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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

STANLEY MORRICAL, Plaintiff, v. **MARGARET C. WHITMAN;** **LÉO APOTHEKER;** **RAYMOND J. LANE;** **MARC L. ANDREESEN;** **SHUMEET BANERJI;** **RAJIV L. GUPTA;** **JOHN H. HAMMERGREN;** **ANN M. LIVERMORE;** **GARY M. REINER;** **PATRICIA F. RUSSO;** **G. KENNEDY THOMPSON;** **RALPH V. WHITWORTH;** **LAWRENCE T. BABBIO, JR.;** **SARI M. BALDAUF;** **DOMINIQUE SENEQUIER;** **BARCLAYS INVESTMENT BANK;** **PERELLA WEINBERG PARTNERS LP;** **and KPMG LLP** Defendants, -and- **HEWLETT-PACKARD COMPANY,** Nominal Defendant.	Case No. CV12-06434 **COMPLAINT** **DERIVATIVE CLAIMS FOR:** **1. VIOLATION OF SECTION 10(b) OF THE SECURITIES EXCHANGE ACT** **2. VIOLATION OF SECTION 20(a) OF THE SECURITIES EXCHANGE ACT** **3. BREACH OF FIDUCIARY DUTY;** **4. ABUSE OF CONTROL;** **5. CORPORATE WASTE;** **6. UNJUST ENRICHMENT;** **7. AIDING AND ABETTING BREACH OF FIDUCIARY DUTY;** **8. NEGLIGENCE** **<u>JURY TRIAL DEMANDED</u>**

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Plaintiff Stanley Morrical ("Plaintiff"), derivatively on behalf of the Hewlett-Packard Company ("HP") alleges the following based upon the investigation of Plaintiff and his counsel, including a review of legal and regulatory filings, press releases and media reports about HP. Plaintiff brings claims against Defendants Margaret C. Whitman ("Whitman" or "Meg Whitman"), Léo Apotheker ("Apotheker"), Raymond J. Lane ("Lane"), Marc L. Andreesen ("Andreesen"), Shumeet Banerji ("Banerji"), Rajiv L. Gupta ("Gupta"), John H. Hammergren ("Hammergren"), Ann M. Livermore ("Livermore"), Gary M. Reiner ("Reiner"), Patricia F. Russo ("Russo"), G. Kennedy Thompson ("Thompson"),, Ralph V. Whitworth ("Whitworth"), Lawrence T. Babbio, Jr. ("Babbio"), Sari M. Baldauf ("Baldauf"), Dominique Senequier ("Senequier") (hereinafter referred to collectively as the 'Individual Defendants'), Barclays Investment Bank ("Barclays"), Perella Weinberg Partners LP ("Perella") and KPMG LLP ("KPMG"), for violations of California and federal law.

I.

INTRODUCTION

> **"We did that analysis at great length, in great detail, and we feel that we paid a very fair price for Autonomy. And it will give a great return to our shareholders."**
>
> - Léo Apotheker, Former CEO of Hewlett-Packard Company
> September 13, 2011

1. On <u>August 18, 2011</u>, HP announced it was spending $11.7 billion to acquire Autonomy, a British enterprise software company. This acquisition would consume the majority of HP's available cash. The acquisition closed on <u>October 3, 2011</u>.

2. On <u>November 29, 2011</u>, HP represented to the world that on <u>December 1, 2011</u>, the integrated Next Generation Information Platform IDOL 10 Autonomy/Vertica would be available to the market. This integrated IDOL 10 Autonomy/Vertica product would **change the world and would revolutionize** the enterprise software space. This revolutionary new technology would justify spending $11.7 billion to acquire Autonomy.

3. **There was only ONE PROBLEM** - the integrated HP Next Generation Information Platform that HP promised **DID NOT AND DOES NOT EXIST**. The integrated

Next Generation Information Platform that HP claimed existed did not exist in the form that was announced - it was a fraud - not accounting fraud as stated by HP - but a more fundamental and foundational fraud because HP did not and does not have the revolutionary product it promised the public, its customers and its shareholders. Even today, this product is not available for sale as an integrated product including both Autonomy's and Vertica's platforms. After HP acquired Autonomy, Autonomy was still on IDOL 7. In an effort to defend this $11.7 billion acquisition, HP skipped from IDOL 7 to IDOL 10, claiming that Autonomy and Vertica (another HP acquisition) had merged their products together to create a product that had no competitor. HP did not tell investors, the public and shareholders that this integrated platform was unavailable on December 1, 2011 and is unavailable today. Nevertheless, HP told the public that it did exist and it was available for sale as of December 1, 2011. **This was a fraud.**

4. This fraud was known at the highest levels of the company. In public announcements on November 29, 2011 at HP Discover Vienna (HP Discover is a major HP event in which new products are launched) and on June 4, 2012 at HP Discover Las Vegas, HP claimed that the Autonomy acquisition was justified because of the next generation integrated IDOL 10 Information Platform, which combined the functionalities of Autonomy's and Vertica's technology. The promise of this world-changing technology is that it would combine the Autonomy's ability to search unstructured data with Vertica's ability to search structured data into a single processing layer. Not only did HP claim that this groundbreaking product justified the acquisition, it claimed the product was available for sale on December 1, 2011. HP did not make aspirational statements about the integrated HP Next Generation Information Platform IDOL 10 Autonomy/Vertica. HP told the public that this product existed. HP's officers and directors knew and still know that there is no integrated next-generation information platform available for sale. As such, HP's officers and directors have made material misrepresentations and concealed material information from the public about this product.

5. On November 20, 2012, HP issued a press release announcing that it would write down **$8.8 billion** of the value of Autonomy. HP claimed that the vast majority of the write-down was because of accounting improprieties:

> "HP is extremely disappointed to find that some former members of Autonomy's management team used accounting improprieties, misrepresentations and disclosure failures to inflate the underlying financial metrics of the company, prior to Autonomy's acquisition by HP. These efforts appear to have been a willful effort to mislead investors and potential buyers, and severely impacted HP management's ability to fairly value Autonomy at the time of the deal. **We remain 100 percent committed to Autonomy and its industry-leading technology.**"

6. HP is still concealing the fact that the Autonomy acquisition did not provide HP the technology that HP promised to the public and that is the real reason for the write-down. Even in that press release, HP continues to misrepresent that Autonomy has "industry-leading technology." As recently as <u>December 4, 2012</u>, Defendant Meg Whitman emphatically stated at the HP Discover Frankfurt event that she remained "100 percent committed to Autonomy's industry-leading technology and its employees." She also claimed that Autonomy's "incredible" technology would be essential to HP's future growth. These statements were made in the last few weeks. HP continues to misrepresent the truth about what is really happening at HP and what the real issues with the Autonomy acquisition are.

7. Even though HP has admitted that the financial statements it had issued since at least the end of 2011 contained material misstatements, the real misstatement is that there is **no revolutionary integrated product known as IDOL 10 Autonomy/Vertica** available for sale**.** In order to conceal the real fraud, HP has sought to blame the write-down entirely on Autonomy and purported accounting improprieties at Autonomy. At the time, many people believed that HP should not have made the acquisition, contending that $11.7 billion was too high a price to pay for such an acquisition. HP was paying an astronomical figure for Autonomy, over 10 times Autonomy's annual revenue, hoping that the hype would increase the share price of HP.

8. Regardless of the known facts, HP's executive management and Board of Directors, which included at the time HP's current Chief Executive Officer ("CEO") Meg Whitman and its current Chairman of the Board Raymond J. Lane, went forward with the acquisition. In order to justify the acquisition, HP proclaimed that Autonomy offered it a revolutionary new software product, an integrated enterprise search platform that would revolutionize how companies store, search and understand data. This integrated enterprise search

platform was the business justification for the Autonomy acquisition, the reason why HP claimed it made good business sense to spend $11.7 billion for a company that's annual revenues were approximately $870 million at the time of the acquisition.

9. HP has failed to explain or justify the $8.8 billion write-down. While it has claimed that $5 billion of the write-down is due to accounting improprieties at HP, Autonomy did not and does not have the top-of-the-line software that it claimed it had and HP knew it or should have known it. If HP had done a thorough due diligence of the technology, it would have learned that Autonomy's IDOL 7 database program had not been updated in the last five years. This information was known to many technology analysts in the field. Autonomy had many competitors and many of them offered products equal to or superior to Autonomy. For example, Vivisimo, one of the top enterprise search companies was quietly acquired by IBM in <u>April of 2012</u>, which has very advanced software. This is all information that HP knew or should have known before spending $11.7 billion to acquire Autonomy.

10. The real reason for the $8.8 billion write-down is not accounting improprieties, although there certainly were accounting problems that HP's due diligence failed to catch. The real reason for the magnitude of the write-down is that Autonomy's outdated IDOL 7 product was not worth $11.7 billion. Since the acquisition, HP touted the existence of the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica, a revolutionary product that purportedly would change the way that all corporations search for, use and understand data. In press releases and at corporate events, HP hyped this new HP Next Generation Information Platform as the centerpiece of the $11.7 billion Autonomy acquisition. Although HP claims that this next generation integrated information platform exists, it does not. What HP is selling is nothing more than IDOL 7 with minor superficial changes. HP has concealed this fact from the public, from customers and from shareholders. **The lack of a legitimate next generation integrated platform is the real reason for the write-down and the Board is aware of this**.

11. After the Autonomy acquisition, HP fired Shane Robison, HP's Chief Technology Officer ("CTO") for failing to conduct due diligence of the Autonomy technology. Robison himself, however, is a scapegoat for the incompetence of HP's Board of Directors which grossly

mismanaged the company. HP's officers and directors know that they wasted $11.7 billion worth of HP's corporate cash to buy a company with an outdated product with multiple competitors. In order to conceal the fact that HP paid a king's ransom to buy an outdated product, HP is now misleading the public by claiming that an integrated next generation information platform exists, that this product will revolutionize the enterprise search field and that the reason for the write-down is accounting improprieties.

12. HP closed the acquisition of Autonomy on October 3, 2011 and has been reporting Autonomy's financial results on its own financial statements since that day. Since October 3, 2011, HP has filed quarterly reports to the SEC on Form 10-Q on March 12, 2012, June 8, 2012 and September 10, 2012. During that time period, HP also filed its annual report on Form 10-K on December 14, 2011. All of those statements are false and misleading since they reported $8.8 billion in value that HP has admitted did not exist. HP has blamed $5 billion of that lost value on accounting fraud. However, according to Mike Lynch, Autonomy's founder, accounting irregularities at Autonomy could not have resulted in an $8.8 billion write-down. HP is investigating about $100 million in revenues by Autonomy but it is impossible for this to result in an $8.8 billion write-down, $5 billion of which is blamed on accounting fraud.

13. HP's November 20, 2012 statement, which purportedly reveals the truth of its earlier misstatements is not curative since that November 20, 2012 statement is also false and misleading. By seeking to blame others instead of itself, HP knows that it faces the serious risk of securities litigation and shareholder revolt. HP cannot admit that its complete failure of due diligence resulted in it overpaying for a company with an outdated product and with revenues that weren't growing. HP cannot admit that it made misstatements to the market for years claiming that it had an integrated enterprise search platform that, in reality, does not exist. Autonomy is essentially selling IDOL 7, the exact same product it has been selling for the last five years. IDOL 7 is not worth $11.7 billion. In an effort to conceal their own gross mismanagement, fraudulent conduct and potential exposure to securities claims, HP's officers and directors have blamed the entirety of the $8.8 billion write-down on accounting issues.

14. According to analysts, HP sought to maximize the amount of the write-down it could blame on fraud in order to take the largest write-down it could of Autonomy without acknowledging the misconduct and mismanagement of HP's own officers and directors. In an interview with business reporters, Mike Lynch insisted, "[t]here is nothing there that you can warrant such a big effect in terms of write-down." While there were some accounting issues at Autonomy, it is evident that HP is using those accounting issues as an excuse to write down the value of another bad investment without admitting that HP had overpaid for Autonomy.

15. In its November 20, 2012 press release, HP falsely blamed the majority of the write-down on accounting improprieties at Autonomy, a company that HP had bet heavily on when it acquired the company in the second half of 2011. The Board of Directors of HP and its executive management team were driven to acquire Autonomy in order to reverse HP's faltering business strategy and make people forget HP's history of bad acquisitions, including EDS and Palm, which also resulted in billions of dollars in write downs for the company and has devastated HP's earnings over the last two years. HP's officers and directors have mismanaged the company through a series of bad acquisitions and lack of due diligence, which they have compounded by trying to conceal from investors the real cause of HP's struggling business operations. To this day, those misrepresentations continue as the integrated HP Next Generation Information Platform IDOL 10 which purportedly includes both Autonomy's IDOL technology and Vertica's Analytics Platform into a single product, does not exist and did not exist when HP said it would be available, on December 1, 2011.

II.

NATURE OF THE ACTION

16. Plaintiff brings this action derivatively on behalf of HP against the Board of Directors and officers of HP for gross mismanagement, breaches of fiduciary duty and other misconduct arising from and relating to an $8.8 billion write-down of shareholder value that HP and its officers and managers have blamed on accounting issues relating to HP's acquisition of Autonomy Corporation ("Autonomy") in the second half of 2011.

17. On November 20, 2012, HP announced disastrous results for the fourth quarter and full year 2012. HP announced that its full year fiscal 2012 GAAP loss per share was $6.41 with fourth quarter GAAP loss per share of $3.49. HP also announced full year fiscal 2012 net revenues of $120.4 billion, down 5% from the prior-year period. For the fourth quarter, net revenue fell to $30 billion, down 7% from the prior-year period.

18. That same day, HP announced that it was taking a non-cash impairment charge of $8.8 billion, wiping out a significant amount of shareholder value. HP does not want to admit that the real reason behind the write-down is the fact that HP does not have the revolutionary integrated next generation information platform that it promised already existed. Instead, HP blamed the massive $8.8 billion write-down on accounting irregularities. If the write-down can be blamed on accounting issues, HP can still claim that it possesses technology that will turn around the fortunes of HP, even if such a claim would be false. The fact that HP does not have a groundbreaking integrated next generation information platform that will change the industry puts the blame on HP for failing to conduct due diligence and demonstrates a fundamental flaw with HP's management and directors. Given these options, HP chose the lesser of two evils and blamed the write-down on accounting improprieties at Autonomy, concealing from the public that there was a deeper and more fundamental problem at HP which led it to overpay $11.7 billion for outdated technology. This was a material misrepresentation by HP.

19. Directors have a fiduciary relationship and a duty to act in the best interests of all shareholders, including minority shareholders. *Remillard Brick Co. v. Remillard-Danhini* (1952) 109 Cal.App.2d 405; *Jones v. H.F. Ahmanson & Co.* (1969) 1 Cal.3d 93. As the California Supreme Court stated:

> "The extensive reach of the duty of controlling shareholders and directors to the corporation and its other shareholders was described by the Court of Appeal in *Remillard Brick* . . ., where, quoting from the opinion of the United State Supreme Court in *Pepper v. Litton*, 308 U.S. 295 . . . the court held: 'A director is a fiduciary . . . Their powers are powers of trust. [Citation.]' . . . 'He cannot by the intervention of a corporate entity violate the ancient precept against serving two masters . . . He cannot utilize his inside information and his strategic position for his own preferment. . . . He cannot use his powers for his personal advantage and to the detriment of the stockholders and creditors no matter how absolute in terms that power may be and no matter how meticulous he is to satisfy technical requirements.' In *Remillard*, the Court of Appeal clearly indicated that the

> fiduciary obligations of the directors and shareholders are neither limited to specific statutory duties and avoidance of fraudulent practices nor are they owed solely to the corporation to the exclusion of other shareholders.

Jones, 1 Cal.3d at pp. 108-109 (emphasis added).

20. Officers of a corporation similarly owe a fiduciary duty to the corporation. *See e.g. Jones v. H.F. Ahmanson & Co.* (1969) 1 Cal.3d 93, 108-109; *GAB Business Services, Inc. v. Lindsey & Newsom Claim Services* (2000) 83 Cal.App.4th 409, 419, overruled on other grounds by *Reeves v. Hanlon* (2004) 33 Cal.4th 1140, 1148 ("an officer who participates in management of the corporation, exercising some discretionary authority, is a fiduciary of the corporation as a matter of law"); *Burt v. Irvine Co.* (1965) 237 Cal.App.2d 828, 850 ("all corporate officers and directors owe the same fiduciary duty of good faith to the corporation and its stockholders"); *Daniel Orifice Fitting Co. v. Whalen* (1962) 198 Cal.App.2d 791, 794 (an officer who had participated in management was held to necessarily owe a fiduciary duty to that company).

21. Here, the Board of Directors of HP and its officers have a fiduciary duty to act in the best interests of HP and its shareholders - treating their interests with the same care and solicitude as they would their own interests. Instead, the HP Board of Directors and its officers have engaged in a long history of infighting in which personal ambitions and profit have trumped the best interests of the company. Defendant Lane, the Chairman of the Board of Directors was one of the driving forces behind HP's strategy, which included the Autonomy acquisition and a proposed sale of HP's PC business. However, when faced with criticism, HP's officers and directors have demonstrated a history of blaming others without any ability to reflect upon their own misconduct. For example, Defendant Lane has blamed many of the past HP business debacles on former CEO Léo Apotheker. Defendant Whitman has blamed both Defendant Apotheker and Shane Robison, both former HP executives. All of the HP Board of Directors have expressly stated that they are blameless for the Autonomy acquisition and have demonstrated an inability to fairly and adequately judge any potential claims by HP against themselves.

22. This unlawful behavior has severely damaged HP. HP has incurred the huge cost of investigating the misconduct, implementing remedial measures, and defending suits, along

with the corresponding damage to HP's business operations, corporate image and goodwill. In addition to its exposure to investigations, lawsuits, damages and potential fines, the disastrous acquisition of Autonomy has resulted in a substantial decline in HP's shareholder value and has significantly impacted the ability of HP to execute a positive business strategy. At the same time, defendants have been enriched by salaries, bonuses, fees, stock options and other perks not justified by HP's unlawful activities and performance under their stewardship.

23. The Individual Defendants' disregard for their own fiduciary and legal obligations has bred a climate and culture at HP in which individuals care more about themselves than about the company. Within HP, the focus is on self-preservation and blame avoidance, instead of doing what was best for the company. Protecting positions and personal profits override the focus on improving the company for the benefit of its shareholders. When it became evident that HP had failed in its due diligence and had bought a company with an outdated IDOL 7 product that was not adding value to HP, the company misled customers, the public and its shareholders by claiming that there was an improved software product that did not exist. HP now seeks to blame the entire write-down on accounting issues caused by Autonomy, in the hope that no one will ever know that it marketed and sold an "improved" product that really was not "improved" and really did not exist.

24. For these reasons and as set forth more fully herein, Plaintiff seeks to enjoin the Individual Defendants from continuing to manage HP in the manner they have managed the company for the last few years. Dramatic corporate governance and management changes are necessary to ensure that HP, which is an important part of the California economy, is able to reevaluate its core business strategy and internal corporate management. Plaintiff, on behalf of HP and its shareholders, also seeks monetary damages from those who engaged in the wrongdoing because they should be held responsible for making HP and its shareholders whole for the financial and reputational harm suffered by HP as a result of their misconduct.

25. Despite the mounting problems at HP, the Individual Defendants have taken no steps to fix them. As to those Individual Defendants in which there is a finding by this court that such Defendants breached their duty of loyalty to HP, Plaintiff intends to pursue the removal of

such Defendants as directors of HP. As the November 20, 2012 HP press release and other statements from HP have shown, HP's officers and directors intend to blame HP's problems on third parties without holding themselves accountable for their own misconduct. Defendant Whitman has gone on record stating that the HP Board of Directors is blameless. Plaintiff therefore has no choice but to bring his claims to protect HP and its shareholders.

III.

JURISDICTION AND VENUE

26. This Court has jurisdiction of this dispute. The amount in controversy, exclusive of interest and costs exceeds the jurisdictional minimum of this Court. This Court also has jurisdiction under Article III of the United States Constitution and 28 U.S.C. § 1331 because it includes claims brought under federal law, including claims under the Securities Exchange Act of 1934. This Court has supplemental jurisdiction over all other state law claims pursuant to 28 U.S.C. § 1367(a) because such claims are so related to claims in the action within such jurisdiction that they form part of the same case or controversy under Article III of the United States Constitution.

27. This Court has jurisdiction since this case involves a Delaware corporation with its headquarters at 3000 Hanover Street, Palo Alto, California, which is located in this jurisdiction. HP, which is headquartered in Palo Alto, California, has and will continue to have a significant impact on the economy of California. Each Defendant has sufficient contacts with California as a director and/or officer of HP to make proper the exercise of personal jurisdiction over them. Each Defendant has significant minimum contacts with this Court to render the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice. Plaintiff served a letter on HP demanding the right to inspect the books and records of HP. On December 18, 2012, HP, through its outside counsel, refused.

28. Venue is proper in this Court. A substantial part of the events or omissions giving rise to the claims alleged occurred in the Northern District of California. Several of HP's directors and senior management are residents of this District. Meg Whitman, the current CEO of HP and a director of the company, resides in Atherton, which is in this District. Léo

Apotheker, the former CEO of HP, who was also an HP director during the Autonomy acquisition, also resides in Atherton, which is located in this District. Former HP executive and current director Ann Livermore, resides in Woodside, which is located in this District. HP is headquartered in this District and many of the Individual Defendants conduct business operations and/or reside in this District, rendering venue in this District proper.

III.

THE PARTIES

A. The Plaintiff

29. Plaintiff **STANLEY MORRICAL ("Plaintiff")**, a citizen of California, is the owner of 1200 shares of HP common stock. Plaintiff has owned HP shares at all times relevant hereto, and continues to be an HP shareholder.

B. The Nominal Defendant

30. Nominal defendant **HEWLETT-PACKARD COMPANY ("HP" or the "Company")** is a Delaware corporation with its headquarters at 3000 Hanover Street, Palo Alto, California. HP is a Fortune 500 company that has been a leader in the computer and technology sector since its founding in 1939 by Stanford graduates Bill Hewlett and Dave Packard. HP is named in this Complaint as a nominal defendant in its derivative capacity, and this shareholder's derivative action is brought on its behalf. HP is headquartered and conducts the vast majority of its operations in California. HP is one of the foundations of Silicon Valley.

C. The Individual Defendants

31. Defendant **MARGARET C. WHITMAN ("Whitman" or "Meg Whitman")** has served as HP's President and Chief Executive Officer since September of 2011. She has been a member of HP's Board of Directors since January 2011. Whitman was one of the directors who voted in favor of the Autonomy acquisition and remains on the HP Board of Directors. Whitman has also held executive level positions at eBay Inc., Hasbro Inc., FTD, Inc., The Stride Rite Corporation, The Walt Disney Company, and Bain & Company. Currently, Whitman serves as a Director of The Procter & Gamble Company and Zipcar, Inc. Whitman resides in this District, in Atherton, California.

32. Defendant **LÉO APOTHEKER ("Apotheker")** served as President and Chief Executive Officer of HP from November 2010 through September 2011. He served as a member of the Board of Directors from 2010 through 2011. Apotheker was both the CEO and President of HP, as well as a Director of HP at the time of the Autonomy acquisition. He currently serves as the Chairman of the supervisory board of Schneider Electric SA and is a member of the board of PlaNet Finance, a non-profit organization. Apotheker resides in this District, in Atherton, California.

33. Defendant **RAYMOND J. LANE ("Lane")** currently serves as Executive Chairman of the HP Board of Directors and has served since September 2011. Previously, Lane served as HP's non-Executive Chairman from November 2010 to September 2011. Lane was one of the directors who voted in favor of the Autonomy acquisition and remains on the HP Board of Directors. Lane has served as Managing Partner of venture capitalist firm Kleiner Perkins Caufield & Byers since 2000. Lane also serves as Director of Quest Software, Inc., and several other private companies.

34. Defendant **MARC L. ANDREESEN ("Andreesen")** currently serves as a Director of HP and has since 2009. Andreesen was one of the directors who voted in favor of the Autonomy acquisition and remains on the HP Board of Directors. Andreesen is the co-founder and general partner of Andreeseen Horowitz, co-founder and Chairman of Ning, Inc., co-founder and Chairman of Opsware, Inc., and currently also serves as Director of several other companies including eBay, Inc. Andreesen resides in the District, in Los Altos, California.

35. Defendant **SHUMEET BANERJI ("Banerji")** currently serves as a Director of HP and has since 2011. Banerji was one of the directors who voted in favor of the Autonomy acquisition and remains on the HP Board of Directors. Banerji has served in multiple positions at the consulting firm Booz & Company since 2008, including as Chief Executive Officer.

36. Defendant **RAJIV L. GUPTA ("Gupta")** currently serves as a Director of HP and has since January 2009. Gupta was one of the directors who voted in favor of the Autonomy acquisition and remains on the HP Board of Directors. Gupta has also served as Lead Independent Director for the HP Board of Directors since 2011. Gupta has served in multiple

positions at Avantor Performance Materials and Rohm and Haas Company. Gupta currently serves as Director for Delphi Automotive PLC, Tyco International Ltd., The Vanguard Group and several other private companies.

37. Defendant **JOHN H. HAMMERGREN ("Hammergren")** currently serves as Director and has since 2005. Hammergren was one of the directors who voted in favor of the Autonomy acquisition and remains on the HP Board of Directors. Hammergren has served as Chairman of McKesson Corporation since 2001, and is currently a Director of Nadro, S.A. de C.V. (Mexico).

38. Defendant **ANN M. LIVERMORE ("Livermore")** currently serves as a Director of HP and has since 2011. Livermore was one of the directors who voted in favor of the Autonomy acquisition and remains on the HP Board of Directors. Livermore was also a senior executive at HP who supported the Autonomy acquisition. Livermore served as Executive Vice President of the HP enterprise services business from May 2011 to August 2011. Previously, Livermore served as Executive Vice President of the former HP Enterprise Business from May 2004 until June 2011. Livermore also serves as a Director of United Parcel Service, Inc. Livermore resides in this District, in Woodside, California.

39. Defendant **GARY M. REINER ("Reiner")** currently serves as a Director of HP and has since 2011. Reiner was one of the directors who voted in favor of the Autonomy acquisition and remains on the HP Board of Directors. Reiner has served as Special Advisor at General Atlantic since September 2010.

40. Defendant **PATRICIA F. RUSSO ("Russo")** currently serves as a Director of HP and has since 2011. Russo was one of the directors who voted in favor of the Autonomy acquisition and remains on the HP Board of Directors. Russo also is a Director of General Motors Company, Merck & Co., Inc., and Alcoa Inc.

41. Defendant **G. KENNEDY THOMPSON ("Thompson")** currently serves as a Director of HP and has since 2005. Thompson was one of the directors who voted in favor of the Autonomy acquisition and remains on the HP Board of Directors. Thompson has served as

Senior Advisor to Aquiline Capital Partners LLC since May 2009. He previously served as Chief Financial Officer and Chairman of Wachovia.

42. Defendant **RALPH V. WHITWORTH ("Whitworth")** currently serves as a Director of HP and has since 2011. Whitworth has been a principal of Relational Investors LLC since 1996. Whitworth is a former Director of Genzyme Corporation, Sovereign Bancorp, Inc., and Sprint Nextel Corporation. Whitworth resides in La Orilla Rancho Santa Fe, California.

43. Defendant **LAWRENCE T. BABBIO, JR. ("Babbio")** served as a Director of HP from 2002 through 2011. Babbio supported the Autonomy acquisition and was on the Board of Directors while the Autonomy acquisition was being considered. Babbio has served as senior advisor to Warburg Pincus since 2007. He previously held an executive level position for Verizon Communications, Inc., and Bell Atlantic.

44. Defendant **SARI M. BALDAUF ("Baldauf")** served as a Director of HP from 2006 through 2011. Baldauf supported the Autonomy acquisition and was on the Board of Directors while the Autonomy acquisition was being considered. Baldauf served as Executive Vice President and General Manager of the Networks group for Nokia Corporation from 1998 until 2005. Baldauf also served as a Director for Daimler AG and two public companies headquartered in Finland.

45. Defendant **DOMINIQUE SENEQUIER ("Senequier")** served as a Director of HP in 2011. Senequier supported the Autonomy acquisition and was on the Board of Directors while the Autonomy acquisition was being considered. Senequier served as Chairman and Chief Executive Officer of AXA Private Equity. Senequier also served on the supervisory board of Schneider Electric SA and the Board of Directors of Compagnie Industriali Riunite S.p.A.

D. <u>The Bank Defendants</u>

46. Defendant **BARCLAYS INVESTMENT BANK ("Barclays")**, formerly Barclays Capital, is a British multinational investment bank headquartered in London, United Kingdom and is a division of Barclays Bank plc. Barclays was one of the lead underwriters handling the $11.7 billion acquisition of Autonomy by HP. Barclays provides financing and risk management services to large companies, institutions and government clients. Barclays

Investment Bank has offices in over 29 countries and since the acquisition of Lehman Brothers' main U.S. division in September 2008, employs over 20,000 people, over 7,000 people work in the IT division. In March of 2012, the trading name of Barclays Capital was changed to simply "Barclays," and the name of the division was changed to "Barclays Investment Bank."

47. Defendant **PERELLA WEINBERG PARTNERS LP ("Perella")** is a limited partnership providing advisory and asset management services to corporations, institutions and governments. Perella was one of the lead underwriters handling the $11.7 billion acquisition of Autonomy by HP. The Advisory business advises clients on mergers and acquisitions, financial restructuring, capital structure advisory, private capital raising, pension matters, strategic advisory, independent special committee advisory, and government services. The Asset Management business includes a suite of hedge fund strategies, private investment funds and outsourced investment office solutions. Including affiliates, Perella has capital commitments and managed assets of more than $8.8 billion. Perella employs over 400 employees located in its New York, London, Abu Dhabi, Austin, Beijing, Denver, Dubai, and San Francisco offices.

E. <u>The Auditor Defendant</u>

48. Defendant **KPMG LLP** is a member of the KPMG International Cooperative, and is one of the largest audit, tax and advisory firms in the United States. KPMG was brought on by HP to audit the work done by Deloitte Touche of Autonomy prior to the acquisition. KPMG failed in its due diligence efforts in failing to detect the accounting improprieties at HP. KPMG employs 145,000 people, more than 8,000 partners in 152 countries and has three lines of services, audit, tax, and advisory. Their advisory services include three service groups, management consulting, risk consulting, and transactions & restructuring. KPMG global headquarters is located in Amstelveen, Netherlands. KPMG global member firm combined revenues totaled $22.7 billion for the fiscal year ending September 30, 2011

F. <u>Unnamed Participants</u>

49. Numerous individuals and entities participated actively during the course of and in furtherance of the wrongdoing described herein. The individuals and entities acted in concert by joint ventures and by acting as either agents for principals or as co-conspirators, in order to

advance the objectives of the scheme and to provide the scheme to benefit defendants and themselves to the detriment of HP.

IV.

STATEMENT OF FACTS

A. A Brief History of the Hewlett-Packard Company

50. The Hewlett-Packard Company is considered one of the founders of Silicon Valley. HP was founded in 1939 by Bill Hewlett and Dave Packard in a one-car garage in Palo Alto, California. HP was incorporated in 1947 and went public in 1957. HP was one of the first technology companies in the world. HP was one of the first companies to develop a profit sharing system, in which employees would share in corporate earnings. Under Bill Hewlett and Dave Packard, HP created a work environment conducive to innovation and achievement, which became known as the "HP Way." The "HP Way" is described as a work culture with "values that include uncompromising integrity, emphasis on teamwork to achieve common objectives and encouraging flexibility and innovation." One of the key focuses of the "HP Way" was **"uncompromising integrity."**

51. HP's initial growth was in the areas of data printing, medical electronics and analytical instrumentation in the United States. Shortly after going public in 1957, HP began selling its products to international markets. By 1976, HP sales surpassed $1 billion and in 1977, the founders named John Young the next President of HP and he became CEO in 1978. In 1984, HP created a new, inexpensive market for printing with the debut of the ThinkJet printer and the LaserJet Printer. These have been HP's most successful products and printers continue to be a major part of HP's business today. Lewis E. Platt succeeded Young as CEO in 1992. By 1995, HP's product lines included electronic test and measurement instruments and systems for chemical analysis, handheld calculators and electronic components, as well as computer and computer-related products and services.

52. In July of 1999, HP named Carly Fiorina as the next CEO of HP after Platt retired. In September of 2001, Fiorina announced the controversial merger with Compaq, a leading PC hardware manufacturer and an industry competitor of HP's. Fiorina fought for the merger, and it

was implemented despite strong opposition from board member Walter Hewlett, Bill Hewlett's son. The Compaq merger proved harmful to HP as the company lost half of its market value under Fiorina's leadership. In 2005, Fiorina was asked to resign by the HP Board of Directors, citing different views of how to execute HP's future strategies. In March of 2005, Mark Hurd was named the new CEO of HP. The battle over the Compaq merger and Carly Fiorina's time as CEO changed the culture at HP. The same company that Bill Hewlett and Dave Packard had founded during the Great Depression had become a divided company with board members and officers in constant battle with each other, and everyone focused more on avoiding blame than moving HP forward.

B. <u>Mark Hurd Rejects Autonomy Acquisition</u>

53. From March of 2005 until August of 2010, Mark Hurd, an experienced Silicon Valley executive, served as the Chief Executive Officer of HP. Mark Hurd's focus was on aggressive cost-cutting to improve HP's profitability. Mark Hurd laid off 15,200 workers, reduced the IT department from 19,000 to 8,000, reduced the number of software applications that HP used from 6,000 to 1,500, and consolidated HP's 85 data centers to 6. Hurd imposed a 5% pay cut on all employees and removed many benefits. While harsh, these moves were successful in improving HP's profitability.

54. While cost-cutting was a short-term solution for profitability, Mark Hurd also understood that HP needed to return to innovation. During Mark Hurd's tenure, HP had spent a lot of time and resources attempting to determine how to gain traction in the enterprise software field, a highly profitable business. As part of that internal analysis, HP spent considerable amounts of time conducting due diligence regarding how best to position itself in the enterprise software industry. Under Mark Hurd's leadership, the decision was made to develop this functionality organically using internal resources and personnel. There were discussions about potential acquisitions to gain this functionality but that approach was rejected. One of the companies that was considered during that time period was Autonomy. For fiscal year 2009, Autonomy had annual revenues of approximately $740 million. During that time period, Autonomy was never considered a serious acquisition target by HP, especially not at the inflated

price that Autonomy was seeking. HP's cursory initial review of Autonomy was not to go forward with an acquisition, especially not for an inflated price that was in the multiples of revenue and was far outside business norms.

C. HP's Recent History of Bad Deals and Failures

55. HP has had a history of bad deals, leading back to the Compaq merger in 2001. For almost a decade, HP had been struggling to innovate and transform itself into a leader in the technology industry, and not just a hardware maker. Its main line of business, hardware manufacturing, was a low-margin business that had become stagnant. With single digit profit margins, HP had remained profitable only because of extensive cost-cutting for years under the leadership of former CEO Mark Hurd. These issues led to HP's attempts to use mergers and acquisitions to solve its business problems. The Autonomy acquisition, the failure of due diligence and the subsequent misrepresentations by HP must be viewed in light of HP's recent history of failed mergers and acquisitions. As summarized below, the two most critical recent events were the $8 billion Electronic Data Systems ("EDS") write-down and the $1.67 billion Palm write-down, along with HP's decision to close down Palm's webOS operating system business. These write-downs, which all occurred within a year of the November 20, 2012 Autonomy write-down explain why HP has not been honest about the real reason for this latest $8.8 billion write-down. By blaming the vast majority of the latest Autonomy write-down on "fraud," HP hopes to conceal the mismanagement and failings of its officers and directors on a much larger and widespread scale.

56. On May 13, 2008, HP announced it was acquiring EDS, an electronic data processing management company founded in 1962 by H. Ross Perot for $13.9 billion.

57. On April 28, 2010, HP announced a $1.2 billion all-cash acquisition of Palm, Inc. ("Palm"), a former leader in the mobile device space. HP intended to develop a new tablet device, the HP TouchPad, using the Palm webOS operating system. The TouchPad failed miserably. On August 18, 2011, the same day that it announced the Autonomy acquisition, HP announced that it was discontinuing its webOS smartphone and tablet businesses, about a year after the Palm acquisition. HP has a pattern and practice of trying to conceal disastrous business

information by manipulating and controlling what information is provided to shareholders and the public. In November of 2011, HP took a $1.67 billion write-down of the Palm business, a write-down larger than the acquisition itself.

58. On August 8, 2012, approximately four months ago, HP took an $8 billion write-down due to a goodwill impairment related to the EDS acquisition. This write-down, on top of the Palm write-down, equated to approximately $10 billion in write-downs of shareholder value in about one year.

59. The foregoing background is important to understanding what led HP into the Autonomy acquisition and why HP and its officers and directors would misrepresent the truth regarding the Autonomy acquisition and the $8.8 billion write-down announced on November 22, 2012. The Autonomy acquisition was driven by HP's history of bad deals. HP was desperate to enter into the business enterprise software business and earn the higher profit margins that would result from that business. HP therefore was prepared and willing to bypass appropriate due diligence protocols in order to force the acquisition of Autonomy through. This background of bad deals also explains why HP made misrepresentations about the nature of the $8.8 billion write-down related to the Autonomy acquisition.

60. It is evident that HP and its Board of Directors are unwilling and unable to review this situation in a fair and objective manner. Many of the HP Board of Director members, including Defendant Lane and others have been long-time Board members who have guided and directed HP's business strategy over the last few years. That has included the debacle of the merger between HP and Compaq, which ultimately resulted in its former CEO Carly Fiorina being forced to resign. That also includes HP's botched acquisitions of EDS and Palm, Inc. In the face of these recent disastrous occurrences at HP, when the decision was made to write down the value of the Autonomy transaction, HP misrepresented the truth behind the write-down. HP's officers and directors have also knowingly made false statements to the press and to the public about its products, misstatements that would expose HP's officers and directors to fraud claims. HP knew that it had bought an outdated product named IDOL 7 and that it had misrepresented that Autonomy could and would deliver a revolutionary integrated enterprise

search platform. By trying to blame $5 billion worth of the write-down on fraud at Autonomy, HP hopes to avoid criticism of its history of bad deals and failing business strategy, as well as the fraudulent acts of HP's own officers and directors. HP's directors therefore cannot be trusted to be disinterested in evaluating potential claims against themselves.

D. <u>Road to Autonomy: Léo Apotheker Becomes New CEO</u>

61. Autonomy, founded in 1996, was focused on high-margin software development for business. Autonomy's main technology, referred to as 'Intelligent Data Operating Layer' ("IDOL") allows a company to search and process information from databases, audio files, video files, text files or streams. The purpose of this technology is to understand forms of unstructured information and then conduct searches of that information. For example, text-based searching is a relatively straightforward process if the data is text-searchable. Autonomy's technology sought to expand that search process to formats that are typically not susceptible to that type of search. This technology also seeks to learn from users and infer what information the user is seeking. In 1996, IDOL was a revolutionary product in the enterprise search field. However, Autonomy had not updated its technology and by 2011, IDOL was facing serious competition from multiple products that were as good as, if not better than IDOL.

62. The business justification for Autonomy that would justify an $11.7 billion price tag would have to be extraordinary to support this acquisition. In August of 2010, Mark Hurd resigned as CEO of HP after an internal probe uncovered an unreported relationship with Jodie Fisher, a former HP employee. In November of 2010, Léo Apotheker replaced Mark Hurd as the CEO of HP. Apotheker, the former head of German software company SAP, had no experience managing a company the size of HP and lacked a strong knowledge of technology that an HP executive needed. After Apotheker arrived, a number of SAP loyalists soon joined him, including Martin "Marty" Homlish, a marketing executive at SAP who became an Executive Vice President of HP and its Chief Marketing Officer.

63. Shortly thereafter, the decision was made to acquire Autonomy. Desperate to move out of the low margin hardware business, Apotheker and HP began looking around to find an acquisition that would allow HP to "transform" and move into the higher end software

business. According to sources inside HP, Apotheker was trying furiously to find a way to move HP away from the low margin computer hardware business and into the lucrative corporate software and services area. Those with knowledge have told reporters that Apotheker contacted a number of potential acquisition targets, including telecom software companies Comverse Technology and Amdocs, and corporate software maker Tibco Software. Those overtures went nowhere.

64. In approximately March or April of 2011, the decision was made internally at HP to go forward with the Autonomy acquisition. Inside HP, the business justification for the Autonomy acquisition being formulated was based almost solely on the public annual reports of Autonomy and on a review of the Autonomy website. Beyond that, no real additional due diligence was being done. No review by HP was done of the Autonomy technology. HP was desperate to complete the deal and was not willing to conduct that due diligence and too afraid to push Autonomy to allow it to conduct that review. The project was led by SAP executives who had come to HP, including Marty Homlish and Jerome Levadoux, two high-ranking SAP marketing executives. The purported explanation for the acquisition was to get into the "Big Data" field. "Big Data" is a reference to the technology that is used to comb through mountains of corporate data to find information that is useful for a specific person or project. For example, a search engine like Google is a powerful consumer tool but corporations, especially large ones, require more powerful and customized products, something that Autonomy had helped pioneer in 1996. However, by 2011, Autonomy's product was five years old and it was facing serious competition. For fiscal year 2010, Autonomy announced revenues of approximately $870 million and net profits of approximately $292 million. Those figures, however, were driven by acquisitions and not organic growth, which HP knew when it made the decision to acquire Autonomy.

65. In July of 2011, Apotheker met with Autonomy founder Mike Lynch at Deauville on the Normandy Coast, a seaside resort in France. Internally, the acquisition of Autonomy was known as "Project Tesla." During that time period, no due diligence of the deal was being conducted. In an article published by the *Reuters* on November 30, 2012, the company spoke

with close to a dozen people directly connected to the Autonomy acquisition or the accounting investigation. According to those sources, HP was so desperate to change its business fortunes that it performed no due diligence in reviewing Autonomy's financial statements. HP also did nothing to review the actual technology or product. A cursory review of the product would have shown that Autonomy's IDOL 7 was a five-year-old product that was facing increasing competition from many other companies. In fact, this information was known to most technology analysts.

66. According to a source at HP with knowledge of the deal, "[w]hat happened is he [Apotheker] talked to Autonomy and they got into a dialogue and he told the board that we have to do something." The source described the Autonomy acquisition as "[i]t was out of frustration and desperation to a large degree." The HP Board of Directors did no due diligence of the Autonomy acquisition. At that time, HP brought in investment bank Barclays and boutique firm Perella as HP's financial advisors on the deal.

67. The HP Board of Directors met in July of 2011 to decide on the deal. The HP Board of Directors set the guidelines for the Autonomy acquisition, including the price and also set forth the review that would be done of Autonomy. The level of review approved by the HP Board of Directors was de minimis, relying almost entirely on Autonomy's financial statements and its website. Minimal review was done of Autonomy's technology and its accounting. Apotheker consulted frequently with the HP Board of Directors on the deal. After the Autonomy write-down, Defendant Apotheker issued a statement contradicting the assertions by Defendants Whitman and Lane that Defendant Apotheker was the driving force behind the Autonomy acquisition. Defendant Apotheker was in direct contact with Defendant Lane, the Chairman of HP, who actively pushed the deal and was critical in getting Board support for the acquisition. HP's due diligence of Autonomy consisted almost entirely on relying on the statements of Autonomy, without conducting any independent review or exercising any skepticism, professional or otherwise. Defendants Apotheker and Lane, primarily, but also the other directors, were desperate to close a "transformative" deal which resulted in their willingness to short circuit appropriate due diligence.

E. HP Acquires Autonomy

1. August 18, 2011: HP Announces Autonomy Acquisition

68. On August 18, 2011, HP announced it was acquiring Autonomy, a British enterprise software company that serves high-end business clients. The acquisition of Autonomy had the unanimous support of the HP Board of Directors who voted in favor of the acquisition.

69. In a news release dated August 18, 2011, HP touted the acquisition of Autonomy as shifting away from its hardware business to an enterprise software business model. The press release stated:

> **HP to Acquire Leading Enterprise Information Management Software Company Autonomy Corporation plc**
>
> Highly complementary acquisition provides leadership position in large and growing space.
>
> Expected to be accretive to non-GAAP earnings per share for HP shareholders in the first full year following completion.
>
> PALO ALTO, Calif., and CAMBRIDGE, England, Aug. 18, 2011
>
> --
>
> HP (NYSE: HPQ) and Autonomy Corporation plc (LSE: AU. or AU.L) today announced the terms of a recommended transaction under which HP (through an indirect wholly-owned subsidiary, HP SPV) will acquire all of the outstanding shares of Autonomy for £25.50 ($42.11) per share in cash (the "Offer"). The transaction was unanimously approved by the boards of directors of both HP and Autonomy. The Autonomy board of directors also has unanimously recommended its shareholders accept the Offer.
>
> Based on the closing stock price of Autonomy on August 17, 2011, the consideration represents a one day premium to Autonomy shareholders of approximately 64 percent and a premium of approximately 58 percent to Autonomy's prior one month average closing price. The transaction will be implemented by way of a takeover offer extended to all shareholders of Autonomy. A document containing the full details of the Offer will be dispatched as soon as practicable after the date of this release. The acquisition of Autonomy is expected to be completed by the end of calendar 2011.
>
> Founded in 1996, Autonomy is a global leader in infrastructure software for the enterprise with a customer base of more than 25,000 global companies, law firms and public sector agencies, and approximately 2,700 employees worldwide. Autonomy's Intelligent Data Operating Layer (IDOL) platform allows computers to harness the richness of information, forming a conceptual and contextual understanding of any piece of electronic data, including unstructured information, such as text, email, web pages, voice and video. Autonomy's software powers a full spectrum of mission-critical enterprise applications, including pan-enterprise search, customer interaction solutions, information

governance, end-to-end eDiscovery, records management, archiving, business process management, web content management, web optimization, rich media management and video and audio analysis. Autonomy's IDOL is the de-facto standard among more than 400 OEMs, supported by substantial intellectual property (IP), and Autonomy is a significant cloud player with over 30 petabytes of customer information under management. Autonomy's recent operating and financial performance has been strong, including its most recent results for the quarter ending June 30, 2011. Over the last five years, Autonomy has grown its revenues at a compound annual growth rate of approximately 55 percent and adjusted operating profit at a rate of approximately 83 percent.

"**Autonomy presents an opportunity to accelerate our strategic vision to decisively and profitably lead a large and growing space**," said Léo Apotheker, HP president and chief executive officer. "Autonomy brings to HP higher value business solutions that will help customers manage the explosion of information. Together with Autonomy, we plan to reinvent how both unstructured and structured data is processed, analyzed, optimized, automated and protected. Autonomy has an attractive business model, including a strong cloud based solution set, which is aligned with HP's efforts to improve our portfolio mix. **We believe this bold action will squarely position HP in software and information to create the next-generation Information Platform, and thereby, create significant value for our shareholders.**"

Apotheker continued, "**Autonomy is a highly profitable and globally respected software company**, with a well-regarded management team and talented, dedicated employees. We look forward to partnering with a company who shares our commitment to solving customer problems by creating smart, cutting-edge products and solutions. I am particularly pleased that Dr. Mike Lynch, who heads a team of brilliant scientists and employees, will continue to lead Autonomy. I look forward to our collaboration as we focus on creating maximum value for the combined company, its customers and employees."

"This is a momentous day in Autonomy's history," said Dr. Mike Lynch, chief executive officer and founder, Autonomy. "From our foundation in 1996, we have been driven by one shared vision: to fundamentally change the IT industry by revolutionizing the way people interact with information. HP shares this vision and provides Autonomy with the platform to bring our world-leading technology and innovation to a truly global stage, making the shift to a future age of the information economy a reality."

Strategic and financial benefits

- Positions HP as leader in large and growing space: Autonomy has a strong position in the $20 billion enterprise information management space, which is growing at 8 percent annually and is uniquely positioned to continue growth within this space. Furthermore, key Autonomy assets would provide HP with the ability to reinvent the $55 billion business analytics software and services space, which is growing at 8 percent annually.

