Exhibit B-2 (collectively, the "Company Tender Agreements"), (ii) certain officers and directors of the Company and certain other Company Shareholders are entering into Voting Agreements in substantially the form attached hereto as Exhibit C (collectively, the "Company Voting Agreements"), (iii) the Company Affiliates are entering into the Company Affiliate Agreements in substantially the form attached hereto as Exhibit D (collectively, the "Company Affiliate Agreements"), and (iv) the Buyer and Benzion Landa have entered into a Consulting Agreement (the "Consulting Agreement").

G. The Company and the Buyer intend that the Offer shall constitute a taxable transaction under the Code.

H. Certain terms used in this Agreement are defined in Article IX hereof.

A-1

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the Company and the Buyer hereby agree as follows:

ARTICLE I

THE OFFER

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1.1 The Offer.

(a) Provided that (i) this Agreement shall not have been terminated in accordance with Section 7.1 and (ii) none of the events set forth in Annex I hereto that would entitle the Buyer not to consummate the Offer shall have occurred and be continuing, as promptly as practicable, the Buyer shall (or shall cause a Subsidiary of the Buyer to) commence (within the meaning of Rule 14d-2 under the Exchange Act) the Offer for any and all of the Company Shares. In the event that the Buyer shall cause a Subsidiary of the Buyer to commence the Offer, each reference to the Buyer in this Article I and Annex I shall be deemed, where applicable, to refer to such Subsidiary. Each Company Share accepted by the Buyer pursuant to the Offer shall be exchanged for the right to receive the Offer Price from the Buyer. The obligation of the Buyer to accept for payment and to pay for any Company Shares tendered shall be subject only to the satisfaction or waiver of: (i) the condition that there shall be validly tendered in accordance with the terms of the Offer prior to the Expiration Time and not withdrawn a number of Company Shares that, together with the Company Shares then owned by the Buyer and its Subsidiaries, represents at least ninety-five percent (95%) of the Outstanding Company Shares (the "Minimum Condition"); and (ii) the other conditions set forth in Annex I. The Buyer expressly reserves the right to increase the Offer Price, to waive any of the conditions to the Offer or to make any other changes in the terms and conditions of the Offer; provided, however, that, unless previously approved by the Company in writing, no change may be made that: (1) decreases the Offer Price; (2) changes the form or combination of consideration to be paid in the Offer; (3) reduces the number of Company Shares to be purchased in the Offer; (4) amends the conditions set forth in Annex I to broaden the scope of such conditions, add any additional conditions, or otherwise amend any other material term of the Offer in a manner materially adverse to the Company Shareholders; (5) extends the Offer, except as provided in Section 1.1(b) or in the next sentence; or (6) amends the Minimum Condition, except as provided in the next sentence. The Buyer expressly reserves the right to amend or waive the Minimum Condition to reduce the percentage of Outstanding Company Shares required to be validly tendered in accordance with the terms of the Offer, provided that the Buyer shall extend the Offer for a period of not fewer than 10 Business Days after any such amendment or waiver.

(b) (i) Subject to the terms and conditions of the Offer and this Agreement, the Offer shall expire at midnight, New York City time, on the date that is twenty (20) Business Days after the date the Offer is commenced; provided, however, that, without the consent of the Company Boards, the Buyer may: (i) from time to time extend the Offer, if at the scheduled expiration date of the Offer any of the conditions to the Offer set forth in Annex I shall not have been satisfied or waived, until such time as such conditions are satisfied or waived; (ii) extend the Offer for any period required by any rule, regulation, interpretation or position of the SEC or the staff thereof applicable to the Offer; or (iii) include a subsequent offering period (as such term is defined in Rule 14d-1 under the Exchange Act) to the Offer for a period up to twenty (20) Business Days. The Buyer agrees that, if any one or more of the conditions to the Offer set forth in Annex I are not satisfied and none of the events set forth in paragraphs (a) through (c) or (f) through (h) of Annex I that would permit the Buyer not to accept tendered Company Shares for payment has occurred, then, provided that such conditions are reasonably capable of being satisfied in the Buyer's sole judgement, the Buyer shall extend the Offer from time to time for successive extension periods not in excess of 10 Business Days per extension, unless any such condition is no longer reasonably capable of being satisfied in the Buyer's sole judgement or any such event has occurred; provided, however, that in no event shall the Buyer be required to extend the Offer beyond the End Date. Subject to the terms and conditions of the Offer and this Agreement and the satisfaction (or waiver to the extent permitted by this Agreement) of the conditions to the Offer, the Buyer shall accept for payment

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(the "Closing") all Company Shares validly tendered and not withdrawn pursuant to the Offer that the Buyer becomes obligated

A-2

to accept for payment pursuant to the Offer as soon as practicable after the Expiration Time and shall pay for all such Company Shares promptly after such acceptance.

