HEWLETT PACKARD CO
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PROSPECTUS

Hewlett-Packard Erste Vermogensverwaltungs- und Beteiligungsgesellschaft mbH

A Newly-Purchased Indirect Subsidiary of

Hewlett-Packard Company

Offer to Exchange Each Outstanding Common Share
of
Indigo N.V.

for either:

$7.50 (not more than 0.4494 and not less than 0.3167 shares) in common stock of Hewlett-Packard Company

or

$6.00 (not more than 0.3595 and not less than 0.2534 shares) in common stock of Hewlett-Packard Company and one non-transferable contingent value right

The exchange offer and withdrawal rights will expire at 12:00 noon, New York City time, on March 22, 2002, unless extended. You may withdraw shares tendered pursuant to this exchange offer at any time prior to the expiration of the exchange offer.

On September 6, 2001, we entered into an offer agreement with Indigo N.V. to acquire all of the outstanding common shares of Indigo. The management board, the supervisory board and the combined board of Indigo separately and, excluding a former HP executive whom we designated to serve on the supervisory and combined boards of Indigo and therefore recused himself from the vote, unanimously recommend that Indigo shareholders tender their shares pursuant to the exchange offer as the boards believe that the consideration is fair to, and in the best interests of, Indigo and its affiliated and unaffiliated shareholders.

We are offering to exchange for each Indigo common share that is validly tendered and not properly withdrawn either:

- Fixed Offer Price: $7.50 (not more than 0.4494 and not less than 0.3167 shares) in common stock of HP

or

- Contingent Offer Price: $6.00 (not more than 0.3595 and not less than 0.2534 shares) in common stock of HP, plus a contingent value right to receive between $0 and $4.50 in cash in 2005 to the extent that HP generates between $1.0 billion and $1.6 billion in cumulative net revenue during the three-year post-closing period from the sale or lease of LEP Digital Press Products and Consumables (as such terms are defined in the contingent value rights agreement)

The total number of Indigo common shares exchangeable for the fixed offer price and the contingent offer price is limited. As a result, you may receive, for some of the Indigo common shares you tender, a form of consideration that is different from what you elect. If you elect the fixed offer price and that form of consideration is over-subscribed by the other shareholders, you may receive the contingent offer price for as much as 18% of your tendered Indigo common shares. If you elect the contingent offer price and that form of consideration is over-subscribed by the other shareholders, you may receive the fixed offer price for as much as 13.4% of your tendered Indigo common shares. For the Indigo common shares for which you receive the contingent offer price, you will receive $6.00 in HP common stock and one non-transferable contingent value right, which may pay as little as $0 in 2005. For the Indigo common shares for which you receive the fixed offer price, you will receive $7.50 in HP common stock and no contingent value right, which may pay as much as $4.50 in cash in 2005.

Our obligation to complete the exchange offer is subject to a number of conditions, including a requirement that the total number of shares tendered into the exchange offer, when added to the Indigo common shares then owned by HP (currently 14,814,814 shares representing approximately 13.4% of the outstanding Indigo common shares), constitutes at least 95% of Indigo's outstanding common shares (including Indigo common shares issuable upon exercise of certain warrants). We describe these conditions in the section of this prospectus titled "The Offer Agreement--Conditions to the Exchange Offer." HP common stock is listed on the New York Stock Exchange and the Pacific Exchange under the trading symbol "HWP," and Indigo common shares are listed on the Nasdaq National Market under the trading symbol "INDG."

The section titled "Risk Factors" beginning on page 30 of this prospectus contains a description of risks that you should consider.

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

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

This prospectus is dated February 19, 2002.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. Neither the delivery of this prospectus nor any distribution of securities pursuant to this prospectus shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated by reference into this prospectus or in our affairs since the date of this prospectus.