- Complements HP's existing technology portfolio and enterprise strategy: Autonomy offers solutions that are synergistic across HP's enterprise offerings and strengthens capabilities for data analytics, the cloud, industry capabilities and workflow management. This will bolster HP's cloud offerings with key assets for information management and data analytics. Autonomy also complements existing HP offerings from enterprise servers, storage, networking, software, services and its Imaging and Printing Group (IPG).

- Provides differentiated IP for services and extensive vertical capabilities in key industries: Acquiring Autonomy would provide differentiated IP for services, including extensive vertical capabilities in key industries such as government, financial services, legal, pharmaceutical and healthcare.

- Provides IPG a base for content management platforms: Autonomy provides HP with a content management platform and accelerates a major component of the IPG enterprise strategy to continue its growth of document and content management and higher value commercial printing opportunities.

- **Enhances HP's financial profile: Autonomy's strong growth and profit margin profile complements HP's efforts to improve its business mix by focusing on enterprise software and solutions. Autonomy has a consistent track record of double-digit revenue growth, with 87 percent gross margins and 43 percent operating margins in calendar year 2010.**

- **Accretive to HP's earnings: HP expects the acquisition to be accretive to non-GAAP earnings per share for HP shareholders in the first full year following completion.**

Lynch will continue to lead Autonomy and will report to Apotheker. Following the acquisition, Autonomy will operate separately.
The Offer documents related to the transaction are available at www.hp.com/investor/ offer documents. The Offer will be subject to the conditions and further terms set out in the Offer documents. HP intends to finance the transaction through offshore cash and debt financing.

Conference call

HP will host a conference call with the financial community today at 2 p.m. PT / 5 p.m. ET to discuss this announcement, as well as HP's third quarter 2011 financial results. The call is accessible via an audio webcast at www.hp.com/investor/2011q3webcast.

About Autonomy

Autonomy Corporation plc (LSE: AU. or AU.L), a global leader in infrastructure software for the enterprise, spearheads the Meaning Based Computing movement. IDC recently recognized Autonomy as having the largest market share and fastest growth in the worldwide search and discovery market. Autonomy's technology allows computers to harness the full richness of human information, forming a conceptual and contextual understanding of any piece of electronic data, including unstructured information, such as text, email, web pages, voice, or video. Autonomy's software powers the full spectrum of mission-critical enterprise applications including pan-enterprise search, customer interaction solutions, information governance, end-to-end eDiscovery, records management, archiving, business process management, web content management, web optimization, rich media management and video and audio analysis.

Autonomy's customer base is comprised of more than 25,000 global companies, law firms and federal agencies including: AOL, BAE Systems, BBC, Bloomberg, Boeing, Citigroup, Coca Cola, Daimler AG, Deutsche Bank, DLA Piper, Ericsson, FedEx, Ford, GlaxoSmithKline, Lloyds TSB, NASA, Nestlé, the New York Stock Exchange, Reuters, Shell, Tesco, T-Mobile, the U.S. Department of Energy, the U.S. Department of Homeland Security and the U.S. Securities and Exchange Commission. More than 400 companies OEM Autonomy technology, including Symantec, Citrix, HP, Novell, Oracle, Sybase and TIBCO. The company has offices worldwide.

About HP

> HP creates new possibilities for technology to have a meaningful impact on people, businesses, governments and society. The world's largest technology company, HP brings together a portfolio that spans printing, personal computing, software, services and IT infrastructure at the convergence of the cloud and connectivity, creating seamless, secure, context-aware experiences for a connected world. More information about HP is available at http://www.hp.com.

70. Attached as **EXHIBIT 1** is a copy of the August 18, 2011 press release. The key portion of that announcement is Defendant Apotheker's statement that the business justification for the $11.7 billion price tag is the creation of a next-generation Information Platform which would "create significant value for our [HP's] shareholders." It is the next generation information platform promised by Defendant Apotheker that would revolutionize the "Big Data" field. This statement was made notwithstanding the fact that IDOL 7 had not been updated in five years. Nevertheless, HP was desperate to justify the deal. Despite knowing that there was no next generation Information Platform, HP stressed that platform as the lynchpin of its acquisition of Autonomy.

71. August 18, 2011 marked a major milestone for HP. On that day, HP announced several major developments: its struggling financial results; the failure of the Palm acquisition and plans to discontinue Palm's operations; that HP might sell its PC business; and HP announced its intended acquisition of Autonomy. The August 18, 2011 announcement marked the strategy for HP going forward. The Autonomy acquisition was a lynchpin of that strategy.

72. Immediately after the August 18, 2011 announcement, the stock price of HP dropped precipitously. When the market closed on August 18, 2011, HP shares were trading at $28.69 per share. When the market closed on August 19, 2011, the price of HP shares had dropped to $22.95 per share. This stock drop put HP in a precarious position as it was imperative that HP be able to justify and explain the Autonomy acquisition. After the press and shareholders reacted negatively to the potential sale of the PC business by HP, all that was left of the August 18, 2011 announcement that had any potential of being positive for HP was the Autonomy acquisition. It was essential that the deal be beneficial to HP.

73. On an August 18, 2011 earnings conference call, Defendant Apotheker touted the Autonomy acquisition as being hugely beneficial to HP, focusing on the technology that Autonomy would purportedly add to HP. On the earnings conference call, Defendant Apotheker promoted the Autonomy deal by stating:

> "Moreover, Autonomy's business is well-aligned to HP's effort to change and focus our business mix. In 2010, Autonomy had gross margins in the high 80s and operating margins about 40%. They have demonstrated a strong consistent track record of double-digit revenue growth."

74. A diligent analysis of Autonomy, however, would have demonstrated that Autonomy's growth itself had largely been driven by acquisitions and not by organic growth in its products. By touting the double-digit revenue growth, Defendant Apotheker concealed the fact that Autonomy's technology was out-of-date and facing heavy competition. Instead, Defendant Apotheker promoted the Autonomy acquisition and the $11.7 billion price tag as being driven by purported revolutionary technology:

> "Let me start by actually making sure that everybody on the call understands what Autonomy represents for us.
>
> **Autonomy represents an opportunity for HP for us to accelerate our vision to decisively and profitably lead a large and growing space which is the Enterprise Information Management space.** It also brings HP higher value business solutions that will help customers manage the explosion of information. **If we execute this deal, it will position HP as a leader in the large and growing space.** It will complement our existing technology portfolio and enterprise strategy.
>
> It will provide differentiated IP for Services and extensive vertical capability in key industries. It will provide IPG a base for content management platform. It will, over time, significant enhance HP's financial profile and the Board beleives that the transaction is accretive to HP's non-GAAP earnings in its first full year after completion.
>
> **Autonomy as a business has a very profitable business model with a very compelling value proposition and I have been able to bring solutions into 400 OEMs, which shows that they are basically a de facto industry standard.** Autonomy has grown its revenues at a compound annual rate of approximately 55% and adjusted operating profit at the rate of approximately 83% over the last 5 years. **We're buying a very strong business and we believe that we can extract a lot more out of this business by combining it with HP. And that was the justification for the price.**

75. The August 18, 2011 press release and conference call came to be referred to in the press as Apotheker's "Waterloo." The proposed sale of HP's PC business and the Autonomy

acquisition were expected to boost HP's sale price by creating a bold, new strategy for HP. According to Apotheker himself, that strategy was devised jointly by Defendant Lane, the Chairman of the HP Board of Directors and Apotheker. However, when it became evident that the public would respond negatively to the announcement, Defendant Lane backtracked immediately, seeking to cast blame for the failed new direction of HP solely on Defendant Apotheker. This is additional evidence of the inability of HP's Board of Directors to adequately evaluate their own level of malfeasance in regards to the Autonomy acquisition.

2. **<u>September 13, 2011: HP Hypes The Value of the Transformative Autonomy IDOL Technology in Order to Finalize the Autonomy Acquisition</u>**

76. The initial deadline for shareholder approval of the Autonomy acquisition was <u>September 12, 2011</u>. However, by that date, less than half of the Autonomy shareholders had voted in favor of the Autonomy acquisition. HP and Autonomy extended the deadline for voting on the acquisition until <u>October 3, 2011</u>.

77. Because of the failure to obtain sufficient votes to approve the Autonomy acquisition by <u>September 12, 2011</u>, on <u>September 13, 2011</u>, Defendant Apotheker, at that time the CEO of HP, on a conference call with analyst Chris Whitmore at the Deutsche Bank Technology Conference stressed the fact that the Autonomy acquisition was voted upon only after considerable due diligence had been done. Defendant Apotheker was adamant that HP had a **rigorous process** for evaluating acquisitions before going through with them:

> APOTHEKER: And let me just try to build on that and help you understand how we came to the valuation of Autonomy. **We have a pretty rigorous process inside HP that we follow for all of our acquisitions**, which is a DCF-based model, and **we try to take a very conservative view at this**. Just to make sure everybody understands. **Autonomy will be, on day one, accretive to HP**. **For FY 2012, Autonomy, once we integrate it, is accretive to HP**.
>
> Now, we have identified five synergy possibilities - five synergy leverages on how we can build up the Autonomy business and how we can synergize it between HP and Autonomy. And I can walk you through that, through these various elements. But just take it from us. **We did that analysis at great length, in great detail, and we feel that we paid a very fair price for Autonomy. And it will give a great return to our shareholders.**
>
> Now, what are these five synergies? The first one is we can leverage our sales force tremendously. Autonomy doesn't have a very large sales force. They sell, essentially, in two countries, the UK and the US. It's a very tiny sales force. We have a pretty large

> sales force, and we can take Autonomy around the world. Straightforward, lower-hanging fruit. It doesn't require any rocket science.
>
> The second equally low-hanging fruit is attached with our storage devices. We are a big storage vendor. Our attach rates are relatively low today, 15% or 16%. We believe that, with Autonomy, we can reach the best in class in this industry, in the mid 30s, and that will happen rather quickly. So that's straightforward synergy as well, and it's high margin business.
>
> The third synergy I talked about earlier on the synergy we can with IPG in our digitalization effort.
>
> The fourth synergy is a synergy along verticals. There's a lot of opportunity that we see to combine our vertical capabilities or industry-specific capabilities, and those of Autonomy. And we have a great future as well.
>
> **And, last but not least, the core essence of the acquisition of Autonomy is to actually build out the next-generation information platform.** And we have high hopes for that as well.

78. As Defendant Apotheker articulated once again on September 13, 2011, the next-generation information platform was the "core essence" of the Autonomy acquisition and the driving force behind the $11.7 billion acquisition. Attached as **EXHIBIT 2** to this complaint is a copy of the Final Transcript of the September 13, 2011 Hewlett Packard Company's conference call at the Deutsche Bank Technology Conference.

79. Furthermore, during the September 13, 2011 conference call, an analyst from Deutsche Bank asked Defendant Apotheker about what specific due diligence steps he took in regards to investigating Autonomy prior to announcing the transaction. Defendant Apotheker answered as follows:

> "**We have and are running an extremely tight and very professional due diligence process.** I've got to tell you I have challenges with the question itself. Autonomy is a publicly traded company in the UK. And they are therefore, audited like any other FTSE company, and they're being audited on very professional standards. **And, therefore, that's where we pick up the trail and do our due - that's the basis of our due diligence.**"

80. This is essentially an admission that there was no real due diligence. As Defendant Apotheker states, HP took the position that because Autonomy was an FTSE company and was otherwise audited, there was not much additional due diligence that was required by HP. This is a flawed position. It also ignores the fact that there was a much larger due diligence process that needed to be done by HP before spending $11.7 billion to purchase Autonomy

beyond just looking at the accounting. HP also needed to conduct an analysis of the technology that it was purchasing and whether Autonomy truly could and would deliver a next generation integrated enterprise search engine that could handle both structured and unstructured data, the product that purportedly justified the $11.7 billion transaction.

3. September 22, 2011: CEO Léo Apotheker Forced Out of HP; New CEO Meg Whitman Continues to Praise the Autonomy IDOL Technology

81. On September 22, 2011, just nine days after Defendant Apotheker repeated the unfounded justifications for acquiring Autonomy, he was terminated as CEO of HP. As part of his severance, Defendant Apotheker was given a $7.2 million severance payment, a $2.4 million bonus and the accelerated vesting of 156,000 shares of restricted stock. This severance was paid by HP for the services of an individual whom, according to HP, destroyed shareholder value at the company.

82. That same day, Defendant Whitman appeared on a conference call hosted by HP stating that: "[T]he Autonomy acquisition, which I'm excited about, is proceeding as planned, and is expected to be completed by the end of the calendar year." On that call, Defendant Meg Whitman continued to tout the Autonomy acquisition, as well as defend the incredibly high premium that HP paid to acquire Autonomy.

83. The acquisition of Autonomy closed on October 3, 2011 after sufficient shareholders voted in favor of the acquisition. Mike Lynch personally made $800 million from the sale of Autonomy to HP.

F. HP Ignored Serious Concerns About The Propriety of the Autonomy Acquisition For $11.7 Billion

1. HP's Chief Financial Officer Warned HP Against the Autonomy Acquisition

84. Even at the time of Autonomy's acquisition, there were serious questions raised about the acquisition, both internally and from outsiders. According to *Fortune*, in a meeting with the HP Board of Directors, HP Chief Financial Officer ("CFO") Catherine Lesjak adamantly opposed the deal, telling the Individual Defendants that the acquisition price was too high. Lesjak told the HP Board of Directors and its officers that the acquisition price, which was 11

times revenue, was too high when compared to similar companies that were selling for three times revenue.

85. According to *Fortune*, Lesjak made an impassioned case against the acquisition before the HP Board of Directors. "I can't support it," Lesjak told the directors, according to a person who was present at the HP Board of Directors meeting, "I don't think it's a good idea. I don't think we're ready. I think it's too expensive. I'm putting a line down. This is not in the best interests of the company."

2. **HP Knew About Multiple Reports of Improprieties at Autonomy and Multiple Red Flags About Autonomy**

86. HP CFO Lesjak was not alone in being concerned about the Autonomy acquisition. Many business and investment analysts who had followed Autonomy, were aware of red flags at Autonomy. Nevertheless, the HP Board of Directors ignored the warnings of Lesjak and others in voting unanimously in favor of the acquisition of Autonomy. In interviews by *The Wall Street Journal* with former Autonomy employees, Autonomy business partners, and attorneys close to HP and Autonomy, they described a hard-driving sales culture at Autonomy which was driven towards rapid growth. Mike Lynch was described as a domineering character who often berated employees who he didn't feel were measuring up. According to these sources, Autonomy used aggressive accounting practices to make sure revenue from software licensing kept growing.

87. Other sources stated that Autonomy was aggressive in recognizing revenue upfront, instead of deferring revenues to when those revenues were actually earned. This type of aggressive accounting inflates company revenues but is also detectable if appropriate due diligence is conducted. Similarly, Autonomy was known to have engaged in "round-trip transactions" in which corporate entities buy and sell goods and services from each other. These types of transactions have been notorious, especially in the technology sector, for inflating revenues, especially if both companies have no need for those goods or services. For example, if Company A sells $100 worth of apples to Company B and Company B sells $100 worth of

apples to Company A, there is no meaningful business transaction but both can claim to have earned revenues of $100.

88. An example of a "round-trip transaction" is the deal that Autonomy entered with VMS Information, a transaction that was known to HP, its auditor KPMG and its financial advisors Barclays and Perella. According to Peter Wengryn, the former CEO of VMS Information, in July of 2009, Autonomy sold $9 million in software to VMS Information while at the same time Autonomy agreed to buy about $13 million worth of licenses for data from VMS Information. According to three people familiar with the matter, Autonomy recognized the $9 million in software sales as top line revenue while including the cost of the data licenses from VMS Information as part of Autonomy's sales, marketing or other expenses, a part of the income statement that is usually not considered a key indicator for growing technology companies like Autonomy. According to Wengryn, the size of Autonomy's purchase from VMS Information played a major role in the size of VMS Information's reciprocal purchase from Autonomy. Wengryn told *The Wall Street Journal*, "[t]he fact that they [Autonomy] were interested in licensing our [VMS Information] data certainly made that type of deal easier, no doubt it." Wengryn added that "[w]e were interested in doing a deal, but maybe not of the magnitude that we ended up doing."

89. In another deal, Autonomy sold £4 million ($6.4 million) in products to a reseller company called Tikit Group plc. Autonomy recognized the entire amount as top line revenue. However, Tikit Group was only a reseller of products and did not pay Autonomy until Tikit Group sold Autonomy's software to end clients. Autonomy claimed that the delivery of products to the reseller constituted revenue. Although this is an area that HP now contends is a concern, according to sources, this transaction was fully disclosed to HP and its auditor and financial advisors prior to HP's acquisition of Autonomy.

90. Similarly, HP claims it was not informed of a situation where a U.S. executive of Autonomy was fired in 2010 after allegedly expressing concerns about Autonomy's revenue recognition practices. A spokeswoman for Mike Lynch, the former CEO of Autonomy, stated

that this entire incident was disclosed to HP and came up during HP's due diligence process. HP nevertheless went forward with the deal.

91. Dan Mahoney of the accounting research firm CFRA, who covered Autonomy until it was acquired by HP, described Autonomy as having all the hallmarks of a company that recognized revenue too aggressively. According to Mahoney, the reason for implementing standards for when revenue is recognized is because not-yet collected revenue from customers is at risk of not being paid. In that case, a company would be claiming to have made a certain amount of money in revenues when that money may never actually be paid to the company. "The rules aren't that complicated," Mahoney stated in a *The Wall Street Journal* article. Companies have been engaging in aggressive revenue recognition and "round-trip" transactions for years and it is a well-known mechanism for accounting fraud that HP and its auditors and financial advisors knew or should have known about. These are areas that warranted significant due diligence unless HP was intent on closing the Autonomy acquisition without conducting appropriate due diligence.

92. Notwithstanding the warnings about the propriety of the deal from individuals at Autonomy and HP, there were also third party experts who had been evaluating the enterprise business space who also had concerns with the deal. In July of 2009, James Chanos of Kynikos Associates LP, an investment firm, criticized Autonomy's accounting. According to Kynikos, Autonomy's deferred revenues were suspiciously low for a software company. Since software companies typically rely heavily on service contracts in which revenue is earned over the life of the contract, the low deferred revenue was an indicator that the revenue being reported was not good revenue linked to the sale of a strong, in-demand product. Kynikos believed that Autonomy might have hidden its underperformance with acquisitions. This was known to HP during its review of Autonomy prior to HP's acquisition. The fact that Autonomy's growth was driven by acquisition was not a secret. HP knew that there was little organic growth at Autonomy. Autonomy was the same company that Mark Hurd had rejected in 2010 and before, and it was the same company that Apotheker pushed to acquire for a whopping $11.7 billion in 2011.

93. According to James Chanos, in describing HP's acquisition of Autonomy, "[t]his whole thing is a debacle and probably should have never happened." Chanos added that "[w]e had been short Autonomy in our European fund in 2010 and 2011, and watched in horror as it was taken out at a big premium by Hewlett-Packard. It was one of our absolute favorite shorts at the time." Chanos stated that the accounting problems were **hard to miss** and characterized HP's decision to ignore the warning signs as constituting "willful blindness." Chanos added that "[i]t was pretty clear if you look at Autonomy's books over time that it was a very, very aggressive roll-up." HP knew that Autonomy was buying other companies, writing them down and putting the goodwill on its books. HP's own internal review showed all of this information. Chanos recognized this type of accounting scheme as what "most accounting mavens know is a real way to play earnings games if you want to." HP was not deceived by Autonomy's accounting. It bought Autonomy in order to gain control of an integrated next-generation information platform referred to by both Defendants Meg Whitman and Apotheker. HP, however, did no due diligence of the actual technology and after realizing that the product did not exist, it is hoping to bury its own misconduct in a massive $8.8 billion write-down while blaming purported "accounting improprieties" at Autonomy.

94. Autonomy also had poor cash conversion rates, a fact known to analysts and to HP. This meant that Autonomy was not able to generate sufficient cash, another warning sign that Autonomy's product was not the top-of-the-line product that Autonomy was promoting. This also indicates that Autonomy's growth was being built on transactions like acquisitions, not organic business growth. In an October 31, 2009 article, the *Daily Telegraph* questioned Autonomy's cash conversion rates. The article noted that Autonomy's cash conversion rate "should ring alarm bells for investors." According to one analyst at KBC Peel Hunt in July 2010, "[t]here is always something of concern with Autonomy, whether it is poor cash conversion or increased research and development capitalization."

3. Analysts Warned of Autonomy's Outdated Technology

95. In June of 2010, Deutsche Bank analyst Marc Geall wrote a detailed report on the problems at Autonomy. Geall had formerly worked at Autonomy, where he ran a software

division and also served as head of investor relations and corporate strategy. Geall was highly critical of Autonomy's management and business model, stating that the management structure, controls and systems at Autonomy were "more representative of a start-up than a major global player." According to Geall, who had personal knowledge of Autonomy's operations, Autonomy's management model "can lead to some decision paralysis as middle management is sometimes in its autonomy." Geall's report further stated that Autonomy's investment in the business had lagged, a problem that "could affect customer satisfaction towards the product and the value it delivers." Geall also described the company's service business as "too lean" and "risk[ed] falling short of standards demanded by customers." HP was well aware that Autonomy was not investing in its own technology and that its technology was outdated and not competitive.

96. Technology analysts were also well aware of the limitations of Autonomy. On September 2, 2011, Forrester Research, a well-known technology research firm, published a reported entitled ***Market Overview: Enterprise Search***, which was an overview of the market in which Autonomy was in. That report identified multiple competitors for Autonomy, many of whom, like Vivisimo, had products that were as good as, if not better than Autonomy's. In describing Autonomy, the Forrester report states:

> "**Autonomy.** Autonomy is an established player with robust functionality; it has been at the forefront of trends like multimedia search, intent-based recommendations, and hierarchical facet blending. **But it lacks transparent product management practices, making it difficult for customers to plan their road maps; there has not been a major version release in more than five years.** Also, clients report difficulty with its connectors. IDOL has particularly strong security features and has a robust "Control Center" where administrators can set up "watchlists" to track production issues. IDOL is not for amateurs, but the product does offer a simplified interface into some intricate functionality, such as relevance tuning, and provides a range of APIs for integration with other applications. IDOL requires a significant financial investment and a dedicated administration team to operate to its full potential."

97. When HP made the decision to buy Autonomy, it knew that it was acquiring an outdated product that was not user-friendly. Autonomy was known for having a product that was difficult to use and needed to be highly customized for specific clients. This was not a product that could be easily sold. Nevertheless, HP paid an unprecedented premium to acquire

Autonomy and its outdated product. HP was desperate to be able to claim that the acquisition gave it a competitive advantage in the "Big Data" field by having a next generation integrated information platform. HP, along with others in the enterprise search space knew that Autonomy was not a valuable company and certainly not worth $11.7 billion, an astronomical premium over Autonomy's reported revenues and profits.

98. Leslie Owens, a Forrester Research analyst, has criticized Autonomy, stating that the company "didn't invest in R&D; they didn't have regular software releases; they weren't transparent with a road map of where they were going; they didn't seek customer feedback." In providing further criticisms of Autonomy, Owens added that "customers complained, but the promise of managing all their information and making better decisions was so attractive. They bought more." Owens and Forrester Research have been outspoken critics about Autonomy's lack of technological innovation, and their statements were known to the public. HP, as a purported leader in information technology, would certainly have reviewed industry reports about a company before agreeing to spend $11.7 billion to acquire that company. As such, HP's Board of Directors knew that Autonomy's IDOL product was not transparent and was outdated. It was gross mismanagement that led HP to spend an unprecedented premium for a company with outdated technology.

G. Multiple Companies Refuse to Acquire Autonomy Because It Was OverPriced

1. Oracle Warns HP of Autonomy's Overvaluation

99. Shortly after the announcement of the acquisition of Autonomy, Larry Ellison, the CEO of Oracle Corporation, warned HP that the Autonomy acquisition was a mistake. Ellison disclosed on a conference call that Autonomy had tried to sell itself to Oracle in 2010, a process led by Frank Quattrone of Qatalyst Partners, a corporate dealmaker in the technology sector. Ellison stated that Oracle had "taken a pass" on Autonomy and also stated that HP had paid an "absurdly high" price for Autonomy. Ellison stated publically that Autonomy was overvalued even at $6 billion and that a $6 billion price tag for Autonomy was "way too high." HP would go on to pay twice that amount for Autonomy.

100. After the conference call, Mike Lynch immediately disclaimed trying to shop Autonomy, claiming that Ellison was lying. In response, Ellison disclosed details about his meetings with Mike Lynch. In a press release dated September 28, 2011, Oracle set out preliminary information about the meeting, saying that Mike Lynch's denials of trying to sell Autonomy to Oracle were untrue. The press release stated:

> **Oracle Issues Statement**
>
> REDWOOD SHORES, Calif., September 28, 2011
>
> Oracle issued the following statement:
>
> "After HP agreed to acquire Autonomy for over $11.7 billion dollars, Oracle commented that Autonomy had been 'shopped' to Oracle as well, but Oracle wasn't interested because the price was way too high. Mike Lynch, Autonomy CEO, then publically denied that his company had been shopped to Oracle. Specifically, Mr. Lynch said, 'If some bank happened to come with us on a list, that is nothing to do with us.' Mr. Lynch then accused of Oracle of being 'inaccurate'. **Either Mr. Lynch has a very poor memory or he's lying.** 'Some bank' did not just happen to come to Oracle with Autonomy 'on a list.' The truth is that Mr. Lynch came to Oracle, along with his investment banker, Frank Quattrone, and met with Oracle's head of M&A, Douglas Kehring and Oracle President Mark Hurd at 11 am on April 1, 2011. After listening to Mr. Lynch's PowerPoint slide sales pitch to sell Autonomy to Oracle, Mr. Kehring and Mr. Hurd told Mr. Lynch that with a current market value of $6 billion, Autonomy was already extremely over-priced. The Lynch shopping visit to Oracle is easy to verify. We still have his PowerPoint slides."

101. In a second September 28, 2011 press release entitled ***Another Whopper from Autonomy CEO Mike Lynch***, Oracle provided additional details about that meeting:

> **Another Whopper from Autonomy CEO Mike Lynch**
>
> REDWOOD SHORES, Calif., September 28, 2011
>
> Oracle issued the following statement:
>
> "Autonomy CEO Mike Lynch continues to insist that Autonomy was never 'shopped' to Oracle. **But now at least he remembers and admits to meeting with Oracle President Mark Hurd and Doug Kehring, Oracle's head of M&A, this past April**. But CEO Lynch insists that it was a purely technical meeting, limited to a 'lively discussion of database technologies.' Interesting, but not true. The slides Lynch showed Oracle's Mark Hurd and Doug Kehring were all about Autonomy's financial results, Autonomy's stock price history, Autonomy's Price/Earnings history and Autonomy's stock market valuation. Ably assisting Mike Lynch's attempt to sell Autonomy to Oracle was Silicon Valley's most famous shopper/seller of companies, the legendary investment banker Frank Quattrone. After the sales pitch was over, Oracle refused to make an offer because Autonomy's current market value of $6 billion was way too high.

> We have put Mike Lynch's PowerPoint slide sales-pitch up on the Oracle website – Oracle.com/PleaseBuyAutonomy – with the hope Mike Lynch will recognize his slides, his memory will be restored, and he will recall what he and Frank Quattrone discussed during their visit to Oracle last April. Yesterday, the Autonomy CEO did not remember having any meeting with Oracle. Today, he remembers the April meeting and inaccurately describes how it came about and what was discussed (see next paragraph). Tomorrow, he will need to explain his slides.
>
> Mike Lynch describes his meeting with Oracle: "On one of my trips to SF (April 2011), Frank Quattrone whom I have known for a long time offered to introduce me to Mark hurd. Oracle was a customer and I have never met him, so it was a good opportunity. Frank does this from time to time on my visits, he has introduced me to many people. . NOTE: Frank was not engaged by Autonomy and there was no process running. The company was not for sale. I recall meeting with mark and someone else I believe called Doug. At the start of the meeting they joked that frank was there to sell them something. Frank and I made it clear that was not the case. We then met and had a lively discussion about database technologies. The meeting lasted approximately 30 mins. Frank is happy to confirm this."

102. This entire situation occurred before the closing of the Autonomy acquisition and was known to HP. Attached to this complaint as **EXHIBITS 3 and 4** are copies of the Powerpoint presentations that Mike Lynch provided to Oracle when it was shopping itself, which Oracle made publically available. In the Powerpoint presentation that was provided to Oracle back on <u>January 24, 2011</u>, Autonomy was valued at $5.7 billion, approximately a six times revenue multiple. Even that was a high number, given the fact that Autonomy's product was outdated and it was struggling in a highly competitive market. Oracle rejected Autonomy, saying the price was too high for the company. Eight months later, HP would pay **twice that amount** to acquire Autonomy. The battle between Oracle and Mike Lynch, which resulted in Oracle publishing documents contradicting Mike Lynch's statements, also showed that Mike Lynch and Autonomy warranted additional due diligence.

103. HP's Board of Directors, however, refused to listen to Oracle because of bad blood. HP's former CEO, Mark Hurd, was now the President of Oracle. The current CEO of HP, Defendant Apotheker was, at that time, part of a lawsuit between Oracle and SAP, where Defendant Apotheker was formerly the CEO. SAP had admitted to violating Oracle's copyrights and was in the midst of a lawsuit pending before the Northern District of California. Defendant Apotheker had a personal feud with Oracle and was threatened with a trial subpoena if he

showed up in Palo Alto on the day of his appointment as CEO of HP. Defendant Lane, the Chairman of the HP Board of Directors and one of the guiding forces behind the Autonomy acquisition, also had his own personal issues with Oracle. A former officer and director of Oracle, he was pushed out by Larry Ellison.

2. Dell Rejects Autonomy Acquisition Proposal Because It Was "Overwhelmingly Obvious" that Autonomy Was Overpriced

104. Michael Dell, the CEO of Dell Inc. came forward in an interview with the U.K.'s *The Sunday Telegraph* revealing that Autonomy had also shopped itself to Dell. Michael Dell told *The Sunday Telegraph* that he rejected the British software company's efforts to sell itself to Dell, stating that it was "overwhelmingly obvious" that it was overpriced. Michael Dell added that "any reasonable person" would have drawn the same conclusion. In discussing the huge premium paid by HP to acquire Autonomy, Michael Dell stated that "the premium that you pay is in some way a measurement of the risk that you're willing to take on. If you pay a small premium relative to the market's then current opinion, you are actually not taking on very much risk, but if you pay an unbelievably large premium, you are taking on an unbelievably large risk." HP's officers and directors took an unbelievably large risk in paying an unprecedented premium to acquire HP. Such a large risk was unwarranted, especially in light of Autonomy's outdated technology and the massive red flags fluttering everywhere around Autonomy.

3. HP's Former CEO Mark Hurd Rejected Autonomy As Being Overvalued

105. During the time that Mark Hurd was the CEO of HP, Autonomy had been one of the companies on HP's radar as a potential acquisition target. That review process had never gone very far, however, since Hurd did not believe that Autonomy added value to HP and was not worth a high premium to acquire. Nevertheless, shortly after Hurd's departure, Defendant Apotheker and HP's Board of Directors began actively pursuing Autonomy because they were desperate for a "transformative" deal to change HP. For personal reasons unrelated to the business case, they were unwilling to listen to Oracle, which had provided evidence showing that Autonomy was overpriced at $11.7 billion. Ignoring all of the red flags and warning signs, HP pushed forward with the acquisition of Autonomy.

H. HP Knew of Problems at Autonomy That Warranted Additional Due Diligence

106. HP was well aware of numerous problems at Autonomy that warranted further due diligence. Software companies generally have low receivables and higher unearned income on their profit and loss statements and balance sheets. This is because software companies typically sell licenses that provide revenue over the life of the license. The immediate receivables are lower since they are not selling physical products for which revenue is earned at one time. Autonomy was different from other software companies, reporting high receivables and lower unearned income. This was a red flag.

107. HP knew all of this information when it acquired Autonomy. The internal investigation that HP is claiming it is doing now is the exact same due diligence that it could have done and should have done back in 2011. For fiscal year 2010, Autonomy booked revenues of $870 million, receivables at $330 million, and deferred revenue at $177 million. Recently, HP has claimed that Autonomy was selling more hardware products than it had first claimed at the time of the acquisition. HP also now claims that it did not know Autonomy was recording more revenue upfront than it should have. Public documents, including Autonomy's financial statements and the information contained in Autonomy's sales pitch presentation to Oracle contained all of the red flags needed to detect this type of problem. The Defendants in this case, which consist of the officers and directors of HP, its auditor, and investment banking advisors all knew of this information.

108. Autonomy's reported operating margins were also too high, another red flag. The Defendants all knew that Autonomy's operating margins had jumped from 15% in 2005 to over 50% by early 2010. For a software company, operating margins can be boosted if a company is able to better amortize its research and development costs. That, however, requires additional customers to allow that amortization. However, as HP well knew, Autonomy had a small customer base and IDOL 7, its flagship product, was a highly customizable product. A customer needed to invest heavily in order to be able to implement IDOL 7 into its operations. Autonomy and its product was not able to rapidly gain new customers, meaning Autonomy was not and

could not be growing its customer base at a pace fast enough to permit the type of amortization that would have allowed Autonomy to grow its operating margins from 15% to 50%.

109. HP also was well aware that Autonomy had boosted its revenues through acquisitions and not through organic growth. The sales pitch presentation that Autonomy gave to HP identifies several companies that Autonomy acquired between 2003 and 2010. Autonomy itself had paid between 1.5 to 3.8 times revenue for those acquisitions. More importantly, however, is the fact that Autonomy was a company that had inflated its financial numbers through acquisitions by booking large amounts of goodwill through those acquisitions. HP knew or should have known that Autonomy's product was not the cutting-edge, highly competitive product that would have justified an $11.7 billion price tag.

110. All of this information was readily available to HP and its army of auditors and lawyers in reviewing Autonomy prior to the acquisition. The reality is that the $8.8 billion write-down is not truly for the reasons that HP is claiming. Autonomy was the company that HP knew it was, with the accounting irregularities that HP knew about. The truth is that HP knew that Autonomy did not have a cutting-edge product that would revolutionize the "Big Data" field. HP knew that IDOL 10 was not the next generation integrated information platform that would transform HP into a player in the enterprise software field. The write-down of almost 80% of the goodwill of Autonomy was because HP had bought a company without revolutionary technology that a simple due diligence process would have uncovered. In writing down $8.8 billion of the Autonomy acquisition price, HP is acknowledging that the Autonomy technology was really worth about $2.5 billion. HP's claim that $5 billion of the write-down is related to "accounting improprieties" is false. The true reason for the write-down is that Autonomy did not have the integrated next-generation information platform that HP claimed existed and was available to customers.

I. <u>HP's Financial Advisors Barclays and Perella Failed To Perform Due Diligence</u>

111. The two lead financial advisors to HP on the Autonomy acquisition were Defendants Barclays and Perella. Barclays prides itself as one of the top investment banking companies in the world, while Perella prides itself as a boutique firm specializing in acquisitions

of this nature. These two companies, hired by HP and its Board of Directors, were required to conduct due diligence of the proposed Autonomy acquisition. Instead, however, both companies breached their fiduciary duties and obligations to HP by failing to conduct due diligence and promoting the consummation of the Autonomy acquisition for financial gain. Barclays, for example, earned approximately $30 million in fees from the Autonomy acquisition. In addition, Barclays lent HP £5 billion ($8.3 billion) for one year to help finance the acquisition. Barclays therefore profited significantly from forcing the Autonomy transaction to completion and ignoring its due diligence obligations to HP. Perella similarly obtained massive profits from its role as one of the lead underwriters of the Autonomy acquisition. Both Barclays and Perella failed in their due diligence obligations as fiduciaries of HP, in terms of investigating both the accounting issues and Autonomy's lack of a revolutionary technology. Neither of them provided HP with the due diligence and appropriate financial advice that they were obligated to provide before HP paid $11.7 billion for Autonomy.

112. Moreover, the real issue here is not just the accounting but the absence of a groundbreaking next generation information platform. As financial advisors to HP, Barclays and Perella were obligated to examine the entire deal and provide advice to HP on the value of the acquisition and Autonomy's technology. Notwithstanding their failure to catch the accounting issues, the real reason for the write-down that HP is seeking to conceal is that HP spent $11.7 billion on outdated technology. HP is also seeking to conceal the fact that the technology it acquired from Autonomy does not allow HP to create the much-touted "next-generation Information Platform" that HP claims will substantially add value to HP's shareholders. Perella and Barclays were incentivized to push the deal forward at all costs for their own financial gain and did not do any of the business review, financial review or accounting review that they were required to conduct.

113. Barclays and Perella, as the financial advisors for HP were obligated and required to perform due diligence of Autonomy prior to the acquisition. Barclays and Perella were required to evaluate Autonomy's financial statements, including a review of the accounting, as well as evaluate the technology and products purportedly being sold by Autonomy. It was the

responsibility of Barclays and Perella to ensure that Autonomy was, in fact, selling high-margin business software and not low-margin hardware, which was critical to justify the inflated purchase price for Autonomy. Barclays and Perella were obligated to evaluate the technology and review technology analyst reports, especially those issued by technology analysts with expertise in the enterprise search field, in which Autonomy was but one of many competitors. Barclays and Perella failed in their due diligence obligations and fiduciary duties.

J. HP's Auditor KPMG Failed to Adequately Audit the Work of Autonomy's Outside Auditor Deloitte Touche

114. Defendant KPMG LLP ("KPMG")was hired by HP to audit the work performed by Deloitte Touche, Autonomy's outside auditor. KPMG failed to properly perform that function. The General Counsel of HP has stated that there were obvious problems at Autonomy, including the fact that critical records were missing from obvious places and that Autonomy did not keep well-maintained books and records. These were all red flags that KPMG should have detected in its audit work. These red flags should have warned KPMG that Deloitte Touche's clean audit opinions were suspect and that KPMG needed to perform a thorough and intensive review of Autonomy's financial statements and the work performed by Deloitte Touche.

115. Deloitte Touche's served as Autonomy's outside auditor from its offices in the United Kingdom. As Autonomy's purported independent auditor at the time of the Autonomy acquisition, Deloitte Touche was contractually obligated to audit and review Autonomy's financial statements in accordance with professional attestation standards, including the International Standards on Accounting (UK and Ireland) ("ISA UK"). When it became evident that HP was planning to acquire Autonomy, Deloitte Touche owed a duty to HP and its shareholders. Because Deloitte Touche knew of the merger, it knew that HP and its shareholders would rely on Deloitte Touche's audits and Deloitte Touche therefore owed duties to HP and its shareholders as intended beneficiaries. In its audit opinion of Autonomy, Deloitte Touche stated, "Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland)." The ISA UK deals with the auditor's responsibilities relating to fraud in an audit of financial statements.

116. Deloitte Touche's failure to properly audit Autonomy's financial statements for fraud, include, but are not limited to its: (1) failure to identify and assess the risks of material misstatement of the financial statements due to fraud, (2) failure to obtain sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, and (3) failure to respond appropriately to fraud or suspected fraud misstatement due to fraud, through designing and implementing appropriate responses; and identified during the audit. Deloitte Touche was responsible for ensuring that it had done its homework and evaluated the audit evidence to ensure that there was no fraud. In failing to do so, Deloitte Touche violated ISA UK standards and failed to meet its audit responsibilities.

117. As alleged herein, there were numerous red flags at Autonomy. Deloitte Touche needed to understand and properly address material risks in order to completely understand and satisfactorily audit Autonomy's internal controls and financial statements. Deloitte Touche was required to understand and properly address material risks in order to completely understand and satisfactorily audit Autonomy's internal controls and financial statements. Deloitte Touche breached its duties and obligations by failing to detect accounting issues at Autonomy and for issuing a clean audit opinion for Autonomy.

118. While Deloitte Touche's conduct was obviously negligent and HP may pursue actions against it, HP brought in its own auditor, KPMG, to audit Deloitte Touche's outside audit work. HP's Board of Directors cannot independently or appropriately evaluate the extent of KPMG's failings in this matter because it would demonstrate the failure of due diligence by HP's officers and directors. Claims against KPMG would show that HP's officers and directors had mismanaged the due diligence process. Defendant KPMG was hired by HP to conduct accounting due diligence on Autonomy. Defendant KPMG breached its duties to HP and its shareholders by its willful failure to conduct adequate accounting due diligence and by failing to discover Autonomy's accounting improprieties as well as Deloitte Touche's audit failures. As the firm hired by HP to provide due diligence regarding the financial condition and accounting of Autonomy, as well as to evaluate Deloitte Touche's outside audit of Autonomy, Defendant

KPMG had a duty to provide an independent and thorough assessment of Autonomy to HP. KPMG owed its duties to HP and to HP's shareholders.

119. Standard due diligence protocols include numerous steps that Defendant KPMG should have conducted in its due diligence review of Autonomy. Minimally, Defendant KPMG should have: (i) assessed the accounting policies and procedures of Autonomy; (ii) reviewed Deloitte Touche's audit work papers related to the outside audit of Autonomy; (iii) interviewed Deloitte Touche's personnel responsible for the Autonomy audit; (iv) reviewed internal non-publically available financial data provided by Autonomy to HP, its advisors and Defendant KPMG; (v) interviewed Autonomy management to corroborate or provide insight into the financial data provided by Autonomy to HP; (vi) developed detailed analyses related to known industry risk areas such as revenue recognition, sales channels, adherence to prescribed financial reporting requirements and conversion of international reporting financial statements to those prescribed by United States Generally Accepted Accounting Principles ("GAAP"); (vii) assessed Autonomy's financial reporting; and (viii) provided HP a report detailing their due diligence findings, red flags, and potential transaction risk to HP.

120. The due diligence protocols described above are standard and the bare minimum that Defendant KPMG was required to perform. Defendant KPMG promotes itself as an international auditing firm with tremendous experience and ability to perform audits worldwide. Defendant KPMG boasts about its robust capabilities to the world. For example, Defendant KPMG touts on its website that its "Transaction Services professionals combine extensive industry and transaction experience with deep technical and accounting knowledge to help clients with every step of the deal" and "have more than 3,500 Transaction professionals who can advise clients about [p]erforming timely and robust financial and business due diligence, [a]nalyzing the implications and financial reporting ramifications of potential transactions." Defendant KPMG's failures are linked and intertwined with the failures of HP's officers and directors. The failure of due diligence was a collective effort and HP's Board of Directors are not able to act independently and appropriately in regards to Defendant KPMG because of the risk that an investigation of this nature would reveal the failings of HP's officers and directors.

121. Defendant KPMG failed to apply its touted global knowledge and experience to conduct a proper due diligence on the Autonomy acquisition. Had Defendant KPMG conducted adequate due diligence on Autonomy and Deloitte Touche, it would have identified and noted multiple red flags about Autonomy, including, but not limited to: (i) concerns about Autonomy's finances from hedge fund investors, media, and analysts; (ii) the enormous goodwill and intangible assets HP was forced to book in acquiring Autonomy; (iii) the fact that Autonomy's technology was outdated and no longer competitive; (iv) Oracle's vocalized rejection of Autonomy's acquisition overtures and concerns about Autonomy's overvaluation after having an opportunity to review a pitch package from Autonomy regarding a proposed sale of Autonomy to Oracle; (v) Autonomy's suspiciously high receivables and low unearned income on its profit/loss and balance sheets; (vi) the suspicious growth in Autonomy's reported operating margins given the limited growth in its customer base; (vii) the fact that Autonomy's growth came from acquisitions and not from organic sales growth in its purportedly cutting-edge enterprise search technology; and (viii) the valuation of Autonomy in light of valuations of other similarly sized companies in the same industry space. HP's general counsel Schultz recently stated in an interview, that Autonomy kept opaque books and "[c]ritical documents were missing from the obvious places . . ." These record-keeping deficiencies alone should have sparked suspicions and discouraged approval of HP's acquisition of Autonomy. At a minimum, it would have a demanded a more in-depth investigation into the company.

K. <u>HP Significantly Overpaid for Autonomy Which Dramatically and Negatively Impacted HP's Financial Statements</u>

122. HP significantly overpaid for Autonomy. At the time of the acquisition in 2011, Autonomy was trading in the range between $25 to $29. HP paid a huge premium on Autonomy by agreeing to pay $11.7 billion, over 11 times the annual revenue of the company. In the Autonomy sales pitch presentation to Oracle, it showed that Autonomy's past acquisitions had been in the range of 1.5x to 3.6x LTM ("Last Twelve Months") revenues. In August of 2011, Autonomy itself showed that it only had a fully-diluted enterprise value of $5.7 billion, which was approximately 6.6x the estimated revenues for 2010 and 5.9x the estimated revenues for

2011. Using the multiples that Autonomy itself had used in its own acquisitions, Autonomy would have only been valued at between $1.3 billion and $3.1 billion. The final purchase price for Autonomy would be about 13.4x the LTM revenues for Autonomy for fiscal year 2010, which was about $870 million. This was an unprecedented trading multiple for an acquisition. The only justification for such a price was that Autonomy would be able to deliver a revolutionary technology that HP claimed would forever change the enterprise search field.

123. Any acquisition significantly impacts the balance sheet of a corporation. The price that the acquiring company paid for the acquired company must somehow be reflected on the financial statements. When there is a large discrepancy between the value of the actual assets acquired and the acquisition price, the difference is often put on the books as goodwill or other intangible assets. In this manner, the acquiring company is representing to the public and to its shareholders how it is valuing the acquired company, whether it be the intangible assets of the acquired company or the reputation of the acquired company. When HP acquired Autonomy, Autonomy had listed $3.5 billion of total assets on the balance sheet, with net tangible assets of $80.2 million as of June 30, 2011. With the vast difference between the net tangible assets of Autonomy and the purchase price, HP booked almost the entire acquisition value as goodwill and intangible assets, recording $6.6 billion of the acquisition price - later amended to $6.9 billion - as goodwill and $4.6 billion as amortizable purchased intangible assets.

124. In writing down $8.8 billion, HP was writing down the goodwill and intangible assets of Autonomy. In its press release and public statements, HP has claimed that this write-down was driven principally by accounting issues. In other words, the company was worth less than what HP paid for because there was some revenue recognition issues. Those revenue recognition issues would not have resulted in an $8.8 billion write-down. The truth was that HP had overpaid for a company that did not have the technology that was promised. Autonomy's enterprise search engine, at least by 2011, was inferior to most of its competitors. As the September 2, 2011 Forrester Research report indicates, Autonomy had not refreshed its system in the last five years. In addition, Autonomy's program required a significant investment by customers and was not user-friendly. In other words, HP paid a fortune to acquire what HP

needed to be the crown jewel of its enterprise software business. If HP had done its due diligence, it would have known that it was buying an outdated technology that was not unique and in a market that is highly competitive. When it realized its mistake, HP misrepresented the truth to the public and to its shareholders.

L. HP Mishandles the Autonomy Acquisition: Hands the Keys Over to Autonomy

125. Immediately after the acquisition closed in October of 2011, HP handed over control of the entire Information Management business to Mike Lynch and to the Autonomy team, a move that was approved by the officers and directors of HP. After having spent $11.7 billion on Autonomy, HP's Board of Directors was prepared to hand over complete control of one of HP's largest business units to an outsider even though no due diligence had been conducted. Gerard Brossard was tasked with the assignment of integrating Autonomy into HP, even though Brossard was the same individual who had been tasked with integrating EDS into HP, a failed process that also led to an $8 billion write-down. HP's officers and Board of Directors were well aware of Brossard's failures in regards to integrating one major acquisition yet selected him once again to attempt another failed integration. Due to the gross mismanagement of HP's Board of Directors and officers, Brossard was allowed to collectively wipe out over $16 billion of shareholder value from the EDS and Autonomy acquisitions.