(ii) No fraction of a share of Buyer Common Stock will be issued in connection with the payment of the Offer Price upon consummation of the Offer, but in lieu thereof each tendering Company Shareholder who would otherwise be entitled to receive a fraction of a share of Buyer Common Stock (after aggregating all fractional shares of Buyer Common Stock that otherwise would be received by such holder) in the Offer shall receive from the Buyer an amount of cash (rounded to the nearest whole cent), without interest, equal to the product obtained by multiplying such fraction by the closing price of one (1) share of Buyer Common Stock on the first date the Buyer accepts Company Shares for exchange in the Offer, as reported on the NYSE.

(c) (i) In connection with the Offer, each holder of Company Shares validly tendered and not withdrawn pursuant to the Offer that the Buyer becomes obligated to accept for exchange pursuant to the Offer shall be entitled to elect to receive the Offer Price in respect of such tendered Company Shares in the form of either the Fixed Offer Price or the Contingent Offer Price; provided, that the letter of transmittal shall require that each holder shall elect either the Fixed Offer Price or the Contingent Offer Price for all Company Shares tendered by such holder. To the extent that a holder has validly tendered Company Shares and not withdrawn them but has not indicated in the transmittal letter whether to elect the Fixed Offer Price or the Contingent Offer Price with respect to such Company Shares tendered, such holder shall be deemed to have elected to receive the Fixed Offer Price for all Company Shares tendered by such holder. Notwithstanding anything in this Agreement to the contrary: (i) the number of Company Shares that the Buyer will be obligated to acquire in exchange for the Fixed Offer Price shall not exceed the Maximum Fixed Price Election Number; and (ii) the number of Company Shares that the Buyer will be obligated to acquire in exchange for the Contingent Offer Price shall not exceed the Maximum Contingent Price Election Number.

(ii) If the aggregate number of Company Shares that the Buyer would otherwise be obligated to acquire in exchange for the Fixed Offer Price (the "Requested Fixed Price Amount") exceeds the Maximum Fixed Price Election Number, each holder who has accepted the Fixed Offer Price shall receive, with respect to each such Company Share (x) such number of shares of Buyer Common Stock equal to the product of (A) the Fixed Offer Price and (B) the Fixed Price Proration Factor, and (y) (1) such additional number of shares of Buyer Common Stock equal to the product of (A), the Contingent Price Exchange Ratio and (B) one minus the Fixed Price Proration Factor and (2) such number of CVRs equal to one minus the Fixed Price Proration Factor.

(iii) If the aggregate number of Company Shares that the Buyer would otherwise be obligated to acquire in exchange for the Contingent Offer Price (the "Requested Contingent Price Amount") exceeds the Maximum Contingent Price Election Number, each holder who has accepted the Contingent Offer Price shall receive, with respect to each such Company Share (x) (1) such number of shares of Buyer Common Stock equal to the product of (A) the Contingent Price Exchange Ratio and (B) the Contingent Price Proration Factor, and (2) such number of CVRs equal to the Contingent Price Proration Factor and (y) such additional number of shares of Buyer Common Stock equal to the product of (A) the Fixed Offer Price and (B) one minus the Contingent Price Proration Factor.

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(iv) The Fixed Offer Price, the Contingent Price Exchange Ratio and any other applicable numbers or amounts shall be adjusted to reflect appropriately the effect of any stock split, reverse stock split, stock dividend (including any distribution or dividend of securities convertible into or exchangeable for Buyer Common Stock or Company Shares), extraordinary cash dividend, reorganization, reclassification, combination, exchange of shares or other like change with respect to Buyer Common Stock or Company Shares occurring or having a record date on or after the date hereof and prior to the Closing Time.

(v) The Exchange Agent shall make all computations as to the allocation and the proration contemplated by this Section 1.1(c), and any such computation shall be conclusive and binding on the Company Shareholders. The Buyer and the Company may agree to make such rules as are consistent with the Offer and this Section 1.1(c) for the implementation of the provisions of this Section 1.1(c) as shall be necessary or desirable to fully effect such provisions.