The exchange offer is not being made in or into Israel and will not be capable of acceptance in Israel or by persons in Israel, except to certain persons referred to in Section 15A(B)(1) of the Securities Law, 5728-1968, of Israel and listed in Appendix One thereto (which includes certain mutual, provident and venture capital funds, banks, insurers, portfolio managers, investment advisors, stock exchange members, underwriters and certain corporations controlled by any of the above). Should you receive this prospectus in Israel and are not a person referred to above, this prospectus does not constitute an offer to you to sell, or a solicitation from you of an offer to purchase, the securities offered by this prospectus or an invitation or solicitation to tender your Indigo common shares. An election form/letter of transmittal contained in an envelope postmarked in Israel, requesting the HP common stock or CVRs to be delivered to an address in Israel, signed or signature guaranteed in Israel, or otherwise appearing to HP or its agents to have been sent from Israel, will not constitute a valid acceptance of the exchange offer, unless from a person referred to above, or otherwise in accordance with, the Securities Law, 5728-1968, and any regulations promulgated thereunder, of Israel.

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This prospectus incorporates important business and financial information about HP, Indigo and Compaq Computer Corporation from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this prospectus. For a listing of documents incorporated by reference into this prospectus, please see the section titled "Where You Can Find More Information" beginning on page 166 of this prospectus.

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

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

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

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

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

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

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

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

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

In order for you to receive timely delivery of the documents in advance of the closing of the exchange offer, HP, Indigo or Compaq should receive your request no later than March 14, 2002.

QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

Q: What are HP and Indigo proposing? (see page 87)

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

Q: What would I receive in exchange for my Indigo common shares? (see page 87)

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

- the fixed offer price, which consists of a fraction of a share of HP common stock that has a value equal to $7.50, subject to adjustment, as determined in accordance with the offer agreement;

or

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

As described in more detail in this prospectus, each CVR will entitle its holder to a contingent cash payment in 2005 from our newly-purchased subsidiary of up to $4.50 in cash if our consolidated net revenues from the sale or lease of LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement) reach specified revenue milestones over a three-year period, which will begin after completion of the exchange offer. The three-year period for determining whether the specified revenue milestones have been met will commence on the first day of the first calendar month occurring after the closing date of the exchange offer and will end on the last day prior to the third anniversary of such day. As described in more detail in this prospectus, the present value of such future potential payout will be lower than any amount paid in 2005. For example, as of the close of the exchange offer, the present value of receiving $4.50 39 months later is $3.05, $2.77 and $2.52 based on discount rates of 12%, 15% and 18%, respectively. If the specified revenue thresholds are not reached, there will be no payout under the CVRs.

Q: How will you calculate the amount of HP common stock to be issued for each Indigo common share pursuant to the fixed offer price and the contingent offer price? (see page 87)

A: We will calculate the amount of HP common stock to be issued, which we refer to as the exchange ratio, by dividing $7.50, in the case of the fixed offer price, or $6.00, in the case of the contingent offer price, by the average closing sales price of HP common stock on the New York Stock Exchange during the twenty consecutive trading days ending on the trading day on which the third most recent closing of the U.S. markets prior to the expiration of the exchange offer occurs. However, the offer agreement provides that the average HP closing sales price to be used in this calculation will not be less than $16.69 or more than $23.68. As a result, each Indigo common share exchanged for the fixed offer price will receive between 0.3167 and 0.4494 of a share of HP common stock, and (2) each Indigo common share exchanged for the contingent offer price will receive (A) between 0.2534 and 0.3595 of a share of HP common stock, plus (B) one CVR.

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

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

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

A: No later than two business days before the exchange offer expires, we will notify you by issuing a press release announcing the final exchange ratios for the fixed offer price and the contingent offer price and filing that press release with the Securities and Exchange Commission. You can also call our information agent, Georgeson Shareholder Communications, at (212) 806-6741 and, if you are in North America, toll-free at (866) 233-9045 for the final exchange ratios and the final average closing sales price of HP common stock. Persons will be available to answer questions at these phone numbers throughout the entire period that the exchange offer is open.