126. Information Management is a major business areas for HP. Autonomy, as an enterprise software company, fit under the Information Management umbrella. Autonomy, however, was not the only business within Information Management. Shortly after the acquisition was completed, not only was Autonomy allowed to operate autonomously; Autonomy was put in control of the entire HP Information Management division, which became known as HP's Autonomy unit. Desperate to justify the $11.7 billion price tag, HP gave Autonomy and its loyalists free reign through HP's Information Management division. Beginning in November of 2011, Mike Lynch and his associates, including Chief Marketing Officer Nicole Eagan, immediately and drastically cut down the personnel headcount in Information Management in order to create the impression of increased profits. Just like how Mike Lynch used acquisitions to create the illusion of profitability, he used reductions in personnel at HP to create the same

illusion of profitability. The only difference was that HP's officers and directors were fully aware of these actions. The HP Board of Directors and its officers had essentially given Mike Lynch the green light to take full control of one of HP's most important business areas, the Information Management division.

127. Mike Lynch and Autonomy also gained control over all of the businesses under the Information Management division, including another HP acquisition known as Vertica. Vertica was also in the enterprise search business. Vertica Systems is an analytic database management software company that was founded in 2005 by database researchers Michael Stonebraker and Andrew Palmer. The former CEOs of Vertica included Ralph Breslauer and Christopher P. Lynch. Vertica was acquired by HP on March 22, 2011. The Vertica transaction expanded the enterprise software division of HP, including the information optimization, business intelligence and analytics portfolio. HP was now making public statements that it had been able to fully integrate Autonomy's IDOL technology with Vertica's system to create the next generation Information Platform. This was heavily hyped by Nicole Eagan, the former Autonomy Chief Marketing Officer who now dictated the marketing approach for HP's Information Management division.

128. With the Autonomy transaction completed, HP shifted towards making Autonomy the lynchpin of its future product launches. This process was directed by and reviewed by all levels of HP. HP's officers and Board of Directors fully supported making Autonomy and its IDOL technology the centerpiece of its next product launch. Having spent $11.7 billion to acquire Autonomy and enduring extensive criticism of the deal and its price, HP had no choice but to make Autonomy and IDOL the core of its product launch. The HP Next Generation Information Platform IDOL 10 would be an integrated Autonomy/Vertica platform that combined the functionality of both programs. This combined functionality would revolutionize enterprise software and propel HP past rivals such as Oracle and Google.

129. On November 8, 2011, on a public webcast entitled "Optimizing Marketing Performance with Real-Time Insight & Analytics", it was publically announced by Nicole Eagan and Andrew Joiner that HP had already integrated Autonomy's IDOL 10 product with Vertica's

Analytics Platform. This public webcast was featured on Autonomy's website in the aftermath of the merger. The webcast represented that HP had integrated Vertica's ability to search structured data with Autonomy's ability to search unstructured data into a single integrated product.

130. On November 21, 2011, Defendant Meg Whitman, the CEO of HP, and Catherine Lesjak, the CFO of HP, conducted its fourth quarter earning conference call. On that conference call, Autonomy was a major talking point for HP. Defendant Meg Whitman herself stressed that Autonomy had a next generation information platform that would change the enterprise software industry and that was why HP spent $11.7 billion to acquire Autonomy. Defendant Meg Whitman also stated unequivocally that the business unit that HP was building for Autonomy would include both Autonomy and Vertica and that she personally would oversee that business unit, with the reporting chain going directly up to her:

> "[W]e closed the Autonomy acquisition on October 3. In the last month, we've had hundreds of leads passed between the two companies, and **we've created a new information management business group that combines Autonomy, Vertica, and other HP software assets under Mike Lynch, and reports directly to me.**
>
> Well, let me just spend a moment on Autonomy. I am really excited about this acquisition. **As you all know, I think it really positions HP as a leader in the Next-generation information management and analytics capabilities, as the explosion of data is making these capabilities absolutely critical. Autonomy is a unique asset. It has a remarkable ability to manage unstructured information in a way that no one else in the market does.** I think that adds a lot of value not only in their space but actually across HP.
>
> So, what've set up it Autonomy is actually running fairly autonomously (laughter) but we have done a great job I think of integrated the go-to market. So, there are sales leads that are going from Autonomy to HP - interestingly, which we didn't expect so much of in terms of a hardware pull-through - but also from our HP sales team back to Autonomy. We've got a clearing house that vets all those leads. So, that what we turn over to Autonomy are really high quality leads that will allow Autonomy to grow much faster than they would have grown on their own. That's the name of the game for 2012.
>
> There's going to be lots of other things we do together but accelerating the growth of Autonomy using the distribution capability of HP is priority number one, two and three for 2012.

131. During that conference call, HP CFO Catherine Lesjak added:

> "We closed the acquisition of Autonomy in October, and therefore, we had roughly one month of results in the software numbers. **The integration is going**

well thus far, and we are focused on enabling our global sales force to ramp on the Autonomy product line-up, so they can begin selling Autonomy software in fiscal '12."

132. The Autonomy acquisition closed on October 3, 2011. The first opportunity that HP had to be specific about the products that Autonomy would add to HP's product lineup was at HP Discover Vienna, which took place from November 29, 2011 to December 1, 2011. HP Discover is HP's largest press event where it informs the market, its shareholders and shareholders about its business plans. It is also a time to make major product announcements. The Autonomy acquisition had to be at the center of the product launch. HP's own marketing officials were sidelined, at the direction of HP's leadership, so that Autonomy and its team could control the product launch. The decision was made within HP that the HP Next Generation Information Platform, which purportedly integrated IDOL with Vertica, would be at the center of the HP Discover Vienna product announcement. HP leadership internally chose to go forward with presenting IDOL 10/Veritica as both an integrated product and an existing product because the company was desperate to justify the Autonomy acquisition, especially in light of the negative press surrounding HP's August 18, 2011 press release. That press release and the strong negative response to that press release led to Apotheker's ouster. Apotheker has told sources that Defendant Lane pushed the Autonomy acquisition forward but immediately disavowed involvement with Autonomy and blamed Apotheker when reaction to the Autonomy acquisition turned negative.

M. HP Discover Vienna: IDOL 10 Integrated Next Generation Platform is the Centerpiece of HP's Product Launch

133. HP Discover Vienna went forward beginning on November 29, 2011. The integrated HP Next Generation Information Platform IDOL 10 Autonomy/Vertica was heavily advertised and promoted as an integrated product combining both Autonomy's IDOL and Vertica's enterprise search technology. Nicole Eagan, the chief marketing officer at HP responsible for Autonomy said at HP Discover Vienna that HP's Autonomy unit had updated IDOL so that it integrated with Vertica to create a "single layer" information platform. According to Eagan, "Autonomy's strength has been in text, audio, and video, while Vertica

brings more of the columnar database processing and analytics." More significantly, Nicole Eagan stated that the integrated HP Next Generation Information Platform IDOL 10 Autonomy/Vertica, would be available on December 1, 2011 and would offer users the ability to work with structured data that is being held in the Vertica platform. Nicole Eagan was promising that the product was ready to ship since HP Discover Vienna lasted from November 29, 2011 until December 1, 2011.

134. Eagan's announcement that this integrated HP Next Generation Information Platform IDOL 10 Autonomy/Vertica was ready to ship on December 1, 2011 was a material misrepresentation since HP was not allowed to announce and promote a product at HP Discover Vienna unless it was available for sale at the time of the announcement or immediately thereafter. This was not a situation where HP claimed that there was the potential for integration or that HP was working on something new and innovative. HP was unequivocal and definitive in its statement that this Next Generation Information Platform IDOL 10 Autonomy/Vertica existed and was available for sale on December 1, 2011. However, since HP's fiscal quarter ended on the last day of January, HP wanted to push ahead with an earlier announced release date to make it appear as if HP had made a good deal in acquiring Autonomy. HP's leadership, desperate to defend the $11.7 billion Autonomy acquisition, permitted HP to claim that a product was available with specific capabilities that it did not have.

135. Eagan made numerous misstatements of fact about what the product could actually provide. Eagan specifically referred to this new integrated Next Generation Information Platform as a "unified interface" which would synthesize into a single workflow both structured and unstructured data. Vertica's technology was focused on search functionality of structured data while Autonomy's IDOL worked with unstructured data. Eagan stated that, in most enterprises, structured and unstructured data are handled by separate systems. The Next Generation Information Platform, which HP promoted as being already available as of December 1, 2011, would uniquely be able to handle both types of data, a revolutionary product in the enterprise search business.

136. As promoted by HP, data culled from social media sites such as Twitter, which is typically captured as unstructured data, could be explored using Vertica's social graphing functionality and projective analytics. The package could also combine click-stream analytics captured in Vertica with sentiment analysis data captured in Autonomy. Video or audio, both of which IDOL can ingest, could be paired with related sensor data or historical data stored in Vertica for real-time intelligent monitoring. As an example, a bank could monitor a phone call with a customer requesting credit, which can be parsed through Autonomy. "If during that call, the caller said something to cause the mortgage provider or bank to be worried about a credit risk, they might want to run that against a Vertica credit risk analyzer in real time," Eagan said.

137. The HP Next Generation Information Platform IDOL 10, an integrated Autonomy/Vertica enterprise search technology would have been a revolutionary product, if it existed. The paired offering was envisioned to provide a single interface for working with both IDOL and Vertica data. Ovum enterprise software analyst Tony Baer has stated that the Autonomy and Vertica software would be a good fit for each other, because the Autonomy software could provide a superior user-facing front-end for the Vertica software. HP even announced that beyond the HP Next Generation Information Platform, HP might also combine IDOL and Vertica for other analytic packages. Eagan stated that, "[t]his is a great starting-off point. With things like big data and social media being as hot as they are, you will see different things evolve." HP told the world that this product, in this format, was available on December 1, 2011, the last day of HP Discover Vienna. However, to this date, the HP Next Generation Information Platform IDOL 10 that was promised to the world, does not exist.

138. HP repeatedly stated publically that the HP Next Generation Information Platform was ready for the market. In a press release dated November 29, 2011, HP was unequivocal in stating that HP's Autonomy unit was "unveiling" a new product that was available as of HP Discover Vienna:

> **Autonomy Unveils Next-Generation Information Platform Built for "Human Information" Era**
>
> IDOL 10 Delivers Real-Time Contextual Understanding of Structured and Unstructured Data

VIENNA, Austria, Nov. 29, 2011. Autonomy, an HP Company, today announced a groundbreaking information platform, IDOL 10, designed to help organizations understand and process 100 percent of enterprise information in real time.

IDOL 10 provides a single processing layer that enables organizations to extract meaning and act on all forms of information, including audio, video, social media, email and web content, as well as structured data such as customer transaction logs and machine-based sensor data.

The platform combines Autonomy's infrastructure software for automatically processing and understanding unstructured data with the high-performance real-time analytics engine for extreme structured data from Vertica, an HP Company.

From the start of the IT industry until today, humans have had to adapt information to fit the machine, and data was organized into rows and columns, a process which relied on people understanding and manually classifying data. Computers could not understand the complexity of human interactions.

However, people do not speak in zeroes and ones, but have complex language and idioms, send photographs and videos, and communicate via social media, all of which traditional databases cannot process. The challenge for the modern enterprise is to understand and extract the value from this rich sea of Human Information, which accounts for 85 percent of all corporate data, including emails, audio, video, social networking, blogs, call-center conversations, closed circuit TV footage, and more.

Today, the combination of Vertica's high-speed analytics platform with Autonomy's IDOL technology marks a fundamental shift in our ability to process this volume of data. We are at an historical moment when it is the "I" in Information technology that is changing. Autonomy provides solutions that understand the full spectrum of enterprise information, both human and structured information, and recognize the relationships that exist within it.

By enabling computers to understand the shades of grey in the world, rather than simply the black and white found in databases, Autonomy Information Management allows businesses to automate key processes and improve an organization's efficiency.

"For far too long, organizations have confined structured data to relational databases and unstructured data to simplistic keyword matching technologies," said Mike Lynch, executive vice president, Information Management, HP. "IDOL 10 brings these worlds together, allowing organizations to automatically process, understand, and act on 100 percent of their data, in real-time. The results will be dramatic, as businesses can develop entirely new applications that explore the richness and color of Human Information that live in unstructured, semi-structured, and structured forms."

Platform built for the Human Information Era. IDOL 10 features:

- **A single processing layer for forming a conceptual, contextual and real-time understanding of all forms of data, both inside and outside an enterprise.**

- **A combination of Autonomy's infrastructure software for automatically processing and understanding unstructured data with Vertica's high-performance real-time analytics engine for extreme structured data.**

- Unique pattern-matching technologies, powered by an analytics engine based on statistical algorithms that recognizes distance in ideas as well as concepts and context in real time.

- Five new solution sets. HP Big Data Solutions, HP Social Media Solutions, HP Risk Management Solutions, HP Cloud Solutions and HP Mobility Solutions.

- "Manage-in-place" technology, which forms an index of all forms of data, allowing information to reside in its original location. This eliminates the need for making copies of data, reducing storage hardware costs and removing the need for risky and inefficient transfers of data.

- NoSQL interface that provides a single processing layer to perform cross-channel analytics that understands both structured and unstructured data.

- **The Vertica Analytics Platform, which includes enhanced native in-database analytics, including new capabilities for geospatial, event-series pattern matching, event-series joins, and advanced aggregate statistical and regression analytics.**

- Vertica's real-time analytics for real-world applications delivers performance enhancements throughout the Vertica Analytics Platform in areas such as subqueries, database statistics, life cycle management, query optimization, data re-segmentation and join filtering.

- Enhanced elasticity features that enable dynamic expansion and contraction of clusters more than 20 times faster in every deployment scenario - cloud, virtual and physical - allowing users to quickly create additional capacity as needed.

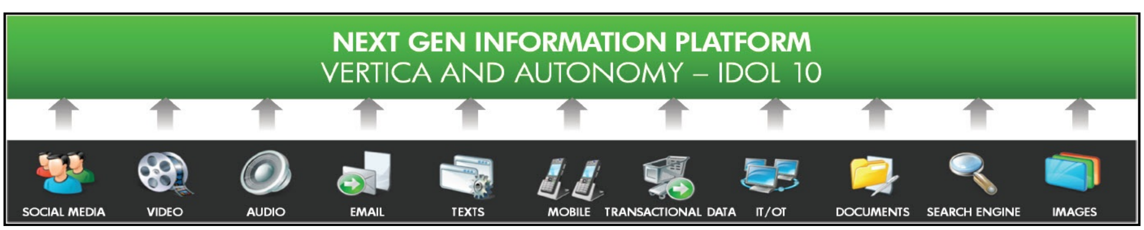
HP Information Optimization is a core component of an Instant-On Enterprise. In a world of continuous connectivity, the Instant-On Enterprise embeds technology in everything it does to serve customers, employees, partners and citizens with whatever they need, instantly.

139. Initially, HP had stated that the HP Next Generation Information Platform combining Autonomy and Vertica would be available on January 31, 2012. That date was moved back to December 1, 2011 so that the product could become the lynchpin of the HP Discover Vienna event. Attached to this complaint as **EXHIBIT 5** is a copy of the November 29, 2011 press release. Using HP Discover Vienna to announce the existence of a product that was not available until the last day of a fiscal quarter was highly problematic since it would

preclude HP from discussing the product. Because of all of the criticism relating to the Autonomy acquisition and the August 18, 2011 public announcement, HP made the decision to announce that the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica was available on December 1, 2011. While there was internal concern about risking the announcement of a product that was not yet available, HP's senior leadership overruled those concerns and went forward with the announcement.

140. In an HP Whitepaper that was released during HP Discover Vienna entitled *Information Optimization: Transition to the Human Information Era*, HP reiterated that the HP Next Generation Information Platform was an integrated single layer technology:

> The solution to accessing and processing all structured and unstructured information is a single layer that goes across the enterprise—one system that is able to process both structured and unstructured information together. The next-generation information platform, IDOL 10, is designed to understand and act on 100 percent of enterprise information in real-time. This new platform promises dramatic business impact, as organizations can develop new applications that leverage the diversity and richness of Human Information combined with extreme structured data.
>
> - IDOL 10 provides a single processing layer for forming a conceptual, contextual, and real-time understanding of all forms of data, both inside and outside an enterprise.
>
> - **The new platform combines Autonomy's infrastructure software for automatically processing and understanding unstructured data with Vertica's high-performance real-time analytics engine for extreme structured data.**



141. This single processing layer, however, does not exist. IDOL 7 remains a product but it is the same product that Autonomy has been selling for the last few years. The Vertica Analytics Platform is a product. The HP Next Generation Information Platform IDOL 10 Autonomy/Vertica, purportedly available on December 1, 2011, was not available then and is not available now. Autonomy's IDOL 7 product was not worth $11.7 billion. The acquisition of

Vertica was a separate acquisition that occurred months prior to the Autonomy acquisition. It was only after the Autonomy acquisition and after Autonomy was handed control over the entire Information Management division that HP made the decision to misrepresent to the public what products actually existed in order to justify the Autonomy acquisition. Attached to this complaint as **Exhibit 6** is a copy of the Powerpoint presentation used by HP at HP Discover Vienna to promote the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica.

N. <u>HP Continues to Tout Autonomy Acquisition After HP Discover Vienna</u>

142. In the aftermath of HP Discover Vienna, HP continued to misrepresent the value that Autonomy added to HP. The first financial statement that HP filed with the Securities and Exchange Commission ("SEC") after the Autonomy acquisition closed was its Form 10-K in which HP incorporated the Autonomy acquisition into HP's financial statements. The Form 10-K was signed by Defendants Whitman, Andreesen, Babbio, Baldauf, Banerji, Gupta, Hammergren, Lane, Livermore, Reiner, Russo, Thompson and Whitworth. All of them signed the document attesting to its veracity as directors of the HP Board of Directors. HP's financial statements listed $24.9 billion in goodwill for the entire company, with Autonomy-specific goodwill equating to a little under half of that amount. As HP set forth in its Form 10-K, HP recorded approximately $6.6 billion of goodwill and $4.6 billion of amortizable purchased intangible assets related to Autonomy:

> **<u>Acquisition of Autonomy Corporation plc (from HP 2011 10K)</u>**
>
> HP's largest acquisition in fiscal 2011 was its acquisition of Autonomy Corporation plc (''Autonomy''). As of October 31, 2011, HP owned an approximately 99% equity interest in Autonomy, and HP expects to acquire a 100% equity interest before the end of the first quarter of fiscal 2012. Autonomy is a provider of infrastructure software for the enterprise. HP reports the financial results of the Autonomy business in the HP Software segment. The acquisition date fair value consideration of $11 billion consisted of cash paid for outstanding common stock, convertible bonds, vested in-the-money stock awards and the estimated fair value of earned unvested stock awards assumed by HP. In connection with this acquisition, HP recorded approximately $6.6 billion of goodwill and amortizable purchased intangible assets of $4.6 billion. HP is amortizing the purchased intangible assets on a straight-line basis over an estimated weighted-average life of 8.8 years.

143. It is from that $11.2 billion in goodwill and amortizable purchased intangible assets that HP took the write-down. In acquiring Autonomy, HP acquired almost nothing in

actual, physical assets. Almost the entire value of the $11.7 billion transaction was, for accounting purposes, treated as goodwill and intangible assets. In other words, HP was placing all of the value of the acquisition into the purported customer base that Autonomy had (which was small) and its purportedly groundbreaking technology (which HP knew or should have known was outdated and facing intense competition). This is akin to HP's attempt to break into the mobile device space by buying Palm, a failing electronic personal organizer manufacturer that had once been prominent but was unable to compete with companies such as Apple and Google. HP could not admit that it had once again failed to do its homework before it spent billions of dollars of shareholder monies.

144. On February 22, 2012, HP hosted a conference call in which HP's CFO Catherine Lesjak touted the Autonomy acquisition. Lesjak had been one of the loudest voices against the acquisition back in 2011 but had been ignored. However, with the acquisition completed, Lesjak toed the company line in praising the Autonomy deal, saying that HP was "pleased with the Autonomy acquisition." Lesjak stated on the conference call:

> "Software delivered revenue growth of 30% year-over-year to $946 million supported by the acquisition of Autonomy. In the quarter, we saw 12% license growth, 108% growth in services and 22% support revenue growth. Overall, first quarter operating profit for Software was $163 million, or 17.1% of revenue, unfavorably impacted by acquisition-related integration costs and accounting adjustments, as well as lower mix of license revenue in the quarter. We are pleased with the Autonomy acquisition, **the pipeline is strong and the level of lead generation we are seeing across HP for Autonomy software and services is compelling.**

145. HP filed its Form 10-Q for the first quarter of 2012 on March 12, 2012. This Form 10-Q was signed by Defendant Meg Whitman as the CEO of HP and Catherine Lesjak, as CFO of HP. In that Form 10-Q, HP reported goodwill (software) and acquired intangible assets at over $24.4 billion. In that Form 10-Q, Meg Whitman and Lesjak verified that the financial statements of HP were done in accordance with Generally Accepted Accounting Principles ("GAAP"). This was not true, however. The figures contained in that Form 10-Q were grossly inflated in light of the nearly $16 billion in write-downs that were pending in the next few months.

O. Whistleblower Informs HP of Accounting Irregularities With Autonomy

146. After the HP Discover Vienna event, the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica was not available. Although a product with the name IDOL 10 existed, it was nothing more than IDOL 7 with cosmetic changes. It did not possess the features that were promised of the HP Next Generation Information Platform that would have warranted the astronomical price paid to acquire Autonomy. All of this was known to HP. Although HP was receiving requests for information from customers, press and technology analysts to provide further information about this HP Next Generation Information Platform, information on the product became scarce. Nevertheless, from at least October of 2011 through May of 2012, Mike Lynch controlled what was known as the Autonomy unit at HP, which consisted of one of HP's largest divisions, the Information Management division. Without having conducted any due diligence, HP's officers and directors gave the keys to one of their most important business units to Mike Lynch and his Autonomy team. In the aftermath of Apotheker's ouster as HP CEO, Mike Lynch found allies in the former SAP executives who had become isolated, including Marty Homlish and Jerome Levadoux, both of whom were still top-level marketing executive at HP.

147. For months, the fiction was allowed to be maintained that the HP Next Generation Information Platform existed as an integrated product between Autonomy and Vertica. According to a former colleague of Mike Lynch, he and his Autonomy team believed that they were taking control of HP, not the other way around. According to sources who were present when Autonomy and Mike Lynch announced the Autonomy acquisition, Mike Lynch said "The attitude was that we were a Trojan horse within HP." It is evident that HP's decision to acquire Autonomy was the product of gross mismanagement and misconduct.

148. In May of 2012, a whistleblower informed HP of accounting irregularities relating to Autonomy. The whistleblower is referred to by HP as a "senior level employee" who is still working in HP's Autonomy unit. The whistleblower informed HP that there were issues relating to revenue recognition at Autonomy, and other accounting issues. HP has stated that it embarked on an internal investigation at that time, which was not disclosed to the public. The forensic

review was purportedly conducted by PricewaterhouseCoopers ("PwC") and HP General Counsel John Schultz. Schultz has claimed that all of the accounting issues occurred before the Autonomy acquisition, another example of HP attempting to minimize its own misconduct. Schultz is quoted as saying, "[n]ot surprisingly, Autonomy did not have sitting on a shelf somewhere a set of well-maintained books that would walk you through what was actually happening from a financial perspective inside the company." Schultz added that "[i]ndeed critical documents were missing from the obvious places, and it required that we look in every nook and cranny."

149. This would be an understandable statement but for the fact that HP, Defendant Apotheker and the entire HP Board of Directors, including current CEO Defendant Meg Whitman, had represented to the public and to the market that their due diligence process was flawless. Defendant Whitman has stated that the HP Board of Directors relied on an "exhaustive" due diligence process by auditors and financial advisors. Defendant Apotheker called the due diligence process "rigorous." Apparently, this rigorous due diligence process failed to notice that Autonomy, a company HP acquired for $11.7 billion did not have well-maintained books. This rigorous due diligence process failed to notice that critical documents were missing from obvious places. Moreover, the armies of lawyers and auditors that HP purportedly relied on missed the fact that no one could actually figure out what was happening At Autonomy from a financial perspective before HP spent $11.7 billion to acquire Autonomy.

150. In May of 2012, Mike Lynch was quietly pushed out of HP, after directeding HP's Autonomy unit for six months under Meg Whitman's direct supervision. On May 23, 2012, on a second quarter 2012 earnings conference call, HP tried to portray Mike Lynch's departure as a business strategy shift. By this time, HP knew about accounting improprieties at Autonomy as well as the lack of an integrated next generation information platform that HP had promised was already available. None of this critical information was disclosed to the public on the May 23, 2012 call. Instead, Whitman and Lesjak tried to spin the events. Defendant Whitman acknowledged on that call that Autonomy had a "very disappointing" revenue quarter without

disclosing the accounting or technology issues. Defendant Whitman stated on the conference call:

> "To help improve Autonomy's performance, Bill Veghte, HP's Chief Strategy Officer and Executive Vice President of HP Software, will step in to lead Autonomy. Mike Lynch, Autonomy's Founder and Executive Vice President for Information Management will leave HP after a transition period. **The market and competitive position for Autonomy remains strong**, particularly in cloud offerings, and we have been flooded with a number of big deal leads. Bill is an experienced software leader, who will develop the right processes and discipline to scale Autonomy and fulfill its promise, although it will take a few quarters to see tangible improvement."

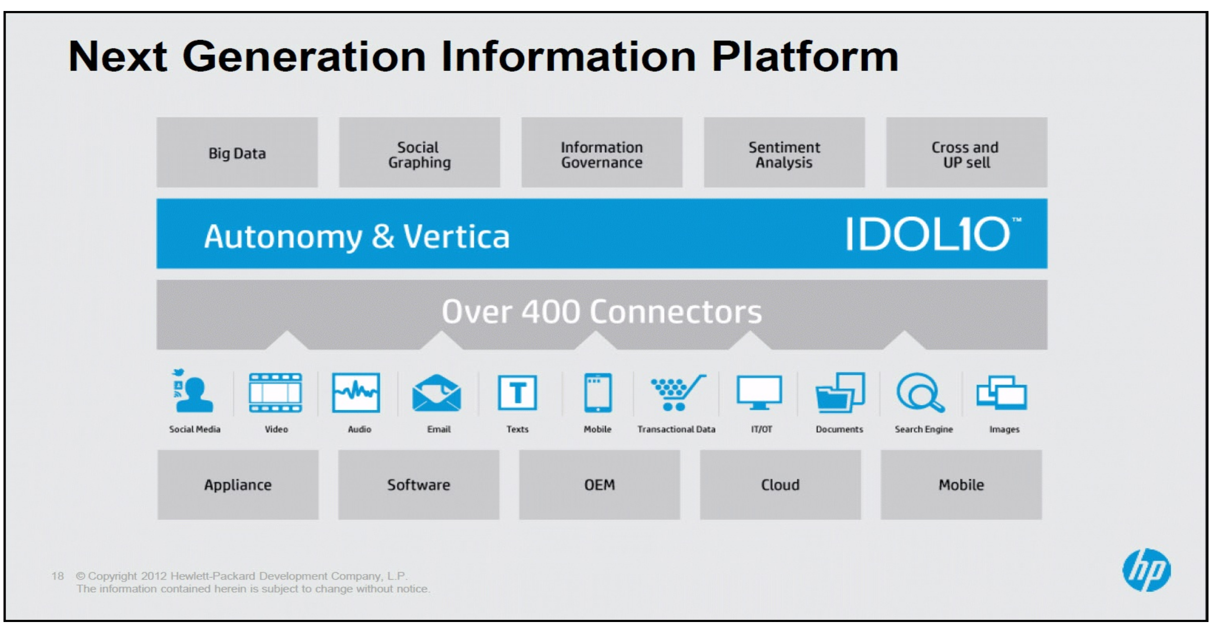
151. By <u>May 23, 2012</u>, HP had settled on the story it was going to sell to the market. HP knew that it had acquired outdated technology and did not have the HP Next Generation Information Platform that it promised back on <u>November 29, 2011</u>. To cover up this fiasco, the ground was laid to portray this debacle as an "accounting fraud" and place all of the blame on Autonomy. While HP's officers and directors knew that it would draw some fire from an "accounting scandal" at Autonomy, they could at least seek to portray themselves as victims of an elaborate fraudster and not a corporate board that had failed utterly to meet even the minimal fiduciary responsibilities owed to the company, HP, and its shareholders. After quietly removing Mike Lynch from a position of power at HP that HP itself had given him, the company was now in the process of preparing for a massive write-down of Autonomy and putting as much blame as possible for that write-down on "accounting fraud by Autonomy."

152. During this entire time, there was still no real due diligence of the fundamental technology that had been acquired and which Apotheker, Whitman and Eagan all stated definitively was a revolutionary integrated next generation information platform. Behind HP's claims of accounting irregularities at Autonomy, which are serious, are HP's own issues, including: (1) the failure of HP to conduct due diligence of the technology it was acquiring, and (2) misrepresentations approved by HP's officers and directors to conceal these failures. By wiping out 80% of the value of Autonomy by claiming "accounting improprieties," HP sought to hide and is still seeking to hide the fact that it paid a fortune to acquire a product that was only competitive back in 1996 and not in 2011.

P. HP Discover Las Vegas: HP Continues to Tout Availability Of Integrated HP Next Generation Information Platform IDOL 10 Autonomy/Vertica

153. The next HP Discover event after Vienna began on June 4, 2012 in Las Vegas. At the time of the HP Discover Las Vegas event, the whistleblower had already come forward to HP with information about accounting irregularities at Autonomy. HP certainly knew that the HP Next Generation Information Platform which it promised would be available on December 1, 2011, was still not available, almost seven months later. This was the first opportunity for HP to inform the public that there were serious allegations of fraud at Autonomy. Assuming that Schultz was being honest in describing the internal investigation, by June 4, 2012, HP and PwC had discovered that critical records were missing from obvious places at Autonomy and that there were no well-maintained books at Autonomy that set forth the actual state of Autonomy's financial conditions, facts that were apparently missed in HP's rigorous due diligence process. HP had enough material, non-public information that it knew would impact its share price for which HP was required to disclose. HP's officers and directors concealed that information.

154. Moreover, HP was already tied to its prior statements about the HP Next Generation Information Platform and its availability. In its HP Discover Las Vegas presentation, HP continued to maintain that the HP Next Generation Information Platform was a single integrated product that was immediately available for sale:



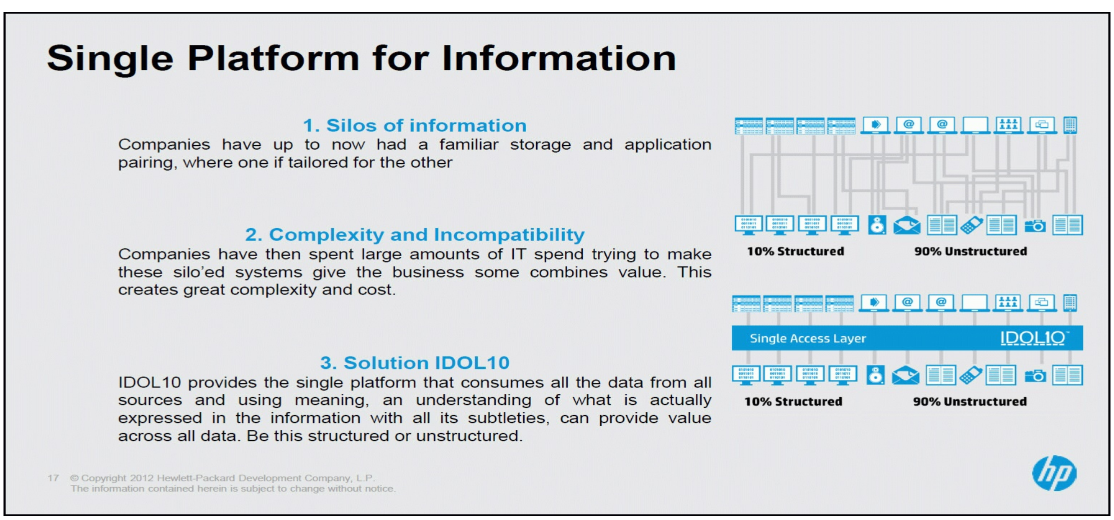
155. At HP Discover Las Vegas, HP continued to maintain that the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica was an available product and had been available for months. HP Discover Las Vegas was an opportunity for HP to be honest to the public, to its customers and to its shareholders. HP, however, had spent $11.7 billion on a company without the revolutionary technology that Defendants Apotheker and Meg Whitman were on record as saying would change HP's business direction and transform the company.

156. Back on August 18, 2011, when HP announced the acquisition, Defendant Apotheker stated that the Autonomy acquisition would "squarely position HP in software and information to create the next-generation Information Platform, and thereby, create significant value for our shareholders."

157. On November 21, 2011, Defendant Meg Whitman doubled down, saying that the Autonomy acquisition "really positions HP as a leader in the Next-generation information management and analytics capabilities, as the explosion of data is making these capabilities absolutely critical. Autonomy is a unique asset."

158. On November 29, 2011, at HP Discover Vienna, HP stated that this product was available on December 1, 2011.

159. HP's misrepresentations continued at HP Discover Las Vegas. In another slide in HP's presentation at HP Discover Las Vegas, HP repeated stating that there exists a single layer integrated product involving Autonomy's IDOL 10 and Vertica:



160. At HP Discover Las Vegas, HP continued to misrepresent that "IDOL 10 provides the **single platform** that consumes all the data from all sources . . ." This, however, was not true. In a November 20, 2012 *New York Times* article entitled "Hewlett's Loss: A Folly Unfolds, by the Numbers," the reporter quoted Leslie Owens from Forrester Research, a technology analyst who specializes in the enterprise search business that includes Autonomy. The article referred to how Autonomy announced a new version of its core product called the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica that was such a quantum leap past Autonomy's former IDOL 7 product that there did not need to be an IDOL 8 or IDOL 9. The article then recounted that after HP's acquisition of Autononmy, Owens stated that "we asked for a demo" but that "we're still waiting." Owens and Forrester Research will likely have to continue waiting as the "new version of the core product" is not what HP represents it is. The Next Generation Information Platform is, in reality, nothing more than IDOL 7. There was not Autonomy integration with Vertica to create the "single processing layer" that HP has represented to the market as an existing and available product.

Q. HP Issues False and Misleading Financial Statements on Forms 10-Q and 10-K

161. On June 8, 2011, HP filed its financial statements with the SEC on Form 10-Q for the second quarter of 2012. Again, the Form 10-Q was signed by HP CEO Meg Whitman and HP CFO Catherine Lesjak. The Form 10-Q was verified by both individuals who swore that the financial statements were done in accordance with GAAP. In that Form 10-Q for the second quarter of 2012, HP reported goodwill (software) and acquired intangible assets of over $24.5 billion, with Autonomy-specific goodwill and acquired intangible assets consisting of $10.8 billion of that $24.5 billion. This statement of assets by HP was grossly inflated and fraudulent. By this time, HP knew for certain about the accounting and technology problems related to the Autonomy acquisition. Notwithstanding the fraudulent misstatements being made, HP was also concealing material, non-public information that it knew would have a significant negative impact on HP's financial condition and share price.

162. On August 8, 2012, HP issued a press release announcing that it expected to record an $8 billion goodwill impairment charge within its Enterprise Services segment. This

write-down relates directly to the failed integration of EDS into HP. Gerard Brossard, the man who was responsible for integrating EDS into HP's Enterprise Services segment (and who failed to do so) was the same man who was tasked with integrating Autonomy into HP.

163. As part of the August 8, 2012 press release entitled "HP Announces Organizational Changes for Enterprise Services," HP included the following section

> **Q3FY12 GAAP outlook**
> **Services goodwill impairment charge**
>
> **HP expects to record a non-cash pre-tax charge for the impairment of goodwill within its Services segment of approximately $8 billion in the third quarter of its fiscal 2012.**
>
> The impairment review stems from the recent trading values of HP's stock, coupled with market conditions and business trends within the Services segment. Under accounting rules, when indicators of potential impairment are identified, companies are required to conduct a review of the carrying amounts of goodwill and other long-lived assets to determine if an impairment exists.
>
> HP does not expect this estimated goodwill impairment charge to result in any future cash expenditures or otherwise affect the ongoing business or financial performance of its Services segment.

164. Once again, there is no mention of Autonomy or the accounting irregularities and technology issues that HP was aware of by that time.

165. On August 22, 2012, HP confirmed in an Form 8-K filed with the SEC that it was taking an $8 billion goodwill impairment charge associated with the Enterprise Services segment against third quarter 2012 earnings.

166. In an August 22, 2012 press release, HP stated:

> **HP Reports Third Quarter 2012 Results**
>
> PALO ALTO, Calif., Aug. 22, 2012
>
> --
>
> - Third quarter non-GAAP diluted earnings per share of $1.00, above previously provided outlook of $0.94 to $0.97 per share and in line with pre-announcement
> - Third quarter GAAP loss per share of $4.49
> - Third quarter net revenue of $29.7 billion, down 5% from the prior-year period and down 2% when adjusted for the effects of currency

- Returned $625 million in cash to shareholders in the form of dividends and share repurchases

> HP today announced financial results for its third fiscal quarter ended July 31, 2012. For the quarter, net revenue of $29.7 billion was down 5% year over year and down 2% when adjusted for the effects of currency.
>
> GAAP loss per share was $4.49, down from earnings per share (EPS) of $0.93 in the prior-year period. Non-GAAP diluted EPS was $1.00, down 9% from the prior-year period. Third quarter non-GAAP earnings information excludes after-tax costs of $10.8 billion, or $5.49 per diluted share, related to the amortization and impairment of purchased intangible assets, the impairment of goodwill, restructuring charges, acquisition-related charges and charges relating to the wind-down of certain retail publishing business activities, including the previously announced charges related to the impairment of goodwill within HP's Services segment, the restructuring program announced in May 2012, and the impairment of the purchased intangible asset associated with the "Compaq" trade name.

167. By <u>August 22, 2012</u>, HP was well aware that the HP Next Generation Information Platform did not exist, even though HP had told the market it had been available for months. HP was well aware that there were serious accounting fraud allegations against Autonomy, which are purportedly being investigated by HP's General Counsel and PwC. None of this material information was disclosed to the market. Instead, HP simply reported disappointing results in the Enterprise Services segment.

168. On a conference call that same day, Defendant Meg Whitman discussed both the Enterprise Services segment write-down and the Autonomy acquisition:

> Now, let me outline some areas where we're not where we need to be. While Enterprise Services performance in the third quarter was within our expectations, there's still a lot of work that needs to be done. Earlier this month we announced a change in leadership at ES with Mike Nefkens stepping in to lead on an acting basis. Mike is an experienced leader who has led IT transformations for a number of our largest accounts.
>
> * * *
>
> **Autonomy still requires a great deal of attention and we've been aggressively working on that business.** Among the many changes we've instituted is a global dashboard to track Autonomy's pipeline. A single global sales methodology, a single HP Services engagement process, and a global process to measure client satisfaction and service delivery progress. These actions are designed to help deliver predictable results and improve after-sale customer satisfaction.

169. On that same conference call, Lesjak added:

> Moving on to Services. As we announced on August 8, we are recording a GAAP only non-cash pretax charge of approximately $8 billion for the impairment of

> goodwill within the Services segment. The impairment stems from the recent trading values of HP stock coupled with market conditions and business trends within the Services segment. We do not expect this goodwill impairment charge to result in any future cash expenditures or otherwise affect the ongoing business or financial performance of the Services segment.

170. On September 10, 2012, HP filed its Form 10-Q with the SEC for the third quarter of 2012. This Form 10-Q, like the previous two, were signed by HP's CEO Whitman and CFO Lesjak. This statement, like the other two, included language verifying that the financial statement was done in compliance with GAAP. This time, HP lists goodwill (software) and acquired intangible assets of $22.5 billion, with Autonomy-specific goodwill and acquired intangible assets constituting $10.7 billion of that $22.5 billion sum. This Form 10-Q for third quarter 2012, just like the Form 10-Q's for the first and second quarters, and the Form 10-K for the fiscal year ending 2011, were all false and misleading. HP had a duty and an obligation to disclose the nature of the whistleblower allegations, the lack of an integrated HP Next Generation Information Platform IDOL 10 Autonomy/Vertica, and the accounting issues that HP knew about. Nevertheless, HP's officers and directors chose to remain silent and filed fraudulent and misleading financial statements with the SEC on four separate occasions: December 14, 2011, March 12, 2012, June 8, 2012 and September 10, 2012. The potential exposure that the Individual Defendants face involving securities fraud litigation make them unable to independently or objectively investigate, or fairly and independently, adjudicate claims against themselves as members of the HP Board of Directors.

171. During this entire time, while HP was preparing for $16 billion in write-downs, as well as technology issues and accounting irregularities involving its prized $11.7 billion Autonomy acquisition, HP's Board of Directors and its officers continued to act as if none of these problems were occurring. Defendant Lane and the HP Board of Directors approved massive stock repurchases at HP, which further drained HP's treasury, especially after the same directors had wasted $11.7 billion buying Autonomy which was only worth a fraction of that amount. These stock repurchases were authorized by the HP Board of Directors in the months before the $8 billion EDS write-down and the $8.8 billion Autonomy write-down. HP's Board of Directors knew that the company was about to announce the loss of $16 billion in shareholder

value, knew that there was accounting fraud at Autonomy, and knew that HP had promised a revolutionary Autonomy technology that did not exist. In the face of this knowledge, it was grossly irresponsible to authorize these stock repurchases, knowing that any announcement involving these material facts would dramatically impact HP's stock price.

172. Between June of 2011 and November of 2012, while in possession of material, nonpublic information that negatively impacted HP, the Individual Defendants directed or permitted HP to overpay for its own stock through massive stock repurchases. In particular, on July 21, 2011, less than a month before the announcement of the Autonomy acquisition, Defendants Apotheker, Livermore, Lane, Babbio, Hammergren, Baldauf, Thompson, Gupta, Andreessen, Banerji, Reiner, Russo, Senequier, and Whitman authorized an additional $10 billion for HP's stock repurchase program, which still had $5.9 billion of repurchase authorization remaining. It was unnecessary to authorize such a massive stock repurchase. Nevertheless, the HP Board of Directors permitted HP to repurchase over $2.1 billion of HP's artificially inflated stock between August 2011 and October 2012, while having knowledge of information at HP that made such a decision grossly negligent, if not reckless.

173. By the time HP announced the repurchase authorization in July of 2011, the Board had already decided to acquire Autonomy for over $11 billion. The Individual Defendants knew or recklessly disregarded numerous red flags that alerted them about Autonomy's substantial overvaluation. Meanwhile, a whistleblower had previously informed HP of accounting issues at Autonomy in approximately May of 2012. The whistleblower's information and the investigation that followed ultimately resulted in HP in writing down approximately 80% of the acquisition price of Autonomy. The Individual Defendants allowed HP to deplete its assets by paying to repurchase its own stock despite knowing that these forthcoming announcements would cause HP's stock to tumble.

R. HP Controls the Release of Information to Conceal the Truth About Autonomy

174. HP's August 8, 2012 announcement that it was writing down $8 billion from its Enterprise Services division relating to the EDS acquisition, was the beginning of HP's damage control public campaign. On October 3, 2012, at an analyst meeting, Michael Nefkens, HP's

Acting Global Enterprise Services Leader and Jean-Jacques Charhon, the Senior Vice President and Chief Operating Officer of Enterprise Services, laid out in detail the reasons why profitability at the Enterprise Services had fallen so dramatically. Their reasons were explained through a Powerpoint presentation. The Enterprise Services division explained that operating margin had decreased from 10% to 5% on nearly $6 billion in quarterly revenue, as of August of 2011. By October of 2012, Enterprise Services' operating margins had fallen an additional 40%, to approximately 3%. During the meeting, HP added that the Enterprise Services segment's 2013 revenue would slide by 11% to 13% and that operating margins were expected to be in the range of 0% to 3%. In other words, the trend for HP was continuing in the same direction it had even before the Autonomy acquisition. HP's core product lines were seeing operating margins that were in the low single digits to potentially 0%. The purpose of the Autonomy acquisition and the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica was to reverse that trend and give HP double digit profit margins.

175. The market responded negatively to HP's write-down announcement. In an October 3, 2012 research report, Topeka Capital Markets wrote the following:

> "**Most Negative Impact to FY13 EPS to the Enterprise Services.** Yesterday we talked about the services business being our biggest concern. The biggest driver of YoY EPS decline is HP Enterprise Services, that is expected to negatively impact FY13 EPS by $0.29-$0.35 with sales falling 11%-13% YoY. The operating margin of the Enterprise Services business is expected to be 0% to 3% in FY13 and well below the 11% delivered in 3QFY12. Keep in mind, HP had at one time expected operating margin to be 16% to 17.5% in this business. Given a result CRN article indicating HP has been trying to sell its Enterprise Services business (and since denied by HP), we believe there was some truth to this article given HP's weak FY13 outlook for this business. Since Enterprise Services was the biggest contributor of profit for HP last quarter . . . this is a long term concern."

176. In an October 4, 2012 *Contra Costa Times* article, the newspaper wrote:

> "Analysts expect the company's revenue and margins to falter, increasing uncertainty about its recent strategic decisions which focus on transforming the former industry powerhouse into an enterprise computing corporation that take on IBM and Dell.
>
> 'HP's assumption of turning around the enterprise services business within one-two years looks aggressive, given the significant revenue decline and margin deterioration expected in fiscal 2013,' BMO Capital Markets analyst Keith Bachman said.

177. With all of HP's business operations faltering and with operating margins collapsing, the admission by HP that its officers and directors had spent $11.7 billion on a lemon without conducting due diligence would devastate the venerable seventy plus year old company, one of the founders of Silicon Valley. This Board of Directors and these officers had overseen the monumental fall from grace of one of the pioneering companies of the 20th century. With its Enterprise Services division facing low single-digit operating margins, HP needed Autonomy to remain a positive for HP. The decision was made to initiate a massive write-down of Autonomy and blame the majority of that write-down on the accounting issues at Autonomy. In doing so, HP could wipe out the value of the Autonomy acquisition and its outdated technology without any blame falling on the HP officers and directors. By blaming Autonomy's accounting, HP could still pretend to have the groundbreaking IDOL technology that HP could continue to proclaim would transform the industry.

S. <u>HP Announces Bad Full Year 2012 Financial Results and Announces $8.8 Billion Write-down on Autonomy Acquisition: Blames $5 Billion on Fraud at Autonomy</u>

178. On <u>November 20, 2012</u>, HP released its fourth quarter and full year financial results for 2012, which were extremely disappointing. In that news release, HP announced that its financial results were significantly lower than what it had experienced a year ago:

- Full year fiscal 2012 non-GAAP diluted earnings per share of $4.05, within the previously provided outlook of $4.05 to $4.07
- Full year fiscal 2012 GAAP loss per share of $6.41
- Full year fiscal 2012 net revenue of $120.4 billion, down 5% from the prior-year period and down 4% when adjusted for the effects of currency
- Fourth quarter non-GAAP diluted earnings per share of $1.16, down 1% from the prior-year period
- Fourth quarter GAAP loss per share of $3.49
- Fourth quarter net revenue of $30.0 billion, down 7% from the prior-year period and down 4% when adjusted for the effects of currency
- Cash flow from operations of $4.1 billion, up 69% from the prior-year period
- Returned $384 million in cash to shareholders in the form of dividends and share repurchases

- Fourth quarter and full year fiscal 2012 results include a non-cash goodwill and intangible asset impairment charge of $8.8 billion relating to the Autonomy business within the Software segment

HP today announced financial results for its fourth fiscal quarter and full fiscal year ended Oct. 31, 2012.

For the full year fiscal 2012, net revenue of $120.4 billion was down 5% from the prior-year period and down 4% when adjusted for the effects of currency.

Full-year GAAP loss per share was $6.41, down from diluted earnings per share (EPS) of $3.32 in the prior-year period. Full-year non-GAAP diluted EPS was $4.05, down 17% from the prior-year period. Full year non-GAAP earnings information excludes after tax costs of $20.7 billion, or $10.46 per diluted share, related to the impairment of goodwill and purchased intangible assets, restructuring charges, amortization of purchased intangible assets, charges relating to the wind down of non-strategic businesses and acquisition-related charges.