A-3

(d) As soon as practicable after the date of this Agreement, the Buyer shall prepare and file with the SEC a registration statement on Form S-4 to register the offer and sale of Buyer Common Stock and the CVRs pursuant to the Offer (the "Registration Statement") and, to the extent the Buyer in its sole discretion determines that it is necessary, a Transaction Statement on Schedule 13E-3 (together with all amendments and supplements thereto, and including all exhibits thereto, the "Schedule 13E-3"). The Company shall execute, and join in the filing of, the Schedule 13E-3, if applicable. The Registration Statement as declared effective by the SEC will include a prospectus containing the information required under Rule 14d-4(b) promulgated under the Exchange Act (the "Prospectus"). As soon as practicable on the date the Offer is commenced, the Buyer shall file with the SEC a Tender Offer Statement on Schedule TO (together with all amendments and supplements thereto, and including all exhibits thereto, the "Schedule TO") with respect to the Offer and cause the Offer Documents to be disseminated to the Company Shareholders. The Schedule TO shall contain as an exhibit or incorporate by reference the Prospectus (or portions thereof) and forms of the related letter of transmittal and summary advertisement, if any. The Buyer shall cause the Schedule TO, the Schedule 13E-3, if applicable, the Prospectus and all amendments or supplements thereto (which together, with any supplements or amendments thereto, collectively constitute the "Offer Documents") to comply in all material respects with the Exchange Act and the rules and regulations thereunder and other applicable Legal Requirements. The Buyer further agrees that the Offer Documents, on the date first published, sent or given to the Company Shareholders, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation or warranty is made by the Buyer with respect to information supplied by the Company or any of the Company Shareholders (other than the Buyer) in writing specifically for inclusion or incorporation by reference in the Offer Documents. The Company agrees that the information provided by the Company or any of the Company Shareholders (other than the Buyer) in writing specifically for inclusion or incorporation by reference in the Offer Documents shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the Buyer and the Company shall promptly correct any information provided by it for use in the Registration Statement or the Offer Documents if and to the extent that such information shall have become false or misleading in any material respect, and the Buyer shall take all steps necessary to cause the Offer Documents as so

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corrected to be filed with the SEC and to be disseminated to the Company Shareholders, in each case as and to the extent required by applicable federal securities laws. The Company and its counsel shall be given reasonable opportunity to review and comment on the Schedule TO, the Schedule 13E-3, if applicable, the Registration Statement and the Offer Documents prior to the filing thereof with the SEC. The Buyer agrees to provide in writing to the Company and its counsel any comments the Buyer or its counsel may receive from the SEC or its staff with respect to the Offer Documents promptly after receipt of such comments and shall provide the Company and its counsel with a reasonable opportunity to participate in the response of the Buyer to such comments.

1.2 Company Actions.

(a) The Company hereby approves of and consents to the Offer and represents that each of the Company Boards, at meetings duly called and held, have (i) unanimously determined that this Agreement and the transactions contemplated hereby, including the Offer, are at a price and on terms that are favorable and fair to and in the best interests of the Company and the Company Shareholders; (ii) unanimously approved this Agreement and the transactions contemplated hereby, including the Offer, in all respects, and (iii) unanimously resolved to recommend that the Company Shareholders accept the Offer, tender their Company Shares thereunder to the Buyer and vote at the EGM in favor of (x) the appointment of new members to the Company Boards in accordance with the designation of the Buyer and (y) the amendment of the Company's Articles of Association in the form, as to be so amended, attached hereto as Exhibit E. The Company consents to the inclusion of such recommendation and approval in the Offer Documents. In addition, Gleacher & Co. LLC has delivered to the Company Boards its opinion referred to in Section 3.18. The Company's approval of and consent to the Offer also constitutes approval for purposes of the standstill provisions set forth in Article 4 of that certain Shareholders' Agreement, dated September 13, 2000, by and among the Company, the Buyer and the other

A-4

Company Shareholders named therein for the sole purpose of the Buyer making the Offer and consummating the other transactions contemplated hereby; provided, that in the event this Agreement is terminated pursuant to Article VII hereof, such standstill provisions shall continue in full force and effect after such termination.