Q: Can I elect to exchange some of my Indigo common shares for the fixed offer price and some of my Indigo common shares for the contingent offer price? (see page 112)

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

Q. Is my election to receive the fixed offer price or the contingent offer price subject to any limitations? (see page 90)

A. Yes. The terms of the offer agreement limit the total number of Indigo common shares that are permitted to be exchanged for each of the fixed offer price and contingent offer price. Based on Indigo's capitalization as of December 31, 2001, approximately 39.6 million Indigo common shares may be exchanged for the fixed offer price, and approximately 56.2 million Indigo common shares may be exchanged for the contingent offer price. However, the number of Indigo common shares that may be exchanged for the fixed offer price may increase depending upon the exercise of outstanding options and warrants. As a result, you may receive for some of the Indigo common shares that you tender a form of consideration alternative that is different than what you elect. Pursuant to tender and option agreements, the holders of approximately 47.6 million Indigo outstanding common shares have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by each of those shareholders. If either election remains oversubscribed after giving effect to the automatic election provided for in the tender and option agreements, all other Indigo shareholders who have tendered into the exchange offer for the oversubscribed consideration alternative will be required to accept some portion of the undersubscribed consideration alternative. However, as a result of the tender and option agreements described above, no more than 18% of the Indigo common shares that you tender will be exchanged for the form of consideration that you do not elect. One of Indigo's other large shareholders, which holds 24.6 million shares, has agreed to tender its Indigo common shares into the exchange offer but has not agreed to elect automatically to receive the undersubscribed consideration alternative. Because such shareholder must elect to exchange all of its 24.6 million shares for either the fixed offer price or the contingent offer price, the likelihood that the offer price that such shareholder elects to receive will be oversubscribed is increased. Based upon Indigo's capitalization as of December 31, 2001, the 24.6 million shares held by such shareholder would represent approximately 62% of the Indigo common shares that may be exchanged for the fixed offer price and approximately 44% of the Indigo common shares that may be exchanged for the contingent offer price. In the event that the offer price that such shareholder elects to receive is oversubscribed, such shareholder's election will result in a decrease in the percentage of your Indigo common shares (but by no more than the 18% amount noted above) that will be exchanged for the offer

price that you elect if you also have elected to receive the oversubscribed form of consideration. To find and calculate the range of potential valuations that may result after the close of the exchange offer, please see the section titled "The Exchange Offer" beginning on page 87 of this prospectus.

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

A: If either of the fixed offer price or contingent offer price elections are oversubscribed, then the allocation of these consideration alternatives will be determined after completion of the exchange offer in accordance with the terms of the offer agreement. We will notify you by issuing a press release announcing the degree of the allocation, if any, and filing that press release with the Securities and Exchange Commission. You can also call our information agent, Georgeson Shareholder Communications, at (212) 806-6741 and, if you are in North America, toll-free at (866) 233-9045 to learn the degree to which the fixed offer price or contingent offer price elections may have been allocated after completion of the exchange offer.

Q: How long will it take to complete the exchange offer? (see page 109)

A: The exchange offer will commence on February 21, 2002 and is currently scheduled to expire at 12:00 noon, New York City time, on March 22, 2002. However, we may extend the exchange offer as described in this prospectus.

Q: Do Indigo's management, supervisory and combined boards support the exchange offer? (see page 63)

A: Yes. Indigo's management, supervisory and combined boards, excluding the member designated by HP who recused himself from the vote, unanimously support the exchange offer and recommend that you tender your Indigo common shares in the exchange offer.

Q: Have any Indigo shareholders agreed to tender their shares? (see page 140)

A: Yes. Some shareholders of Indigo have agreed to tender their Indigo common shares into the exchange offer. These shareholders comprise all of the directors and executive officers of Indigo who hold Indigo common shares, as well as S-C Indigo CV and a foundation, which we refer to as the Landa Family Trust, of which Benzion Landa, Indigo's Chairman and Chief Executive Officer, is a beneficiary, and entities directly or indirectly owned by the Landa Family Trust, which are the major shareholders of Indigo other than HP. These shareholders, who have entered into tender and option or tender agreements with HP, hold an aggregate of 72,394,307 Indigo common shares representing approximately 65.4% of the Indigo common shares outstanding as of December 31, 2001.

All Indigo board members and executive officers who hold Indigo common shares have entered into tender agreements with HP.

Q: Is the exchange offer conditioned upon the completion of the proposed business combination between HP and Compaq?