179. HP also announced on that same day that it was writing down $8.8 billion of the value of Autonomy, based on information received from a whistleblower in <u>May of 2012</u>. In the <u>November 20, 2012</u> press release, HP stated that:

"HP is extremely disappointed to find that some former members of Autonomy's management team used accounting improprieties, misrepresentations and disclosure failures to inflate the underlying financial metrics of the company, prior to Autonomy's acquisition by HP. These efforts appear to have been a willful effort to mislead investors and potential buyers, and severely impacted HP management's ability to fairly value Autonomy at the time of the deal. We remain 100 percent committed to Autonomy and its industry-leading technology."

Additional background:

HP today announced a non-cash impairment charge of $8.8 billion related to Autonomy in the fourth quarter of its 2012 fiscal year. The majority of this impairment charge, more than $5 billion, is linked to serious accounting improprieties, misrepresentation and disclosure failures discovered by an internal investigation by HP and forensic review into Autonomy's accounting practices prior to its acquisition by HP. The balance of the impairment charge is linked to the recent trading value of HP stock and headwinds against anticipated synergies and marketplace performance.

HP launched its internal investigation into these issues after a senior member of Autonomy's leadership team came forward, following the departure of Autonomy founder Mike Lynch, alleging that there had been a series of questionable accounting and business practices at Autonomy prior to the acquisition by HP. This individual provided numerous details about which HP previously had no knowledge or visibility.

HP initiated an intense internal investigation, including a forensic review by PricewaterhouseCoopers of Autonomy's historical financial results, under the oversight of John Schultz, executive vice president and general counsel, HP. As a result of that investigation, HP now believes that Autonomy was substantially overvalued at the time of its acquisition due to the misstatement of

> Autonomy's financial performance, including its revenue, core growth rate and gross margins, and the misrepresentation of its business mix.
>
> Although HP's investigation is ongoing, examples of the accounting improprieties and misrepresentations include:
>
> - The mischaracterization of revenue from negative-margin, low-end hardware sales with little or no associated software content as "IDOL product," and the improper inclusion of such revenue as "license revenue" for purposes of the organic and IDOL growth calculations.
> - This negative-margin, low-end hardware is estimated to have comprised 10-15% of Autonomy's revenue.
> - The use of licensing transactions with value-added resellers to inappropriately accelerate revenue recognition, or worse, create revenue where no end-user customer existed at the time of sale.
>
> This appears to have been a willful effort on behalf of certain former Autonomy employees to inflate the underlying financial metrics of the company in order to mislead investors and potential buyers. These misrepresentations and lack of disclosure severely impacted HP management's ability to fairly value Autonomy at the time of the deal.
>
> HP has referred this matter to the US Securities and Exchange Commission's Enforcement Division and the UK's Serious Fraud Office for civil and criminal investigation. In addition, HP is preparing to seek redress against various parties in the appropriate civil courts to recoup what it can for its shareholders. The company intends to aggressively pursue this matter in the months to come.

180. Since the announcement of the $8.8 billion write-down, the value of HP and its stock has fallen dramatically. On November 19, 2012, the day before the announcement, HP stock was trading at $13.30 per share. By the close of the trading day on November 20, 2012, HP common stock had dropped to $11.71 per share. HP is unwilling and unable to evaluate its own misconduct in this case. HP's officers and directors are seeking to use the "accounting irregularities" at Autonomy as a scapegoat to hide its corporate fraud, mismanagement and misconduct.

T. Mike Lynch Challenges HP's Assertion That the $8.8 Billion Write-down is Related to Accounting Irregularities at Autonomy

181. In interviews with the financial press, Mike Lynch, Autonomy's former CEO stated that, even if there were issues regarding $100 million in revenue, that could not equate with an $8.8 billion write-down. According to Lynch, if the issue is timing of revenue recognition, that can have some impact on the financial statements. However, if HP is taking a

write-down of the magnitude of $8.8 billion, HP is hiding something. As Lynch put it, "it's inconceivable how, from $100 million of revenue that just changes classification, you could possibly have a write-down as big as $5 billion. Something else must be going on. People are starting to spot this. They've had to do a very big write-down and they tried to blame it on the accounting but obviously something else is going on. That is a question that Hewlett-Packard has got to answer." This is a question that HP has got to answer, but has failed to answer.

182. After HP's November 20, 2012 announcement accusing Mike Lynch and Autonomy of engaging in accounting improprieties, Mike Lynch set up a website entitled AutonomyAccounts.org which is located at http://autonomyaccounts.org/ On that website, Mike Lynch included an open letter dated December 3, 2012 to HP's officers and directors, challenging them to explain the rationale for its $8.8 billion write-down:

> **Mike Lynch publishes an open letter to Hewlett-Packard**
>
> **Open Letter from Dr Mike Lynch to the Board of Directors of Hewlett-Packard**
>
> 27 November 2012
>
> To: The Board of Directors of Hewlett-Packard Company
>
> On 20 November Hewlett-Packard (HP) issued a statement accusing unspecified members of Autonomy's former management team of serious financial impropriety. It was shocking that HP put non-specific but highly damaging allegations into the public domain without prior notification or contact with me, as former CEO of Autonomy.
>
> I utterly reject all allegations of impropriety.
>
> Autonomy's finances, during its years as a public company and including the time period in question, were handled in accordance with applicable regulations and accounting practices. Autonomy's accounts were overseen by independent auditors Deloitte LLC, who have confirmed the application of all appropriate procedures including those dictated by the International Financial Reporting Standards used in the UK.
>
> Having no details beyond the limited public information provided last week, and still with no further contact from you, I am writing today to ask you, the board of HP, for immediate and specific explanations for the allegations HP is making. HP should provide me with the interim report and any other documents which you say you have provided to the SEC and the SFO so that I can answer whatever is alleged, instead of the selective disclosure of non-material information via background discussions with the media.
>
> I believe it is in the interest of all stakeholders, and the public record, for HP to respond to a number of questions:

Many observers are stunned by HP's claim that these allegations account for a $5 billion write down and fail to understand how HP reaches that number. Please publish the calculations used to determine the $5 billion impairment charge.

Please provide a breakdown of the relative contribution for revenue, cash flow, profit and write down in relation to:

The alleged "mischaracterization" of hardware that HP did not realize Autonomy sold, as I understand this would have no effect on annual top or bottom lines and a minor effect on gross margin within normal fluctuations and no impact on growth, assuming a steady state over the period;

The alleged "inappropriate acceleration of revenue recognition with value-added resellers" and the "[creation of] revenue where no end-user customer existed at the time of sale", given their normal treatment under IFRS; and

The allegations of incorrect revenue recognition of long-term arrangements of hosted deals, again given the normal treatment under IFRS.

In order to justify a $5 billion accounting write down, a significant amount of revenue must be involved. Please explain how such issues could possibly have gone undetected during the extensive acquisition due diligence process and HP's financial oversight of Autonomy for a year from acquisition until October 2012 (a period during which all of the Autonomy finance reported to HP's CFO Cathie Lesjak).

Can HP really state that no part of the $5 billion write down was, or should be, attributed to HP's operational and financial mismanagement of Autonomy since the acquisition?

How many people employed by Autonomy in September 2011 have left or resigned under the management of HP?

HP raised issues about the inclusion of hardware in Autonomy's IDOL Product revenue, notwithstanding this being in accordance with proper IFRS accounting practice. P lease confirm that Ms Whitman and other HP senior management were aware of Autonomy's hardware sales before 2012. Did Autonomy, as part of HP, continue to sell third-party hardware of materially similar value after acquisition? Was this accounted for by HP and was this reported in the Autonomy segment of their accounts?

Were Ms Whitman and Ms Lesjak aware that Paul Curtis (HP's Worldwide Director of Software Revenue Recognition), KPMG and Ernst & Young undertook in December 2011 detailed studies of Autonomy's software revenue recognition with a view to optimising for US GAAP?

Why did HP senior management apparently wait six months to inform its shareholders of the possibility of a material event related to Autonomy?

Hewlett Packard is an iconic technology company, which was historically admired and respected all over the world. Autonomy joined forces with HP with real hopes for the future and in the belief that together there was an opportunity to make HP great again. I have been truly saddened by the events of the past months, and am shocked and appalled by the events of the past week.

> I believe it is in the best interests of all parties for this situation to be resolved as quickly as possible.
>
> I am placing this letter in the public domain in the interests of complete transparency.
>
> Yours faithfully,
>
> Dr. Michael R. Lynch

183. All of Mike Lynch's questions posed to HP's Board of Directors are relevant questions because there is a much larger story surrounding the Autonomy acquisition than simply accounting improprieties. While accounting irregularities did exist, it is not plausible for HP to claim that a $5 billion accounting fraud occurred without the knowledge of Barclays, Perella, KPMG, HP's own internal staff, HP's officers and its directors. It is evident that the $8.8 billion Autonomy write-down is an effort to conceal the fact that HP ignored multiple red flags and the concerns raised both internally and externally about the Autonomy acquisition prior to the closing of the deal. HP's officers and directors also grossly mismanaged Autonomy after its acquisition. In an effort to justify the acquisition, material misrepresentations were made by HP about what products were available. The core product at the heart of the Autonomy acquisition was the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica. Defendants Meg Whitman and Apotheker publically stated that this was the product that justified the $11.7 billion price tag. The HP Board of Directors unanimously approved the acquisition because of that technology. On November 29, 2011, HP unequivocally stated that the product existed. These issues and more explain the $8.8 billion write-down. The accounting improprieties are only the tip of the iceberg, but they do not protect HP's officers and directors from avoiding responsibility and liability.

184. HP's massive write-down needs to be scrutinized carefully. By putting forth a gargantuan single write-down, HP can conceal the truth of that write-down by hiding the many aspects of that write-down that are directly attributable to the malfeasance and wrongdoing of HP. The "kitchen sink" charge, in which all kinds of write-downs are rolled into a single massive number, is a well-known mechanism for hiding skeletons in the closet. The $8.8 billion write-down by HP needs to be reviewed independently. However, HP's internal management

and directors cannot be trusted to perform that important work as they are too embroiedl in the creation of the problem.

185. HP has refused to substantiate the $8.8 billion write-down or explain how it came to the conclusion that approximately $5 billion of that $8.8 billion write-down can be attributed to accounting improprieties at Autonomy. While HP has generically blamed Autonomy, no specific details have been provided by HP. HP, however, has refused to look internally. HP's Board of Directors were the ones who unanimously approved the acquisition of Autonomy. HP's Board of Directors was ultimately responsible for conducting due diligence and defending the interests of HP. However, on a November 20, 2012 conference call with analysts, HP CEO Defendant Whitman adamantly stated that the HP Board of Directors was not responsible. Coincidentally, Defendant Whitman was a member of the Board of Directors who voted in favor of the Autonomy deal. In her statement, Defendant Whitman stated adamantly that the two people who were responsible were former CEO Léo Apotheker and Shane Robison. Conveniently, both of these individuals are now gone from HP.

U. HP's Officers and Directors Adamantly Deny All Responsibility for the Autonomy Acquisition Debacle. It is Obvious They Cannot Evaluate Their Own Misconduct

186. HP's CEO has denied all responsibility for the Autonomy acquisition. In an interview with Benjamin A. Reitzes, after the Autonomy write-down was announced, Defendant Whitman asserted that HP's management and directors bore no responsibility for the Autonomy acquisition debacle:

> **REITZES:** Meg, with regard to the Autonomy situation, we understand what you're doing in terms of going after the folks that you feel misled you, but what about internally? What do you -- who's responsible internally for the acquisition? **How are you analyzing yourself internally? The board -- I think everybody at the board was there when the Autonomy decision was made, except for Mr. Whitworth.** So what's the introspective? What are you doing internally to make sure that you have the right processes? And who are you holding accountable internally, if anyone, to make sure this doesn't happen again and that maybe even there are some folks internally that need to be held responsible and we could see repercussions of this in the near future? How are you looking at it internally?
>
> **WHITMAN: Yes, well, first of all, the CEO at the time and the head of strategy who led this deal are both gone, Léo and Shane Robison.** With regard to the board, you're right. Most of the board was here and voted for this deal, and we feel terribly about that. **What I will say is the board relied on audited financials, audited by Deloitte,**

> **not brand x accounting firm but Deloitte.** And by the way, during our very extensive due diligence process, we hired KPMG to audit Deloitte, and neither of them saw what we now see after someone came forward to point us in the right direction. That said, obviously, we have not done any big acquisitions, and we will review the acquisition process. What I will say is due diligence now reports to our Chief Financial Officer. At the time, when I came to the company, I was surprised to find that due diligence and M&A reported [to] strategy as opposed to the Chief Financial Officer. I've never seen that before in my career, and that's a decision I made right away before I knew any of this. So I understand your point of view, and we have made a few changes in that regard. But in the end, you have to rely on audited financials and we did, and we will now carry on. And as you know, we've reported this to the SEC, as well as to the Serious Fraud Office, and we will take it from here.
>
> **REITZES:** And in terms of internal personnel, though, based on what you see right now, the organization is -- can remain stable based on this occurrence?
>
> **WHITMAN:** Yes, it can. **I mean, really, the 2 people that should have been held responsible are gone, and that's the way I see it right now.** So I feel good about the sort of the stability of leadership.

187. On CNBC, Defendant Meg Whitman was asked whether, when she was on the board, she discussed accounting issues relating to Autonomy. Meg Whitman responded, "[n]ot when I was on the board. What I do know is that after we announced the acquisition there were a number of blogs that came to the fore about potential issues at Autonomy. The former management team ran that to ground and came up with the conclusion that there was nothing there." Meg Whitman has repeatedly attempted to absolve herself and the current HP Board of Directors from any responsibility for the Autonomy acquisition but they cannot do so. Defendant Meg Whitman and the other members of the HP Board of Directors owed HP a fiduciary duty to act in the best interests of the company. It is evident that they did not because they unanimously approved an acquisition for an astronomical price tag without conducting due diligence of numerous red flags. At its most basic level, HP's Board of Directors voted to approve a deal involving outdated technology that it conducted no due diligence over and then handed over one of its key divisions, the Information Management division, over to Mike Lynch and his Autonomy team, without ensuring that this was in the best interests of HP. HP, desperate to be relevant in the high-profit margin enterprise search engine business, then went so far as to announce that it had developed a product that did not exist as described by HP: The HP Next Generation Information Platform IDOL 10 Autonomy/Vertica.

V. Analysts Doubt That An $8.8 Billion Write-Down Can Be Blamed on Autonomy's Accounting Improprieties

188. HP took the $8.8 billion charge in the fourth quarter of 2012, claiming that this write-down purportedly reflects the reduced value of Autonomy, the British software firm that it bought in 2011 for $11.7 billion. HP now claims that it has discovered "serious accounting improprieties" at Autonomy, including what it said were ruses that inflated revenue and profitability metrics. HP contends that such accounting improprieties were behind more than $5 billion of the $8.8 billion charge. For many analysts, that doesn't add up.

189. "Out of the $8.8 billion, I'd be very surprised if more than a couple of billion was due to accounting improprieties," said Aswath Damodaran, a professor of finance at New York University's Stern School of Business. The evidence strongly supports that HP is overstating the financial effects of the accounting chicanery in order to write off as much of the value of Autonomy for fraud-related reasons. This allows HP to avoid responsibility and to avoid scrutiny of its own misconduct. According to HP, Autonomy caused HP to overpay for Autonomy, not HP's own gross mismanagement and negligence.

190. Although a charge the size of this $8.8 billion write-down hurts HP's fourth quarter earnings, a big charge also has the advantage of cleaning the slate for 2013 for HP's new corporate chief, Defendant Meg Whitman. With Autonomy now only a small part of HP's balance sheet, there is a much smaller chance that the troubled division will lead to more embarrassing write-downs.

191. When a company accounts for an acquisition, it assesses the value of the target, subtracting its liabilities from its assets. It then compares this so-called fair value with the price it is paying. If it is paying more than the fair value, the difference is recorded as good will on the buyer's balance sheet. When HP acquired Autonomy for $11.1 billion, it got roughly $4 billion of intangible assets (Autonomy's expertise, intellectual property and brand recognition) and recorded roughly $6 billion of good will. In the charge announced Tuesday, HP slashed the value of both, effectively saying Autonomy was worth 80 percent less than it originally thought.

192. Although it is evident that Autonomy engaged in accounting improprieties, those improprieties could not have been sufficient to account for $5 billion of the charge, said Anup Srivastava, an assistant professor at the Kellogg School of Management at Northwestern University. "I can't justify it," he said. According to HP and its CFO, Catherine Lesjak, these accounting improprieties may have boosted revenues about 10 to 15 percent, but that was not enough to cause an $8.8 billion write-down. Catherine Lesjak stated that even without the accounting tricks, Autonomy would have still been profitable, not enough to justify the $8.8 billion write-down that HP took. Defendant Whitman has said Autonomy could still be something of a "growth engine" for HP. These statements, however, are false and misleading because they concealed the truth that HP did not have the integrated next generation information platform that would purportedly be that "growth engine" referred to by Defendant Whitman.

193. When asked to comment on the write-down, an HP spokesman, Michael Kuczkowski, responded in an e-mail which stated that there were improper accounting maneuvers at Autonomy but "[b]ecause our investigation into the accounting improprieties and misrepresentations at Autonomy remains ongoing, and given our referral of this matter to regulatory authorities in the U.S. and the U.K., it would not be appropriate for us to provide a more detailed description at this time." In repeated statements from HP and from Defendant Whitman, it is evident that HP's Board of Directors cannot and will not take responsibility for this disaster.

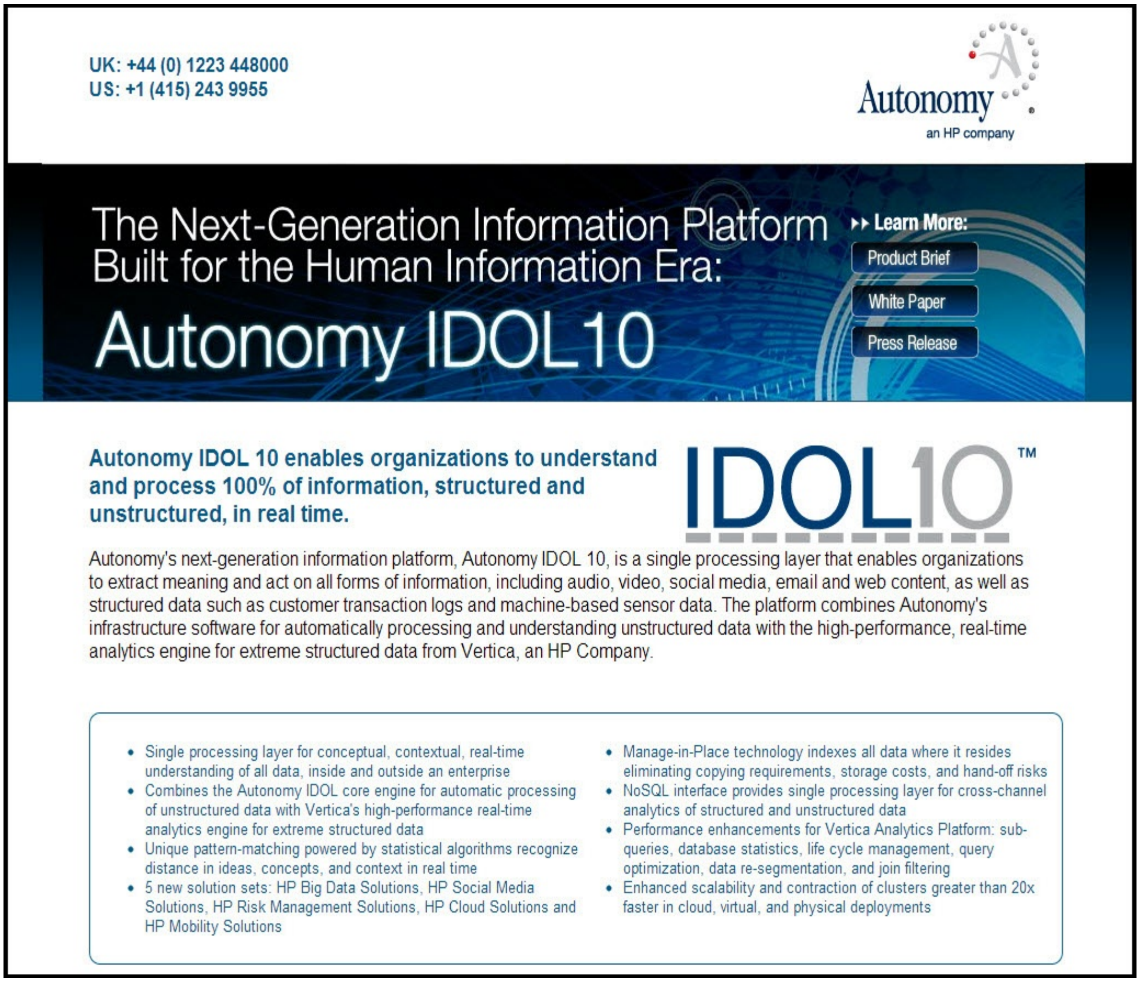
W. <u>HP's Sarbanes-Oxley Violations</u>

194. As set forth above and throughout this complaint, there were numerous violations of the Sarbanes-Oxley Act of 2002, including the improper certification by HP's officers and directors that documents being filed with the SEC were true and correct and that HP had adequate internal controls within the company to protect against the type of fraud and misconduct set forth in this complaint. These violations of Sarbanes-Oxley by HP's officers and directors subject themselves personally and the company to potential civil and criminal penalties by government agencies and regulators.

X. HP'sS Misrepresentations Continue Today

195. HP's misrepresentations continue today and have come from the highest levels of HP. At HP Discover Frankfurt, Defendant Whitman continues to promote the technology of Autonomy, claiming that it continues to be a revolutionary technology that will forever change HP. At HP Discover Frankfurt, which began on December 3, 2012, Defendant Whitman unequivocally stated that, "We remain 100 percent committed to Autonomy's industry-leading technology and its employees." Whitman also reportedly called Autonomy's technology "incredible" and that it would be essential to HP's future growth. The story from HP remains that the Autonomy acquisition involved an accounting fraud but that HP still has this incredible next generation information platform that integrates Autonomy's IDOL 10 and Vertica. HP's story is essential because an accounting scandal can be fixed and the company can move past it. However, an $11.7 billion acquisition of outdated technology exemplifies HP's failed business strategy. Coupled with an $8.8 billion write-down, this exemplifies the malfeasance and gross mismanagement at HP by its current officers and directors.

196. On the Internet today, the Autonomy website lists Autonomy as "an HP company" and HP controls the contents of the website. Since Autonomy is an HP company, the contents of its website are reviewed and approved by HP. That website claims that the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica, which was promised back on November 29, 2011, exists. Even today, HP is marketing the product as a "single processing layer" that "combines the IDOL 10 core engine for automatic processing of unstructured data with Vertica's high-performance real-time analytics engine for extreme structured data." The IDOL 10 product advertised by HP, however, did not exist over a year ago and does not exist today. HP misrepresented that the HP Next Generation Information Platform existed on December 1, 2011 and continues to exist today in order to justify to the market why it spent $11.7 billion on a company that it had failed to conduct due diligence of. Against the backdrop of its two recent multibillion dollar acquisition failures (EDS and Palm), HP's officers and directors chose to mislead the market about the truth regarding the Autonomy acquisition. The truth is that the $8.8 billion write-down is concealing a much larger problems at HP.



197. On December 13, 2012, Defendant Apotheker rejected the contentions by Defendants Whitman and Lane that all of the blame for the Autonomy acquisition can be blamed on him. Defendant Apotheker stated all of HP's Board of Directors share responsibility for the bad acquisition. In an e-mailed statement, Defendant Apotheker wrote, "[n]o single CEO is ever able to make a decision on a major acquisition in isolation, particularly at a company as large as HP – and certainly not without the full support of the chairman of the board." In that statement, Defendant Apotheker went on to say that "[t]he HP Board, **led by its chairman**, met many times to review the acquisition and unanimously supported the deal, as well as the underlying strategic objective to bolster HP's market presence in enterprise data." According to Defendant Apotheker, all of the Defendants are equally responsible for the Autonomy debacle.

198. The public statements of all of the Defendants demonstrate why demand on the HP Board of Directors is futile. None of the Defendants are prepared to accept any responsibility for this situation and all have pointed fingers at others. Defendant Apotheker has stated that Defendant Lane was one of the driving forces behind the Autonomy acquisition. Meanwhile, Defendants Whitman and Lane have placed all of the blame on Defendant Apotheker, claiming that he essentially pushed the Autonomy acquisition forward without the involvement of the Board of Directors. These inconsistent statements by the Defendants, all of which seek to place the blame on others, demonstrate why demand on the HP Board of Directors is futile.

V.

RESPONSIBILITIES OF CORPORATE OFFICERS AND DIRECTORS

199. Corporate directors owe fiduciary duties to the companies that they serve, which include a duty of loyalty and a duty of care. The fundamental principle of the corporate law governing HP is that that the business and affairs of HP are managed by and under the direction of HP's Board of Directors. In exercising its powers, corporate directors are charged with an unyielding fiduciary duty to protect the interests of the corporation and to act in the best interests of the shareholder. *See Cede & Co. v. Technicolor*, 634 A.2d 345, 360 (Del. 1993); *citing Guth v. Loft, Inc.*, 5 A.2d 503, 510 (Del. 1939); *Aronson v. Lewis*, 473 A.2d 805, 811 (Del. 1984); *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985); *Mills Acquisition Co. v. MacMillan, Inc.* 559 A.2d 1261, 1280 (Del. 1988). The HP Board of Directors, all of whom are named defendants in this action owed HP the highest fiduciary duties and were obligated to protect and defend the interests of HP. The corporate directors owe that fiduciary duty to both the corporation and its shareholders.

200. The corporate directors of HP owe the company a duty of care and a duty of loyalty. The duty of care includes a duty by each director of HP to inform themselves, prior to making the business decision, of all material information available to the director. *See Aronson*, 473 A.2d at 812. This includes a requirement that the director inform himself or herself of all material information relating to that business decision and to consider all alternatives. The more significant the decision, the greater is the requirement to probe and consider alternatives. The

decision to spend $11.7 billion to acquire a start-up company based on purported transformative technology is certainly a business decision of great significance that placed on HP's Board of Directors the highest due diligence requirements. In light of two failed acquisitions and in light of the massive cash expenditure that HP was agreeing to, the HP Board of Directors could not simply claim that others told them it was a good deal and then vote in favor of it. The HP Board of Directors, in this scenario, were obligated to review the finances, the accounting and the technology.

201. According to General Counsel John Schultz, Autonomy did not keep well-maintained books and records and it was impossible for HP to understand the financial history of Autonomy. Schultz also stated that critical documents regarding Autonomy's documents were not in the obvious places. These facts were known to HP. HP's Board of Directors, in making a decision to spend $11.7 billion, which is a massive portion of HP's cash, were obligated to perform the highest levels of due diligence. The mere facts that books were not well-maintained, that HP did not understand the financial history and condition of Autonomy, and the lack of critical documents in obvious places, alone would preclude the HP Board of Directors from voting in favor of the Autonomy acquisition.

202. Similarly, HP knew or should have known that Autonomy's IDOL product was outdated and there was no integrated next generation information platform along the lines that were represented by HP, including by Defendants Whitman and Apotheker. According to Forrester Research, a technology analyst company that had long been following Autonomy, the IDOL technology had not been refreshed in five years, was not user-friendly and required a massive financial investment from its customers before it could be used. While the focus has been on the accounting and financial issues at Autonomy, the reason for making business decisions is to make decisions that are good for the business. In this case, the reason for the purchase of Autonomy was to acquire its purported revolutionary enterprise search technology. The HP Board of Directors were under a duty to investigate and understand the technology and product that the company was spending $11.7 billion on. Nevertheless, HP and its Board of

Directors bought an outdated technology product at an astronomical premium without having done any due diligence of the product.

203. HP's Board of Directors are the fiduciaries of HP and its shareholders. Their duty is to personally assure themselves that HP was not wasting $11.7 billion on a company that was not worth an astronomical premium over its annual revenues. HP's Board of Directors failed in that duty. After acquiring Autonomy, HP's Board of Directors then handed complete control over the Information Management division to Autonomy, one of HP's most important business units. Again, this was a failure on the part of HP's Board of Directors since they were required to act in the best interests of the company. Even after the Autonomy acquisition, HP's Board of Directors failed in their obligations by allowing Autonomy free reign throughout HP. This impacts Defendant Meg Whitman personally since she, as the CEO of HP, was selected to personally supervise Mike Lynch and his Autonomy group. Defendant Meg Whitman, however, failed in that responsibility, as both the CEO of HP and as a corporate director.

204. HP's Board of Directors also breached the duties owed to the corporation and to the shareholders by misrepresenting facts to the public, to customers and to its shareholders about what products were available that purportedly emerged from the Autonomy acquisition. In the Fall of 2011, HP had been hit with an overwhelming amount of negative press relating to the failure of the Palm acquisition and the HP TouchPad, and the proposed decision to sell HP's PC business. On November 29, 2011, at HP Discover Vienna, HP made the decision to misrepresent to the public that the HP Next Generation Information Platform was already available for sale by HP. These statements were made by the highest levels of HP, including Defendant Meg Whitman. Product announcements are vetted at the highest levels of HP. HP's Board of Directors approved or knew of these misrepresentations by HP. According to Leslie Owens of Forrester Research, the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica that was promised on November 29, 2011 is still not available today.

205. Corporate directors also owe a duty of loyalty to the corporation that they serve. That duty of loyalty is a broad and all-encompassing duty which imposes on corporate directors a special obligation to serve the interests of the corporation above their own interests. The duty of

loyalty embodies both an affirmative duty to protect the interests of the corporation and an obligation to refrain from conduct that would injure the corporation and its shareholders in any way. "A public policy, existing through the years, and derived from a profound knowledge of human characteristics and motives, has established a rule that demands of a corporate officer or director, peremptorily and inexorably, the most scrupulous observance of his duty, not only affirmatively to protect the interests of the corporation committed to his charge, but also to refrain from doing anything that would work injury to the corporation, or to deprive it of profit or advantage which his skill and ability might properly bring to it, or to enable it to make in the reasonable and lawful exercise of its powers." *Guth*, 5.A2d at 510.

206. In this case, HP's Board of Directors put their own interests ahead of that of the company. HP's Board of Directors permitted false financial statements to be filed with the SEC and permitted false and misleading statements to be made to the public, including to HP's customers and to its shareholders. HP's Board of Directors allowed this in order to protect their own positions as HP directors and the financial benefits of being an HP director. HP's Board of Directors also allowed these misrepresentations to occur in order to avoid personal liability. Instead of being honest with HP's shareholders and the public about the real situation at HP and with Autonomy, the decision was made to blame the $8.8 billion write-down on accounting improprieties perpetrated by Autonomy in order to shift all the blame to others. HP's Board of Directors is prepared to risk HP's future as a leader in the technology industry and potential criminal and civil claims against the company in order to protect their own pecuniary interests and to protect themselves from criminal and civil claims against themselves personally.

207. Defendants Babbio, Baldauf, Banerji, Gupta, Reiner, Senequier, and Thompson are all members of HP's Audit Committee. The members of HP's Audit Committee have additional duties specifically imposed on them as members of the Audit Committee, including monitoring "risk assessment and risk management." These Individual Defendants also have unique knowledge and skills as members of the Audit Committee regarding auditing and accounting issues. The HP Audit Committee's Charter provides that it is responsible for "overseeing . . . HP's financial reporting processes and the audit of HP's financial statements,

including the integrity of HP's financial statements . . ." The Audit Committee is also required to "review the adequacy and effectiveness of HP's internal controls, including any significant deficiencies in such controls and significant changes or material weaknesses in such controls . . ." Defendants Thompson, Babbio, Baldauf and Banerji were also designated by the Board of Directors as "audit committee financial expert[s]" as the term is defined by the SEC. This makes their failure to conduct due diligence of the Autonomy acquisition, including its auditing, even more egregious.

208. Defendant Babbio, Banerji, Hammergren, Livermore, Reiner, Senequier, Thompson, and Whitworth also served on the Finance and Investment Committee which imposed upon them the specific duty "[t]o provide oversight of the finance and investment functions of HP." They were also required, under HP's merger and acquisition approval policies "to assist the Board in evaluating investment, acquisition, enterprise services, joint venture and diverstiture transactions in which HP engages as part of its business strategy from time to time." These HP directors were therefore directly tasked with analyzing and understanding the nature of the Autonomy acquisition, the technology that was being acquired and the value of that technology. It is the board of directors, and not the shareholders, that has ultimate responsibility for the management of a corporation. It was their responsibility to supervise and manage the work of any outside experts to ensure that the work was done properly. In this case, the Finance and Investment Committee was directly responsible for understanding what HP was acquiring and justifying the price being paid. HP's Finance and Investment Committee had a duty to "evaluate the execution, financial results and integration of HP's completed investment, acquisition, enterprise services, joint venture and divestiture transactions."

209. The Finance and Investment Committee was therefore specifically charged with the integration and management of Autonomy, even after the decision was made to drastically overpay to acquire the company. It was HP's Finance and Investment Committee who selected Gerard Brossard to handle the Autonomy integration, even though he had just failed to properly handle the EDS integration. It was HP's Finance and Investment Committee who handed control over HP's Information Management division to Autonomy without adequate supervision. They

allowed HP's CEO and their fellow director Defendant Meg Whitman to abdicate her supervisory responsibilities over Autonomy and Mike Lynch. It was HP's Finance and Investment Committee who permitted the company to issue false and misleading statements about the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica that does not truly exist as promised. Despite the heightened duties owed by Defendants Babbio, Baneri, hammergren, Livermore, Reiner, Senequier, Thompson and Whitworth, they consciously disregarded those duties by failing to conduct due diligence of the Autonomy acquisition, failing to properly exercise management and supervision of the Autonomy acquisition after the acquisition closed on October 3, 2011 and allowing false and misleading misrepresentations to be made about Autonomy and its products in order to justify the $11.7 billion acquisition price.

210. Corporate officers are also fiduciaries of the companies that they serve and owe the company the same duties of loyalty and care that corporate directors owe to the corporation. *Gantler v. Stephens*, 965 A.2d 695, 708-709 (Del. 2009). Defendants Apotheker and Whitman, as the former and current CEO of HP, respectively, owed the same duties of loyalty and care as the directors of HP. Defendants Apotheker and Whitman breached those duties by making false and misleading statements to the market, to HP's customers, and to HP's shareholders regarding the accounting at HP, HP's due diligence regarding the Autonomy acquisition, and the purportedly revolutionary products that HP had available. Defendants Apotheker and Whitman supported and ultimately voted to approve the acquisition of Autonomy without having conducted due diligence of the company. In committing these acts and failing to fulfill their responsibilities as the CEO's of HP, they breached their fiduciary duties to the company.

VI.

DEMAND ALLEGATIONS

211. Plaintiff brings this action derivatively in the right of and for the benefit of HP to redress injuries suffered and to be suffered by HP as a result of the Defendants' breaches of fiduciary duty, abuse of control, and gross mismanagement. Plaintiff and his counsel will adequately and fairly represent the interests of HP in enforcing and prosecuting its rights.

212. Based upon the Defendants' acts and omissions in direct violation of their fiduciary duties of care, good faith, honesty and loyalty, a pre-suit demand on the HP Board to bring the claims asserted in this action is excused as a futile and useless act. HP's Board of Directors personally profited from the wrongdoing alleged in this Complaint. It was HP's Board of Directors and officers who made the ultimate decision to go forward with the Autonomy acquisition. It was HP's Board of Directors and officers who mismanaged the Autonomy acquisition after it closed. It was HP's Board of Directors and officers who either made or approved false and misleading statements being made about the products available by HP that emerged from the Autonomy acquisition. The officers and managers of HP were ultimately responsible for conducting due diligence and for ensuring that the Autonomy acquisition was beneficial for HP and its shareholders. HP's Board of Directors and its officers are also the individuals who oversaw HP's dramatic decline in revenues and profits. These individuals have now sought to blame that decline, the $8.8 billion write-down and the failed Autonomy acquisition on others. HP's Board of Directors and officers have made it evident that they do not have the ability to evaluate their own misconduct and failures in regards to HP's declining value, revenues and profits, the $8.8 billion write-down and the failed Autonomy acquisition.

213. Plaintiff has not made any demand on HP's Board of Directors to investigate and prosecute the wrongdoing alleged herein. Such a demand is excused because: (i) making a demand would be a futile and useless act as the majority of HP's directors are not able to conduct an independent and objective investigation of the alleged wrongdoing; and (ii) the wrongful conduct of defendants is not subject to protection under the business judgment rule.
Under such circumstances, the demand requirement is excused since making such a demand on the Board of Directors would be futile. *Aronson v. Lewis*, 473 A.2d 805 (Del. 1984); *Rales v. Blasband*, 634 A.2d 927 (Del. 1993); *Shields v. Singleton*, 15 Cal.App.4th 1611 (1993).

214. At the time this derivative lawsuit was commenced, HP's Board of Directors consisted of eleven directors. None of the eleven directors are disinterested, but demand is futile if at least a majority of HP's Board of Directors, in this case consisting of six directors, cannot be relied upon to fairly and independently adjudicate potential claims against themselves. Of those

eleven directors, ten of them were on the HP Board of Directors when it voted to approve the Autonomy acquisition. That includes Defendant Lane, who is the Chairman of the HP Board of Directors, and Defendant Whitman, who was a director when she voted in favor of the acquisition and is currently the CEO of HP. All of them have personally put their own reputation and careers on the line in regards to the Autonomy acquisition. In regards to certain individuals, such as Defendant Meg Whitman, she has also made public statements about Autonomy and its technology that subjects her not only to reputational risk but also to direct financial risk. Accordingly, a majority of the board engaged in the wrongdoing and have interests adverse to performing a fair, unbiased investigation.

215. All of the Individual Defendants had a financial incentive to push forward with the Autonomy acquisition as well as to conceal the truth about the $8.8 billion write-down related to Autonomy. All of them were well-compensated to serve as officers and directors of HP. In order to preserve their positions on the HP Board of Directors and to protect their compensation packages, the Individual Defendants failed to conduct due diligence prior to the Autonomy acquisition. The Individual Defendants also engaged in fraud by making false and misleading statements to the public and to HP's customers and shareholders. The Individual Defendants also signed and submitted false and misleading statements to the SEC. The Individual Defendants therefore face potential personal liability for their wrongful conduct as officers and/or members of the HP Board of Directors.

216. As a result of the HP Individual Defendants' improprieties, HP materially overpaid for Autonomy. These actions have irreparably damaged HP's corporate image and goodwill and intangible assets. HP has also seriously disrupted its relationship with many of its major business partners. According to one CEO for a top HP enterprise partner, who did not want to be identified, "It is amazing how much incompetence they have shown at the top board level." The fact that HP has promised an integrated next generation information platform that does not exist exposes the company to even more reputational, financial, litigation and potentially criminal risk. As a direct and proximate result of the HP Individual Defendants'

actions, HP has expended, and will continue to expend, significant sums of money. Such expenditures include, but are not limited to:

(a) costs incurred from overpaying for Autonomy;

(b) costs incurred from the internal investigation into Autonomy's alleged accounting fraud;

(c) costs incurred from criminal and civil investigations and litigation against HP and its officers and directors;

(d) reputational harm to HP and destruction of the value of the HP brand name;

(e) costs incurred from lost customers and business opportunities;

(f) costs incurred from overpaying for its own stock at artificially inflated prices; and

(g) costs incurred from compensation paid to the defendants who have breached their duties to HP.

217. The Individual Defendants' decision to approve the purchase of Autonomy for approximately $11.7 billion, despite the numerous red flags alleged herein without conducting adequate due diligence, is not protected by the business judgment rule. The Individual Defendants' misconduct after the acquisition closed is also not protected by the business judgment rule. The Individual Defendants misrepresented facts to the public, to HP's customers and to HP's shareholders. The Individual Defendants failed to supervise HP's Autonomy unit and mismanaged the business. The Board of Directors of HP had an independent duty to consider all reasonably available information before making any business decision. Demand is futile since it is evident that the Individual Defendants have personally engaged in misconduct that is not protected by the business judgment rule.

218. The decision of the Individual Defendants to direct or permit HP to overpay for its own stock through the massive repurchases discussed herein is also not protected by the business judgment rule. Defendants Andreessen, Banerji, Gupta, Hammergren, Lane, Livermore, Reiner, Russo, Thompson, and Whitman allowed HP to repurchase over $2.1 billion of HP's artificially inflated stock between August 2011 and October 2012, at he same time they were causing HP to issue improper statements concerning Autonomy's goodwill and intangible assets and the

purported benefits the acquisition would provide to HP. During this time, the Individual Defendants allowed false and misleading statements about Autonomy's purportedly transformative technology. The Individual Defendants misrepresented to the public the justification for the $11.7 billion acquisition of Autonomy and continue to make misrepresentations to conceal the full extent of their misconduct.

219. Despite being aware of the overpayment for Autonomy and the whistleblower investigation that would wipe out 80% of the value of the Autonomy acquisition, it was improper for the Individual Defendants to approve or permit a stock repurchase. The Individual Defendants knew that these announcements would cause the share price of HP to drop precipitously. Nevertheless, the Individual Defendants caused HP to repurchase over twenty-three million artificially inflated shares after May of 2012. Such a reckless disregard for HP's assets is a breach of the Board of Director's duty of care. Accordingly, the Board's decision to authorize the repurchases is not protected by the business judgment rule. For this additional reason, demand on the HP Board of Directors is futile.

220. Demand is also futile because the Individual Defendants here face substantial potential personal liability for approving the Autonomy acquisition, making misrepresentations about the acquisition and its value and then making misrepresentations about the $8.8 billion write-down and the reasons for that write-down. For example, Defendant Whitman faces a substantial likelihood of liability for her violation of section 10(b) of the Exchange Act and breaching her fiduciary duty. Defendant Whitman, as CEO of HP, was ultimately responsible for HP's operations, financial statements, and internal controls. However, in complete abdication of her fiduciary duties, Defendant Whitman knowingly or extremely recklessly made the improper statements regarding HP's financial results and business prospects, especially with regard to the value of Autonomy's goodwill and intangible assets. Accordingly, because Defendant Whitman faces a substantial likelihood of liability for violations of federal securities law, demand upon her is futile.

221. The Individual Defendants face a substantial likelihood of liability for violation of section 20(a) of the Exchange Act because they had the power and ability to control and prevent

the dissemination of false and misleading statements about the Autonomy acquisition and the later $8.8 billion write-down. Notwithstanding, these defendants allowed the false and misleading statements to be disseminated into the market, which had the effect of artificially inflating the value of HP's stock. These Defendants' failure to exercise proper control over HP's public disclosures further caused HP to repurchase over $2.1 billion of its own stock at inflated prices. Accordingly, the Individual Defendants face a substantial likelihood of liability for violations of federal securities law, rendering any demand upon them futile.

222. The Individual Defendants also face a substantial likelihood of liability for wasting billions of dollars of the Company's assets. Each of these defendants authorized and failed to halt HP's massive $2.1 billion repurchase of its own stock at inflated prices. At the same time that the Individual Defendants authorized and refused to halt the repurchase, they knew the non-public inside information concerning accounting impropriates relating to HP's acquisition of Autonomy and the inevitable impairment to Autonomy's goodwill and intangible assets. No reasonable person would have paid the price that these Individual Defendants caused HP to pay for HP stock if they knew the non-public information they knew. Accordingly, the Individual Defendants are liable for the amount that HP wasted. Therefore, demand as to the Individual Defendants, who are or were directors of HP, is futile.

223. Similarly, the Individual Defendants face a substantial likelihood of liability for wasting billions of dollars of HP's assets in acquiring Autonomy. These Defendants had access to and knew or disregarded numerous red flags alerting them to Autonomy's potential accounting improprieties and its overvaluation, including, but not limited to: (i) concerns about Autonomy's financial condition and accounting from hedge fund investors, media, and analysts; (ii) the enormous goodwill and intangible assets HP was forced to book in acquiring Autonomy; (iii) opposition from HP CFO Catherine Lesjak; (iv) Ellison's vocal statements concerning Autonomy's overvaluation based on a pitch presentation by Autonomy to sell itself to Oracle earlier; (v) Autonomy's suspiciously high receivables and low unearned income on its profit/loss and balance sheets; (vi) the suspicious growth in Autonomy's reported operating margins given the limited growth in its customer base; (vii) the valuation of Autonomy in light of valuations of

other similarly sized companies in the same industry space; and (viii) HP's previous overpayments for acquisitions. Despite facing these numerous and blatant red flags, however, the Individual Defendants consciously approved the acquisition of the overpriced Autonomy without conducting proper due diligence. Accordingly, the Individual Defendants breached their fiduciary duty of loyalty and good faith because they participated in the wrongdoing described herein. Thus, the Individual Defendants face a substantial likelihood of liability for their breach of fiduciary duties so any demand upon them is futile.

224. The Individual Defendants also face a substantial likelihood of liability for either themselves making or allowing other Defendants to make false and misleading statements about HP's financial condition and health, especially with regard to the true value of its goodwill and acquired intangible assets. Each of these Defendants knew, or in reckless disregard for their fiduciary duties failed to know, the truth about the accounting improprieties relating to HP's acquisition of Autonomy and the inevitable impairment to Autonomy's goodwill and intangible assets. Nevertheless, Defendants Andreessen, Banerji, Gupta, Hammergren, Lane, Livermore, Reiner, Russo, Thompson, Whitman, and Whitworth either participated in or allowed the improper statements to continue.

225. The Individual Defendants also face a substantial likelihood of liability for either themselves making or allowing other Defendants to make false and misleading statements about the products that were available for sale by HP. The Individual Defendants made false and misleading statements for almost a year that a product was available with certain features that was not available. Since <u>November 29, 2011</u>, HP has claimed that the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica exists and that it is in an integrated single processing layer including the functionality of both Autonomy and Vertica. The product that HP said exists does not exist. This was a material misrepresentation by HP to the market and to its customers and shareholders.

226. Defendants Babbio, Baldauf, Banerji, Gupta, Reiner, Senequier, and Thompson served on the Audit Committee at the time of the Autonomy acquisition. The Audit Committee's Charter provides that it is responsible for "overseeing . . . HP's financial reporting processes and

the audit of HP's financial statements, including the integrity of HP's financial statements . . ." Defendants Banerji, Gupta, Reiner, and Thompson owed specific duties to HP to assist the Board in monitoring "risk assessment and risk management" and "review[ing] the adequacy and effectiveness of HP's internal controls, including any significant deficiencies in such controls and significant changes or material weaknesses in such controls . . ." Thus, Defendants Banerji, Gupta, Reiner, and Thompson were responsible for overseeing and directly participating in the dissemination of HP's improper financial statements. Despite their knowledge of the inadequate due diligence as discussed herein, Defendants Banerji, Gupta, Reiner, and Thompson approved the dissemination of the improper statements concerning the benefits to be achieved through the acquisition of Autonomy. Defendants Banerji, Gupta, Reiner, and Thompson reviewed and approved the dissemination of the improper statements which failed to adequately disclose the breadth of financial misconduct at Autonomy and its resulting overvalued goodwill and intangible assets. Defendants Babbio, Baldauf, Banerji, Gupta, Reiner, Senequier, and Thompson, as members of the Audit Committee, and Defendants Banerji and Thompson in particular as "audit committee financial expert[s]," were familiar with the relevant accounting rules concerning goodwill and intangible assets write-downs and the risks that HP faced from not accurately reporting the value of its goodwill and intangible assets. Accordingly, Defendants Banerji, Gupta, Reiner, and Thompson breached their fiduciary duty of loyalty because they participated in the preparation of financial statements that contained improper information. Thus, Defendants Babbio, Baldauf, Banerji, Gupta, Reiner, Senequier, and Thompson face a substantial likelihood of liability for their failure to fulfill their duties as members of the Audit Committee so any demand upon them is futile.