(b) The Company shall file with the SEC, concurrently with the filing of the Schedule TO, a Solicitation/Recommendation Statement on Schedule 14D-9 (together with all amendments and supplements thereto, and including all exhibits thereto, the "Schedule 14D-9") containing the recommendations and opinion described in Section 1.2(a) and shall cause the Schedule 14D-9 to be mailed to the Company Shareholders, together with the Offer Documents, promptly after the commencement of the Offer. The Company shall cause the Schedule 14D-9 to comply in all material respects with the Exchange Act and the rules and regulations thereunder and other applicable Legal Requirements. The Company further agrees that the Schedule 14D-9, on the date first published, sent or given to the Company Shareholders, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation or warranty is made by the Company with respect to information supplied by the Buyer in writing specifically for inclusion or incorporation by reference in the Schedule 14D-9. The Buyer agrees that the information provided by it in writing specifically for inclusion or incorporation by reference in the Schedule 14D-9 shall not contain any untrue statement of a material fact or

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omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the Company and the Buyer shall promptly correct any information provided by it for use in the Schedule 14D-9 or the Offer Documents if and to the extent that such information shall have become false or misleading in any material respect, and the Company further shall take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and be disseminated to the Company Shareholders, in each case as and to the extent required by applicable federal securities laws. The Buyer and its counsel shall be given reasonable opportunity to review and comment on the Schedule 14D-9 prior to the filing thereof with the SEC. The Company shall provide in writing to the Buyer and its counsel any comments the Company or its counsel may receive from the SEC or its staff with respect to the Schedule 14D-9 promptly after receipt of such comments and shall provide the Buyer and its counsel with a reasonable opportunity to participate in the response of the Company to such comments.

(c) In connection with the Offer, the Company shall, or shall cause its transfer agent, promptly following a request by the Buyer, to furnish the Buyer with such information, including updated lists of the Company Shareholders, mailing labels and any available listing or computer file containing the names and addresses of all record holders of Company Shares and lists of securities positions of Company Shares held in stock depositories, in each case as of the most recent practicable date, and will provide to the Buyer such additional information (including, without limitation, updated lists of the Company Shareholders, mailing labels and lists of securities positions), and such assistance as the Buyer or its agents may reasonably request in communicating the Offer to the record and beneficial holders of the Company Shares.

(d) Solely in connection with the tender and purchase of the Company Shares pursuant to the Offer and other actions contemplated in this Agreement, the Company hereby waives any and all rights of first refusal it may have with respect to the Company Shares owned by, or issuable to, any person, other than rights to repurchase unvested shares, if any, that may be held by persons pursuant to the grant of restricted stock purchase rights or following exercise of employee stock options.

1.3 Company Boards and Committees. At any time following the execution of this Agreement, but in any event no later than five (5) Business Days prior to the Expiration Time, the Company shall convene an extraordinary meeting of shareholders (the "EGM") to (i) accept the resignation from the Company Boards of the existing members thereof and appoint the new members of the Company Boards in accordance with the designation of the Buyer set out below and (ii) resolve upon the amendment of the Articles of Association of the Company in the form, as to be so amended, attached hereto as Exhibit E. The resignations and appointments referred to in the preceding sentence will be effective as of, and conditional upon the occurrence of, the Closing Time. As soon as practicable after the date of execution of this Agreement and no later than 20 calendar days

A-5

prior to the date of the EGM the Buyer shall designate in writing to the Company the new members for each of the Company Boards and furnish the Company with all information with respect to those new members that is required to be disclosed to the Company Shareholders under Dutch law. At the EGM, the Company shall use its commercially reasonable efforts to secure the resignation of the existing members of the Company Boards and the appointment of the designees of the Buyer, all such resignations and appointments to be effective as of, and conditional upon the occurrence of the Closing, as aforesaid.

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1.4 Stock Options; Warrants; Employee Stock Purchase Plans. At the Closing Time: (i) all options to purchase Company Shares then outstanding and granted under the Company Option Plans shall be treated in accordance with Section 6.6(a) hereof; (ii) all warrants to purchase Company Shares then outstanding (collectively, the "Company Warrants") shall be treated as set forth in Section 6.6(b) hereof; and (iii) all purchase rights outstanding under Company's 1994 United States Employee Share Purchase Plan, 1994 Israel Employee Share Purchase Plan and 1994 Netherlands Employee Share Purchase Plan (collectively, the "ESPP") shall be treated as set forth in Section 6.6(c) hereof.