A: No. The exchange offer is not conditioned upon the completion of the pending merger of a wholly-owned subsidiary of HP with and into Compaq Computer Corporation, which we refer to as the Compaq merger. The Compaq merger is subject to customary conditions to closing as set forth in the merger agreement among HP, a wholly-owned subsidiary of HP and Compaq, which we refer to as the Compaq merger agreement. These closing conditions to the Compaq merger are separate and independent from the closing conditions to the exchange offer. We cannot assure you that we will complete the Compaq merger. If the Compaq merger is not completed, HP common stock will not reflect any actual or anticipated interest in Compaq. See the section titled "Risk Factors--Risks Regarding the Compaq Merger and HP and Compaq as a Combined Company" in this prospectus for a discussion of important factors that you should consider in connection with the Compaq merger.

Q: What percentage of HP common stock will Indigo shareholders own after the exchange offer?

A: If we acquire all of the Indigo common shares pursuant to the exchange offer, former shareholders of Indigo, other than us and our affiliates, would own approximately 1.9% of the shares of common stock of HP, assuming that 0.4494 of a share of HP common stock will be issued for each Indigo common share that receives the fixed offer price and that 0.3595 of a share of HP common stock will be issued for each Indigo common share that receives the contingent offer price, and based upon the 95,865,713 Indigo common shares (excluding treasury shares and the 14,814,814 Indigo common shares held by us and our affiliates) outstanding on December 31, 2001 and the 1,941,391,000 shares of HP common stock outstanding on January 28, 2002, not taking into account stock options, warrants or convertible securities of Indigo or HP. This ownership percentage would be reduced to approximately 1.2% if the Compaq merger is completed, in which case we would issue an aggregate of approximately 1,078,182,486 shares of HP common stock to Compaq shareowners, not taking into account a total of approximately 320,808,010 shares of HP common stock that will be reserved for issuance upon the exercise of options to purchase Compaq common stock assumed by HP in connection with the Compaq merger.

Q: How do I participate in the exchange offer? (see page 112)

A: You are urged to read this entire prospectus carefully, and to consider how the exchange offer affects you. Then, if you wish to tender your Indigo common shares, you should do the following:

- If you hold your common shares in your own name, complete and sign the enclosed election form/letter of transmittal and return it with your share certificates to Computershare Trust Company of New York, at the address on the back cover of this prospectus, before the expiration time of the exchange offer which, unless extended, will occur at 12:00 noon, New York City time, on March 22, 2002.

- If you hold your common shares in "street name" through a broker, bank or nominee, ask your broker, bank or nominee to tender your shares before the expiration time of the exchange offer.

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

Q: Do I have to pay any brokerage fees or commissions? (see page 90)

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

Q: What happens if the exchange offer is completed and I have not tendered my Indigo common shares? (see page 76)

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

In addition, we may, but are not required to, effectuate a corporate restructuring of Indigo, which we refer to as the post-closing restructuring. The post-closing restructuring, if implemented by us in our sole discretion,

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

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

A: Yes. Since Indigo common shares accepted in the exchange offer will be exchanged for shares of HP common stock and, with respect to Indigo common shares exchanged for the contingent offer price, CVRs, you should consider our financial condition before you decide to tender your Indigo shares in the exchange offer. In considering our financial condition, you should review carefully the information in this prospectus and the documents incorporated by reference into this prospectus because they contain detailed business, financial and other information about us.

Q: Who can help answer my questions? (see page 168)

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

Georgeson Shareholder
111 Commerce Road
Carlstadt, New Jersey 07072
Indigo@Georgeson.com

Banks and Brokers please call (201) 896-1900
Shareholders in North America call toll-free (866) 233-9045
Shareholders outside of North America call (212) 806-6741

SUMMARY

The following is a summary of the information contained in this prospectus. This summary may not contain all of the information about the exchange offer that is important to you. For a more complete description of the exchange offer, we encourage you to read carefully this entire prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this prospectus, which includes important business and financial information about HP, Indigo and Compaq. You may obtain the information incorporated by reference into this prospectus without charge by following the instructions in the section titled "Where You Can Find More Information" beginning on page 166 of this prospectus.

The Exchange Offer and the Offer Agreement (see pages 87 and 121)

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

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

Parties to the Exchange Offer

Hewlett-Packard Company
3000 Hanover Street
Palo Alto, California 94304
(650) 857-1501

HP is a leading global provider of computing, printing and imaging solutions and services for business and home, and is focused on making technology and its benefits accessible to all.