227. Defendants Babbio, Banerji, Hammergren, Livermore, Reiner, Senequier, Thompson, and Whitworth served on the Finance and Investment Committee during the wrongdoing alleged herein. As members of the Finance and Investment Committee, these defendants owed specific duties "[t]o provide oversight of the finance and investment functions of HP." Moreover, pursuant to HP's merger and acquisition approval policies, these Defendants were required to assist "the Board in evaluating investment, acquisition, enterprise services, joint

venture and divestiture transactions in which HP engages as part of its business strategy from time to time." Despite these heightened duties under the Finance and Investment Committee Charter, these Defendants caused HP to overpay for the acquisition of Autonomy. In so doing, Defendants Babbio, Banerji, Hammergren, Livermore, Reiner, Senequier, Thompson, and Whitworth consciously disregarded numerous red flags alerting them to Autonomy's potential accounting improprieties and its overvaluation. Thus, Defendants Babbio, Banerji, Hammergren, Livermore, Reiner, Senequier, Thompson, and Whitworth face a substantial likelihood of liability for their failure to fulfill their duties as members of the Finance and Investment Committee so any demand upon them is futile.

228. The acts complained of constitute violations of the fiduciary duties owed by HP's officers and directors and are incapable of ratification.

229. HP has been and will continue to be exposed to significant losses due to the wrongdoing complained of herein. Despite the Individual Defendants having knowledge of the claims and causes of action raised herein, the Individual Defendants have not filed any lawsuits against themselves or others who were responsible for the wrongful conduct to attempt to recover for HP any part of the damages HP suffered and will suffer thereby. The persistent failure of the HP Board of Directors to investigate, correct, and commence legal action against those responsible for the misconduct alleged herein in the face of heavy media and investor scrutiny on the matter, demonstrates that the HP Board of Directors is hopelessly incapable of independently addressing any legitimate demand.

230. Plaintiff has not made any demand on the other shareholders of HP to institute this action since such demand would be a futile and useless act for at least the following reasons:

(a) HP is a publicly held company with 1.9 billion shares outstanding and thousands of shareholders;

(b) making demand on such a number of shareholders would be impossible for plaintiff who has no way of finding out the names, addresses, or phone numbers of shareholders; and

(c) making demand on all shareholders would force plaintiff to incur excessive expenses, assuming all shareholders could be individually identified.

231. The directors of HP cannot be relied upon to reach a truly independent decision whether to commence the demanded action against themselves and the officers responsible for the misconduct alleged in this derivative complaint because, among other things, the Board is currently dominated by the Defendants, who were personally and directly involved in the acts of mismanagement, abuse of control and waste alleged and who each approved the actions complained of, and to whose directives and views the Board has consistently acceded and will continue to accede. For example, Defendant Whitman, the current CEO of HP was one of the Board of Directors of HP at the time of the vote on the Autonomy acquisition. Defendant Whitman has emphatically stated to reporters that she blames the entire Autonomy debacle on Defendant Apotheker and Shane Robison and takes no personal blame herself. She cannot be trusted to evaluate her own role in this misconduct. Similarly, the Board of Directors now was the same one that voted not only for the Autonomy acquisition but on a string of other bad acquisitions in which there a similar lack of due diligence, including the acquisitions of EDS and Palm. None of them are in a position to fairly evaluate their own misconduct in this case.

232. This domination of HP's Board of Director prevents it from validly exercising its business judgment in a fair and neutral manner, and renders it incapable of reaching an independent decision whether to accept any demand by plaintiff to address the wrongs detailed herein, as exemplified by their inaction in the years since the original suit was filed.

233. A majority of the directors received personal and financial benefits while they caused or permitted HP to engage in the extensive misconduct detailed in this derivative complaint. Non-employee directors received annual cash retainers, cash fees for meetings attended, as well as lucrative equity awards for serving as directors and members of board committees. Employee directors were also compensated in both cash and "incentive" awards of cash and stock, in large part based on the financial results of HP and its sales results.

234. The specific reasons why each of the eleven current directors of HP are not disinterested are set forth below:

235. **MARGARET C. WHITMAN:** Defendant Whitman is the current CEO of HP but she was also one of the directors who voted to approve the acquisition of Autonomy. Defendant Whitman has signed all of the Form 10-Q's for fiscal year 2012 and the Form 10-K for the fiscal year ending 2011 that contain the misstatements that HP claims is based on Autonomy's purportedly fraudulent conduct. The November 20, 2012 write-down of $8.8 billion of Autonomy directly impacts financial statements that Defendant Whitman has certified to the SEC as being true and correct and reported in accordance with GAAP. Defendant Whitman has personally made statements about the existence of the HP Next Generation Information Platform IDOL 10 Autonomy/Vertica and about how that product is presently available. Those statements had continued to the present. At the HP Discover event in Frankfurt, which commenced on December 4, 2012, Defendant Whitman continued to make false and misleading statements to the public.

236. Defendant Whitman is also on record stating that she and HP is relying on the superiority of the Autonomy technology, even though she has no reasonable basis for making such a statement. Defendant Whitman faces serious potential personal liability for fraud and for violations of US securities laws. Defendant Whitman is also the highest paid member of the HP Board of Directors since she is remunerated both as a director and as the CEO of HP. Defendant Whitman therefore has the most to lose by bringing a lawsuit against the Individual Defendants. Defendant Whitman was also directly supervising Autonomy and Mike Lynch and therefore faces personal liability for her failure to manage and supervise Autonomy and Mike Lynch. Defendant Whitman has also stated publically that she and the HP Board of Directors is **blameless** for the Autonomy acquisition. Therefore, since she has publically taken the position that she and the entire HP Board of Directors is not at fault, and she faces personal civil and criminal liability for her actions and statements, Defendant Whitman is not a disinterested director and therefore demand upon her is futile.

237. **RAYMOND J. LANE**: Defendant Lane is a current director of HP and was also a director of HP when the Board of Directors voted in favor of the Autonomy acquisition. Defendant Lane is also the Chairman of the HP Board of Directors and was the Chairman of the

Board of Directors when the decision was made to acquire Autonomy. Defendant Lane was one of the driving forces behind the Autonomy acquisition. Defendant Lane was also one of the driving forces behind the announced decision to sell HP's PC business as well as the decision to bring on Defendant Apotheker as CEO of HP. Defendant Lane therefore was directly responsible for making key management decisions that have significantly impacted HP. When the public reacted poorly to the announcement of the Autonomy acquisition and the proposed sale of HP's PC business, Defendant Lane immediately blamed Defendant Apotheker for these decisions, even though Defendant Lane had personally approved and supported those decisions and had been the leader in bringing Defendant Apotheker on board as HP's CEO. Defendant Lane also personally made the decision to remove Defendant Apotheker as HP's CEO and replace him with Defendant Whitman. Defendant Lane was also the individual responsible for putting Defendant Whitman on the HP Board of Directors. Defendant Lane cannot independently and fairly evaluate claims against himself and the HP Board of Directors because he was one of the leaders causing HP to make the bad decisions that are the subject of this lawsuit.

238. Defendant Lane also violated his duties of care and loyalty to HP by failing to properly conduct due diligence before approving the acquisition of Autonomy. Defendant Lane igned the Form 10-K for fiscal year 2011 which contained false and misleading statements and also concealed material information from the public and from shareholders. Defendant Lane is also potentially liable either directly or as a control person for violations of federal securities laws. Defendant Lane has not contradicted the assertions made by Defendant Whitman that the HP Board of Directors is free of blame for the acquisition of Autonomy. In fact, Defendant Lane has reiterated those statements, taking the position publically that the HP Board of Directors performed adequate due diligence and that the fault lies with others for HP's decisions to waste $11.7 billion acquiring a company with outdated technology and accounting problems. Defendant Lane is not disinterested because he cannot be relied upon to fairly adjudicate his own responsibility for a decision he made which resulted in HP spending $11.7 billion on a company with outdated technology and then having to write down over 80% of the value of that acquisition. Because of his own risk of personal liability for violations of federal and state law,

as well as the duties of care and loyalty owed by himself to HP, Defendant Lane is not a disinterested director and therefore demand upon him is futile.

239. **MARC L. ANDREESEN**: Defendant Andreesen is a current director of HP and was also a director of HP when the Board of Directors voted in favor of the Autonomy acquisition. Defendant Andreesen violated his duties of care and loyalty to HP by failing to properly conduct due diligence before approving the acquisition of Autonomy. Defendant Andreesen also signed the Form 10-K for fiscal year 2011 which contained false and misleading statements and also concealed material information from the public and from shareholders. Defendant Andreesen is also potentially liable either directly or as a control person for violations of federal securities laws. Defendant Andreesen has not contradicted the assertions made by Defendant Whitman that the HP Board of Directors is free of blame for the acquisition of Autonomy. Defendant Andreesen is also not disinterested because he cannot be relied upon to fairly adjudicate his own responsibility for a decision he made which resulted in HP spending $11.7 billion on a company with outdated technology and then having to write down over 80% of the value of that acquisition. Because of his own risk of personal liability for violations of federal and state law, as well as the duties of care and loyalty owed by himself to HP, Defendant Andreesen is not a disinterested director and therefore demand upon him is futile.

240. **SHUMEET BANERJI**: Defendant Banerji is a current director of HP and was also a director of HP when the Board of Directors voted in favor of the Autonomy acquisition. Defendant Banerji violated his duties of care and loyalty to HP by failing to properly conduct due diligence before approving the acquisition of Autonomy. Defendant Banerji also signed the Form 10-K for fiscal year 2011 which contained false and misleading statements and also concealed material information from the public and from shareholders. Defendant Banerji is also potentially liable either directly or as a control person for violations of federal securities laws. In addition, as a member of both the Audit Committee and the Finance and Investment Committee, Banerji had heightened duties and responsibilities regarding evaluating the Autonomy acquisition, both from an accounting perspective and from an investment perspective. Defendant Banerji's failure to meet these heightened standards makes him unable to evaluate his own

misconduct relating to the Autonomy acquisition. Defendant Banerji is also loyal to Defendant Lane, who brought him onto the HP Board of Directors in 2011 to ensure that those loyal to him personally were on the HP Board of Directors. Defendant Banerji cannot independently and fairly evaluate the misconduct of Defendant Lane. Defendant Banerji has not contradicted the assertions made by Defendant Whitman that the HP Board of Directors is free of blame for the acquisition of Autonomy. Defendant Banerji is also not disinterested because he cannot be relied upon to fairly adjudicate his own responsibility for a decision he made which resulted in HP spending $11.7 billion on a company with outdated. Because of his own risk of personal liability for violations of federal and state law, as well as the duties of care and loyalty owed by himself to HP, Defendant Banerji is not a disinterested director and therefore demand upon him is futile.

241. **RAJIV L. GUPTA**: Defendant Gupta is a current director of HP and was also a director of HP when the Board of Directors voted in favor of the Autonomy acquisition. Defendant Gupta violated his duties of care and loyalty to HP by failing to properly conduct due diligence before approving the acquisition of Autonomy. Defendant Gupta also signed the Form 10-K for fiscal year 2011 which contained false and misleading statements and also concealed material information from the public and from shareholders. Defendant Gupta is also potentially liable either directly or as a control person for violations of federal securities laws. In addition, as a member of the Audit Committee, Gupta had heightened duties and responsibilities regarding evaluating the Autonomy acquisition. Defendant Gupta's failure to meet these heightened standards makes him unable to evaluate his own misconduct relating to the Autonomy acquisition. Defendant Gupta has not contradicted the assertions made by Defendant Whitman that the HP Board of Directors is free of blame for the acquisition of Autonomy. Defendant Gupta is also not disinterested because he cannot be relied upon to fairly adjudicate his own responsibility for a decision he made which resulted in HP spending $11.7 billion on a company with outdated. Because of his own risk of personal liability for violations of federal and state law, as well as the duties of care and loyalty owed by himself to HP, Defendant Gupta is not a disinterested director and therefore demand upon him is futile.

242. **JOHN H. HAMMERGREN:** Defendant Hammergren is a current director of HP and was also a director of HP when the Board of Directors voted in favor of the Autonomy acquisition. Defendant Hammergren violated his duties of care and loyalty to HP by failing to properly conduct due diligence before approving the acquisition of Autonomy. Defendant Hammergren also signed the Form 10-K for fiscal year 2011 which contained false and misleading statements and also concealed material information from the public and from shareholders. Defendant Hammergren is also potentially liable either directly or as a control person for violations of federal securities laws. In addition, as a member of the Finance and Investment Committee, Hammergren had heightened duties and responsibilities regarding evaluating the Autonomy acquisition. Defendant Hammergren's failure to meet these heightened standards makes him unable to evaluate his own misconduct relating to the Autonomy acquisition. Defendant Hammergren has not contradicted the assertions made by Defendant Whitman that the HP Board of Directors is free of blame for the acquisition of Autonomy. Defendant Hammergren is also not disinterested because he cannot be relied upon to fairly adjudicate his own responsibility for a decision he made which resulted in HP spending $11.7 billion on a company with outdated. Because of his own risk of personal liability for violations of federal and state law, as well as the duties of care and loyalty owed by himself to HP, Defendant Hammergren is not a disinterested director and therefore demand upon him is futile.

243. **ANN M. LIVERMORE:** Defendant Lane is a current director of HP and was also a director of HP when the Board of Directors voted in favor of the Autonomy acquisition. Defendant Livermore is also an HP insider who had previously served as an Executive Vice President of the HP Enterprise Services division and as an Executive Vice President of the former HP Enterprise Business, portions of HP that were directly impacted by write-downs at HP that expose her to potential liability now only for her conduct as a director of HP but also as a former member of senior management at HP. The misrepresentations at HP relate to the portion of HP's business in which Defendant Livermore served as senior management. Defendant Livermore also violated her duties of care and loyalty to HP by failing to properly conduct due diligence before approving the acquisition of Autonomy. Defendant Livemore also signed the

Form 10-K for fiscal year 2011 which contained false and misleading statements and also concealed material information from the public and from shareholders. Defendant Livermore is also potentially liable either directly or as a control person for violations of federal securities laws. In addition, as a member of the Finance and Investment Committee, Livemore had heightened duties and responsibilities regarding evaluating the Autonomy acquisition. Defendant Livemore's failure to meet these heightened standards makes her unable to evaluate his own misconduct relating to the Autonomy acquisition. Defendant Livemore has not contradicted the assertions made by Defendant Whitman that the HP Board of Directors is free of blame for the acquisition of Autonomy. Defendant Livermore is also not disinterested because she cannot be relied upon to fairly adjudicate her own responsibility for a decision she made which resulted in HP spending $11.7 billion on a company with outdated. Because of her own risk of personal liability for violations of federal and state law, as well as the duties of care and loyalty owed by herself to HP, Defendant Livermore is not a disinterested director and therefore demand upon her is futile.

244. **GARY M. REINER:** Defendant Reiner is a current director of HP and was also a director of HP when the Board of Directors voted in favor of the Autonomy acquisition. Defendant Reiner violated his duties of care and loyalty to HP by failing to properly conduct due diligence before approving the acquisition of Autonomy. Defendant Reiner also signed the Form 10-K for fiscal year 2011 which contained false and misleading statements and also concealed material information from the public and from shareholders. Defendant Reiner is also potentially liable either directly or as a control person for violations of federal securities laws. In addition, as a member of both the Audit Committee and the Finance and Investment Committee, Reiner had heightened duties and responsibilities regarding evaluating the Autonomy acquisition, both from an accounting perspective and from an investment perspective. Defendant Reiner's failure to meet these heightened standards makes him unable to evaluate his own misconduct relating to the Autonomy acquisition. Defendant Reiner is also loyal to Defendant Lane, who brought him onto the HP Board of Directors in 2011 to ensure that those loyal to him personally were on the HP Board of Directors. Defendant Reiner cannot independently and fairly evaluate the

misconduct of Defendant Lane. Defendant Reiner has not contradicted the assertions made by Defendant Whitman that the HP Board of Directors is free of blame for the acquisition of Autonomy. Defendant Reiner is also not disinterested because he cannot be relied upon to fairly adjudicate his own responsibility for a decision he made which resulted in HP spending $11.7 billion on a company with outdated. Because of his own risk of personal liability for violations of federal and state law, as well as the duties of care and loyalty owed by himself to HP, Defendant Reiner is not a disinterested director and therefore demand upon him is futile.

245. **PATRICIA F. RUSSO:** Defendant Russo is a current director of HP and was also a director of HP when the Board of Directors voted in favor of the Autonomy acquisition. Defendant Russo violated her duties of care and loyalty to HP by failing to properly conduct due diligence before approving the acquisition of Autonomy. Defendant Russo also signed the Form 10-K for fiscal year 2011 which contained false and misleading statements and also concealed material information from the public and from shareholders. Defendant Russo is also potentially liable either directly or as a control person for violations of federal securities laws. Defendant Russo is also loyal to Defendant Lane, who brought her onto the HP Board of Directors in 2011 to ensure that those loyal to him personally were on the HP Board of Directors. Defendant Russo has not contradicted the assertions made by Defendant Whitman that the HP Board of Directors is free of blame for the acquisition of Autonomy. Defendant Russo is also not disinterested because she cannot be relied upon to fairly adjudicate her own responsibility for a decision she made which resulted in HP spending $11.7 billion on a company with outdated. Because of her own risk of personal liability for violations of federal and state law, as well as the duties of care and loyalty owed by herself to HP, Defendant Russo is not a disinterested director and therefore demand upon her is futile.

246. **G. KENNEDY THOMPSON:** Defendant Thompson is a current director of HP and was also a director of HP when the Board of Directors voted in favor of the Autonomy acquisition. Defendant Thompson violated his duties of care and loyalty to HP by failing to properly conduct due diligence before approving the acquisition of Autonomy. Defendant Thompson also signed the Form 10-K for fiscal year 2011 which contained false and misleading

statements and also concealed material information from the public and from shareholders. Defendant Thompson is also potentially liable either directly or as a control person for violations of federal securities laws. In addition, as a member of both the Audit Committee and the Finance and Investment Committee, Thompson had heightened duties and responsibilities regarding evaluating the Autonomy acquisition, both from an accounting perspective and from an investment perspective. Defendant Thompson's failure to meet these heightened standards makes him unable to evaluate his own misconduct relating to the Autonomy acquisition. Defendant Thompson has not contradicted the assertions made by Defendant Whitman that the HP Board of Directors is free of blame for the acquisition of Autonomy. Defendant Thompson is also not disinterested because he cannot be relied upon to fairly adjudicate his own responsibility for a decision he made which resulted in HP spending $11.7 billion on a company with outdated. Because of his own risk of personal liability for violations of federal and state law, as well as the duties of care and loyalty owed by himself to HP, Defendant Thompson is not a disinterested director and therefore demand upon him is futile.

247. **RALPH V. WHITWORTH:** Defendant Whitworth is a current director of HP. Although he did not vote to approve the acquisition of Autonomy, he did nothing to stop it and did not do anything afterwards to ensure that the acquisition was handled appropriately. Defendant Whitworth permitted the other members of the Board of Directors to mismanage the Autonomy acquisition. Defendant Whitworth also permitted the other members of the Board of Directors to make material misstatements and conceal material facts from the public. Defendant Whitworth violated his duties of care and loyalty to HP by failing to put the interests of HP over his own interests and for failing to consider all alternatives before making key decisions for the company. Defendant Whitworth also signed the Form 10-K for fiscal year 2011 which contained false and misleading statements and also concealed material information from the public and from shareholders. Defendant Whitwroth is also potentially liable either directly or as a control person for violations of federal securities laws. Defendant Whitworth has not contradicted the assertions made by Defendant Whitman that the HP Board of Directors is free of blame for the acquisition of Autonomy. Because of his own involvement in the handling of the Autonomy

acquisition after October 3, 2011, and his failure to challenge the acquisition at the time, Defendant Whitworth is not a disinterested director and therefore demand upon him is futile.

248. At least six of the eleven directors of HP are not disinterested and therefore, demand upon the HP Board of Directors is futile. Ten of the eleven directors voted in favor of the Autonomy acquisition, which is at the core of this litigation. All eleven of the directors signed and approved filings with the SEC that are false and misleading which subject them to potential civil and criminal liability. Many of the directors were hand selected by Defendant Lane, as Chairman of the Board, to serve as directors. These individuals are personally loyal to Defendant Lane and are not able to independently and fairly evaluate not only their own misconduct but also the misconduct of Defendant Lane. Therefore, demand on the HP Board of Directors is futile.

VII.

CAUSES OF ACTION

FIRST CLAIM FOR RELIEF

VIOLATION OF § 10(b) AND RULE 10b-5 OF THE SECURITIES EXCHANGE ACT FILING FALSE AND MISLEADING FINANCIAL STATEMENTS AGAINST THE HP INDIVIDUAL DEFENDANTS

249. Plaintiff incorporates by reference the allegations set forth above as though fully restated herein.

250. The HP Individual Defendants individually and in concert, directly and indirectly, by the use and means of instrumentalities of interstate commerce and/or of the mails, intentionally or recklessly employed devices, schemes, and artifices to defraud, and engaged in acts, practices, and a course of business that operated as fraud and deceit upon HP.

251. The HP Individual Defendants, as top executive officers and/or directors of HP, are liable as direct participants in the wrongs complained of herein. Through their positions of control and authority as officers and/or directors of HP, each of these defendants were able to and did control the conduct complained of herein.

252. HP closed the acquisition of Autonomy on October 3, 2011 and has been reporting Autonomy's financial results on its own financial statements. Since October 3, 2011,

HP has filed quarterly reports to the SEC on Form 10-Q on March 12, 2012, June 8, 2012 and September 10, 2012. During that time period, HP also filed its annual report on Form 10-K on December 14, 2011. These statements were false and misleading.

253. At the time that Defendants Whitman, Andressen, Babbio, Jr., Baldauf, Banjeri, Gupta, Hammergen, Lane, Livermore, Reiner, Russo, Thompson, and Whitworth signed the 2011 10-K on December 14, 2011, each of them knew that the financial statements contained therein for the 2011 fiscal year were materially false and misleading because these statements failed to properly record the true value of Autonomy and concealed the fact that HP's highly publicized Next Generation Information Platform IDOL 10 Autonomy/Vertica was not available to the market, even though HP had represented to the market that it already existed. Therefore, these HP Individual Defendants all knowingly violated Section 10(b) and Rule 10b-5 when they signed and filed the 2011 10-K because they knew that the 2011 10-K did not properly account for the true value of Autonomy and HP. Thus, these HP Individual Defendants acted with scienter in that they either had actual knowledge of the fraud set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose the true facts, even though such facts were available to them.

254. At the time that Whitman signed the March 12, 2012, June 8, 2012, and September 10, 2012 10-Q's she knew or recklessly disregarded that the statements contained therein were materially false and misleading because these financial statements failed to properly record the true value of Autonomy and concealed the fact that HP's highly publicized Next Generation Information Platform IDOL 10 Autonomy/Vertica was not available to the market, even though HP had represented to the market that it already existed.

255. HP relied upon these HP Individual Defendants in preparing and disseminating HP's financial statements in the 10-K and 10-Q's as alleged herein.

256. As a direct and proximate result of the HP Individual Defendants' foregoing violations of Section 10(b) and Rule 10b-5, HP has sustained billions of dollars in damages, including, but not limited to the, $8.8 billion write-down, the costs and expenses incurred in

connection with HP's internal investigation of historical financial statements, potential securities litigation, and its loss of reputation and goodwill.

SECOND CLAIM FOR RELIEF

VIOLATION OF § 20(a) OF THE SECURITIES EXCHANGE ACT CONTROL PERSON - FILING FALSE AND MISLEADING FINANCIAL STATEMENTS AGAINST THE HP INDIVIDUAL DEFENDANTS

257. Plaintiff incorporates by reference the allegations set forth above as though fully restated herein.

258. The Individual Defendants are also liable under Section 20(a) of the Securities Exchange Act as control persons of HP. By virtue of their operational and management control of HP's respective businesses and systematic involvement in the fraudulent scheme alleged herein, the Individual Defendants named herein each had the power to influence and control and did influence and control, directly or indirectly, the decision-making and actions of HP, including the content and dissemination of the various statements which Plaintiff contend are false and misleading. Defendant Meg Whitman, in particular was an HP director who voted in favor of the Autonomy acquisition. After becoming the CEO of HP in September of 2011, Defendant Meg Whitman, with knowledge, allowed misstatements to be made about Autonomy's technology, its functionality and its availability. Each of the Individual Defendants named herein had the ability to prevent the issuance of the statements alleged to be false and misleading or cause such statements to be corrected.

259. Each of the Individual Defendants named herein had direct and supervisory involvement in the operations of HP and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

260. Each of the Individual Defendants named herein, by virtue of their stock ownership, high-level positions, and participation in and/or awareness of HP's operations, had the power to influence and control and did influence and control, directly or indirectly, the decision-making of HP, including the content and dissemination of the various statements that

Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of HP's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

261. As set forth above, each of the Individual Defendants violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, each of the Individual Defendants is liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of the HP Individual Defendants' foregoing violations of Section 10(b) and Rule 10b-5, HP has sustained billions of dollars in damages, including, but not limited to the, $8.8 billion write-down, the costs and expenses incurred in connection with HP's internal investigation of historical financial statements, potential securities litigation, and its loss of reputation and goodwill.

THIRD CLAIM FOR RELIEF

BREACH OF FIDUCIARY DUTY AGAINST THE HP INDIVIDUAL DEFENDANTS

262. Plaintiff incorporates by reference the allegations set forth above as though fully restated herein.

263. Each of the Individual Defendants owed fiduciary duties to HP. Defendants specifically owed and owe HP the highest obligation of good faith and loyalty in the administration of the affairs of HP, including the oversight of HP's due diligence, as HP's directors and officers, were and are required to use their abilities to control and manage HP in a fair, just and equitable manner in order to ensure that the Company complied with applicable laws and contractual obligations, to refrain from abusing their positions of control, and not to favor their own interests at the expense of HP. Defendants violated their fiduciary duties to HP, including without limitation their duties of care, good faith, honesty and loyalty.

264. By their acts and omissions alleged herein, Defendants, and each of them, abandoned and abdicated their responsibilities and fiduciary duties with regard to prudently

managing the assets and business of HP in a manner consistent with the operations of a publicly held corporation.

265. Defendants violated their duty of care by making improper statement in HP press releases, conference calls, public filings and disclosures.

266. The Audit Committee Defendants breached their fiduciary duty of loyalty by knowingly or recklessly reviewing and approving improper statements in HP's public filings, press releases, and earnings conference calls. Additionally, the Audit Committee Defendants (Babbio, Baldauf, Banerji, Gupta, Reiner, Senequier, and Thompson) failed to conduct due diligence with regard to HP's acquisition of Autonomy. This constituted a violation of the duties of the members of the Audit Committee under its Charter.

267. The Finance and Investment Committee Defendants were specifically tasked with assisting "the Board in evaluating investment, acquisition, enterprise services, joint venture and divestiture transactions in which HP engages as part of its business strategy from time to time." The Finance and Investment Committee Defendants (Banerji, Hammergren, Reiner, Whitworth and Livermore) breached their fiduciary duty of loyalty by allowing HP to materially overpay for the acquisition of Autonomy despite the numerous red flags alerting them of Autonomy's overvaluation. This constituted a violation of the duties of the members of the Finance and Investment Committee under its Charter.

268. The wrongful conduct particularized herein was not due to an honest error in judgment, but rather to the Individual Defendants' gross mismanagement, bad faith and/or reckless disregard of the rights and interests of HP, its shareholders and its ratepayers and for acting without the reasonable and ordinary care which they owed HP.

269. As a result of the foregoing, the Individual Defendants have participated in harming HP and have breached fiduciary duties owed to HP. The Individual Defendants knowingly aided, encouraged, cooperated and/or participated in, and substantially assisted the other Defendants in the breaches of their fiduciary duties.

270. As a result of defendants' wrongful conduct, HP has suffered and continues to suffer economic losses and non-economic losses, all in an amount to be determined according to

proof at the time of trial. As a direct and proximate result of defendants' foregoing breaches of fiduciary duties, HP has sustained billions of dollars in damages, including, but not limited to the, $8.8 billion write-down, the costs and expenses incurred in connection with HP's internal investigation of historical financial statements, potential securities litigation, and its loss of reputation and goodwill.

FOURTH CLAIM FOR RELIEF

ABUSE OF CONTROL
AGAINST THE HP INDIVIDUAL DEFENDANTS

271. Plaintiff incorporates by reference the allegations set forth above as though fully restated herein.

272. By virtue of their positions and financial holdings in HP, the Individual Defendants exercised control over HP and its operations, and owed duties as controlling persons to HP not to use their positions of control within the Company for their own personal interests and contrary to the interest of HP.

273. The Individual Defendants' conduct amounts to an abuse of their control of HP, in violation of their obligations to HP. The Individual Defendants knowingly aided, encouraged, cooperated and/or participated in, and substantially assisted the other Defendants in their abuse of control. The Individual Defendants put their own pecuniary interests ahead of that of the corporation. The Individual Defendants also made material misrepresentations in order to conceal their own gross mismanagement of HP, as well as to the reduce their own individual liability for securities fraud and other malfeasance. The Individual Defendants abused their control of HP by putting their own self-preservation ahead of the best interests of the company.

274. As a result of the Individual Defendants' abuse of control, HP has sustained and will continue to sustain damages and injuries for which it has no adequate remedy at law.

275. The acts of the Individual Defendants named herein, and each of them, were done maliciously, oppressively, and with intent to defraud, and Plaintiff on behalf of HP is entitled to punitive and exemplary damages in an amount to be shown according to proof at the time of trial.

FIFTH CLAIM FOR RELIEF

CORPORATE WASTE
AGAINST THE HP INDIVIDUAL DEFENDANTS

276. Plaintiff incorporates by reference the allegations set forth above as though fully restated herein.

277. As alleged in detail herein, HP Individual Defendants had a fiduciary duty to exercise good faith and diligence in the administration of the affairs of HP and in the use and preservation of its property and assets, and the highest obligation of fair dealing.

278. HP Individual Defendants wasted HP's corporate assets by failing to conduct proper due diligence related both to Autonomy's true financial condition and technology and causing HP to overpay for Autonomy.

279. The HP Individual Defendants also wasted corporate assets by paying improper compensation and bonuses to certain of HP's directors and executive officers that breached their fiduciary duty. Similary, the HP Individual Defendants wasted corporate assets by paying improper compensation to Defendants Perella Weinberg and Barclays Capital.

280. As a result of the Individual Defendants' actions, HP has to incur substantial costs in investigating and defending itself against pending securities fraud class actions. HP also has to incur the substantial costs of conducting an internal investigation, as well as the costs of dealing with investigations by regulatory agencies in the United States and United Kingdom.

281. As a result of the Individual Defendants' wrongful conduct, HP has suffered and continues to suffer damages, all in an amount to be determined according to proof at trial.

SIXTH CLAIM FOR RELIEF

UNJUST ENRICHMENT
AGAINST THE HP INDIVIDUAL DEFENDANTS

282. Plaintiff incorporates by reference the allegations set forth above as though fully restated herein.

283. Defendants derived compensation, fees and other benefits from HP and were otherwise unjustly enriched for their management of HP during the time in which the wrongful

practices occurred, to the detriment of HP. Defendants profited by engaging in the wrongful conduct set forth above.

284. Individual Defendants' enrichment is directly and causally related to the detriment of HP.

285. These benefits were accepted by Defendants under such circumstances that it would be inequitable for it to be retained without payment. As alleged above, HP Individual Defendants breached their fiduciary duties and/or abused their positions of control to HP and therefore Defendants are not justified in retaining the benefits conferred upon them.

SEVENTH CLAIM FOR RELIEF

AIDING AND ABETTING A BREACH OF FIDUCIARY DUTY AGAINST KPMG, BARCLAYS, PERELLA WEINBERG PARTNERS LP

286. Plaintiff incorporates by reference the allegations set forth above as though fully restated herein.

287. KPMG aided and abetted Individual Defendants' breach of fiduciary duty by its active participation, aid, encouragement, and/or ratification of the breach, for its own benefit.

288. KPMG aided and abetted HP Individual Defendants' breach of fiduciary duty by, among other things, failing to detect any of the material misstatements in Autonomy's financial statements or Autonomy's Next Generation Information Platform technology. For example, KPMG, Barclays and Perella allowed and/or supported Individual Defendants' decision to purchase Autonomy despite the myriad red flags related to its financial condition and technological shortcomings.

289. KPMG, Barclays and Perella allowed or failed to detect the misleading statements about the outdated technology that Autonomy had. KPMG, Barclays and Perella knew that there was no due diligence conducted of the technology at Autonomy. KPMG, Barclays and Perella knew that the HP Individual Defendants were making material and misleading statements about the value of the Autonomy technology and how it would be "transformative" of HP. KPMG, Barclays and Perella knew that HP was paying a massive and unjustifiable premium to acquire Autonomy. Despite this knowledge, KPMG, Barclays and Perella allowed themselves to be used

as cover for the HP Individual Defendants to breach their fiduciary duties to HP and its shareholders.

290. KPMG, Barclays and Perella knew that the Individual Defendants were breaching their fiduciary duties as alleged above because they were intimately involved with the due diligence process and reported directly to the HP Individual Defendants. KPMG, Barclays and Perella knew that HP was overpaying for Autonomy, they knew about the red flags at Autonomy that HP's Board of Directors were willfully ignoring and they knew that HP was paying an exorbitant sum for outdated technology. Despite this knowledge that HP's Board of Directors were breaching their fiduciary duties, KPMG, Barclays and Perella knowingly aided, abetted and encouraged that breach.

291. KPMG, in particular, knew that HP's annual and quarterly financial statements were being used by HP as a basis for oral representations to analysts and the public. KPMG knew and intended that HP's financial statements – and executives' oral discussions of those financial statements – would be relied on by HP, analysts, and the public.

292. KPMG, Barclays and Perella's participation, aid, encouragement, and/or ratification of HP Individual Defendants' breaches of fiduciary duties were done for their benefit, which included among other things, preserving their relationship with the Individual Defendants and HP and securing tens of millions of dollars in compensation for audit and consulting services.

293. The conduct of KPMG, Barclays and Perella were a substantial cause of the harm alleged herein. If KPMG, Barclays and Perella had not provided their approval and support of the acquisition of Autonomy, or if they had prevented the HP Individual Defendants from breaching their fiduciary duties, HP and its shareholders would not have suffered the serious injuries caused by HP's misguided acquisition of Autonomy.

294. As a result of this wrongful conduct, HP has suffered and continues to suffer economic and non-economic losses, all in an amount to be determined according to proof at trial.

EIGHTH CLAIM FOR RELIEF

NEGLIGENCE AGAINST KPMG, BARCLAYS, PERELLA WEINBERG PARTNERS LP

295. Plaintiff incorporates by reference the allegations set forth above as though fully restated herein.

296. Defendant KPMG was negligent in its performance of consulting and audit services to HP. Defendant KPMG was engaged by HP on a consulting basis to review Deloitte Touche's audits of Autonomy.

297. Standard due diligence protocol includes numerous steps that Defendant KPMG would conduct in its due diligence procedures of Autonomy. Defendant KPMG should have: (i) assessed the accounting policies and procedures of Autonomy, (ii) reviewed Deloitte Touche's audit work papers related to the audit of Autonomy; (iii) interviewed the Deloitte Touche personnel responsible for the Autonomy audit; (iv) reviewed internal non-publicly available financial data provided by Autonomy to HP, its advisors and Defendant KPMG; (v) interviewed Autonomy management to corroborate or provide insight into the financial data provided by Autonomy to HP; (vi) developed detailed analyses related to known industry risk areas such as revenue recognition, sales channels, adherence to prescribed financial reporting requirements and conversion of international reporting financial statements to those prescribed by Generally Accepted Accounting Principles ("GAAP"); (vii) assessed Autonomy's financial reporting; and (viii) provided HP a report detailing their due diligence findings, red flags, and potential transaction risk to HP. These are only some of the failings of Defendant KPMG in conducting its review of Deloitte Touche's outside work. Having been hired to HP to review the outside work performed by Deloitte Touche of Autonomy's account, and given the size of the acquisition, KPMG was obligated and required to conduct a thorough and in-depth review of Deloitte Touche's outside auditing work, which it failed to do.

298. Defendant KPMG failed in its due diligence protocols, in among other ways failing to: (1) properly test and evaluate Autonomy's accounting records; (2) properly assess the accounting principals, methods, and processes used by Autonomy, including methods of

consolidation of financial reports; (3) inform HP's management about material errors; and (4) advise HP's audit committee of internal control deficiencies.

299. Defendants Barclays and Perella, as the financial advisors for HP were obligated and required to perform due diligence of Autonomy prior to the acquisition. Defendants Barclays and Perella were required to evaluate Autonomy's financial statements, including a review of the accounting, as well as evaluate the technology and products purportedly being sold by Autonomy. Defendants Barclays and Perella were responsible for ensuring that the business justification for acquiring Autonomy, which was to acquire the IDOL 10 technology, was worth the premium being paid for it. Defendants Barclays and Perella were responsible for advising HP regarding what type of premium it should pay for outdated technology that was difficult and use and not user-friendly. Defendants Barclays and Perella should have advised HP not to go forward with an acquisition at an obviously inflated price. Barclays and Perella failed in their due diligence obligations.

300. By agreeing to provide consulting and other professional services to HP, Defendants KPMG, Barclays and Perella owed a legal duty to act with the skill and ordinary care ordinarily used by reasonable and competent professionals.

301. As a result of this wrongful conduct, HP has suffered and continues to suffer economic and non-economic losses, all in an amount to be determined according to proof at trial.

PRAYER FOR RELIEF

Plaintiff, on behalf of himself and HP, as well as on behalf of other injured Class members, prays for judgment as follows:

1. Awarding damages against all Defendants, jointly and severally, in an amount to be proven at trial;

2. Awarding restitution, disgorgement of all illicit proceeds generated as a result of the wrongful conduct alleged herein, and punitive damages;

3. Awarding appropriate equitable relief, including any injunctive or declaratory relief necessary to change and/or reform HP's corporate governance, policies and culture;

4. Plaintiff intends to seek the removal of any and all directors in which there is a finding by this Court that such director violated his or her fiduciary duties to the corporation;

5. Awarding pre-judgment interest, as well as reasonable attorneys' fees and other costs;

6. Awarding such other relief as this Court may deem just and proper.

Dated: December 19, 2012

COTCHETT, PITRE & McCARTHY, LLP

By: ______________________

MARK C. MOLUMPHY

Attorneys for Plaintiff Stanley Morrical, derivatively on behalf of Hewlett-Packard Company

JURY TRIAL DEMAND

Plaintiff hereby demands a trial by jury of all issues which are subject to adjudication by a trier of fact.

Dated: December 19, 2012

COTCHETT, PITRE & McCARTHY, LLP

By: ______________________
MARK C. MOLUMPHY

Attorneys for Plaintiff Stanley Morrical, derivatively on behalf of Hewlett-Packard Company

VERIFICATION

I, STANLEY MORRICAL, declare:

I am the plaintiff in this action. I am also a shareholder of Hewlett-Packard Company and have been during the relevant time period. I certify under penalty of perjury that I have read and reviewed the Shareholder Derivative Complaint filed in this action and authorized its filing. Based on my and my counsel's investigation, the contents of the Complaint are true to the best of my knowledge, information and belief.

Date: December 19, 2012

STANLEY MORRICAL

EXHIBIT 1

News release

HP Confirms Discussions with Autonomy Corporation plc Regarding Possible Business Combination; Makes Other Announcements

PALO ALTO, Calif., Aug. 18, 2011

HP today commented on the recent announcement by Autonomy Corporation plc (LSE: AU.L). HP confirms that it is in discussions with Autonomy regarding a possible offer for the company.

HP also reported that it plans to announce that its board of directors has authorized the exploration of strategic alternatives for its Personal Systems Group (PSG). HP will consider a broad range of options that may include, among others, a full or partial separation of PSG from HP through a spin-off or other transaction.

In addition, HP reported that it plans to announce that it will discontinue operations for webOS devices, specifically the TouchPad and webOS phones. HP will continue to explore options to optimize the value of webOS software going forward.

HP today announced preliminary results for the third fiscal quarter 2011, with revenue of $31.2 billion compared with $30.7 billion one year ago.

In the third quarter, preliminary GAAP diluted earnings per share (EPS) was $0.93 and non-GAAP diluted EPS was $1.10, compared with third quarter fiscal 2010 GAAP diluted EPS of $0.75 and non-GAAP diluted EPS of $1.08. Non-GAAP diluted EPS estimates exclude after-tax costs related primarily to the amortization of purchased intangible assets of approximately $0.17 per share and $0.33 per share in the third quarter of fiscal 2011 and fiscal 2010, respectively.

For the fourth fiscal quarter of 2011, HP estimates revenue of approximately $32.1 billion to $32.5 billion, GAAP diluted EPS in the range of $0.44 to $0.55, and non-GAAP diluted EPS in the range of $1.12 to $1.16. Non-GAAP diluted EPS guidance excludes after-tax costs of approximately $0.61 to $0.68 per share, related primarily to restructuring and shutdown costs associated with webOS devices, the amortization and impairment of purchased intangibles, restructuring charges and acquisition-related charges.

HP estimates full-year FY11 revenue will be approximately $127.2 billion to $127.6 billion, down from its previous estimate of $129 billion to $130 billion. FY11 GAAP diluted EPS is expected to be in the range of $3.59 to $3.70, down from its previous estimate of at least $4.27, and FY11 non-GAAP diluted EPS is expected to be in the range of $4.82 to $4.86, down from its previous estimate of at least $5.00. FY11 non-GAAP diluted EPS estimates exclude after-tax costs of approximately $1.16 to 1.23 per share, related primarily to restructuring and shutdown costs associated with webOS devices, the amortization and impairment of purchased intangibles, restructuring charges and acquisition-related charges.

HP will host a conference call with the financial community today at 2 p.m. PT / 5 p.m. ET to discuss these announcements well as HP's third quarter 2011 financial results. The call is accessible via an audio webcast at www.hp.com/investor/2011q3webcast.

About HP

HP creates new possibilities for technology to have a meaningful impact on people, businesses, governments and society. The world's largest technology company, HP brings together a portfolio that spans printing, personal computing, software, services and IT infrastructure at the convergence of the cloud and connectivity, creating seamless, secure, context-aware experiences for a connected world. More information about HP (NYSE: HPQ) is available at http://www.hp.com.

Use of non-GAAP financial information

To supplement HP's consolidated condensed financial statements presented on a GAAP basis, HP provides non-GAAP operating profit, non-GAAP operating margin, non-GAAP net earnings, non-GAAP diluted earnings per share and gross cash. HP also provides forecasts of non-GAAP diluted earnings per share. A reconciliation of the adjustments to GAAP results for this quarter and prior periods is included in the tables below. In addition, an explanation of the ways in which HP management uses these non-GAAP measures to evaluate its business, the substance behind HP management's decision to use these non-GAAP measures, the material limitations associated with the use of these non-GAAP measures, the manner in which HP management compensates for those limitations, and the substantive reasons why HP management believes that these non-GAAP measures provide useful information to investors is included under "Use of Non-GAAP Financial Measures" after the tables below. This additional non-GAAP financial information is not meant to be considered in isolation or as a substitute for operating profit, operating margin, net earnings, diluted earnings per share, or cash and cash equivalents prepared in accordance with GAAP.

Forward-looking statements

This news release contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of HP may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, earnings, tax provisions, cash flows, benefit obligations, share repurchases, currency exchange rates, the impact of acquisitions or other financial items; any statements of the plans, strategies and objectives of management for future operations, the exploration of strategic options for PSG and the execution of cost reduction programs and restructuring and integration plans; any statements concerning the expected development, performance or market share relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements regarding pending business combination transactions; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the impact of macroeconomic and geopolitical trends and events; the competitive pressures faced by HP's businesses; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by HP and its suppliers, customers and partners; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; integration and other risks associated with business combination and investment transactions; the hiring and retention of key employees; assumptions related to pension and other post-retirement costs; expectations and assumptions relating to the execution and timing of cost reduction programs and restructuring and integration plans; the possibility that the expected benefits of pending business combination transactions may not materialize as expected or that the transactions may not be timely completed; the resolution of pending investigations, claims and disputes; and other risks that are described in HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2010 and HP's other filings with the Securities and Exchange Commission, including HP's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2011. As in prior periods, the financial information set forth in this release, including tax-related items, reflects estimates based on information available at this time. While HP believes these estimates to be meaningful, these amounts could differ materially from actual reported amounts in HP's Form 10-Q for the quarter ended July 31, 2011. In particular, determining HP's actual tax balances and provisions as of July 31, 2011 requires extensive internal and external review of tax data (including consolidating and reviewing the tax provisions of numerous domestic and foreign entities), which is being completed in the ordinary course of preparing HP's Form 10-Q. HP assumes no obligation and does not intend to update these forward-looking statements.

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Printable version

EXHIBIT 2

FINAL TRANSCRIPT

Thomson StreetEvents℠

HPQ - Hewlett Packard Co at Deutsche Bank Technology Conference

Event Date/Time: Sep. 13. 2011 / 7:45PM GMT

CORPORATE PARTICIPANTS

Leo Apotheker
Hewlett-Packard Development Company, L.P - CEO

Shane Robison
Hewlett-Packard Development Company, L.P - Head Strategy & Technology

CONFERENCE CALL PARTICIPANTS

Chris Whitmore
Deutsche Bank - Analyst

PRESENTATION

Unidentified Participant

Good afternoon. I hope everyone had an enjoyable lunch. Before we kick off the panel discussion with HP, I just want to invite everyone-- there are some sessions that have been enabled with real-time feedback. For those of you who have not experienced it, here's a great opportunity to have your questions heard. There's a lot of people in the room. Not everyone we'll get to relative to a mike. If you go to the URL that's on this card or shoot the QR code, or you can go through the app that you downloaded for this session to real-time feedback, it will be a private mike between you and the speakers. So take an opportunity to do that. And, the tail end, you can rate the session and give us your feedback. So, as you think of it through their conversation, anything that comes up that's top of mind, feel free to post any questions you might have to the speakers. Thank you very much.

Chris Whitmore - *Deutsche Bank - Analyst*

And, with that, we'll get started. For those of you who don't know me, I'm Chris Whitmore. I'm the IT hardware analyst here at Deutsche Bank.

I'm very pleased to have two representatives from HP here today, Leo Apotheker, CEO, and Shane Robison, who's head of strategy and technology at Hewlett.

Before we get started, HP asked me to remind everyone that this presentation may contain forward-looking statements that are subject to risks and uncertainties and to, please, refer to HP's SEC reports for a discussion of those risks.

So, with that, I think we'll go right into the Q&A.

Leo, the one question that I get, I think, most frequently is the timing of this strategy shift you're implementing. Results for the past three quarters have been disappointing here in the midst of repositioning the EDS asset and the economic environment. And outlook is as uncertain as it's ever been. So why now? Why implement such a drastic change in the strategy today?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Well, first of all, thank you for having us.

And allow me to make a small correction to what you have said, if you don't mind. I don't think we have been changing our strategy at all. We are executing the strategy we talked about in March. When we got together with you and others in San Francisco in March, what did we say? We said we wanted to position HP as a company that is going to help people transition into the cloud, and this is doing that. There are a lot of things happening around the cloud. We said that we wanted to be significantly stronger in everything concerning data and, in particular, big data. And, for those that remember, we actually gave a demo on big data at that event. And we're executing, in particular, with the Autonomy acquisition. And then we said that we wanted to make sure that people can connect in a secure environment, and we're working on that.

So let me try to sharpen the argument now that I had the chance to reposition it and talk about two particular things. One is what we decided to announce to the market concerning PCs and, then, maybe a few words about Autonomy.

First of all, PCs. HP runs a very, very effective and impressive PC business, a $40-billion business that is doing well. We are the market leader in our space. We are the category leader. And I think we have demonstrated an uncanny capability of running this business better than anybody else on the planet.

But the entire PC landscape is changing massively. We see new form factors emerging. We see a whole new market emerging around this whole concept of end-user compute devices. And, long discussions with the board, we came to the conclusion that, in order to really be in a position to drive this in the future, the best thing to do would be to give this business the freedom to allocate its own capital, make its own decisions, so that they can actually adjust the business model and continue to lead that category as it moves forward.

And, just to be totally clear with everybody, no one is getting out of the PC business. What our preferred option right now is to spin this business off. And the reason why we went public with it, just to be clear on this as well, was because we needed to do a lot of work in looking all of the dis-synergies and making sure that we can manage that, and that involves hundreds of people. And, therefore, there's absolutely no way to do this at the back office. And, therefore, we had to come and go public with this. And it's fine. Our customers understand that. Our partners understand that. And, despite the FUD that some of our competitors are trying to introduce in the market, we're actually doing pretty well in our PC business. So that's one argument.

