

INTRA-GROUP SHARE ACQUISITION AGREEMENT

1 February 2003

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HEWLETT-PACKARD HOLDINGS LIMITED

HEWLETT-PACKARD LIMITED



AGREEMENT
for the sale and purchase of the issued share
capital of
COMPAQ COMPUTER LIMITED



FRESHFIELDS BRUCKHAUS DERINGER

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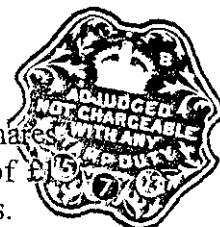
THIS AGREEMENT is made on | February 2003

BETWEEN

- (1) **HEWLETT-PACKARD HOLDINGS LIMITED** whose registered office is at Cain Road Bracknell Berkshire RG12 1HN (the *Vendor*); and
- (2) **HEWLETT-PACKARD LIMITED** whose registered office is at Cain Road Bracknell Berkshire RG12 1HN (the *Purchaser*).

WHEREAS

(A) Compaq Computer Limited (the *Company*) is a private company limited by shares with an issued share capital of £136,554,494 divided into 136,554,494 shares of £1 each (the *Shares*). The Vendor is the sole legal and beneficial owner of the Shares.



(B) The Vendor has agreed to sell all of the Shares to the Purchaser for the consideration and upon the terms set out in this Agreement.

IT IS AGREED AS FOLLOWS:

1. SALE OF THE SHARES AND CONSIDERATION

1.1 The Vendor agrees to sell the Shares and the Purchaser agrees to purchase the Shares with effect from the date on which this Agreement is signed. The Shares shall be sold free from all security interests, options, equities, claims or other third party rights (including, without limitation, rights of pre-emption) of any nature whatsoever, together with all rights attaching to them including, without limitation, the right to receive all dividends and other distributions declared, made or paid on or after the date of this Agreement.

1.2 In consideration for the sale of the Shares the Purchaser shall pay to the Vendor an amount equal to the fair market value of the Shares as at the date of this Agreement (*Purchase Price*), as determined pursuant to the statement relating to the Company (*Completion Statement*) to be prepared in accordance with clause 3. As at the date of this Agreement, the Purchase Price is estimated to be £389 million.

1.3 The consideration payable by the Purchaser to the Vendor pursuant to clause 1.2 shall be satisfied as follows:

- (a) immediately after signing of this agreement, by the payment by the Purchaser to the Vendor of the sum of £1; and
- (b) within seven days of the final determination of the fair market value of the Shares (*Fair Market Value Amount*) the allotment by the Purchaser to the Vendor of one ordinary share of nominal value of £1 (the *Consideration Share*) credited as fully paid in the capital of the Purchaser and issued at a premium equal to the Fair Market Value Amount less £1. The Consideration Share shall rank pari passu with the existing ordinary shares of £1 each in the capital of the Purchaser.

2. COMPLETION

2.1 The sale and purchase of the Shares shall be completed immediately after this Agreement is signed, when the events set out in clauses 2.2 and 2.3 shall take place.

2.2 The Vendor shall deliver or cause to be delivered to the Purchaser:

- (a) a duly executed stock transfer form in respect of the transfer into the name of the Purchaser or its nominee in respect of all the Shares, together with the relative share certificates;
- (b) the Certificate of Incorporation, the Common Seal, all minutes books, Share Registers and Share Certificate Books (with any unissued share certificates) and other statutory books of the Company; and
- (c) the share certificates of all the issued shares in the capital of the Company's subsidiaries held in the name of the Company.

2.3 The Purchaser shall in satisfaction of its obligations under clause 1.3(a) cause the sum of £1 to be paid in cash to the Vendor.

2.4 Within seven days of the final determination of the Fair Market Value amount, the Purchaser shall in satisfaction of its obligations under clause 1.3(b) cause the Consideration Share to be allotted to the Vendor and the Vendor's name to be entered in the register of members in respect thereof credited as fully paid and a certificate in respect of the Consideration Share to be delivered to the Vendor.

3. COMPLETION STATEMENT

3.1 The Vendor and the Purchaser shall use all reasonable endeavours to procure that, promptly after signing of this Agreement, a Completion Statement is prepared in accordance with the provisions of this clause 3.

3.2 The Purchaser shall arrange for a draft Completion Statement to be prepared by the Purchaser with a view to such Completion Statement being delivered to the Vendor as soon as practicable after Completion.

3.3 If the Vendor is satisfied with the draft Completion Statement (either as originally submitted or after adjustments agreed between the Vendor and the Purchaser), then the draft Completion Statement (incorporating any agreed adjustments) shall constitute the Completion Statement for the purposes of this Agreement.

3.4 When the Completion Statement is finally determined as set out in this clause 3:

- (a) the Completion Statement as so determined shall be the Completion Statement for the purposes of this Agreement and shall be final and binding on the parties; and

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- (b) the fair market value of the Shares shall be derived from the Completion Statement.

4. ENTIRE AGREEMENT

This Agreement sets out the entire agreement and understanding between the parties in respect of the sale and purchase of the Shares. It is agreed that:

- (a) No party has entered into this Agreement in reliance upon any representation, warranty or undertaking of any other party which is not expressly set out or referred to in this Agreement.
- (b) A party may claim in contract for breach of warranty under this Agreement but shall have no claim or remedy under this Agreement in respect of misrepresentation (whether negligent or otherwise, and whether made prior to, and/or in, this Agreement) or untrue statement made by any other party.
- (c) This clause shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

5. COUNTERPARTS

This Agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which is an original, but all of which together constitute one and the same instrument.

6. FURTHER ASSURANCE

The Vendor agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as the Purchaser may reasonably require, whether on or after Completion, to implement and/or give effect to this Agreement and the transaction contemplated by it and for the purpose of vesting in the Purchaser the full benefit of the assets, rights and benefits to be transferred to the Purchaser under this Agreement.

7. SEVERABILITY

If any provision of this Agreement is held to be invalid or unenforceable, then such provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The parties shall then use all reasonable endeavours to replace the invalid or unenforceable provision by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.

8. VARIATION

No variation of this Agreement (or of any of the documents referred to in this Agreement) shall be valid unless it is in writing and signed by or on behalf of each of

the parties to it. The expression "variation" shall include any variation, supplement, deletion or replacement however effected.

9. NO RIGHTS UNDER CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

10. GOVERNING LAW

This Agreement and the relationship between the parties shall be governed by, and interpreted in accordance with, the laws of England and Wales.

IN WITNESS whereof this Agreement has been signed by and on behalf of the parties on the day and year first before written.

SIGNED by Andrew Bothwell
for and on the behalf of
HEWLETT-PACKARD HOLDINGS LIMITED

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SIGNED by Richard Dean
for and on the behalf of
HEWLETT-PACKARD LIMITED

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