HP currently organizes its operations into three major businesses.

Imaging and Printing Systems provides printer hardware, supplies, imaging products and related professional and consulting services. Printer hardware consists of laser and inkjet printing devices, which include color and monochrome printers for the business and home, multi-function laser devices and wide- and large-format inkjet printers. Supplies offer laser and inkjet printer cartridges and other related printing media. Imaging products include all-in-one inkjet devices, scanners, digital photography products, personal color copiers and faxes. Professional and consulting services are provided to customers on the optimal use of printing and imaging assets.

Computing Systems provides commercial personal computers (PCs), home PCs, workstations, UNIX(R) servers, PC servers, storage and software solutions. Commercial PCs include the Vectra desktop series, as well as OmniBook and Pavilion notebook PCs. Home PCs include the Pavilion series of multi-media consumer desktop PCs. Workstations provide UNIX(R), Windows and Linux-based systems. The UNIX(R) server offering ranges from low-end servers to high-end scalable systems such as the Superdome line, all of which run on HP's PA-RISC architecture and the HP-UX operating system. PC servers offer primarily low-end and mid-range products that run on the Windows and Linux operating systems. Storage provides mid-range and high-end array offerings, storage area networks and storage area management and virtualization software, as well as tape and optical

libraries, tape drive mechanisms and tape media. The software category offers OpenView and other solutions designed to manage large-scale systems and networks. In addition, software includes telecommunications infrastructure solutions and middleware.

IT Services provides customer support, consulting, outsourcing, technology financing and complementary third-party products delivered with the sales of HP solutions. Customer support offers a range of high-value solutions from mission-critical and networking services that span the entire IT environment to low-cost, high-volume product support. Consulting provides industry-specific business and IT consulting and system integration services in areas such as financial services, telecommunications and manufacturing, as well as cross-industry expertise in Customer Relationship Management (CRM), e-commerce and IT infrastructure. Outsourcing offers a range of IT management services, both comprehensive and selective, including transformational infrastructure services, client computing managed services, managed web services and application services to medium and large companies. Technology financing capabilities include leasing, solution financing and computing and printing utility offerings.

HP was incorporated in 1947 under the laws of the State of California as the successor to a partnership founded in 1939 by William R. Hewlett and David

Packard. Effective in May 1998, HP changed its state of incorporation from California to Delaware.

On September 4, 2001, we entered into the Compaq merger agreement. Reference in this prospectus to the Compaq merger refers to the proposed merger of a wholly-owned subsidiary of HP with and into Compaq pursuant to the Compaq merger agreement. Compaq is a leading global provider of information technology products, services and solutions for enterprise customers. Compaq designs, develops, manufactures and markets information technology equipment, software, services and solutions, including industry-leading enterprise storage and computing solutions, fault-tolerant business-critical solutions, communication products, personal desktop and notebook computers and personal entertainment and Internet access devices.

Upon completion of the Compaq merger, holders of Compaq common stock will be entitled to receive 0.6325 of a share of HP common stock for each share of Compaq common stock they hold at that time. HP shareowners will continue to own their existing shares of HP common stock after the Compaq merger. The shares of HP common stock issued in exchange for shares of Compaq common stock in connection with the Compaq merger will represent approximately 35.7% of the outstanding shares of HP common stock immediately following the completion of the Compaq merger, based on the number of shares of HP and Compaq common stock outstanding on January 28, 2002, which excludes the shares of HP common stock issuable in the exchange offer to acquire Indigo.

There are uncertainties and risks associated with the Compaq merger. See the section titled "Risk Factors--Risks Regarding the Compaq Merger and HP and Compaq as a Combined Company" in this prospectus for a discussion of important factors that you should consider in connection with the Compaq merger.