The second thing is Autonomy. Autonomy-- I'm sure we have many more questions on Autonomy, but, just to position that squarely in everybody's minds, the idea around Autonomy is to really strengthen HP's capabilities tremendously in this whole notion of data. We talked about data in San Francisco. We will talk a lot about data, probably, today, as well, structured and unstructured. And, therefore, Autonomy is a very important asset (inaudible).

Chris Whitmore - *Deutsche Bank - Analyst*

Just to follow up on that, I guess my question was really more centered around the operating risk tied to this portfolio change using the PC example specifically. Doesn't the pre-announcement of evaluation of a strategy impact the underlying value of that asset, particularly in the context of customer concerns, customer issues, concerns around who's going to support the device? How do you leverage the channel like you did in the past, so forth, and so on? Doesn't that add and inject a significant increase in the operational risk associated with your strategy, given all the other items that I mentioned before that you're executing upon?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

It's a great question. You always have to wonder what is the perfect time to do something. Sometimes too early is too early; sometimes too late is too late. There comes a moment where you just have to make a decision, execute on it, and then execute accordingly so that you manage and minimize whatever risk there is. And that's what we're doing.

We're having a big outreach program to all of our customers, to our consumers. There has been a lot of communication happening. We have been making it quite clear that we will continue to support our PCs. The warranties are in place. The people have nothing to worry about. All of our service agreements stay in place. Our channel partners, our retailers, our distributors, our large customers, our small customers, all of the constituents around HP know that we are here to stay, that this business will continue to be very successful. And I think we are managing rather well.

Chris Whitmore - *Deutsche Bank - Analyst*

Another couple things you discussed at that meeting was your optimism around driving further and deeper penetration into the enterprise with the PC and also bringing webOS operating system into enterprise environments pretty quickly after launch. What changed in the past six months, particularly as it relates to the PC side of the house? And did you really give webOS enough time to succeed in the market?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Let me try to answer the webOS question. I think it did. When we invested into launching the webOS-based device, we gave ourselves and the team pretty clear guidelines and milestones that had to be reached at launch, the week after launch, two weeks after launch, et cetera.

There's two things we learned when we launched our device. The first thing we learned was we have great software-- that we have a software asset that is absolutely stunning. The reviews that came said it's elegant, it's easy to develop on. You guys have a winner with the software.

The hardware wasn't so great, and it didn't sell that well. And it would have meant that we would have had to invest big bucks in a pretty uncertain environment. And, as we are not in a casino, we were not going to do that.

So we decided that it would be safer to really focus on the asset that we have, which is the software, and we are-- and Shane can probably talk about this at length. We are looking at options on whether we can-- how we can leverage the software asset.

And the one thing that you need to bear in mind when you look at this entire space are all of the changes that occurred since February. What are they? People kind of forget because things are changing so quickly. Microsoft buys Nokia, basically. All due respect to Nokia, but Microsoft and Nokia are now joined at the hip, and it's, for all sakes and purposes, like one. Then Google buys Motorola.

So there have been some pretty significant changes in this environment, which imply that HP has to step back, look at this environment, and see how we can optimize our assets. We have a great asset, webOS. In this constellation of Microsoft and Nokia, Google and Motorola, all of these patent issues, people looking for a third option, our software, unfettered now with any particular piece of hardware, has a significant opportunity. And that's how I think you should look at it.

Chris Whitmore - *Deutsche Bank - Analyst*

Shane, did you want to take it from there and maybe give us an update on the software roadmap?

Shane Robison - *Hewlett-Packard Development Company, L.P - Head Strategy & Technology*

Yes, I would like to add a little bit. We're obviously not prepared today to announce exactly where we're going with the software roadmap. But I think it's important for people to understand what the software architecture is and what the opportunity is that we have.

The webOS operating system is the most modern Web-oriented operating system. On top of that is a development environment called Inyo, which is the only development environment out there today that is primarily focused on Web applications. Web apps are simply an app that you can run in any browser. And, by the way, to deploy those apps, you no longer need the hard structure of an app store. So it's kind of back to the future, where developers can develop for any platform.

And so we have the OS itself, which is an industry-leading Web operating system. We have the development environment called Inyo, which allows you to develop applications for webOS, but it also will allow you to develop applications for IOS or Android or Windows. So we'll have a platform which we can make available to the industry. And, just given the level of excitement that we're seeing about partnering with us or in some way participating in this, that is where the future is, this whole application layer, where developers can target multiple OS's with one development environment and deploy their applications without being required to go through the traditional app store business model.

So we're exploring that whole thing. We're looking at partnerships and other structures where we can give webOS and the development environment a life of their own in the industry. And the nice thing about this is what people really want is a much more open set of tools that allow them to participate without some of the constraints they have in today's model.

Chris Whitmore - *Deutsche Bank - Analyst*

I'm getting lots of questions coming in, so thanks, everyone. Keep them up. We'll get to the Q&A a little bit later in the session. So thank you for that.

Just moving on to some of the big strategy changes and some of the decision making, I wanted to ask why you decided to keep PCs-- or spin PCs and keep printing. Are you keeping printing for the cash flow and, essentially, as a strategy to pull the cash out of printing to do more software acquisitions? And, if that's the case, wouldn't it be more effective just to distribute that cash to shareholders?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

There's more than one question. Let me try to answer them sequentially.

First of all, IPG is a great business. You're absolutely right. It's differentiated through its entire technology stack. It's actually a vertically integrated business. And, for those that don't this, and you probably don't because it's not a well-known fact, 60% of IPG's business is enterprise or is commercial already, and only 40% is consumer. And that share is slowly but steadily declining over time.

The biggest opportunity we see for IPG, by the way, is that whole shift from analog to digital; in particular, when it comes to print. And there's about 200 billion pages a year that shift from analog to digital. And that's the biggest opportunity for IPG to capture. And by the way, that is enterprise business or commercial business. That's one element of it.

The second element of it is, as we are moving from analog to digital, there is a fantastic opportunity that IPG is actually building up in order to help people move analog processes to digital processes. A classical example in healthcare. Classical examples are in banking when it comes to more pages. Classical examples are in insurance, where there's still a lot of paper-based document flows that actually could be managed in a significantly better way if they would be digitalized. By the way, there's a lot of synergy here between IPG and Autonomy, if you look at-- if you really understand these two businesses.

So that's as far as IPG is concerned. There's absolutely no intention of spinning IPG out. In fact, what IPG is doing is at the center of our strategy, and you will remember, in San Francisco, we talked about digitalization as well.

Shane Robison - *Hewlett-Packard Development Company, L.P - Head Strategy & Technology*

Let me add just a little bit to that because there are some pieces of the portfolio that we don't talk about a lot that are important for you to think about. As people do more and more printing through print services and, especially, through print service providers, all of that goes to a backend, which, in the digital world, is primarily supplied by HP. So we have our Indigo assets, our Scitex assets, and our page-wide array assets, which is an extension of our inkjet vertically integrated technology. So we provide all that infrastructure. When you go into Walgreen's or any other print service provider and have some print work done, it goes to one of our partners, one of our big customers, and goes through an HP engine. And that's what fuels all that growth on the commercial digital side.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

And, therefore, there's a lot of things happening in the cloud in technologies that we'd like to provide that all interconnect with our IPG business.

And maybe another data point for all of you to remember. Latest data show that print is to most sought-after application for mobile devices. 85% of mobile device users would like to be able to print off their device.

So it's a great business. It's here to stay. And we love that business. And it's very innovative, and lots of things to happen there.

Now, when we do our capital allocation, which is the other question, we always try to balance short term, medium-, and long term. So every [software] business needs to invest in order to make sure it has a medium- and a long-term value proposition for its customers and, therefore, for its shareholders, and that's how we try to balance that.

Chris Whitmore - *Deutsche Bank - Analyst*

On that last topic, a lot of questions that I get and have expressed about the valuation period for Autonomy. Back of the envelope is low, single-digit IRR on that acquisition purchase price. It seemed to be anticipating explosive growth from Autonomy going forward, yet our analysts that cover Autonomy think it's growing in the high, single-digits organically on a year-on-year basis. So it's high, single-digit growth, 35 times, plus kind of earnings multiple 12 times revenue. How does that fit into your capital allocation decision making process, and how do investors ever earn a return on that investment?

Shane Robison - *Hewlett-Packard Development Company, L.P - Head Strategy & Technology*

The first thing-- I'll let Leo talk about the capital allocation strategy.

But the right way to think about Autonomy's growth is to look at the organic growth for the IDOL engine. IDOL stands for intelligent data operating layer. And it is the platform for the 500 other functions that you then up-sell to get a complete Autonomy package. So the IDOL growth year on year is about 17%. And then we can add the rest of the packages on, as needed, depending on what the application space is that the customer is trying to address.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

And let me just try to build on that and help you understand how we came to the valuation of Autonomy. We have a pretty rigorous process inside HP that we follow for all of our acquisitions, which is a DCF-based model, and we try to take a very conservative view at this. Just to make sure everybody understands, Autonomy will be, on day one, accretive to HP. For FY 2012, Autonomy, once we integrate it, is accretive to HP.

Now, we have identified five synergy possibilities-- five synergy leverages on how we can build up the Autonomy business and how we can synergize it between HP and Autonomy. And I can walk you through that, through these various elements. But just take it from us. We did that analysis at great length, in great detail, and we feel that we paid a very fair price for Autonomy. And it will give a great return to our shareholders.

Now, what are these five synergies? The first one is we can leverage our sales force tremendously. Autonomy doesn't have a very large sales force. They sell, essentially, in two countries, the UK and the US. It's a very tiny sales force. We have a pretty large sales force, and we can take Autonomy around the world. Straightforward, lower-hanging fruit. It doesn't require any rocket science.

The second equally low-hanging fruit is attached with our storage devices. We are a big storage vendor. Our attach rates are relatively low today, 15% or 16%. We believe that, with Autonomy, we can reach the best in class in this industry, in the mid 30s, and that will happen rather quickly. So that's straightforward synergy as well, and it's high margin business.

The third synergy I talked about earlier on the synergy we can with IPG in our digitalization effort.

The fourth synergy is a synergy along verticals. There's a lot of opportunity that we see to combine our vertical capabilities or industry-specific capabilities and those of Autonomy. And we have a great future there as well.

And, last but not least, the core essence of the acquisition of Autonomy is to actually build out the next-generation information platform. And we have high hopes for that as well.

Chris Whitmore - *Deutsche Bank - Analyst*

On that last point, should investors expect additional acquisitions to build out the platform?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Right now, everybody at HP is focused on making Autonomy into a big success. So it's heads down, and let's make this into a great thing. The good news about software is you don't need to do many acquisitions to have a great portfolio in software. We actually want to add a lot of organic capabilities to what we have acquired through Autonomy. And, therefore, you should view Autonomy as a pretty fundamental asset that we acquired. And for the near future we are kind of focused on rebuilding pragmatically our balance sheet anyway.

Shane Robison - *Hewlett-Packard Development Company, L.P - Head Strategy & Technology*

And we did one of the small, important pieces before we did the big Autonomy move, which was Vertica. Vertica is a real-time, predictive analytics platform, which, when coupled with Autonomy, gives us a whole new set of capabilities in information management.

Chris Whitmore - *Deutsche Bank - Analyst*

There's been some third-party analysis and, I think, questions around the stickiness of the Autonomy IDOL platform-- some vendors-- software vendors moving off of it to third-party or alternative suppliers. So can you speak to the stickiness of the IDOL platform?

Shane Robison - *Hewlett-Packard Development Company, L.P - Head Strategy & Technology*

Yes. It's interesting. If you look at the actual data, there are a small number, and they're typically associated with customers using a competitor's product or a product that's been purchased by a competitor. There's no data that indicates the core OEM franchise is deteriorating. If you look at the growth for the IDOL platform, it's growing nicely and will continue.

We have-- There's been questions about how the revenue flow works. What happens is these are long, software sales cycles. So when we OEM the IDOL engine itself, it's usually a pretty small, up-front engagement. The standard size of those deals is about $200,000, and there's sort of a 4% royalty rate that goes with that. And then what happens is, over a two- to five-year period of time, people add in more of the 500 functions that they need. And, typically, the real revenue flow starts in about year two. And then, when they're redoing their software, which is typically a five-year cycle, we'll have a chance to re-up and put a new license in place.

So all these patterns are easy to explain once you actually look at the real data around how the business is performing.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Let me maybe add one point to what Shane has said. It's overlooked by analysts that Autonomy has accomplished something that few software companies have been able to do. They transition from an up-front license model to a cloud model, to a SaaS model. Today, more than a third of Autonomy's revenues are cloud-based (inaudible) and, therefore, the shift of up-front money and maintenance money into a annuity-based revenue stream. And they've done that very successfully, and they're probably one of the largest cloud vendors in the world today, which, by the way, ties beautifully back into our cloud strategy that we talked about in the beginning.

Shane Robison - *Hewlett-Packard Development Company, L.P - Head Strategy & Technology*

And, on the OEM license side, they're about the high 90% of the market. And, for the first half of 2011, they were growing at 27%. So that is not a decline.

Chris Whitmore - *Deutsche Bank - Analyst*

I wanted to move the topic to EDS. We haven't-- We're 35 or 30 minutes into this and haven't talked about services yet.

Shane Robison - *Hewlett-Packard Development Company, L.P - Head Strategy & Technology*

(Inaudible).

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

(Inaudible).

Chris Whitmore - *Deutsche Bank - Analyst*

You're in the midst of repositioning ES. Can you talk about where you are today in that process, what the end goal is? What do you hope to turn EDS into?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Okay. It's not EDS anymore; it's HP Enterprise Services. And the segment we report is that business, our enterprise services, and our technical services. We bring it all together in the segment service that you see in the reporting.

So, what are we trying to do? Currently, our HP EDS-- former EDS business is heavily skewed towards outsourcing. We are trying to shift this balance over time and it has to be gradual, because in service businesses, things move gradually to a more balanced portfolio approach. We will be providing on top of our outsourcing businesses-- or alongside our outsourcing businesses additional, higher-added-value service, be it clouds-- we want to put a lot of focus on clouds-- application migrations towards the clouds, application modernization, and, in fact, provide more IP for our customers as well.

So that migration is happening as we speak. We have a very strong operational cadence on this business. We look at all of our customer segments and all of our businesses. Which one makes sense? Which one doesn't make sense? How do we improve our operation execution?

And, way back in Q2, I said on the earnings call that it would take us four to six quarters to kind of turn this business around, and I'm happy to confirm today that it will take three to five because we're one quarter down the road, and we are progressing on our roadmap. We will be gradually changing that business. You'll see all of these elements coming together quarter after quarter. We're doing this in a very, very prudent type operational cadence because that business needs to continue to perform. It needs to slowly change as it continues to perform.

Chris Whitmore - *Deutsche Bank - Analyst*

So you're essentially accelerating investment in some value-add services and then hope to realize faster growth and better margins over time. Where is the trough in the margin profile of the services business? I think you guided to about 12.5% in the next year. Is that the right--? Is that a trough number? Is that the right ongoing number? Or do they have to go lower before they can improve?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

No. I think we indicated at the previous call, and I'll confirm that, that 12.5% is kind of the short-term margin that you should factor in. You should not factor in a lower number than that. And that's probably going to be the number you should be looking at for the short term. Long term, we're aiming for a better margin than that. And, long term, we're aiming also to produce in constant currency, because that's the only real measure, low, single-digit growth numbers.

Chris Whitmore - *Deutsche Bank - Analyst*

What's the risk that you surprise negatively on the margin line, given a decelerating global economy and accelerating expenses?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Well, we're not accelerating expenses. We have the expenses reasonably well under control. And it goes without saying that all of the assumptions, where we have taken the current economic climate into account, it doesn't take into account a cataclysmic event and the world collapses. That's a different story. But I don't think that's something we should talk about today. The world isn't collapsing yet.

Chris Whitmore - *Deutsche Bank - Analyst*

I wanted to ask a couple of balance sheet questions. Pro forma, it looks like your net debt will move to $22 billion or $23 billion. Presumably, you're going to issue about $5 billion in debt and pay the rest out of cash for Autonomy. Is that the right working assumption? I think that's number one.

Number two, how long do investors have to wait for the share buyback to restart again? You mentioned you're going to rebuild the balance sheet. How long does that take? What's the right level of leverage on HP?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

We usually don't really comment on the right leverage on HP because it really depends on a lot of parameters and opportunities, capital costs, all of these great things. I think, up to $22 billion, we are more or less okay.

What we are going to do in the coming quarters is we're going to be focused very pragmatically on rebuilding our balance sheet and will, at minimum, maintain the zero dilution. Medium term, we'll come back to our traditional capital allocation policy, where we want to invest into our business, and we want to return cash to our shareholders.

Chris Whitmore - *Deutsche Bank - Analyst*

I think, at this point, maybe we can open up the session for Q&A. If there's any questions, please, raise your hand. I think there's some microphones floating around.

In the meantime, I'm going to ask-- I'm going to pick one that came in on the iPad here. There are several good ones here. There's one around Autonomy, and there's issues around accounting related to-- acquisition accounting, use of provisions, and relationships with their auditor.

The bottom line question here is-- What specific steps around due diligence did HP take to investigate any concerns around accounting prior to completing or announcing the transaction?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

We have and are running an extremely tight and very professional due diligence process. I've got to tell you I have challenges with the question itself. Autonomy is a publicly traded company in the UK. And they are, therefore, audited like any other FTSE company, and they're being audited on very professional standards. And, therefore, that's where we pick up the trail and do our due— that's the basis of our due diligence.

Chris Whitmore - *Deutsche Bank - Analyst*

Another question that came in was around your vision for security software, particularly in light of recent news. Perhaps you could spend a couple of minutes to give us an update on security.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Sure. We believe that security is a multifaceted issue. It isn't one particular thing that you need to do about security. You need to do a whole set of things. You need to prevent people from accessing, and you need to be able to do something about the fact that sometimes people do manage to break in. And what do you do about it? The quicker you can find them, the better.

So we have been building up an entire suite of products and solutions around security that we will actually be using also in our own public cloud services. We believe we have a very, very strong security offering. And, if you look at our software numbers over the last quarters, you can see that that portfolio is actually gaining a lot of traction and is selling extremely well.

QUESTIONS AND ANSWERS

Unidentified Audience Member

Thanks so much for coming out and speaking to the investor group, Leo. My questions are regarding the PC business. Just a couple of questions about that.

I guess, first, why did you guys have to--? With some companies, they actually waited until they got the internal-- my understanding is you're saying you wanted the internal back office people and to start getting ready for the spinout of the PC business.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

That's not what I said.

Unidentified Audience Member

Okay.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

What I said is the following. Our PC business is not a tiny, microscopic, little business that you can decide among two people in a little room by running a spreadsheet to decide it's good or bad and it's easy to spin out. It's a $40-billion corporation.

Now, what would you have said if I would have said to you-- I would have said five people in a room, very smart people, used a spreadsheet and some very smart software to decide that there is no dis-synergy on spinning out PSG? I think you wouldn't have believed me, and you would have been right.

So you have to put a team of people to work on supply chain, on IT, on a whole bunch of other issues to make sure that you can carve out that business in the most professional way and that you minimize, if any, dis-synergies, which you need to identify first. That requires the work of a few hundred people, not a few people, a few hundred people on supply chain, on purchasing, on a whole bunch of other things. There's no way to do this in secret.

Unidentified Audience Member

The amount of people that you needed to get the gears in motion would have somehow leaked out? You just started-- tried to nip that in the bud.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

You have to. It's a market-moving event. Isn't it? If you want to convince the SEC that market-moving events should not be disclosed, that's your privilege.

Chris Whitmore - *Deutsche Bank - Analyst*

We got another question along the similar lines. Leo, you're taking the number-one share PC business worldwide and spinning it out. Please, let us know. How does this not impact your cost structure in all your other hardware businesses? They go from huge scale to medium scale overnight. How do you maintain that scale benefit, if you can?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

I'd be happy to talk about that. First of all, we will be maintaining a lot of our share-- our scale benefits. People should remember that we have an architecture that Shane, among others, has been driving for quite some years. We are the number-one server vendor in the world. And that already gives us tremendous scale. If you look at what we're doing in networking and on our storage business, we're actually building off that scale as well. So we already have a lot of scale.

Second, and in response to the question I just answered, one of the things we are looking at is we are looking at the options we have around PSG. We're trying to find ways to see what options we have to keep then previous scale together. We can learn from other industries. It's entirely feasible, and we still need to work at that-- but, just as an example, other industries where people actually compete with each other have decided that they would have joint purchasing organizations to benefit from scale. And there's no reason why, theoretically, at least, we couldn't do the same thing with PSG so that the scale effect would be the same.

Chris Whitmore - *Deutsche Bank - Analyst*

Let's play devil's advocate for a moment. In 2005, IBM spun their PC business. And, for the following three years, each successive year, they lost market share in the X86 server market; arguably, due to scale dis-synergies, channel dis-synergies, et cetera. Looking at their experience, what lessons did you learn or can you learn from that experience to prevent the same from happening in your server business?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Well, first of all, we are not really comparable to IBM from that aspect because our server business is significantly larger. If you look at the X86-based servers, we have about 50% market share. So it's hard to get more scale from a server perspective. So I don't think we have a real issue on the scale side. We already-- We have enough scale in the rest of our businesses so that we don't really need additional scale to get a marginally better price point. And, if we need that, then we still have the option to really purchase, together with IPG, with the PSG so that we can actually keep the entire, current scale in place.

Where there are other things that we need to work over is through this joint logistics and joint warehousing, a few joint plants and things like that, and we are working through all of these issues.

Chris Whitmore - *Deutsche Bank - Analyst*

I'll poll the audience again at this time.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Maybe one important point that people should know. From that perspective, we kind of confused people in communication. Just to be clear, I expect that a decision-- a final decision on how this will be done-- if and how it will happen this calendar year. And the whole process, including the final act, could be completed in 12 months.

Unidentified Audience Member

Leo, when you were discussing the Autonomy acquisition, you brought up the five synergies. And the question I had for you was-- on those five synergies, those are all things that HP brings to the table to Autonomy as opposed to vice versa. So, when looking at that purchase price, why did you have to pay up to that level, because, again, those are the benefits of HP that they bring-- that you bring to Autonomy?

And, secondly, when looking at the acquisition and the opportunities, why did you choose to go this way on the software side versus maybe advancing your scale on the networking side? Thank you.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Okay. Well, we bought a software company that generates 40% margin, which is pretty unique even for a software company. And we bought a software company that has probably one of the richest IP portfolios in the industry, and that has tremendous value. So the entire IDOL platform that Shane talked about earlier on is basically all of Autonomy's own IP.

And, if you understand that the future of information technology is all about unstructured data, 85% of the world's data is unstructured growing at 50% CAGR compared to the structured side of the equation, which is only 15% of the data and that grows at significantly lower growth rates, you understand that the asset that is capable of managing unstructured data has tremendous value.

Now, the fact that we bring scale, essentially scale and complementarity to that asset only makes it an even more palpable asset for us because it gives us the opportunity to really provide a return very quickly for our shareholders, or as quickly as possible and, on top of that, leverage the change and the transformation of HP. So that's one argument.

Now, why this and not something else? Well, I'd like to remind you that we did a major acquisition in networking not that long time ago 3COM, which, by the way, is paying out very nicely. Thank you very much. We are growing fast in networking. It's a great business. To use the American expression-- forgive me if I use this term here-- we're kicking someone's butt in a significant fashion. We're gaining market share every quarter. And it's-- the thing we are focusing on on networking is to actually make it grow organically as well. It's time for HP also to use its own R&D capabilities to grow businesses.

Chris Whitmore - *Deutsche Bank - Analyst*

Any other questions from the audience?

Unidentified Audience Member

Amongst the industry virtualization that has seemed to be the path to cloud for many enterprises, could you talk a little bit about Hewlett's strategy around virtualization and how you can be a big player in that without owning your own virtualization platform?

Shane Robison - *Hewlett-Packard Development Company, L.P - Head Strategy & Technology*

I can't see you, but I'll try and answer your question.

Let me start by outlining our cloud strategy because I think it's important to understand the whole strategy and put virtualization in that context. We have a whole range of services and, I think, a pretty nice position, if not a leadership position, in the market. And we start with a services position, where we can come into a big customer and do an assessment of their readiness to move their applications and their data to a cloud-based business model. We can move from there into private cloud implementation, which-- typically, these private cloud implementations are a function of legacy applications that may not have yet been re-architected to be suitable for a cloud deployment. And, in many of those cases, virtualization is a key piece of technology.

We can help them transform their applications to get ready for more of a public or commercial cloud deployment, but, in that context, with our cloud systems approach and our blade matrix, which is a combination of servers, storage, networking, and the management software, including virtualization, which we will partner with the major industry leaders in that space, we can give them a complete private cloud solution.

On the public side, we've just quietly announced this week-- and the reason I say quietly is because this is in private data-- a public cloud offering which is-- I call it a commercial cloud offering. So, basically, it's a public cloud that allows our big customers to burst into a public cloud as needed or for those applications where they aren't constrained to keeping either the app or the data on premise. And that is based on the open-stack architecture that is becoming the industry leader. And, in most of these big, public clouds, they don't use virtualization. It's a whole different mechanism for provisioning.

So we'll have a position in the public cloud space, which I call commercial cloud, which allows us to have an offering but will also allow our customers, if they want to deploy their own public cloud, to, in effect, white label that entire stack and deploy a public cloud there.

And you might say-- well, why do we want to do that? The important thing among these public clouds is that they be able to smoothly and seamlessly interoperate. And then we will be in the best position to help people then follow up and interoperate with their private clouds.

So, long story short, services to support and assess cloud readiness, products and services to supply private clouds, and I think we have the industry lead there, a public cloud offering, which will be commercially available the first part of this next calendar year, and the ability to give them hybrid cloud infrastructure so that they can tie their public cloud to the private cloud-- a pretty exciting position for us. And then we'll deploy a lot of our existing software assets, like Snapfish and other things on these public clouds.

It's an exciting opportunity for us, as well, for Autonomy. A big part of Autonomy's go-forward business strategy is to become more and more cloud deployed. Today, 30% of their business is deployed on cloud infrastructure. So you can buy Autonomy by the drink, not just by the licensing model. And we see this as sort of a comprehensive strategy that positions HP in kind of a unique way.

Chris Whitmore - *Deutsche Bank - Analyst*

We probably have time to sneak one last one in here.

Unidentified Audience Member

Just a question, again, here on the PC spin. I think you made reference earlier to just the idea that your competitors are out there in the marketplace saying that they're going to gain share, or they have the potential to gain share now. And there's a dislocation, potentially, with your customer base, with your supply chain, et cetera, because of the announcement. What's your preference, I guess? When you look at this business and when you look at maintaining the integrity of this business as you go through this process and try to figure out whether or not it's possible to divest it, clearly, you've got a number-one market share position. You've got very strong cash flow in this business, and you've got very good margins in this business. Of those three, and I guess they're somewhat intertwined, which would you think would be most important to protect as you go through this transition, because it would seem like the easy sales call for any of your competitors to make is-- hey, HP, you know-- we don't know what's going on with those guys, so you need to come to us right now. And that would cause, I would think, a little bit of disruption.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

We're in the fortunate position that we don't need to make that arbitrage. Despite all of the fuss that one of the PC grantees would like to make, customers are smarter than that. They understand that our PSG business is part of HP and that it has a real future on whatever form it might take from an ownership perspective going forward.

In the meantime, we deal with that really well. We have clarified communications with all of our customers. We haven't lost business. Our distributors haven't seen any real shrinkage in the amount. There has been a couple of weeks of kind of what's going on, but people now know that they have a partner in HP in PSG for many years to come. And I don't want to say it's business as usual, but it's not that far removed from that.

Unidentified Audience Member

I guess the question is more along the lines of if your competitors decided to get more aggressive on pricing. So it's not just a messaging from the competitors, but it's also, look, the pricing environment has been okay recently. Component pricing is obviously down. If there was ever a time-- If you're Dell, for example, that you wanted to attack-- and let's assume that they've been in the pruning mode for the last several quarters in terms of that business, that they might start to use component pricing and things like that to get more aggressive on price. Would you be willing to compete on price with-- whether it was with the direct customers or with the distribution channels, just to maintain business during this transition period? Or do you feel like that's not something you would want to respond to?

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

Well, (a) that's something I would never respond to in a public forum. And (b)--

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Unidentified Audience Member

I meant respond to strategically, not the question.

Leo Apotheker - *Hewlett-Packard Development Company, L.P - CEO*

I just gave you the answer. And I just want to point out that, when it comes to being capable of addressing supply chain and having responsiveness in the supply chain, HP is better positioned than anybody else to do that.

Unidentified Audience Member

Thank you.

Chris Whitmore - *Deutsche Bank - Analyst*

Thank you, everyone. That does conclude this presentation. Thank you, Leo. Thank you, Shane. I very much appreciate it.

EXHIBIT 3

Qatalyst PARTNERS

Autonomy Overview

DRAFT

Preliminary | Subject to Further Review and Evaluation

January 2011

Autonomy Overview

Autonomy

Summary

Dual Headquarters	San Francisco, CA Cambridge, U.K.
Founding	Founded in June 1996 by world-leading researchers from University of Cambridge
IPO	July 1998 at a split-adjusted price of $1.23 (approx. £0.70)
Employees	1,800 *(10% Administrative, 60% Technical, 30% Sales and Marketing)*
Customers/OEMs	20,000+ Customers, 400+ OEMs with over 500 product licenses
Geographic Mix	70% Americas, 30% Rest of World
Key Verticals	Education, Energy & Utilities, Financial Services, Government, Healthcare, Investigative, Legal, Manufacturing, Professional Services/Consulting, Retail & Consumer, Technology, Telecom
Sales Channel	Primarily indirect through 400 Value Added Resellers such as Accenture, IBM Global Services, Cap Gemini, HP and Wipro
Product Overview	Software infrastructure solutions that form an understanding of content, allowing for powerful meaning-based data processing **Intelligent Data Operating Layer (IDOL)** Server – collects indexed data, enriching it with conceptual and contextual understanding ▪ Core infrastructure of Autonomy's solutions **Power** solutions – search and management built around IDOL ▪ Markets include Search, BPM, and OEMs **Protect** solutions – regulatory and compliance platform ▪ Markets include eDiscovery, Archiving & Records, Content management, Compliance **Promote** solutions – marketing and customer interaction ▪ Markets include Web Content Management, eBusiness, Marketing Optimization, Rich Media Management, Contact Center

Source: Company filings.

Financial Performance

($MM, except per share amounts)

	Fiscal Year Ended December 31,				
	2008A	2009A	2010E	2011E	2012E
Revenue	$503	$740	$866	$963	$1,079
Annual Growth	*47%*	*47%*	*17%*	*11%*	*12%*
Gross Profit	458	652	764	856	969
Gross Margin	*91%*	*88%*	*88%*	*89%*	*90%*
EBITDA	226	360	426	505	585
EBITDA Margin	*45%*	*49%*	*49%*	*52%*	*54%*
Free Cash Flow	121	191	281	322	487
Free Cash Flow Margin	*24%*	*26%*	*32%*	*33%*	*45%*
Net Income	148	233	289	343	399
Net Income Margin	*29%*	*31%*	*33%*	*36%*	*37%*
Diluted EPS	0.68	0.97	1.09	1.27	1.48
Annual Growth	*81%*	*43%*	*12%*	*17%*	*16%*

Source: Projections based on Bank of America Merrill Lynch research as of October 19, 2010.
Note: Free Cash Flow defined as Operating Cash Flow less Cap Ex and Investment in Product Development.
Gross Profit adjusted for amortization of acq related intangibles.
EBITDA adjusted for amortization of acq related intangibles, SBC, foreign exchange, and non-recurring items.

Trading Overview

($MM, except per share amounts)		
Share Price	*£14.78* /	$23.66
Fully-Diluted Equity Value (1)		$5,811
Plus: Debt (1)		945
Less: Cash (1)		1,028
Fully-Diluted Enterprise Value (1)		$5,728
CY10E	*Statistic (2)*	
Revenue	*$866*	6.6x
EBITDA	*426*	13.4
Earnings per Share	*1.09*	21.7
CY11E		
Revenue	*$963*	5.9x
EBITDA	*505*	11.3
Earnings per Share	*1.27*	18.6

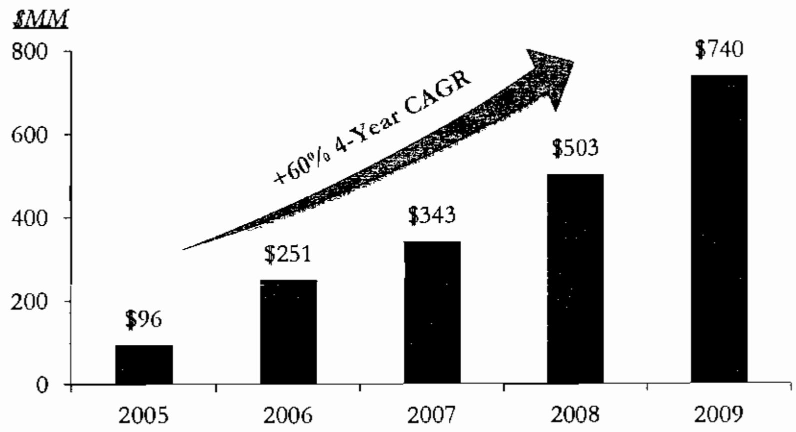
Note: Current market prices as of January 24, 2011, converted from GBP to USD at a constant spot exchange rate of 1.60.
(1) Net Debt based on Autonomy Form 6-K for the period ended September 30, 2010. Includes £500 ($800) convertible debt with strike price of £20.63 ($33.03).
(2) Projections based on Bank of America Merrill Lynch research as of October 19, 2010.

Catalyst PARTNERS

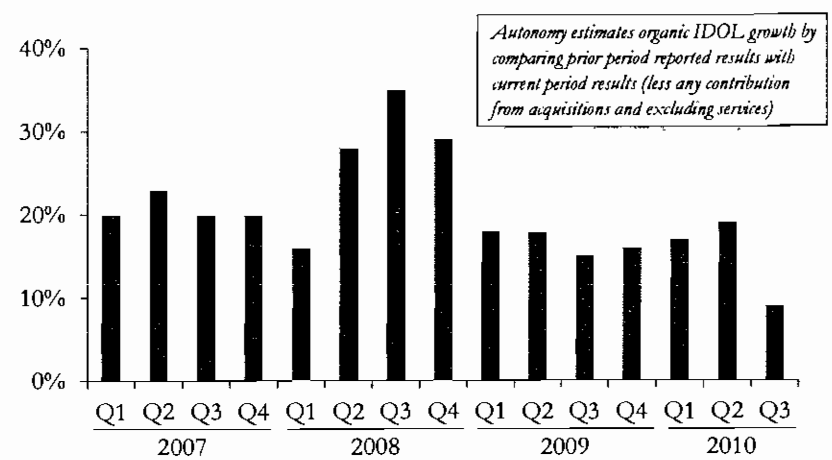
Key Financial Metrics

Autonomy

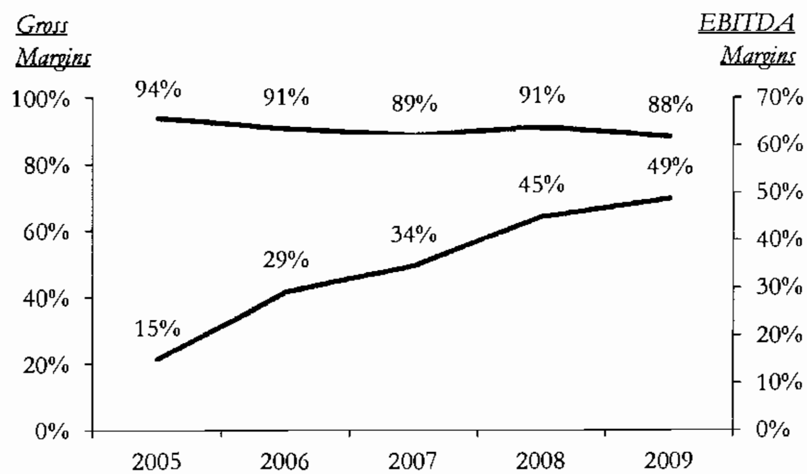
Historical Revenues



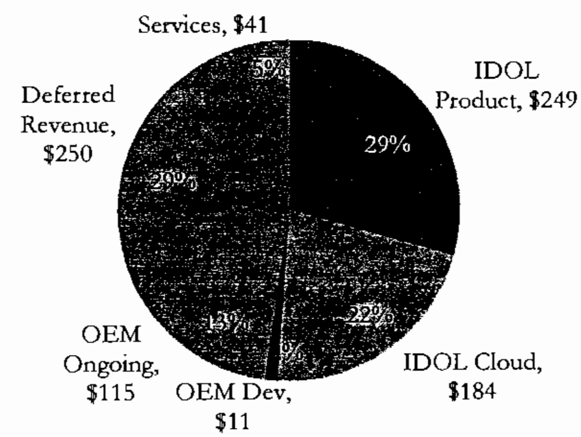
Organic IDOL Revenue Growth YoY



Historical Margins



Attractive Revenue Mix (in $MM, LTM)



Source: Company filings.

Note: OEM Ongoing refers to sales of OEMs' products.

OEM Dev refers to a non-refundable, upfront development license fee.

Catalyst PARTNERS

Data Management Market Dynamics

Autonomy

The secular migration towards unstructured data has created a large and meaningful addressable opportunity in managing, regulating and monetizing the use of information

Structured Data Management

- 15% of total data(1)
- Size: $18bn
- Traditional structured data CAGR of 32.3% from 2006 – 2010 *(IDC)*

Current RDBMS solutions only address ~20% of the total data management market

Unstructured data is expected to grow twice as fast as structured data

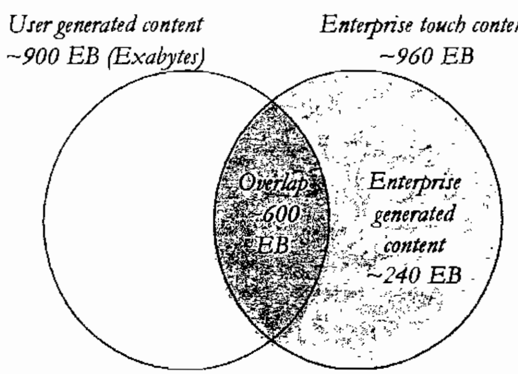
Unstructured Data Management

- 85% of total data(1)
- Size: $20bn (email, video, voice, etc)
- Unstructured data CAGR of 63.7% from 2006 – 2010 *(IDC)*

Autonomy

Power: Manage and Search
(~40% of 2009 Revenue)

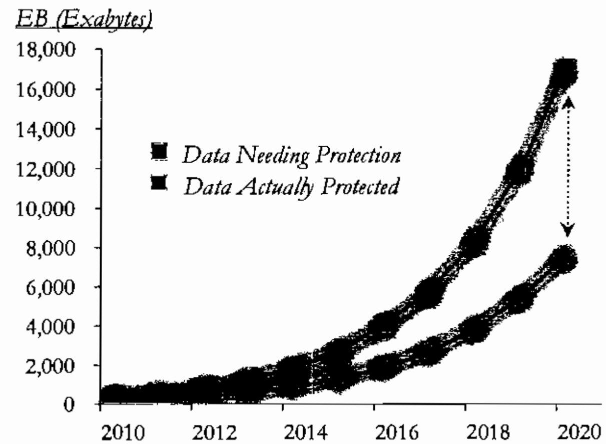
While enterprises only create 20% of all data, they need to manage transmission, storage, security and compliance for more than 85% of it



2010: ~1,200 EB

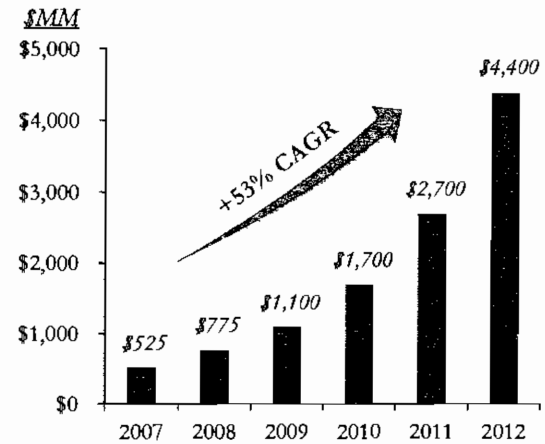
Protect: Legal and Compliance
(~40% of 2009 Revenue)

Data needing protection in 2020 is the size of the entire digital universe in 2018



Promote: Marketing
(~20% of 2009 Revenue)

U.S. behaviorally targeted online advertising spending(2)



Source: Company filings, IDC, Industry research.
(1) Bank of America Merrill Lynch estimates.
(2) Source: eMarketer. Refers to advertising displayed to a select audience whose interest or intentions are revealed by website or ISP tracking data, audience segmentation and/or predictive analysis; excludes ads targeted using adware.

IDOL Software Business Model

Autonomy

Gross margins over 90%, operating margins over 50%, 30% of revenue deferred

Business Delivery Model

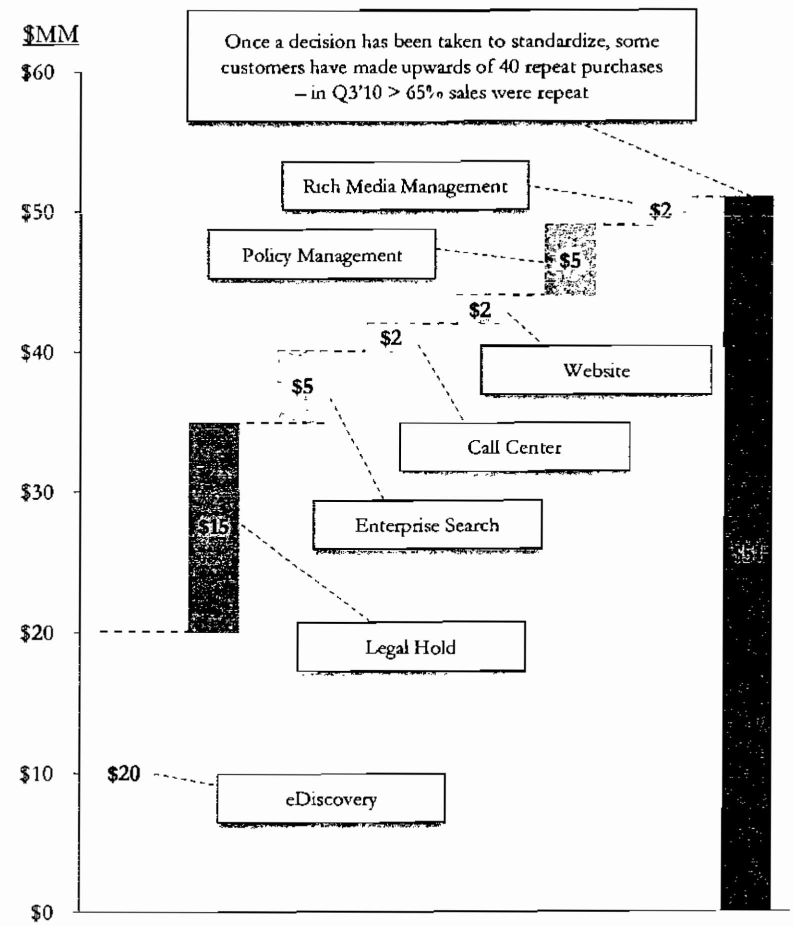
Standard Product	• License *(~$850k ASP)* • Support & Maintenance *(~15% p.a.)* • Typical sale 4 connectors, 4 functions • 65% recurring revenue

IDOL OEMs	• 400+ OEMs *(~5 year deals)*
	• Royalty-based ~3% *(no deferred revenue, 100% gross margin)*
	  - 10-14 signed per quarter
	  - 35% year-on-year revenue growth

IDOL Cloud	• Paid monthly and typically 3-year contracts • Collected in arrears *(no deferred revenue)* • The world's largest private legally compliant cloud at over 17 Petabytes of data
Hybrid Model	• Mixture of traditional license and hosted revenues • Timing of revenues varies per contract • Some deferred revenues

Appliance	• New model focused on quick time to value, high return
	  - Archiving (Arcpliance)
	  - Email (DSmail)
	  - eDiscovery

Illustrative Customer Over Time



Catalyst PARTNERS

Competitive Positioning

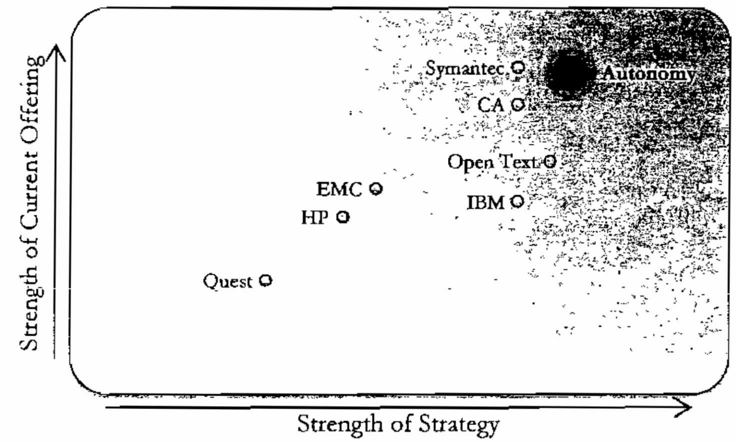
Autonomy

Data Management Leader

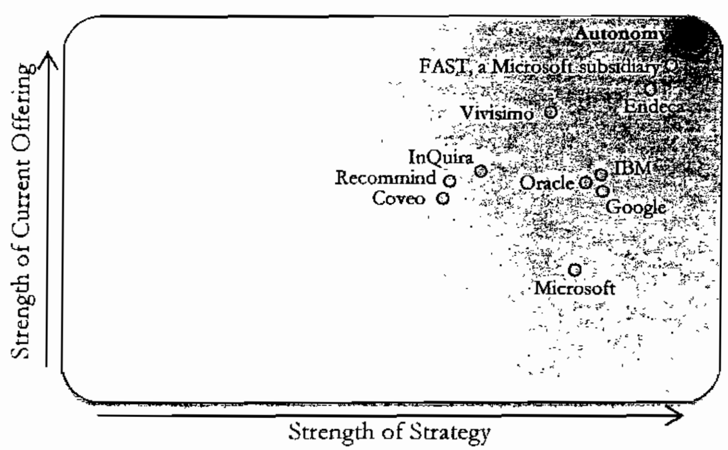
AUTONOMY LEADS THE DATA MANAGEMENT INDUSTRY WITH MEANING BASED COMPUTING

Network Effects	Technology and vendor agnostic nature of IDOL leads to increasing adoption by OEM vendors
Technology	Over $135m in R&D spend in last 12 months; 170 patents; 100% of technology is owned
Standardization	Connects to over 400 content repositories and over 1,000 file formats (one new connection within IDOL can replace 9,000 new connections between entities)
Installed Base	Over 20,000 customers and 400 partners
Acquisitions	Successful track record in integrating and expanding IDOL technology across customers and use cases

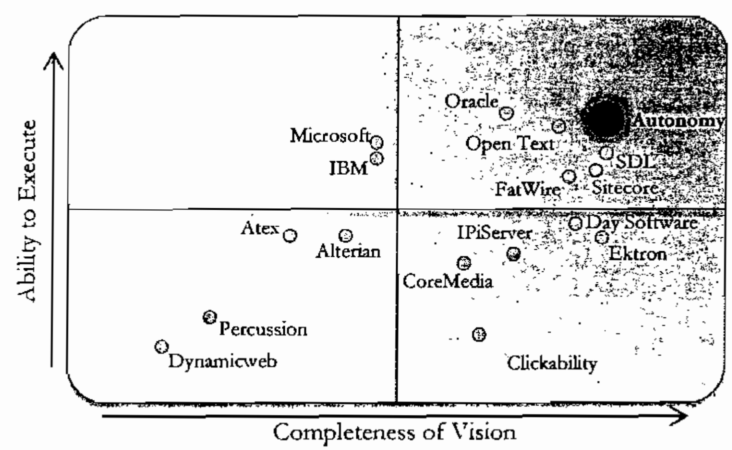
Message Archiving Software *(Forrester Wave)*



Enterprise Search *(Forrester Wave)*



Web Content Management *(Gartner Magic Quadrant)*



Source: Gartner, Forrester Research.