1.5 Required Withholding. Each of the Buyer and the Company and any bank or trust company retained by the Buyer to act as the exchange agent in connection with the Offer (an "Exchange Agent") shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable pursuant to this Agreement to any holder or former holder of Company Shares such amounts as may be required to be deducted or withheld therefrom under U.S. federal or state, local or foreign law. To the extent such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid to the person to whom such amounts would otherwise have been paid.

1.6 No Liability. Notwithstanding anything to the contrary in this Article I, neither the Exchange Agent nor the Buyer nor the Company shall be liable to a holder of shares of Buyer Common Stock or Company Shares for any amount properly paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

ARTICLE II

POST CLOSING REORGANIZATION

2.1 Restructuring. The Buyer intends, simultaneously with or as soon as possible after the Closing, to effectuate a corporate reorganization (the "Post-Closing Reorganization") of the Company and its Subsidiaries, which may include, without limitation (i) the commencement of a compulsory acquisition by the Buyer of Company Shares from any remaining minority shareholder in accordance with Section 2:92a of the Dutch Civil Code (the "DCC"), (ii) the amendment of the Articles of Association of the Company to permit the creation, among other things, of separate classes of shares, (iii) the distribution of an extraordinary dividend on the shares of the Company or a particular class or classes of shares of the Company, (iv) the sale and transfer by the Company, or any of its Subsidiaries, to the Buyer, or any affiliates of the Buyer, of all or a portion of the assets of the Company or its Subsidiaries, (v) the effectuation by the Company and one or more Dutch Subsidiaries of the Buyer of a legal merger within the meaning of Section 2:309 of the DCC, (vi) the termination of the listing of the Company Shares on the Nasdaq National Market, (vii) the deregistration of the Company under the Exchange Act and the cessation of the Company's reporting obligations thereunder, or (viii) any one or more combinations of any of the foregoing actions; all of which shall be conducted in accordance with applicable laws and which, if the Buyer determines in its sole discretion to implement any such Post-Closing Reorganization, will in any case result in the holders of Company Shares who do not exchange such shares in the Offer being offered or receiving in any such Post-Closing Reorganization consideration equivalent to the Fixed Offer Price.

2.2 Co-operation of the Company. The Company shall take as of the date of this Agreement, but effective no earlier than the consummation of the Offer, all actions reasonably necessary or desirable to

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accomplish the Post-Closing Reorganization including, without limitation (i) the convening of the necessary meetings of the Company Shareholders and the Company Boards, (ii) the consideration of any and all necessary or desirable resolutions by each of the Company Boards for the purpose of the corporate reorganizations, and (iii) the execution of any and all reasonably requested documents, agreements or deeds that are necessary or desirable to effectuate any of the corporate reorganizations and the filing or registration of any or all of such documents, agreements or deeds with the appropriate authorities or agencies. In addition, at the request of the Buyer, the Company shall take any and all other actions that are required or desirable to accomplish the corporate reorganization of the Company and its Subsidiaries, so long as such actions are reasonable based on the relative detriment or inconvenience to the Company and the relative benefit to the Buyer from such action. With respect to all actions taken by the Company pursuant to this Section 2.2, the Buyer shall reimburse the Company for its reasonable out-of-pocket costs and expenses regardless of whether or not the Offer is consummated except where the Buyer has terminated this Agreement pursuant to Section 7.1(d), in which case the Buyer shall not be obligated so to reimburse the Company.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF COMPANY

The Company represents and warrants to the Buyer, subject to such exceptions as are disclosed in writing in the disclosure letter supplied by the Company to the Buyer dated as of the date hereof (the "Company Disclosure Letter"), which Company Disclosure Letter shall provide an exception to or otherwise qualify the representations and warranties of the Company (i) contained in the section of this Agreement corresponding by number to such disclosure, and (ii) contained in any other section of this Agreement where the nature of such exception or qualification is readily apparent from the face of such disclosure, as follows:

3.1 Organization and Qualification; Subsidiaries. (a) Each of the Company and its Subsidiaries is a corporation duly organized, validly existing and in good standing (as applicable) under the laws of the jurisdiction of its incorporation and has the requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted, except where the failure to do so would not, individually or in the aggregate, have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries (i) has been dissolved, and there is no action or request pending to accomplish such dissolution, (ii) is involved in preparations for a merger as described in Section 2:309 of the DCC or its foreign equivalent (including a merger under the Israeli Companies Law, 1999), or (iii) has been declared bankrupt and no action or request is pending to declare the Company or any of its Subsidiaries bankrupt or obtain an official moratorium under Dutch or other applicable law. Each of the Company and its Subsidiaries is in possession of all Approvals necessary to own, lease and operate the assets and properties it purports to own, operate or lease and to carry on its business as it is now being conducted, except where the failure to have such Approvals would not, individually or in the aggregate, have a Company Material Adverse Effect. The Company and each of its Subsidiaries is and has been in compliance with the terms of the Approvals, except where the failure to be or have been in such compliance would not, individually or in the aggregate, result in a Company Material Adverse Effect.