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

Indigo N.V. is a leading provider of high performance digital printing systems used in the production of on-demand, short-run color digitally-printed products. Indigo's Digital Offset Color technology combines the quality of ink-based offset printing with the performance advantages of digital imaging. As in conventional offset printing, Indigo's Digital Offset Color printing transfers the ink image from the imaging surface to a blanket and

from the blanket to paper. However, unlike conventional offset printing, Indigo's Digital Offset Color printing creates a new ink image with each impression without leaving residual ink on the printing blanket. This complete transfer is enabled by ElectroInk, Indigo's proprietary liquid ink, which has a high degree of cohesiveness during transfer. The unique features of the Digital Offset Color printing system include (1) ElectroInk, a dispersion of tentacle-shaped particles, and (2) a heated blanket to which the ElectroInk image is transferred. The heated printing blanket transfers the ElectroInk image to the paper, where the ink forms a dry film and sets immediately. Since the entire ink image is transferred to the paper, the blanket can receive a different image with each turn of the machine. In addition, Indigo's automatic "on-the-fly" ink color switching technology enables each turn of the machine to print not only a new image, but each one in a different color.

Indigo's products, including its proprietary ElectroInk, provide solutions for the commercial, industrial and photographic printing markets. Indigo's commercial printing products include the Indigo e-Print Pro+, a four-color low-cost, entry-level press, suitable for simple digital printing applications; the Indigo Platinum, which adds value applications such as electronic collation, versioning and personalization, and six-color printing capability; the Indigo UltraStream 2000, which is designed for high-volume printing and applications requiring seven-color capability; and the Publisher presses, expected to be commercially available in the second half of 2002, which are appropriate for mid-volume and mainstream commercial printing, publishing and direct mail markets. Indigo's industrial printing products include the Omnius WebStream family of One-Shot Color presses, which bring on-demand color printing to the main packaging and labeling markets, and the Omnius MultiStream which permits printing on plastic sheets for the production of specialty products. Indigo's photographic printing products, which are not expected to be commercially available before 2002, include the Photo-e-Print line, which will provide high quality, high speed and low cost solutions for retail and professional photographic labs as well as centralized wholesale photo-finishing operations. In addition, Indigo manufactures a number of presses that are marketed through OEM channels under agreements with DataCard, A.B. Dick Company, Werner Kammann Maschinenfabrik and HP. Indigo also manufactures and sells proprietary imaging products essential to the operation of its presses, including ElectroInk(R) products, photo imaging plates and image transfer blankets. Indigo products combine the print quality and production capability of offset presses with the workflow efficiencies and personalization of digital printing. The Indigo products complement our existing line of digital printing and imaging products for the home and office markets by expanding our digital product and technology capabilities to the commercial printing market. Indigo is headquartered in The Netherlands, with research and development and manufacturing operations in Israel.

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

Hewlett-Packard Erste Vermogensverwaltungs- und Beteiligungsgesellschaft mbH
Herrenbergerstr. 140
71034 Boeblingen
Germany

Hewlett-Packard Erste Vermogensverwaltungs- und Beteiligungsgesellschaft mbH is a newly-purchased indirect subsidiary of HP. We purchased this subsidiary solely to effect the exchange offer. This subsidiary has no prior operating history and will not conduct any business prior to the completion of the exchange offer. We refer to this subsidiary as Newco throughout this prospectus.

Contingent Value Rights (see page 136)

Upon completion of the exchange offer, Newco and J.P. Morgan Trust Company, National Association, as trustee, will enter into a CVR agreement that will govern the CVRs. A copy of the form of CVR agreement is attached to this prospectus as Annex B-1. Under the terms of the CVR agreement, each CVR will entitle the holder thereof to a contingent cash payment in 2005 from Newco of up to $4.50 if our cumulative consolidated

net revenues from the sale or lease of LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement) reach specified revenue milestones over a three-year period, which will begin after completion of the exchange offer, as described in more detail in this prospectus. The amount payable under each CVR increases linearly from $0 to $4.50 as the cumulative net revenue increases from $1.0 billion to $1.6 billion during the three-year period. No payment will be made under the CVR if the three-year cumulative net revenue is less than or equal to $1.0 billion, which we refer to in the CVR agreement as the lower limit. No payment in excess of $4.50 will be made under the CVR if the three-year cumulative net revenue is greater than $1.6 billion, which we refer to in the CVR agreement as the upper limit. Hewlett-Packard Company will guarantee the contingent payment obligations of Newco under the CVRs. A copy of the form of corporate guaranty by Hewlett-Packard Company is attached to this prospectus as Annex B-2.