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400+ Partners and 20,000+ Customers Across Multiple Verticals

Autonomy

Partners

accenture
Adobe
Novell
Capgemini
ORACLE
CISCO
SAIC
CITRIX
SAP
EMC²
Symantec
hp
UGS
IBM
UNISYS
IRON MOUNTAIN INCORPORATED
WIPRO
factiva
XEROX

Customers

Tech/Comm

Alcatel-Lucent
at&t
bmc
BT
DELL
ERICSSON
FUJITSU
intel
LEXMARK
NOKIA
Sprint
TELECOM
TOSHIBA
verizon
vodafone

Pharma/Food

AstraZeneca
Bristol-Myers Squibb Company
Coca-Cola
gsk GlaxoSmithKline
Johnson & Johnson
MONSANTO
Nestlé
NOVARTIS
Pfizer
Roche
SAFEWAY
TESCO

Media

BBC
Bloomberg
CBS
Forbes.com
FOX
FT
MTV
Metro Goldwyn Mayer
NBA
sky

Consumer/Mfg

adidas
BMW
Canon
DAIMLERCHRYSLER
Delta
Ford
GE
GM
Gillette
GOODYEAR
LAFARGE
SONY
Schneider Electric
TOYOTA

Finance

AIG
Bank of America
BARCLAYS
Capital One Bank
citi
CREDIT SUISSE
Deutsche Bank
Fidelity
Goldman Sachs
Grupo Santander
ING
JPMorganChase
Morgan Stanley
SOCIETE GENERALE
Standard Chartered
AMERITRADE
WELLS FARGO

Legal/Govt

ALLEN & OVERY
FINRA
KPMG
LexisNexis
Linklaters
NASA
NYSE
pwc
SERIOUS FRAUD OFFICE
SLAUGHTER AND MAY
WHITE & CASE

Catalyst PARTNERS

Acquisitions

Acquisition Strategy

- *Since 2003, Autonomy has successfully acquired 11 businesses with ~$600mm in cumulative LTM revenue*
- *Autonomy's strategy has been to focus on specific markets in which IDOL can be substituted as the foundation for existing technologies and leveraged across customer environments*
- *This has provided Autonomy rapid cost savings and the addition of installed base and channel has created significant cross-sell / up-sell opportunities associated with additional functionality*

M&A Transaction History

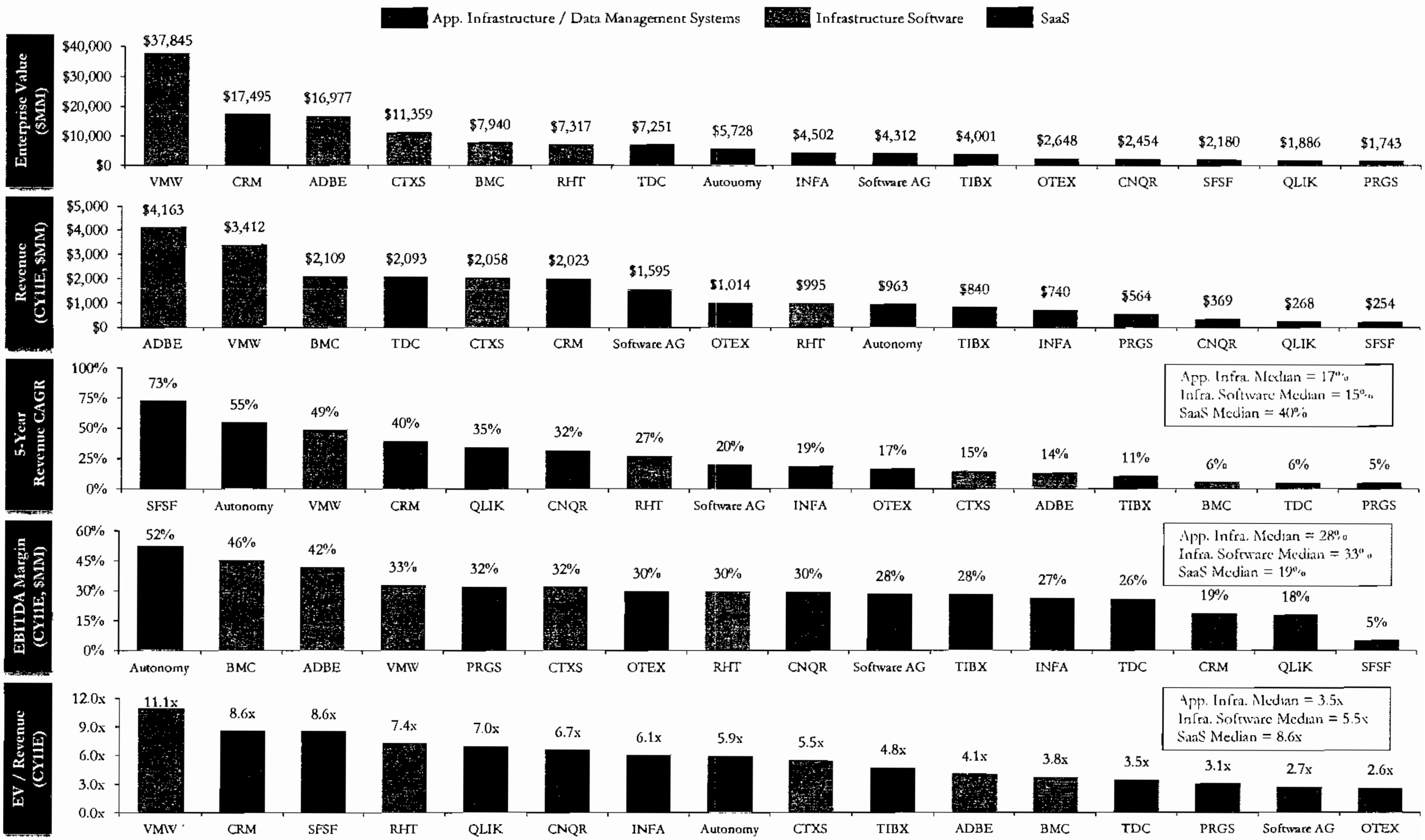
($MM)

			Fully-Diluted				Transaction Multiples				
Annc			Equity	Ent	Revenue		Revenue		P/E		1-Day
Date	Target	Description	Value	Value	LTM	NTM	LTM	NTM	LTM	NTM	Prem
Autonomy											
Jun-10	CA's Governance Unit	Information governance software	$19	$19	-	-	-	-	-	-	-
Feb-09	MicroLink	ERP systems integration	$55	$55	-	-	-	-	-	-	-
Jan-09	Interwoven	Enterprise content management	$803	$618	$260	$292	2.4x	2.1x	21.9x	19.5x	37%
Oct-07	Meridio	Documents & record management	$41	$41	$27	-	1.5x	-	-	-	-
Jul-07	ZANTAZ	Electronic archiving and e-discovery	$375	$375	$100	-	3.8x	-	-	-	-
Nov-05	Verity	Data & content indexing and search	$503	$311	$144	$150	2.2x	2.1x	45.0x	32.9x	30%
Apr-05	etalk	Call center monitoring	$70	$70	$37	-	1.9x	-	-	-	-
Jul-03	Virage	Automated audio and video surveillance	$25	$18	$12	-	1.5x	-	-	-	-
						Mean:	*2.2x*	*2.1x*	*33.4x*	*26.2x*	*34%*
						Median:	*2.0x*	*2.1x*	*33.4x*	*26.2x*	*34%*

Sources: Company filings, press releases, 451 Group and Wall Street Research.

Trading Statistics of Selected Companies

Autonomy



Sources: *Capital IQ, company filings, press releases and Wall Street research. Excludes stock-based compensation. Autonomy figures based on Bank of America Merrill Lynch research as of October 19, 2010.*

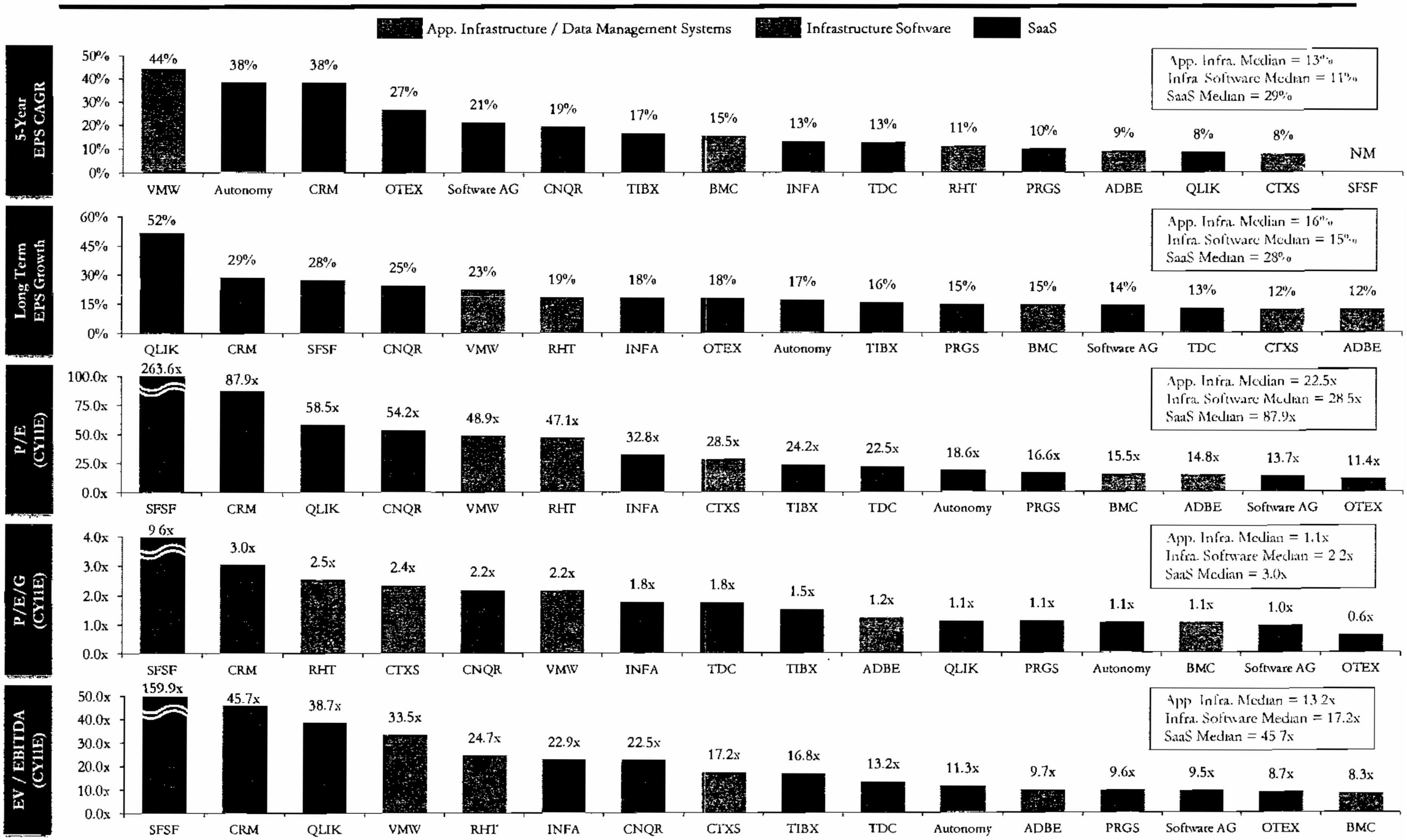
Note: *Current prices as of January 24, 2011. 5-Year CAGRs based on CY2005 to CY2010.*

Revenue growth rate for Qlik Technologies are based on CY2008 to CY2009.

Negative earnings noted as NM.

Qatalyst PARTNERS

Operating Statistics of Selected Companies Autonomy



Source: *Capital IQ, company filings, press releases and Wall Street research. Excludes stock based compensation. Autonomy figures based on Bank of America Merrill Lynch research as of October 19, 2010.*

Note: *Current prices as of January 24, 2011. 5-Year CAGRs based on CY2005 to CY2010.*
EPS growth rate for Qlik Technologies are based on CY2008 to CY2009.
Negative earnings noted as NM.

Catalyst PARTNERS

Selected Management and Directors

Autonomy

		Joined AU	Role	Previous Position / Boards	Education
Management	**Dr. Mike Lynch, OBE**[1]	1996	Founder, CEO	Founder, Neurodynamics; Director, Autonomy; Non-executive Director, BBC, Blinkx, Featurespace, NESTA, Foundation of Science and Technology	Ph.D. in Mathematical Computing, M.A. in Electrical and Information Sciences, University of Cambridge
	Sushovan Hussain[1]	2001	CFO	Corporate Development, LASMO; Ernst & Young	B.A. in Economics, University of Cambridge; Chartered Accountant
	Stouffer Egan	2001	CEO – U.S.	VP of Corp Development, LeadingSide, Dataware	B.A. in Economics, Trinity College
	Dr. Peter Menell	1998	Chief Research Officer	CTO, Autonomy; Neuro-Physiology Research	D.Phil., Oxford University; B.A. (Hons) and M.Sc., York University
	Andrew Kanter	2000	COO	VP, International Operations and Legal Affairs, Autonomy; Brobeck Hale and Dorr; Shearman & Sterling	J.D., USC Law Center; B.A., Johns Hopkins; Kansai Uni. of Foreign Studies, Osaka, Japan
	Eloy Avila	2004	CTO	U.S. CTO, Autonomy; Research in ultra-efficient electric vehicles	B.S. in Electrical Engineering, Stanford University
	Ian Black	2000	Head of Global Operations	Director, Corporate Communications, Autonomy; MD, Aungate; Head of Corporate Communication, BAE Systems	Physiology, Henley Management College; Business Administration, Filton College
Board of Directors	**Robert Webb**	2009	Non-Executive Chairman	GC, British Airways; Non-Exec Director BBC, London Stock Exchange and Argent Group	LLB., Exeter University
	Richard Gaunt	1996	Founder, Board Member	Technical Director, Autonomy; Technical Director, Neurodynamics	BSc. and MSc. in Electronic Engineering, University of Natal
	John McMonigall	1998	Board Director	Apax Partners, British Telecom; Board Director, Dialog Semiconductor	-
	Jonathan Bloomer	2010	Board Director	Partner, Cerberus; Ex-CEO, Prudential; Arthur Anderson; Chairman of Lucida, Scottish Re; Director, Hargreaves Lansdown	BSc. Physics, Imperial College
	Dr. Frank Kelly	2010	Board Director	Professor, University of Cambridge; Chief Scientific Advisor, UK Dept of Transport	Ph.D. University of Cambridge; BSc. Durham University

Source: Company Website.

(1) Also serves on the Board of Directors.

Catalyst PARTNERS

Independent Advisors to the Board

Autonomy

Independent Advisors

	Joined AU	Role	Previous Position / Boards	Education
Barry Ariko	2000	Independent Advisor	CEO and President, Mirapoint; Chairman, CEO and President, Extricity; SVP, AOL; EVP, COO, Netscape Communications	B.S. in Management, Golden Gate University
Richard Perle	2000	Independent Advisor	Director, Hollinger International; Resident Fellow, American Enterprise Institute for Public Policy Research; United States Assistant Secretary of Defense for International Security Policy	M.A. in Politics, Princeton University; LSE with Honors Examinations; B.A.. in International Relations, University of Southern California
Anthony Bettencourt	2005	Independent Advisor	Chairman, Blinkx; Advisory Board of Santa Clara University's Center for Science, Technology and Society; CEO, Verity	B.A. in English, Santa Clara University
Dr. Nick Kingsbury	2005	Independent Advisor	University Lecturer in Signal Processing, University of Cambridge; Director of Studies in Information Engineering, Trinity College, Cambridge; Group Leader, Marconi Space and Defense Systems	Honours Degree and Ph.D. in Electrical Engineering, University of Cambridge
Professor William J. Fitzgerald	-	Independent Advisor	Professor of Applied Statistics and Signal Processing in the Department of Engineering, University of Cambridge	B.Sc., MSc., and Ph.D. in Physics, University of Birmingham
Professor Peter Rayner	-	Independent Advisor	Emeritus Professor, University of Cambridge; Emeritus Fellow of Christ's College, University of Cambridge, Head of the Signal Processing and Communications Research Group at University of Cambridge	Ph. D., Aston University; M.A., University of Cambridge

Source: Company Website.
(1) Also serves on the Board of Directors.

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EXHIBIT 4

Autonomy Trading and Financial Statistics

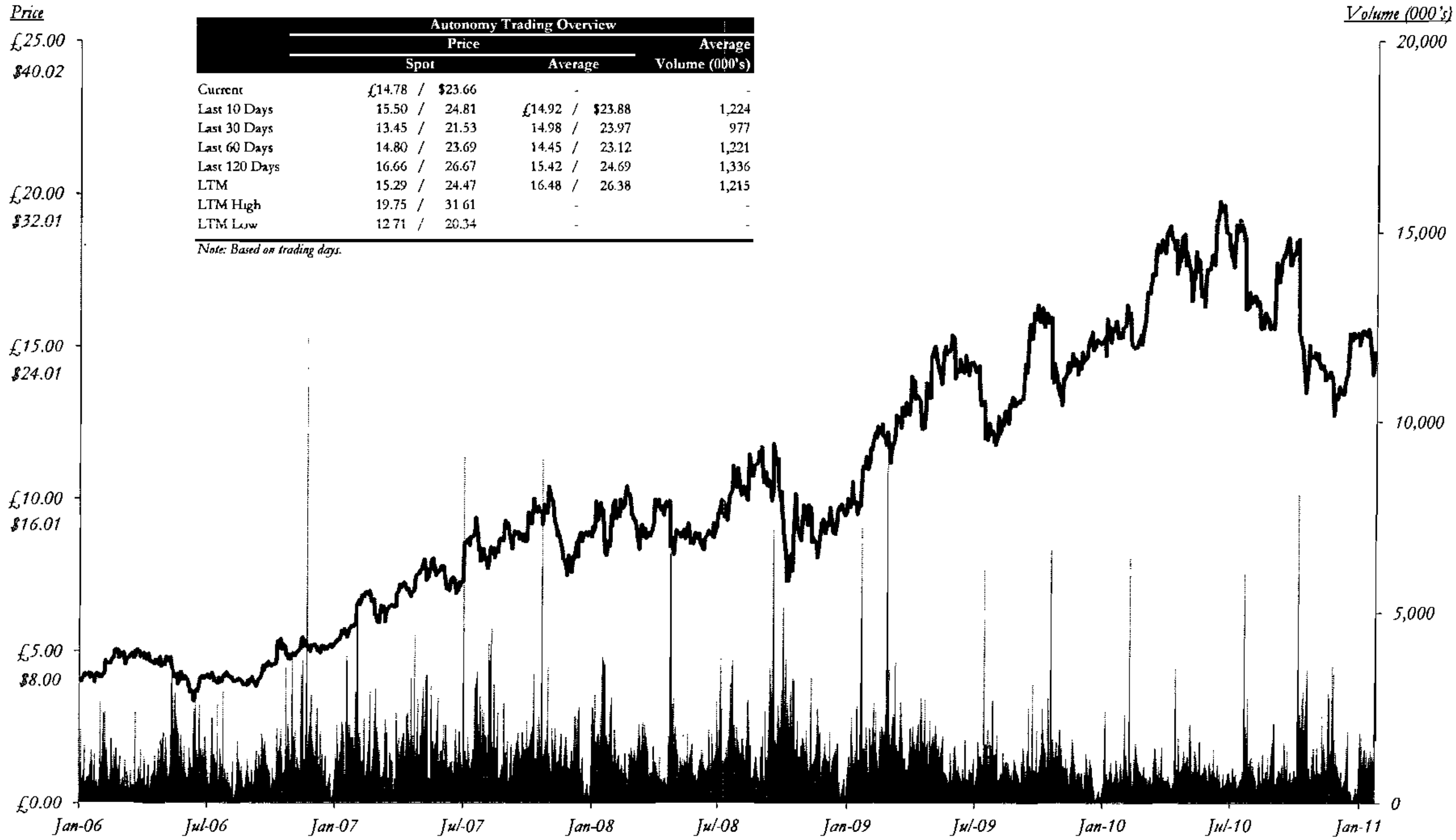
Autonomy Historical Trading Performance

Autonomy

January 3, 2006 to January 24, 2011

Autonomy Trading Overview	Price: Spot	Price: Average	Average Volume (000's)
Current	£14.78 / $23.66	-	-
Last 10 Days	15.50 / 24.81	£14.92 / $23.88	1,224
Last 30 Days	13.45 / 21.53	14.98 / 23.97	977
Last 60 Days	14.80 / 23.69	14.45 / 23.12	1,221
Last 120 Days	16.66 / 26.67	15.42 / 24.69	1,336
LTM	15.29 / 24.47	16.48 / 26.38	1,215
LTM High	19.75 / 31 61	-	-
LTM Low	12 71 / 20.34	-	-

Note: Based on trading days.



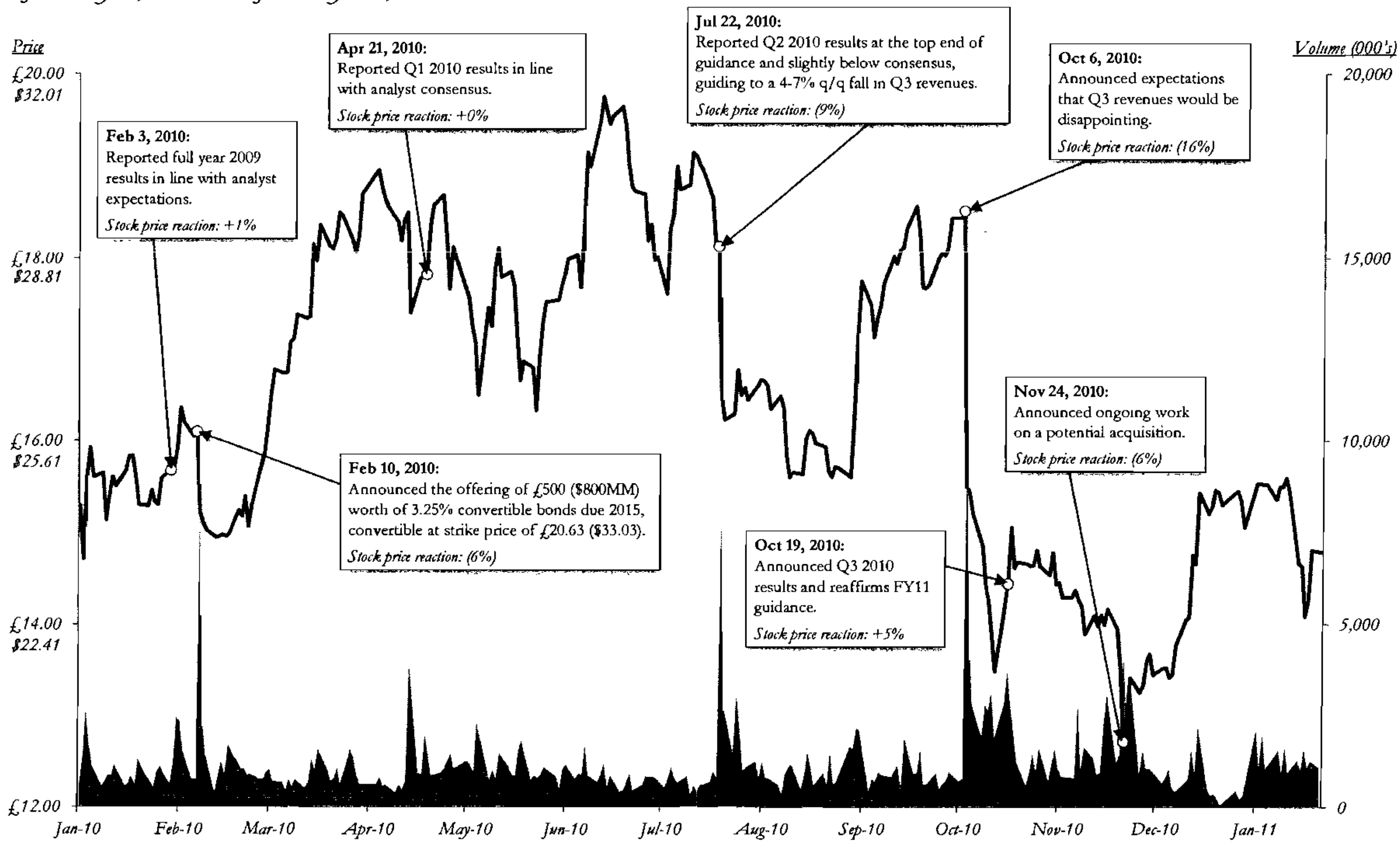
Source: Capital IQ. Share prices converted from GBP to USD at a constant spot exchange rate of 1.60.

Catalyst PARTNERS

Autonomy Recent Trading Performance

Autonomy

January 4, 2010 to January 24, 2011



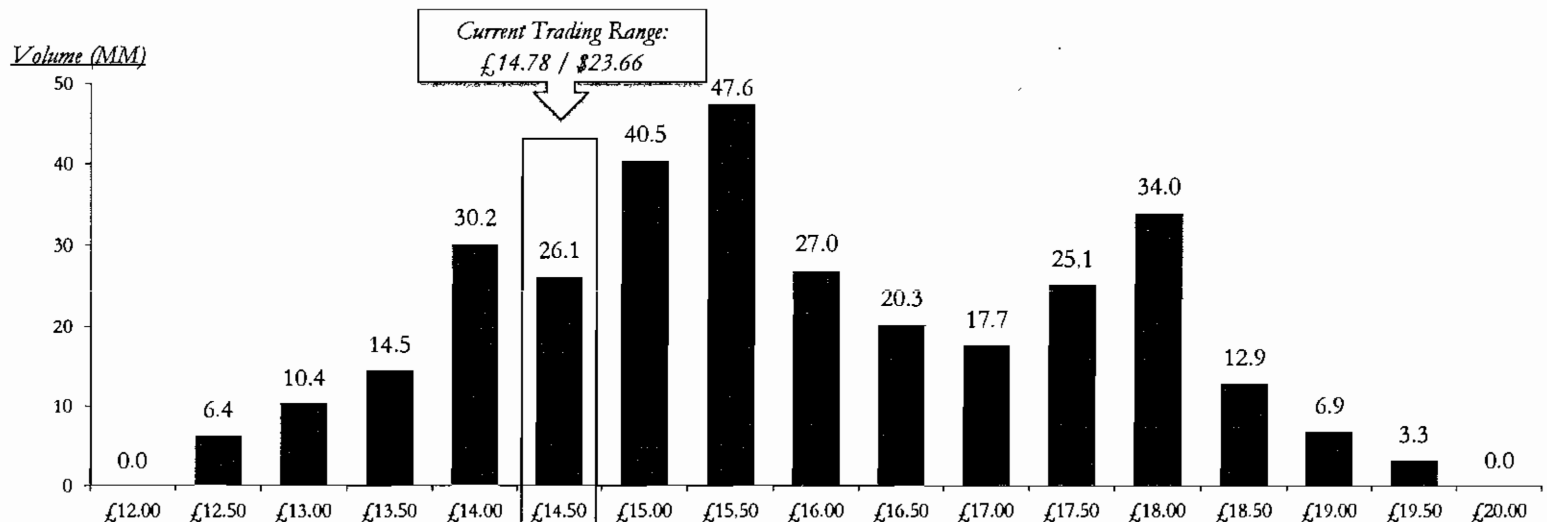
Source: Capital IQ. Share prices converted from GBP to USD at a constant spot exchange rate of 1.60.

Catalyst PARTNERS

Recent Trading Volume At Various Prices

Autonomy

January 4, 2010 to January 24, 2011



Trading Statistics at Various Prices (Based on Closing Prices)

Min Range:	£12.00 *$19.21*	£12.50 *$20.01*	£13.00 *$20.81*	£13.50 *$21.61*	£14.00 *$22.41*	£14.50 *$23.21*	£15.00 *$24.01*	£15.50 *$24.81*	£16.00 *$25.61*	£16.50 *$26.41*	£17.00 *$27.21*	£17.50 *$28.01*	£18.00 *$28.81*	£18.50 *$29.61*	£19.00 *$30.41*	£19.50 *$31.21*	£20.00 *$32.01*
Max Range:	£12.50 *$20.01*	£13.00 *$20.81*	£13.50 *$21.61*	£14.00 *$22.41*	£14.50 *$23.21*	£15.00 *$24.01*	£15.50 *$24.81*	£16.00 *$25.61*	£16.50 *$26.41*	£17.00 *$27.21*	£17.50 *$28.01*	£18.00 *$28.81*	£18.50 *$29.61*	£19.00 *$30.41*	£19.50 *$31.21*	£20.00 *$32.01*	£20.50 *$32.81*
Volume (MM)	0.0	6.4	10.4	14.5	30.2	26.1	40.5	47.6	27.0	20.3	17.7	25.1	34.0	12.9	6.9	3.3	0.0
% of Total	*0%*	*2%*	*3%*	*4%*	*9%*	*8%*	*13%*	*15%*	*8%*	*6%*	*5%*	*8%*	*11%*	*4%*	*2%*	*1%*	*0%*
% of Implied Float (1)	*0%*	*3%*	*5%*	*7%*	*14%*	*12%*	*18%*	*22%*	*12%*	*9%*	*8%*	*11%*	*15%*	*6%*	*3%*	*2%*	*0%*
Cumulative Volume	0.0	6.4	16.8	31.3	61.5	87.6	128.1	175.7	202.6	222.9	240.6	265.7	299.7	312.7	319.6	322.9	322.9
% Volume At Or Below Range	*0%*	*2%*	*5%*	*10%*	*19%*	*27%*	*40%*	*54%*	*63%*	*69%*	*75%*	*82%*	*93%*	*97%*	*99%*	*100%*	*100%*
Volume / Implied Float (1)	*0.0x*	*0.0x*	*0.1x*	*0.1x*	*0.3x*	*0.4x*	*0.6x*	*0.8x*	*0.9x*	*1.0x*	*1.1x*	*1.2x*	*1.4x*	*1.4x*	*1.5x*	*1.5x*	*1.5x*
Days	0	2	7	11	18	22	30	35	17	16	17	24	37	18	10	4	0
% of Total Days	*0%*	*1%*	*3%*	*4%*	*7%*	*8%*	*11%*	*13%*	*6%*	*6%*	*6%*	*9%*	*14%*	*7%*	*4%*	*1%*	*0%*
Cumulative Days	0	2	9	20	38	60	90	125	142	158	175	199	236	254	264	268	268
% Days At Or Below Range	*0%*	*1%*	*3%*	*7%*	*14%*	*22%*	*34%*	*47%*	*53%*	*59%*	*65%*	*74%*	*88%*	*95%*	*99%*	*100%*	*100%*

Source: CapitalIQ. Share prices converted from GBP to USD at a constant spot exchange rate of 1.60.
(1) Assumes 220MM free float shares based on Capital IQ.

Catalyst PARTNERS

NTM Revenue Multiples Over Time

Autonomy

January 3, 2006 to January 24, 2011

	NTM Revenue Multiples					
	Selected Multiple During					Entire
	2006	2007	2008	2009	2010	Period
Mean	5.4x	8.2x	7.1x	6.7x	6.4x	6.8x
Median	5.4	8.3	7.4	6.6	6.5	6.8
Max	6.8	9.8	9.0	8.8	7.8	9.8
Min	3.5	6.7	4.5	5.1	4.9	3.5
25th Perc	5.0	7.6	6.6	6.3	5.9	5.9
75th Perc	6.1	8.9	8.0	7.2	7.0	7.6

Source: Capital IQ; based on available consensus analyst estimates.

Catalyst PARTNERS

NTM P/E Multiples Over Time

Autonomy

January 3, 2006 to January 24, 2011

NTM P/E Multiples	Selected Multiple During					Entire
	2006	2007	2008	2009	2010	Period
Mean	35.4x	39.5x	27.3x	19.8x	19.7x	28.2x
Median	35.9	39.6	28.4	19.6	19.6	27.9
Max	53.2	47.0	37.8	23.0	22.7	53.2
Min	25.4	29.9	15.6	16.6	16.4	15.6
25th Perc	30.7	37.5	23.1	18.7	18.7	19.7
75th Perc	39.7	42.5	31.5	21.0	20.8	36.7

Source: Capital IQ; based on available consensus analyst estimates.

Catalyst PARTNERS

Shareholder Ownership Over Time

Autonomy

('000s)

	Company 1 Top 25 Institutional Holders								
	Holdings (000s)								
	Current	% of	Increase / (Decrease) by Quarter Ending						
Institution	(000s)	*Outst. (2)*	Nov-10	Aug-10	May-10	Feb-10	Nov-09	Sep-09	Jun-09
Director & Related Holdings (1)	22,171	*9.2%*	0	(250)	(80)	(100)	0	0	0
TIAA-CREF	12,371	*5.1%*	726	(438)	(65)	0	189	3,999	7,959
Fidelity Investments	12,281	*5.1%*	1,825	(262)	916	(745)	(705)	(12,502)	0
OppenheimerFunds	12,116	*5.0%*	88	1,890	120	(150)	208	933	47
Schroders Investment Management	9,736	*4.0%*	0	0	(17)	(12)	56	149	0
Legal & General Investment Management	8,548	*3.5%*	(153)	5	(315)	(282)	(370)	(46)	308
Credit Agricole Group	7,383	*3.0%*	4,210	1,757	(100)	547	(22)	164	329
BlackRock Merrill Lynch Investment Managers	6,556	*2.7%*	(700)	5,366	553	1,002	19	2	(111)
Standard Life Investments	5,675	*2.3%*	(1,026)	(108)	(780)	(1,714)	(1,622)	281	0
Lone Pine Capital	4,788	*2.0%*	(700)	(783)	(348)	1,209	(4,586)	9,994	0
BlackRock	4,259	*1.8%*	2	229	131	3,087	53	74	73
BNP Paribas	3,750	*1.5%*	139	848	(389)	1,213	120	577	150
Ignis Asset Management	2,612	*1.1%*	(49)	(186)	2,848	0	0	(656)	(8)
Scottish Widows Investment Partnership	2,561	*1.1%*	(601)	841	179	225	3	(117)	(64)
GE Asset Management	2,548	*1.1%*	500	1,866	182	0	0	0	0
Vanguard Group	1,531	*0.6%*	4	43	664	50	133	1	636
Alliance Bernstein	1,303	*0.5%*	985	318	0	0	0	0	0
State Street Global Advisors	1,274	*0.5%*	(45)	(114)	419	(570)	5	75	653
Barclays Personal Investment Management	1,270	*0.5%*	559	38	(84)	(197)	110	118	14
Government of Singapore Investment Corporation	1,246	*0.5%*	(135)	(29)	13	43	69	1,285	0
Kuwait Investment Authority	1,205	*0.5%*	327	(101)	198	781	0	0	0
Societe Generale	1,136	*0.5%*	495	(87)	(69)	(421)	456	(736)	(557)
Credit Suisse	1,041	*0.4%*	(218)	1,259	(1,958)	(3,995)	5,014	939	0
JP Morgan	909	*0.4%*	767	33	10	(115)	175	(346)	310
Universities Superannuation Scheme	886	*0.4%*	268	62	556	0	(512)	75	379
Summary	*Total*		*Total Increase / (Decrease) by Quarter*						
Top 10 Holders	101,623	*42.0%*	4,271	7,177	(115)	(244)	(6,833)	2,973	8,531
Top 25 Holders	129,151	*53.3%*	7,268	12,198	2,584	(143)	(1,207)	4,261	10,117

Source: Capital IQ, UK Share Register as of 11/1/2010.

(1) Includes holdings for Michael Lynch of 19,799 (8.2% of CSO) and Richard Gaunt of 2,373 (1.0% of CSO).

(2) Based on 242MM shares outstanding.

Qatalyst PARTNERS

Trading Statistics of Selected Companies

($MM, except per share information)

	Trading Performance			FD Capitalization		Trading Multiples							Operating Statistics			
		Prem / (Disc) to				Enterprise Value /										
	Stock Price	LTM	LTM	Equity	Ent.	Revenue		EBITDA		P/E		P/E/G	'10-11E	CY11E	LT EPS	
Company (FYE)	1/24/11	High	Low	Value	Value	CY10E	CY11E	CY10E	CY11E	CY10E	CY11E	CY11E	Rev Growth	Op Margin	Growth %	Cash
Autonomy (Dec.) (1)	£14.78 / $23.66	(25%)	16%	$5,811	$5,728	6.6x	5.9x	13.4x	11.3x	21.7x	18.6x	1.1x	11%	44%	17%	$1,028
Selected App. Infrastructure / Data Management Software																
Teradata (Dec.)	$45.80	(1%)	66%	$7,992	$7,251	3.8x	3.5x	15.2x	13.2x	25.7x	22.5x	1.8x	9%	22%	13%	$741
Informatica (Dec.)	42.69	(6%)	87%	4,928	4,502	7.1	6.1	28.1	22.9	38.8	32.8	1.8	16%	27%	18%	426
TIBCO (Nov.)	21.46	0%	140%	4,206	4,001	5.3	4.8	19.6	16.8	29.5	24.2	1.5	11%	26%	16%	245
Software AG (Dec.)	137.95	(8%)	33%	3,979	4,312	2.9	2.7	10.2	9.5	14.8	13.7	1.0	5%	25%	14%	148
OpenText (Jun.)	46.86	(6%)	29%	2,733	2,648	2.9	2.6	9.1	8.7	13.1	11.4	0.6	10%	28%	18%	385
Progress Software (Nov.)	42.79	(3%)	60%	2,066	1,743	3.3	3.1	10.8	9.6	18.7	16.6	1.1	7%	32%	15%	322
Qlik Technologies (Dec.)	22.87	(18%)	79%	2,042	1,886	8.8	7.0	58.4	38.7	105.8	58.5	1.1	25%	17%	52%	156
Pegasystems (Dec.)	33.38	(15%)	60%	1,337	1,268	3.6	3.0	29.1	18.8	37.3	26.7	1.1	20%	18%	24%	69
MicroStrategy (Dec.)	91.00	(7%)	32%	1,044	859	2.0	1.8	15.0	12.5	29.5	26.3	2.3	10%	12%	12%	184
Median		*(6%)*	*60%*			*3.6x*	*3.1x*	*15.2x*	*13.2x*	*29.5x*	*24.2x*	*1.1x*	*10%*	*25%*	*16%*	
Mean		*(7%)*	*65%*			*4.4x*	*3.8x*	*21.7x*	*16.7x*	*34.8x*	*25.9x*	*1.4x*	*13%*	*23%*	*20%*	
Selected Infrastructure Software																
VMware (Dec.)	$87.73	(10%)	109%	$39,024	$37,845	13.2x	11.1x	40.4x	33.5x	59.1x	48.9x	2.2x	19%	29%	23%	$1,629
Adobe (Dec.)	34.03	(7%)	33%	17,923	16,977	4.5	4.1	11.8	9.7	17.8	14.8	1.2	10%	37%	12%	2,468
Citrix (Dec.)	64.70	(9%)	57%	12,943	11,359	6.1	5.5	19.7	17.2	32.1	28.5	2.4	11%	27%	12%	1,591
BMC Software (Mar.)	48.27	(1%)	39%	9,068	7,940	4.0	3.8	9.8	8.3	16.7	15.5	1.1	6%	36%	15%	1,495
Red Hat (Feb.)	42.08	(13%)	56%	8,414	7,317	8.5	7.4	30.4	24.7	55.5	47.1	2.5	16%	25%	19%	1,097
Median		*(9%)*	*56%*			*6.1x*	*5.5x*	*19.7x*	*17.2x*	*32.1x*	*28.5x*	*2.2x*	*11%*	*29%*	*15%*	
Mean		*(8%)*	*59%*			*7.3x*	*6.4x*	*22.4x*	*18.7x*	*36.2x*	*31.0x*	*1.9x*	*12%*	*31%*	*16%*	
Selected SaaS																
Salesforce.com (Jan.)	$127.83	(15%)	106%	$18,752	$17,495	10.6x	8.6x	58.2x	45.7x	108.1x	87.9x	3.0x	23%	15%	29%	$1,281
Concur (Sep.)	50.63	(10%)	34%	2,803	2,454	8.1	6.7	28.3	22.5	66.5	54.2	2.2	21%	24%	25%	637
SuccessFactors (Dec.)	29.00	(12%)	86%	2,514	2,180	10.8	8.6	255.9	159.9	483.3	263.6	9.6	26%	3%	28%	334
Taleo (Dec.)	29.04	(10%)	49%	1,236	972	4.1	3.3	19.8	16.1	39.3	31.6	1.3	24%	14%	24%	264
Median		*(11%)*	*67%*			*9.3x*	*7.6x*	*43.3x*	*34.1x*	*87.3x*	*71.0x*	*2.6x*	*23%*	*14%*	*26%*	
Mean		*(12%)*	*68%*			*8.4x*	*6.8x*	*90.6x*	*61.0x*	*174.3x*	*109.3x*	*4.0x*	*23%*	*14%*	*26%*	
Selected Tech Leaders																
Microsoft (Jun.)	$28.38	(10%)	23%	$250,678	$217,170	3.3x	3.1x	7.7x	7.3x	11.9x	11.1x	0.9x	7%	40%	12%	$44,173
IBM (Dec.)	159.63	0%	31%	205,572	200,847	2.0	1.9	8.5	7.7	13.9	12.2	1.0	5%	20%	12%	11,651
Google (Dec.)	611.08	(4%)	40%	203,307	189,656	8.8	7.4	14.6	12.2	20.6	17.5	1.0	18%	49%	18%	13,651
Oracle (May.)	32.40	(0%)	51%	168,601	162,079	5.1	4.4	11.5	9.2	17.3	15.2	1.1	14%	44%	13%	23,995
Cisco (Jul.)	21.17	(23%)	11%	121,405	97,902	2.3	2.1	7.4	7.1	13.1	12.2	1.0	9%	27%	12%	38,781
Hewlett-Packard (Oct.)	47.55	(13%)	25%	109,235	120,937	0.9	0.9	6.3	5.9	9.9	8.9	0.8	5%	12%	12%	10,934
SAP (Dec.)	55.41	(1%)	29%	65,961	67,625	4.0	3.6	12.3	10.6	18.5	15.5	1.0	11%	31%	16%	4,730
EMC (Dec.)	23.83	(4%)	43%	56,399	49,210	2.9	2.6	11.2	10.9	19.0	16.4	1.0	12%	22%	16%	7,891
Accenture (Aug.)	51.47	0%	41%	35,887	32,085	1.3	1.3	9.3	8.4	18.8	16.0	1.3	1%	14%	12%	4,204
Dell (Jan.)	13.72	(22%)	18%	27,032	19,163	0.3	0.3	4.1	3.9	9.7	9.2	1.2	5%	6%	8%	13,863
Median		*(4%)*	*30%*			*2.6x*	*2.4x*	*8.9x*	*8.0x*	*15.6x*	*13.7x*	*1.0x*	*8%*	*24%*	*12%*	
Mean		*(8%)*	*31%*			*3.1x*	*2.8x*	*9.3x*	*8.3x*	*15.3x*	*13.4x*	*1.0x*	*9%*	*26%*	*13%*	

Source: CapitalIQ; based on consensus estimates. Cash balances pro forma for acquisitions.

(1) USD Stock Price of $23.66. Autonomy figures converted from GBP to USD at a constant spot exchange rate of 1.60.

Illustrative Analysis at Various Prices

Autonomy

($MM, except per share amounts)

		AU @ Mkt	Illustrative Autonomy Valuation Statistics							
	Illustrative Share Price:	£14.78	£23.00	£24.00	£25.00	£26.00	£27.00	£28.00	£29.00	£30.00
		$23.66	$36.81	$38.42	$40.02	$41.62	$43.22	$44.82	$46.42	$48.02
Implied Premiums	*Statistic*									
Premium to Current Price	*£14.78 / $23.66*	0%	56%	62%	69%	76%	83%	89%	96%	103%
Premium to Enterprise Value	*£3,579 / $5,728*	0%	59%	67%	74%	82%	90%	97%	105%	113%
Premium to LTM High Share Price	*£19.75 / $31.61*	(25%)	16%	22%	27%	32%	37%	42%	47%	52%
Premium to LTM Low Share Price	*£12.71 / $20.34*	16%	81%	89%	97%	105%	112%	120%	128%	136%
Premium to LTM Average Share Price	*£16.48 / $26.38*	(10%)	40%	46%	52%	58%	64%	70%	76%	82%
Valuation & Multiples										
Fully-Diluted Equity Value (1)		$5,811	$9,989	$10,428	$10,867	$11,305	$11,744	$12,182	$12,621	$13,060
Plus: Debt (2)		945	145	145	145	145	145	145	145	145
Less: Cash (2)		1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028
Fully-Diluted Enterprise Value		$5,728	$9,107	$9,545	$9,984	$10,422	$10,861	$11,300	$11,738	$12,177
Revenue Multiples	*Statistic (3)*									
CY10E	*$866*	6.6x	10.5x	11.0x	11.5x	12.0x	12.5x	13.0x	13.6x	14.1x
CY11E	*963*	5.9	9.5	9.9	10.4	10.8	11.3	11.7	12.2	12.6
EBITDA Multiples										
CY10E	*$426*	13.4x	21.4x	22.4x	23.4x	24.5x	25.5x	26.5x	27.6x	28.6x
CY11E	*505*	11.3	18.0	18.9	19.8	20.6	21.5	22.4	23.2	24.1
Earnings Multiples										
CY10E	*$1.09*	21.7x	33.8x	35.2x	36.7x	38.2x	39.6x	41.1x	42.6x	44.1x
CY11E	*1.27*	18.6	29.0	30.2	31.5	32.8	34.0	35.3	36.6	37.8

Note: Current market prices as of January 24, 2011, converted from GBP to USD at a constant spot exchange rate of 1.60.

(1) Shares outstanding based on Autonomy Form 6-K for the period ended September 30, 2010 and options outstanding based on Autonomy Annual Report for the period ended December 31, 2009.

(2) Net Debt based on Autonomy Form 6-K for the period ended September 30, 2010. Includes £500 ($800) convertible debt with strike price of £20.63 ($33.03).

(3) Projections based on Bank of America Merrill Lynch research as of October 19, 2010.

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EXHIBIT 5

Release also available in: en fr it ja nl

Autonomy Unveils Next-Generation Information Platform Built for "Human Information" Era

Autonomy IDOL 10 Delivers Real-Time Contextual Understanding of Structured and Unstructured Data

VIENNA, Austria, Nov. 29, 2011 – Autonomy, an HP Company, today announced a groundbreaking information platform, Autonomy IDOL 10, designed to help organizations understand and process 100 percent of enterprise information in real time.

IDOL 10 provides a single processing layer that enables organizations to extract meaning and act on all forms of information, including audio, video, social media, email and web content, as well as structured data such as customer transaction logs and machine-based sensor data.

The platform combines Autonomy's infrastructure software for automatically processing and understanding unstructured data with the high-performance real-time analytics engine for extreme structured data from Vertica, an HP Company.

From the start of the IT industry until today, humans have had to adapt information to fit the machine, and data was organized into rows and columns, a process which relied on people understanding and manually classifying data. Computers could not understand the complexity of human interactions.

However, people do not speak in zeroes and ones, but have complex language and idioms, send photographs and videos, and communicate via social media – all of which traditional databases cannot process. The challenge for the modern enterprise is to understand and extract the value from this rich sea of Human Information, which accounts for 85 percent of all corporate data, including emails, audio, video, social networking, blogs, call-center conversations, closed circuit TV footage, and more.

Today, the combination of Vertica's high-speed analytics platform with Autonomy's IDOL technology marks a fundamental shift in our ability to process this volume of data. We are at an historical moment when it is the "I" in Information technology that is changing. Autonomy provides solutions that understand the full spectrum of enterprise information, both human and structured information, and recognize the relationships that exist within it.