(b) The Company and each of its Subsidiaries is duly qualified or licensed to do business as a foreign corporation, and is in good standing, under the laws of all jurisdictions where the nature of their business requires such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Company Material Adverse Effect.

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(c) Section 3.1(c) of the Company Disclosure Letter sets forth the name, jurisdiction of incorporation and authorized and outstanding capital of each of the Company's Subsidiaries and the jurisdictions in which each such Subsidiary is qualified to do business. All the outstanding capital stock of each of the Company's Subsidiaries is owned directly or indirectly by the Company free and clear of all Encumbrances and all material claims or charges of any kind, and is validly issued, fully paid and nonassessable. Neither the Company nor any

A-7

of its Subsidiaries has agreed nor is obligated to make nor is bound by any Contract, as of the date hereof or as may hereafter be in effect under which it may become obligated to make, any future investment in or capital contribution to any other entity. Other than the Company's interests in its Subsidiaries, neither the Company nor any of its Subsidiaries directly or indirectly owns any equity or similar interest in or any interest convertible, exchangeable or exercisable for, any equity or similar interest in, any corporation, partnership, joint venture or other business, association or entity.

(d) All branches of the Company or any of its Subsidiaries are properly registered with all relevant Governmental Entities, including tax authorities, and have complied with, and do comply with all applicable laws, rules and regulations, except where the failure to do so would not, individually or in the aggregate, have a Company Material Adverse Effect.

3.2 Articles of Association. The Company has previously furnished to the Buyer (i) a complete and correct copy, translated into English, of its Articles of Association, as amended to date (the "Company Charter Documents"), and (ii) complete and correct copies, translated into English, of the certificate of incorporation and by-laws or similar organizational documents of each of the Company's Subsidiaries, as amended to date. Such Company Charter Documents and equivalent organizational documents of each of the Subsidiaries of the Company are in full force and effect, the Company is not in violation of any of the provisions of the Company Charter Documents, and no Subsidiary of the Company is in violation of its equivalent organizational documents.

3.3 Capitalization. (a) The authorized capital stock of the Company consists of 240,000,000 Common Shares and 26,950,000 shares of preferred stock, par value NLG 0.04 per share (the "Preferred Shares"). As of September 5, 2001, (i) 113,676,895 Common Shares are issued and outstanding, including 3,749,532 Common Shares that are held in the treasury of the Company; (ii) 7,046,392 Preferred Shares are designated as Series A Convertible Preferred Shares, none of which are currently issued and outstanding; (iii) 2,882,241 Preferred Shares are designated as Series B Convertible Preferred Shares, none of which are currently issued and outstanding; (iv) 3,853,333 Preferred Shares are designated as Series C Convertible Preferred Shares, none of which are currently issued and outstanding; (v) 3,515,680 Preferred Shares are designated as Series D Convertible Preferred Shares, none of which are currently issued and outstanding; (vi) 11,344,986 Common Shares are reserved for issuance upon exercise of outstanding Company Stock Options under the Company Option Plans; (vii) 4,422,806 Common Shares are not subject to outstanding options and are reserved for issuance under the Company Option Plans; (viii) 1,268,366 Common Shares are reserved for issuance and unissued under the ESPP; (ix) there are outstanding warrants designated "Series A warrants" representing the right to purchase 3,917,999 Common Shares; (x) there are outstanding warrants designated "Series C warrants" representing the right to purchase 1,926,677 Common Shares; (xi) there are warrants designated "Series D warrants," none of which are outstanding; (xii) there are outstanding warrants designated "Litigation Settlement Warrants" representing the right to purchase 2,000,000 Common

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Shares; (xiii) there are outstanding warrants designated "Acquisition Warrants" representing the right to purchase 14,814,815 Common Shares; (xiv) there are outstanding warrants designated "Performance Warrants" representing the right to purchase 12,000,000 Common Shares. All of the outstanding shares of the Company's capital stock are, and all Common Shares subject to issuance as aforesaid, upon issuance in accordance with the respective terms thereof, will be, duly authorized, validly issued, fully paid and non-assessable. There is no Voting Debt of the Company or any of its Subsidiaries issued and outstanding. Section 3.3(a) of the Company Disclosure Letter contains a true copy of the list of (i) shareholders of record of the Company, as at August 31, 2001, as kept by the Company's transfer agent and (ii) holders of record of the Company Warrants, as at September 2, 2001, as kept by the Company.

(b) Section 3.3(b) of the Company Disclosure Letter sets forth the following information with respect to each Company Stock Option outstanding as of the date of this Agreement: (i) the name and address of the optionee, with the first name and last name in separate columns; (ii) whether the Company Stock Option is deemed an "Incentive Stock Option" pursuant to Section 422 of the Code; (iii) the Company Option Plan under which such Company Stock Option was granted; (iv) the number of Common Shares subject to such Company Stock Option; (v) the exercise price of such Company Stock Option; (vi) the date on which such Company Stock Option was granted; (vii) the date on which such Company Stock Option expires; (viii) the extent to which such

A-8

Company Stock Option is vested; (ix) the extent to which the exercisability of such Company Stock Option will be accelerated in any way by the transactions contemplated by this Agreement; (x) the status of the holder of each Company Stock Option; and (xi) the date of termination or severance of the holder of each Company Stock Option. The Company has made available to the Buyer accurate and complete copies of all stock option plans pursuant to which the Company has granted such Company Stock Options that are currently outstanding, the form of all stock option agreements evidencing such Company Stock Options and any stock option agreement that has been modified from the form of stock option agreement. Section 3.3(b) of the Company Disclosure Letter lists each such stock option plan. All Common Shares subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instrument pursuant to which they are issuable, would be duly authorized, validly issued, fully paid and nonassessable. There are no commitments or agreements of any character to which the Company is bound obligating the Company to accelerate the vesting of any Company Stock Option as a result of the Offer.

(c) All outstanding Common Shares, all outstanding Company Stock Options, all outstanding Company Warrants and all outstanding shares of capital stock of each Subsidiary of the Company have been issued and granted in compliance with (i) all applicable securities laws and other applicable Legal Requirements and (ii) all requirements set forth in applicable Contracts.

(d) The Company owns free and clear of all liens, pledges, hypothecations, charges, mortgages, security interests, Encumbrances, claims, infringements, interferences, options, right of first refusals, preemptive rights, community property interests or restrictions of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset but other than restrictions imposed by federal or state securities laws) directly or indirectly through one or more Subsidiaries, all of the outstanding shares of capital stock of each of its Subsidiaries and, except for shares of capital stock or other similar ownership interests of any of the Company's Subsidiaries that are owned by certain

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nominee equity holders as required by the applicable law of the jurisdiction of organization of such Subsidiaries (which shares or other interests (i) do not materially affect the Company's control of such Subsidiary and (ii) shall in the case of any such Israeli Subsidiary be transferred from any such nominee equity holder to the Company prior to the Closing), there are no equity securities, partnership interests or similar ownership interests of any class of equity security of any Subsidiary of the Company, or any security or right exchangeable or convertible into or exercisable for such equity securities, partnership interests or similar ownership interests, issued, reserved for issuance or outstanding. There are no subscriptions, options, warrants, equity securities, partnership interests or similar ownership interests, calls, rights (including preemptive rights), commitments or agreements of any character to which the Company or any of its Subsidiaries is a party or by which it is bound obligating the Company or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, or repurchase, redeem or otherwise acquire, or cause the repurchase, redemption or acquisition of, any shares of capital stock or Voting Debt, partnership interests or similar ownership interests of the Company or any of its Subsidiaries or obligating the Company or any of its Subsidiaries to grant, extend, accelerate the vesting of or enter into any such subscription, option, warrant, equity security, call, right, commitment or agreement.

(e) There are no registration rights and there is, except for the Company Tender and Voting Agreements, no voting trust, proxy, rights plan, antitakeover plan or other agreement or understanding to which the Company or any of its Subsidiaries is a party or by which they are bound with respect to any equity security of any class of the Company or with respect to any equity security, partnership interest or similar ownership interest of any class of any of the Company's Subsidiaries.

3.4 Authority Relative to this Agreement. The Company has all necessary corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Com