By enabling computers to understand the shades of grey in the world, rather than simply the black and white found in databases, Autonomy Information Management allows businesses to automate key processes and improve an organization's efficiency.

"For far too long, organizations have confined structured data to relational databases and unstructured data to simplistic keyword matching technologies," said Mike Lynch, executive vice president, Information Management, HP. *"IDOL 10 brings these worlds together, allowing organizations to automatically process, understand, and act on 100 percent of their data, in real-time. The results will be dramatic, as businesses can develop entirely new applications that explore the richness and color of Human Information that live in unstructured, semi-structured, and structured forms."*

Platform built for the Human Information Era – IDOL 10 features:

- A single processing layer for forming a conceptual, contextual and real-time understanding of all forms of data, both inside and outside an enterprise.
- A combination of Autonomy's infrastructure software for automatically processing and understanding unstructured data with Vertica's high-performance real-time analytics engine for extreme structured data.
- Unique pattern-matching technologies, powered by an analytics engine based on statistical algorithms that recognize distance in ideas as well as concepts and context in real time.
- Five new solution sets – HP Big Data Solutions, HP Social Media Solutions, HP Risk Management Solutions, HP Cloud Solutions and HP Mobility Solutions.
- "Manage-in-place" technology, which forms an index of all forms of data, allowing information to reside in its original location. This eliminates the need for making copies of data, reducing storage hardware costs and removing the need for risky and inefficient transfers of data.

- NoSQL interface that provides a single processing layer to perform cross-channel analytics that understands both structured and unstructured data.
- The Vertica Analytics Platform, which includes enhanced native in-database analytics, including new capabilities for geospatial, event-serics pattern matching, event-series joins, and advanced aggregate statistical and regression analytics.
- Vertica's rcal-time analytics for real-world applications delivers performance enhancements throughout the Vertica Analytics Platform in areas such as subqucries, database statistics, life cycle management, query optimization, data re-segmcntation and join filtering.
- Enhanced elasticity features that enablc dynamic expansion and contraction of clusters more than 20 times faster in cvery deployment scenario – cloud, virtual and physical – allowing users to quickly create additional capacity as needed.

HP Information Optimization is a core component of an Instant-On Enterprise. In a world of continuous connectivity, the Instant-On Enterprise embeds technology in everything it does to serve customers, employees, partners and citizens with whatever they need, instantly.

Availability

IDOL 10 is seheduled to be available worldwide on Dec. 1, 2011.

Please visit http://idol.autonomy.com/ to learn more about Autonomy IDOL 10.

About Autonomy

Autonomy Corporation, an HP Company, is a global leader in software that processes human information, or unstructured data, including soeial media, email, video, audio, text, web pages and more, enabling companies to leverage their data assets.

About HP

HP ereates new possibilities for technology to havc a meaningful impact on people, businesses, governments and society. The world's largest technology company, HP brings together a portfolio that spans printing, personal computing, software, services and IT infrastructure to solve customer problems. More information about HP (NYSE: HPQ) is available at http://www.hp.com/.

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EXHIBIT 6

PRESS CONFERENCE

DISCOVER 2011

NOVEMBER 29, 2011

Information Optimization

Yves de Talhouët
Senior Vice President, Managing Director
HP EMEA

November 29, 2011

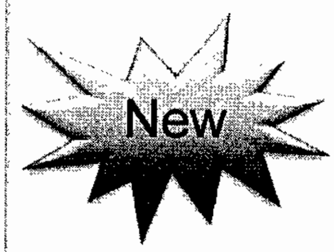
The Instant-On Enterprise

IT turns business & government "on," instantly

- Everything & everyone's **connected**
- Everyone expects **immediate gratification & instant results**
- Enterprise & IT are **one** and the same
- Respond to continuous **opportunity & competition**
- **Anywhere, Any time, Any way**

Instant-On Enterprise solutions

For today and tomorrow

Hybrid Delivery Cloud (Jan 2011)	Application Transformation (April 2011)	Converged Infrastructure (June 2011)	Enterprise Security (Sept 2011)	Information Optimization (Nov 2011)
Build, Consume, Manage & Secure, Transform • >700 SaaS customers • 7 of top 10 cloud xSPs 3 most popular US social media properties 4 of 5 of the world's largest search engines 8 of 10 of world's most trafficked websites	Assess, Modernize, Manage, Govern • >1M applications • 2.5B lines of code for clients • 60,000 application specialists • 200+ transformation experts • #2 in Applications Services[1]	Converge, Manage, Automate • >2,000 DC management & automation customers • >100,000 consultants versed in various areas of DC technologies • Designed 32 million sq. ft. of data centers • #1 or #2 all products[1]	Assess, Transform, Manage • Detects and quarantines 3.1M viruses annually • Protects >200 petabytes of data each year • 3 of the Fortune 5 in every industry • 4 of the 5 branches of U.S. military	

1. HP internal analysis

But.....

Senior Business & Technology Executives - Survey Data

48%

Do not have an effective information strategy in place

2%

Can deliver the right information, at right time to support enterprise outcomes 100% of the time

34%

Say 50% of information within organizations is unconnected, undiscovered & unused

35%

Organization is not effective at accessing enterprise information as and when needed for legal/ compliance and operational needs

Information powers the Instant-On Enterprise

The Human Information Era + Extreme Data

- **Human Information** is made up of ideas and information
  - **97,000 TWEETS** every second
  - **12 MILLION TEXTS** every minute
  - **294 BILLION EMAILS** every day
- **Extreme Data**
  - **VOLUME, VELOCITY, VARIETY AND COMPLEXITY**
  - **240TB WIRELESS SENSOR DATA EVERY FLIGHT FROM A SINGLE COMMERCIAL AIRLINE**

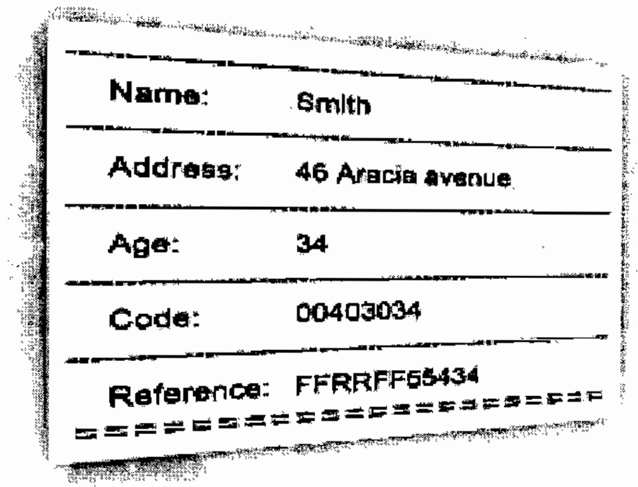
Only 15% of data lives in databases while Unstructured data accounts for 85%

HP Next Generation Platform - IDOL 10

Mike Lynch
Executive Vice President, Information Management
CEO, Autonomy

IT Platforms Operate on Structured Data

When the IT world started machines could not understand the real world of rich information, so a useful simpler analogy was created. This gave rise to the structured data world, it has proved very useful.



Over the years there have been many technology changes, the T in IT has changed many times, Mainframe, client server, IP, Cloud………..

Now meaning based technologies allow machines to understand human information
As a result the enterprise is moving towards human-friendly information

Database Approach: Time To Move On?

Attempt to organize datasets for computers to understand:

Relational Databases

Attempt to hammer the world flat by normalizing the data

Does not account for shades of grey

Cannot understand or organize unstructured information

Object-oriented Databases

Information is represented in the form of objects

Focuses on the relationships between objects

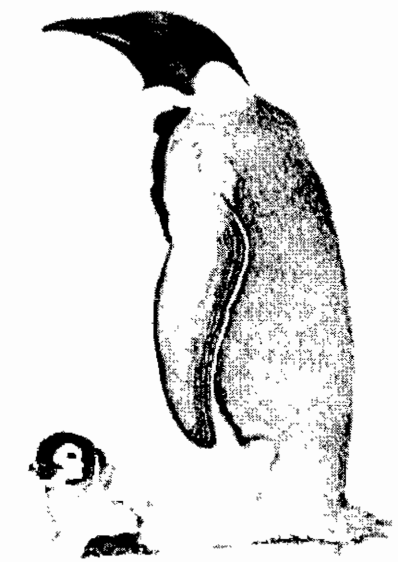
Only stores content blobs, doesn't understand what is in the content

In Memory? Hadoop? Map Reduce?

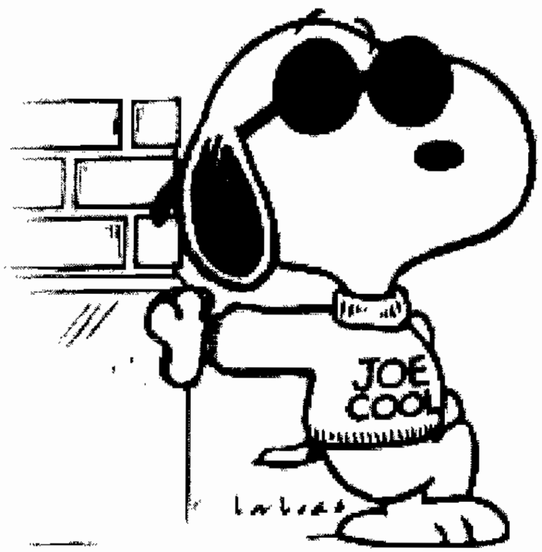
These do not solve the fundamental problem

Human Information: Keywords & Tags Fail...

- Manual process
- Multiple definitions
- Not real-time
- Inaccurate, subjectivity
- Limited definitions, no relativity
- No idea distancing
- No specificity
- No discovery
- Many practical issues
- Interoperability of tagging



Why is Unstructured Information Different?



	Standard	Unstructured
Amount	15%	85%
Growth	22%	62%

- **Information is diverse**

  Text, Sound, XML, Video and Audio
- **It does not exactly match**

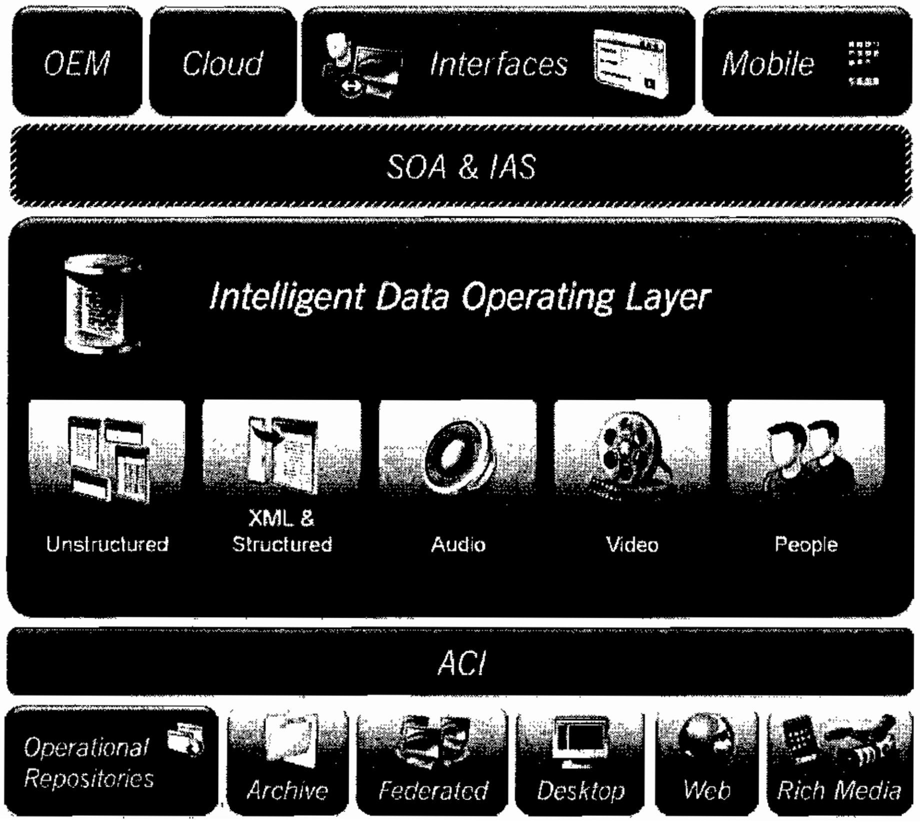
  "Is Snoopy a dog?"
- **Meaning is dynamic**

  "The wicked wolf got boiled – Wicked!"
- **Meaning is multi-layered**
- **Meaning is relative**
- **Meaning is a common currency**
- **Ideas don't match they have distance**

Keywords and metadata do not solve this problem.

We need to automate the processing as well as retrieval of human information.

One Platform: 500 Functions & 400 Connectors



- Conceptual distance understanding
- Meaning extraction
- Meets most demanding security requirement
- Language agnostic
- Supports over 1,000 file types and 400 content repositories
- Automates processes in real-time
- Social, audio, video, text
- Distributable
- Real-time
- Manage in place
- Petabyte and beyond scalability

Over 500 IDOL Functions

Functions

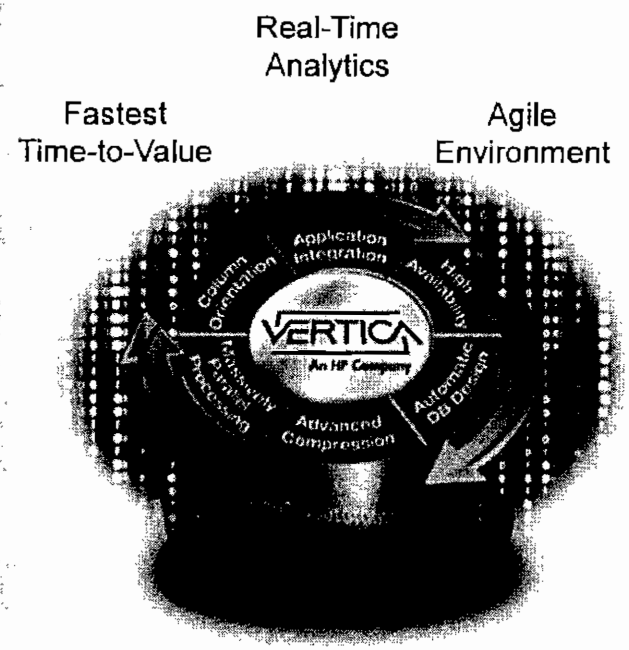
2D/3D Clustering
Acoustic Signature
Active Matching
Agents
Alerting
Auto Language Detection
Auto Query Guidance
Boolean & Legacy Search
Operations
Breaking News Clustering
Categorization
Collaboration
Community
Concept Highlighting
Concept-Query
Summarization
Cross-Modal Suggest
Dynamic n-Dimensional
Taxonomy Generation
Dynamic XML Consumption
Eduction
Exact Phrase Matching
Expertise Location
Explicit Profiling
Facial Recognition
Field Modulation
Frame Analysis
Fuzzy Matching
Hot Clustering
Hyperlinking
Image Analysis
Image Association
Implicit Profiling
Keyword Search
Mail Object Identification
Melody Classification
Melody Identification
Metadata Recognition
Natural Language Retrieval
Object Identification
Object Recognition
Ontology Generation
Parametric Refinement
Phrase Spotting
Proper Name Identification
Query by Example
Real-time Aggregation
Routing
Scene Detection
Script Alignment
Soundex Matching
Speaker Identification
Spectrographic Analysis
Speech Recognition
Spell Checking
Tag Reconciliation
Transcription
Video Analysis
Voice Printing
Word Spotting
Work Groups
XML Tagging

Over 400 Connectors

Centra
Documentum
Cognos
DM5
eRoom
Exchange
Fatwire
File System
FileNet
FTP
Groove
HTTP
iManage
IBM Content Manager
Java
KVS
LiveLink
Lotus Notes
MatrixOne
Meridio
Moreover
MS Access (MDB)
Netware
NNTP
ODBC
Omni
Oracle
PC Docs
POP3
RSS
SAP
SharePoint
Siebel
Stellent
Webservice

HP Vertica Analytics Platform – Superior Engine

Vertica Analytics Database



Blinding Performance *— Query 50x-1000x faster than other solutions on average

Lower Storage Costs — Capacity optimization ratios 10:1 (average) depending on data type(s)

Faster Data Loads — Up to 10x better load performance for near real-time analysis

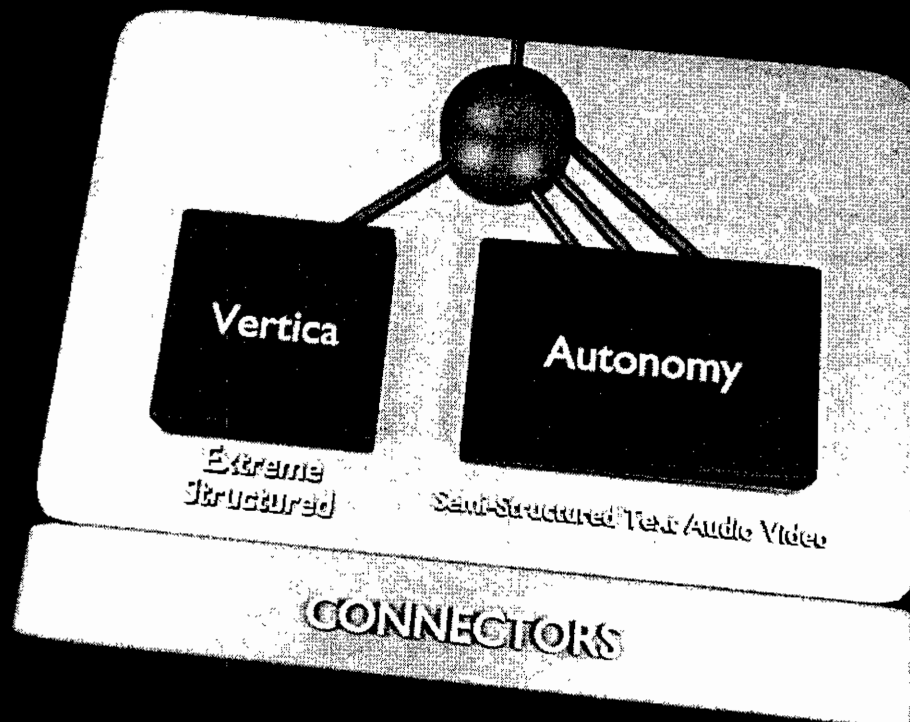
Simplified implementation —Ships pre-configured with Database Designer for automated tuning

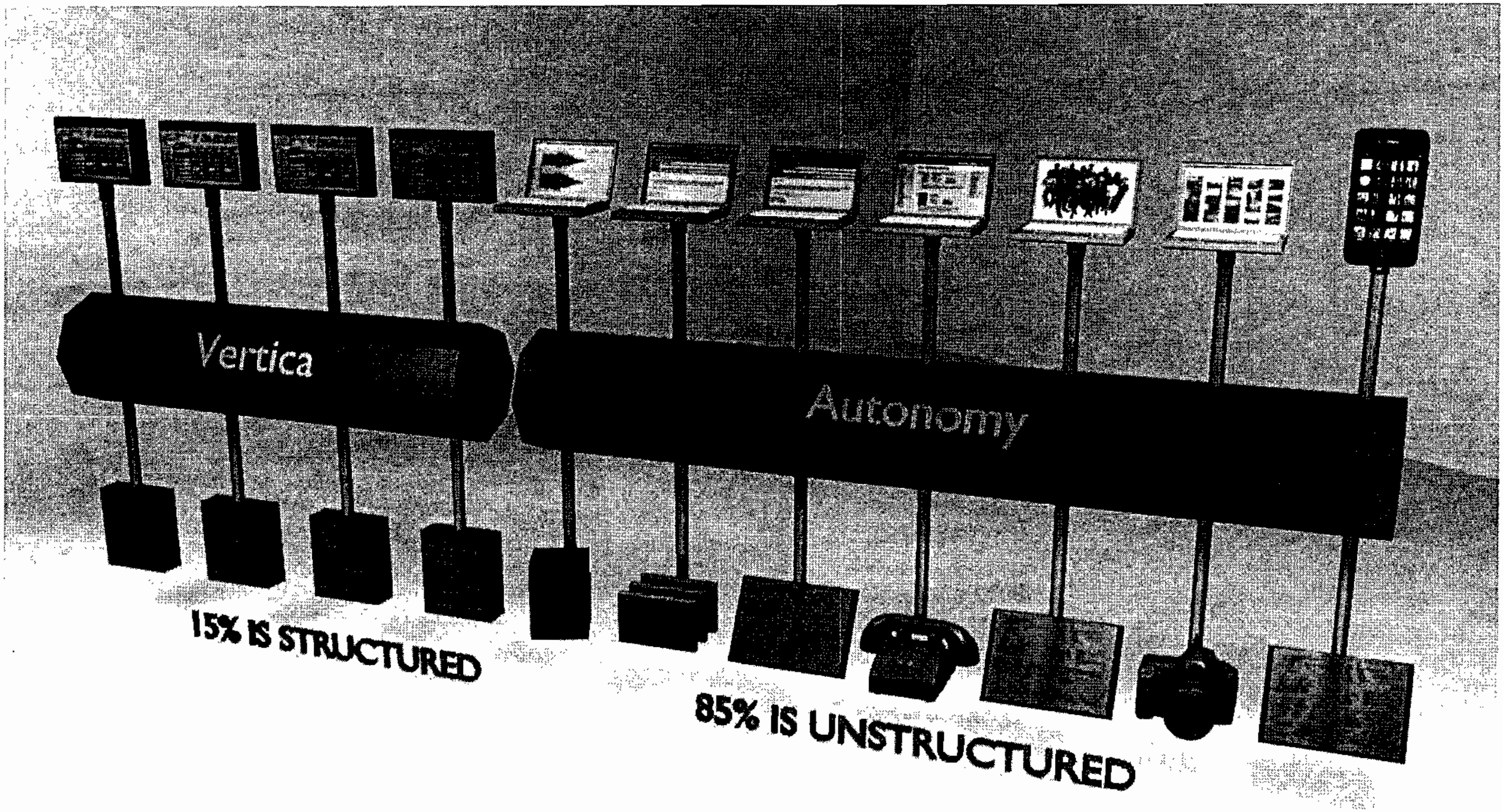
Painless Scalability — No "rip & replace" expansion

Easy to Integrate — Connect to ETL and reporting via SQL, JDBC, ODBC and SOA

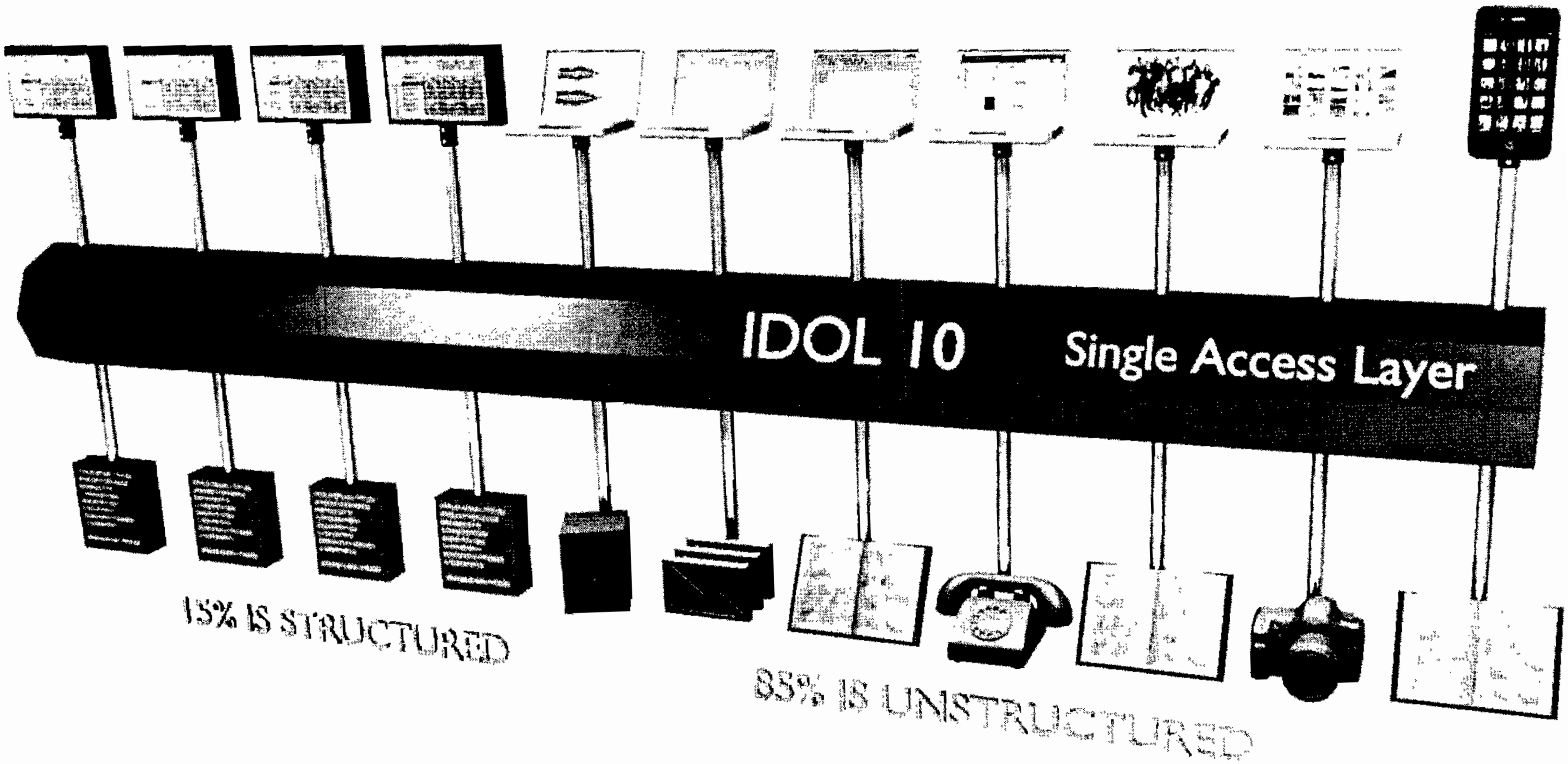
*Source: Vertica internal tests

The IT industry handles 15% of the problem, we do 100%





Vertica
Autonomy
15% IS STRUCTURED
85% IS UNSTRUCTURED


IDOL 10
Single Access Layer
15% IS STRUCTURED
85% IS UNSTRUCTURED

Autonomy IDOL 10

Real-Time Contextual Understanding of Structured and Unstructured Data

Offerings: built for the human information era

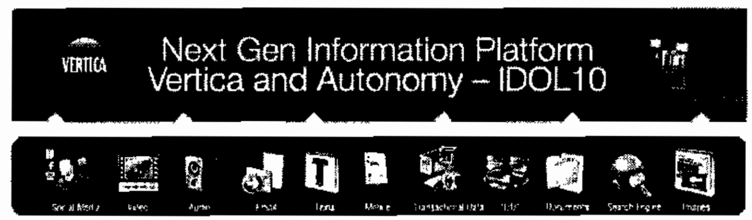
- Understands and acts on 100% of data, inside and outside an enterprise
- Single processing layer for structured and unstructured data
- Pattern-matching technology recognizes concepts

Problem it solves: alternative approaches fall short

- Cannot see patterns / shades of grey in data
- Data siloed in RDBMS + unstructured systems
- Cannot act on trends in real-time

Benefits: dramatic business impact

- Understand and act on Human Information
- Gain competitive advantage with new ways of looking at data – combining structured and unstructured



HP Autonomy Appliances

Combines Power of Autonomy IDOL with High-Performance HP Hardware

Three turnkey solutions for critical applications

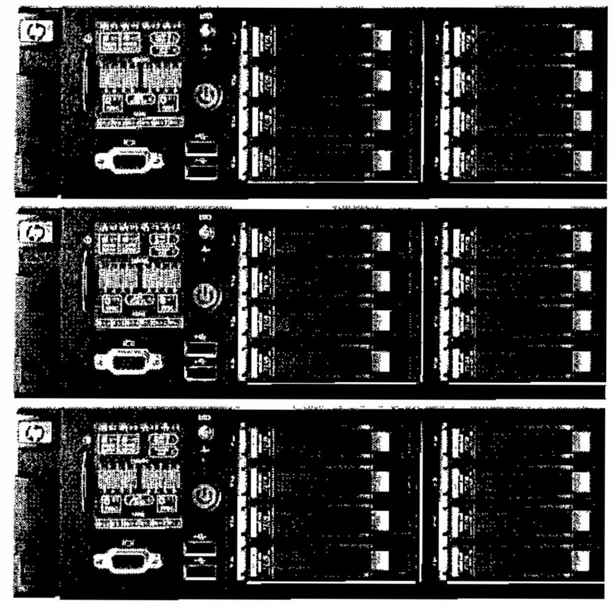
- Archiving Appliance – automatically ingests, de-duplicates, and indexes all data types – audio, video, social, email, and SharePoint
- eDiscovery Appliance – end-to-end capabilities covering every phase of the EDRM
- Enterprise Search Appliance – visibility into 100% of an organization's data

Powered by IDOL and Autonomy Private Cloud

- Automatically processes and understands all data types
- Leverages Autonomy cloud – 31 Petabytes, secure, massively scalable

Runs on HP Proliant Servers

- Tightly integrated for high-performance, scalability, security
- Fast time to up-time; easy-to-use, turnkey solution



Success Depends on Understanding All Forms of Information

…Unstructured and Structured

Conclusion

This is one of the biggest changes in the IT industry's history

We are at the beginning of it

To capture this value the technology must be able to distill meaning and make decisions based on it, not match keywords or tags

- Technology, Precedent, Market Share

HP Enterprise Services

Srini Koushik

Vice President, Strategic Enterprise Services,

HP Worldwide Applications and Business Services

HP Social Intelligence Solution

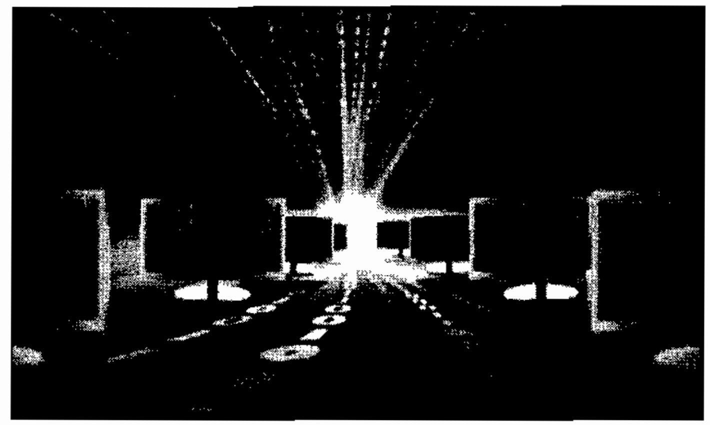
CAPTURE, INTEGRATE AND EXTRACT VALUE FROM SOCIAL MEDIA DATA.

Benefits:

- Enhance understanding of customers.
- Protect brand reputation.
- Empower front-line workers to respond to customers.
- Spur product development.

Services:

Strategy Alignment Workshop, Master Plan, Competency Center, Proof of Concept, Implementation.



HP Advanced Information Services for Vertica

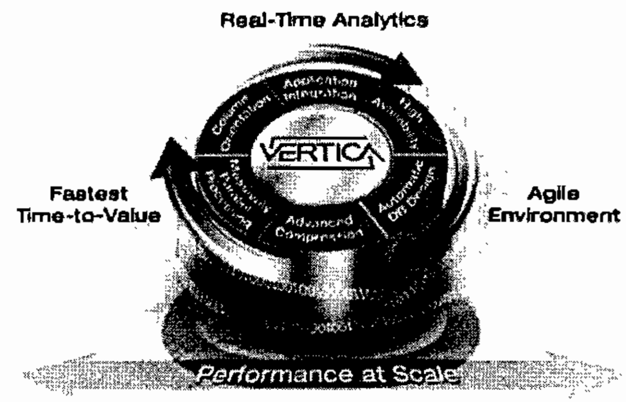
CREATE AN ENVIRONMENT BUILT FOR ENTERPRISE ANALYTICS.

Benefits:

- Prove the power of the Vertica Analytics Platform in the environment.
- Create a business-driven vision for enterprise analytics.
- Accelerate implementation of the platform.
- Provide a technical architecture.
- Maximize performance of the platform.

Services:

Proof of Concept, Business Value Assessment, Fast Start, Architecture, Monitoring and Performance Tuning.



Human Information and Extreme Data Sets Need to be Efficiently Stored and Protected

DEDUPLICATION IS A KEY TECHNOLOGY FOR THESE REQUIREMENTS

- Shrinks physical storage requirements to lower costs
- Makes disk backup and (faster) restore economically feasible

HP Solves the Problems Created During the First Wave of Deduplication

HOWEVER....
EARLY TECHNOLOGIES LEFT SEVERE GAPS

- Incompatible silos (training, administration, data mobility)
- Restricted scalability (limited use cases)
- Extended recovery (restore slower than backup)
- Slow backup failure recovery (broken SLAs)

HP Delivers Federated Deduplication

Eliminate incompatible silos

STOREONCE AND FOR ALL

- One architecture everywhere
- Simplified administration
- Efficient data movement (no rehydration/dehydration)

LABS hp

StoreOnce

vs. EMC — Quantum, Avamar, Data Domain

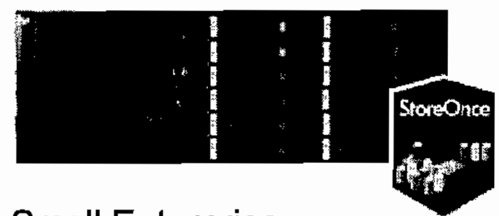
- **ONE ENGINE END-TO-END**
- **DATA STAYS DEDUPLICATED**

HP Delivers Federated Deduplication

Eliminate incompatible silos

STOREONCE AND FOR ALL

- One architecture everywhere
- Simplified administration
- Efficient data movement (no rehydration/dehydration)



Small Enterprise, SMB and ROBO

vs. EMC — Quantum, Avamar, Data Domain

- ONE ENGINE END-TO-END
- DATA STAYS DEDUPLICATED

HP Delivers Federated Deduplication

Eliminate incompatible silos

STOREONCE AND FOR ALL

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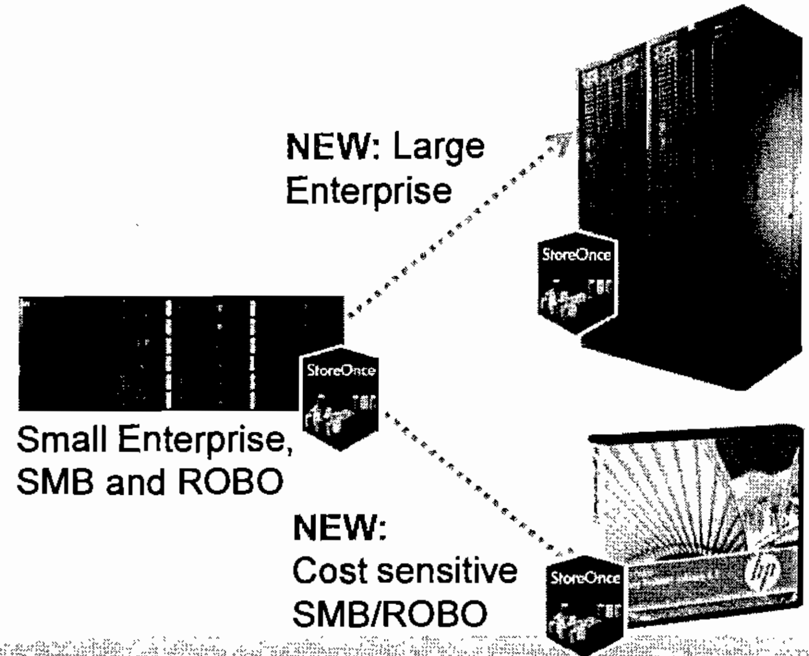


vs. EMC Quantum Avamar Data Domain

- ONE ENGINE END-TO-END
- DATA STAYS DEDUPLICATED

HP StoreOnce Scales to Large Enterprise

Overcome legacy dual-controller limitations

- **GROW EFFICIENTLY AND NON-DISRUPTIVELY**
  Future ready scale-out design goes from 48TB to 768TB
- **ZERO-IMPACT BACKUP. RECOVERY WHEN YOU NEED IT**
  High performance ingest <u>and</u> restore at a record 28TB per hour
- **HIGH AVAILABILITY WITH NO SINGLE POINT OF FAILURE**
  Reduce risk with **Autonomic-Restart** to eliminate backup failure

NEW: B6200 StoreOnce Backup System

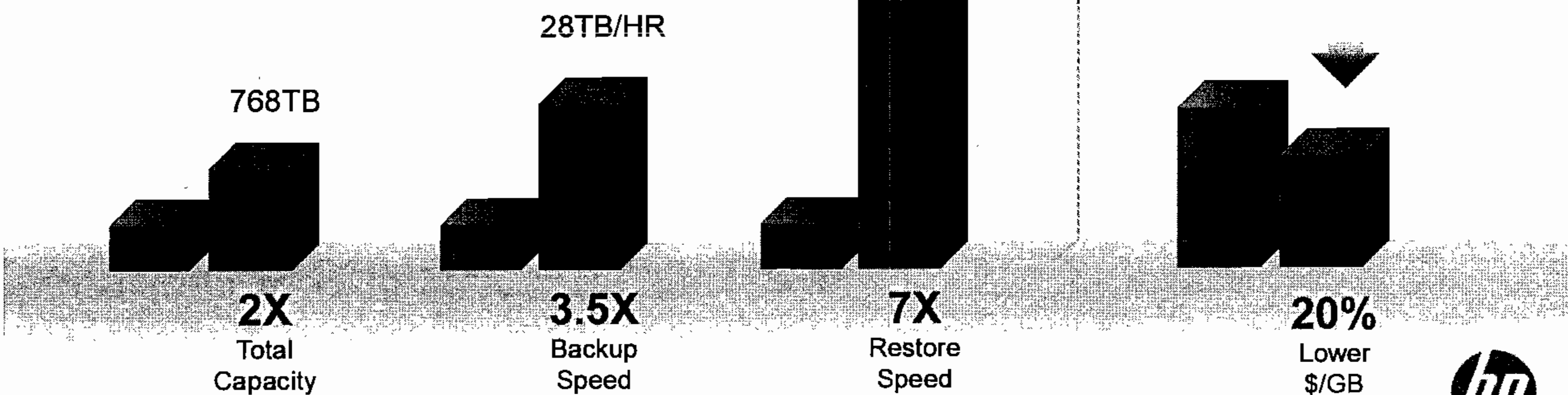
vs. EMC Quantum Avamar Data Domain

HAS HIGH AVAILABILITY. THEY DON'T!

HP Provides Better Functionality...

EMC vs. StoreOnce

DD890 B6200

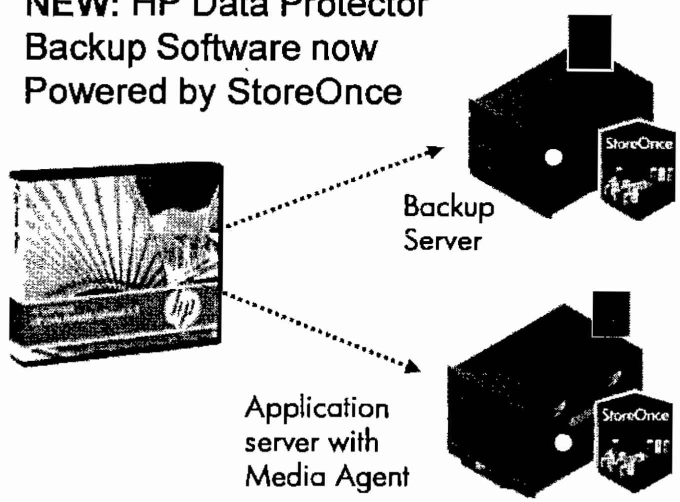


...at a lower cost

HP Extends Low Cost Deduplication Everywhere

Eliminate the need for dedicated hardware at remote sites or SMBs

NEW: HP Data Protector
Backup Software now
Powered by StoreOnce



- **REDUCE OPERATIONAL COSTS**
  Leverage existing resources
- **MAINTAIN APPLICATION PERFORMANCE**
  1.8TB/hr. throughput
- **SIMPLIFY ADMINISTRATION**
  Central management of remote sites

vs. Symantec & CommVault

90% Less Memory Required

HP Network Attached Storage Helps SMBs Address Information Growth

EXPLOSIVE GROWTH PUTS UNIQUE STRESS ON MODERATE SCALE IT ENVIRONMENTS

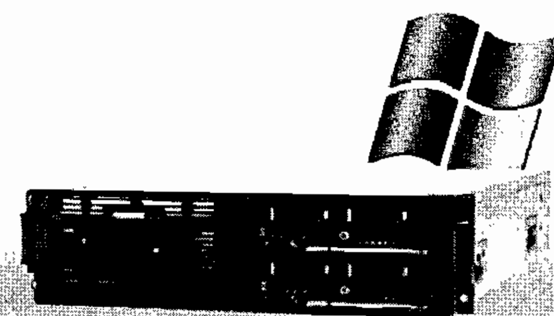
- Proprietary NAS systems add complexity & cost
- High availability can equal extra overhead
- Unpredictable growth challenges scale

HP Provides NAS Purpose-Built for the Midrange

HP Converged Storage eliminates storage boundaries

- **OPTIMIZED FOR MICROSOFT ENVIRONMENTS**
  Native Anti-Virus & CIFS. File management & branch optimization
- **BUILT-IN DENSITY AND HIGH AVAILABILITY**
  32TB 2-node Active-Active High Availability Cluster in 3U
- **MODULAR SCALE AT VOLUME ECONOMICS**
  Start small and grow up to 26,000 users and 128TB

NEW: HP X5000 G2
Network Storage System



vs. LEGACY
2-NODE CLUSTERS

58% Less Power

63% Less Cooling

50% Less Footprint

HP IT Performance Suite

Bill Veghte
Executive Vice President
HP Software

The HP IT Performance Suite: Perform Better

Comprehensive, Connected and Flexible

EXECUTE SYSTEMATICALLY

Strategy, Planning and Governance

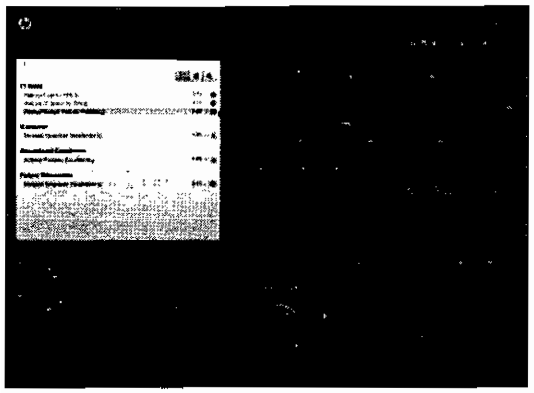
SECURE PROACTIVELY

Security Intelligence and Risk Management

BUILD FASTER	OPERATE SIMPLY	STORE EFFICIENTLY
Application Lifecycle Management	Operations Management	Information Lifecycle Management

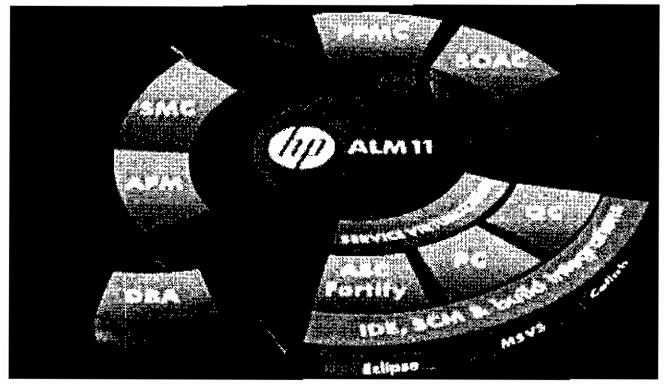
HP IT Performance Suite for Applications and HP Application Lifecycle Management Momentum

Perform Better: Accelerate, secure, reliable delivery of modern applications



IT Performance Suite: VP of Apps Edition

- New persona-based scorecard with 60+ KPIs tailored for application executives
- Optimize the business of delivering applications; actionable information for insight and decision making

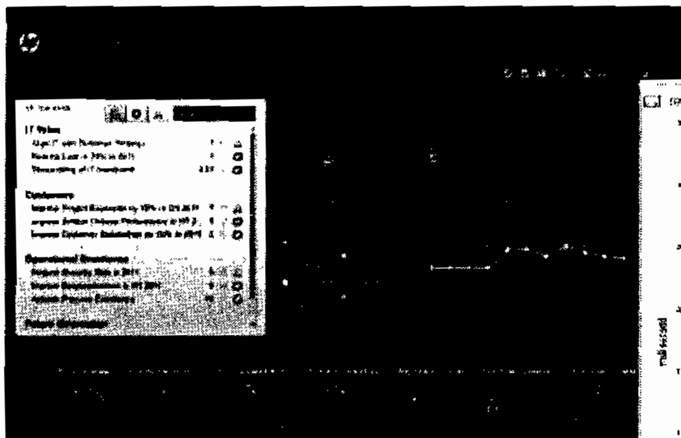


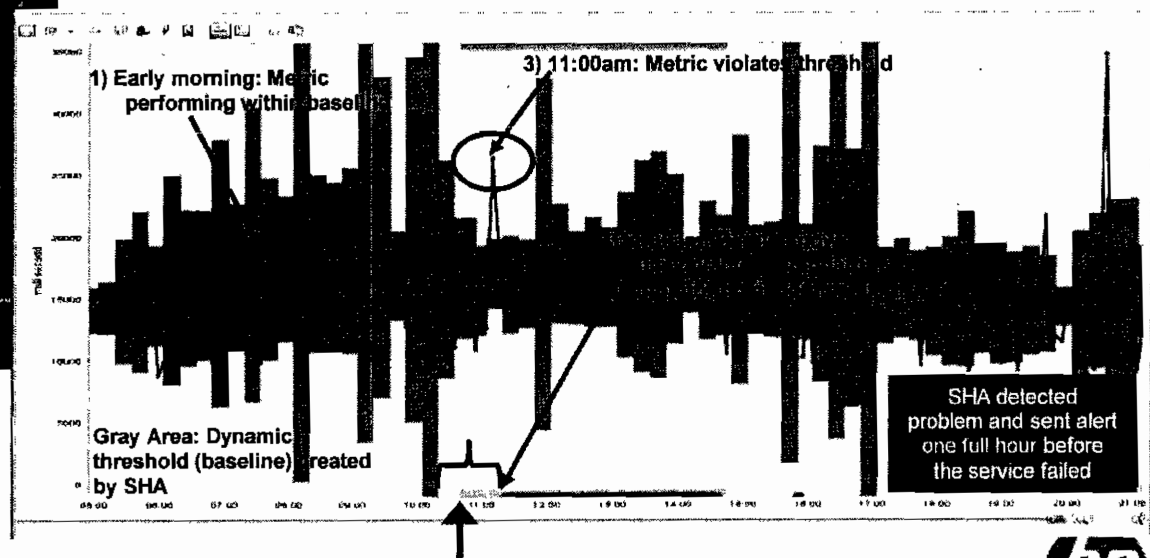
HP Application Lifecycle Management with ALI 2.0

- Enhances Application Lifecycle Intelligence (ALI) by bringing developer build management into the application lifecycle
- Lifecycle management and visibility from requirements through dev, test and delivery

HP IT Performance Suite for Operations and HP Business Service Management 9.1

Perform Better: The power to know, the power to act





HP IT Performance Suite Demo

Norm Follet,

Director

Information Optimization

Yves de Talhouët
Senior Vice President, Managing Director
HP EMEA

November 29, 2011

Why HP for Information Optimization

INSIGHT. INTUITION. IDEAS. BETTER BUSINESS DECISIONS

DERIVE VALUE THROUGH ANALYSIS, INSIGHT, ACTION

INFORMATION SO THAT IT CAN PERFORM BETTER

OPTIMIZE INFORMATION INFRASTRURE INVESTMENTS

DEFINE AND IMPLEMENT AN INFORMATION STRATEGY

Thank you