The $1.0 billion lower limit and the $1.6 billion upper limit for the three-year cumulative net revenue thresholds as specified in the CVR agreement were proposed by us based on projections made by Indigo in 2001 of what Indigo could achieve as a stand-alone entity. Based on Indigo's then stated long-term revenue growth projections of greater than 30% per year, we set the lower limit threshold at $1.0 billion, which corresponds to an approximate compound annual revenue growth rate beginning 2002 of 33%, and the upper limit threshold at $1.6 billion, which corresponds to an approximate compound annual revenue growth rate beginning 2002 of 64%. The $1.6 billion upper limit which we would need to achieve in order to trigger the full $4.50 payout under the CVRs was determined by us as a highly optimistic scenario that most likely would not be achieved unless Indigo was correct that its stand-alone business is positioned to achieve annual revenue growth of at least 30% beginning 2002 and we are able to integrate successfully Indigo into our organization as well as generate significant near term synergies to drive a much higher annual revenue growth rate, approximately 64% beginning 2002. It is very possible that these growth rates may not be achieved since even a 33% annual revenue growth rate is significantly higher than that historically achieved by Indigo and that, based on the current economic climate, Indigo now believes that the revenue growth rate it would likely achieve as a stand-alone entity for 2002 is no more than approximately 15-20%. See the section titled "Special Factors--Summary Indigo Financial Projections" in this prospectus. Furthermore, pursuant to the CVR agreement, we have retained complete freedom on how to operate the Indigo business after the completion of the exchange offer. As a result, we are free to decide at any time to abandon efforts to research, develop, commercialize, market or sell any or all LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement).

For us to achieve the revenue threshold required for there to be any payout under the CVRs, we will have to expand the revenue base considerably with respect to LEP Digital Press Products and Consumables (as such terms are defined in the CVR Agreement). The following table sets forth the potential CVR payout based on different scenarios of rates of compound annual growth in our consolidated net revenue from the sale or lease of LEP Digital Press Products and Consumables (as such terms are defined in the CVR Agreement). These compound annual revenue growth rate scenarios are calculated off of a base of $184 million, Indigo's revenues for the twelve-month period ended September 30, 2001. The CVR payment amounts shown below set forth the nominal dollar amounts that would be payable in 2005 and have not been adjusted to reflect the net present value of any such payments. Please see the section of this prospectus titled "The Exchange Offer--Description of the Exchange Offer--Illustrative Table of Fixed Offer Prices and Contingent Offer Prices and Value of Offer Consideration" for illustrative values of the total consideration that would be issued in connection with the exchange offer in exchange for one Indigo common share.

Cumulative Revenue over the CVR Measuring Period at Various Compound Annual Revenue Growth Rates ($ in millions, except for CVR payout amounts)

Year 1-Year 3 Cumulative Revenue	Payout Per CVR
Less than $1,000	$0
$1,000-$1,600	Up to $4.50 (linear)
Greater than $1,600	$4.50

Compounded Annual Revenue Growth Rate	Indigo Revenue for the 12 months ended September 30, 2001	CVR Measuring Period Revenue per year			Three Year Cumulative Revenue	CVR Payout
		Year 1	Year 2	Year 3		
0%	$184	$184	$184	$184	$ 552	$0.00
5%	184	193	203	213	609	0.00
10%	184	202	223	245	670	0.00
15%	184	212	243	280	735	0.00
20%	184	221	265	318	804	0.00
25%	184	230	288	359	877	0.00
30%	184	239	311	404	954	0.00
33%	184	245	325	433	1,003	0.02
35%	184	248	335	453	1,036	0.27
40%	184	258	361	505	1,124	0.92
45%	184	267	387	561	1,215	1.61
50%	184	276	414	621	1,311	2.33
55%	184	285	442	685	1,412	3.09
60%	184	294	471	754	1,519	3.89
64%	184	302	495	812	1,609	4.50
65%	184	304	501	827	1,632	4.50
70%	184	313	532	904	1,749	4.50

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

Irrevocable Proxies (see page 140)

Pursuant to the voting agreements further described in this prospectus, certain major shareholders, directors and executive officers of Indigo granted us irrevocable proxies to vote their shares of Indigo common shares at all shareholder meetings in favor of (a) appointment of the new members of Indigo's management board as set forth in the offer agreement, (b) amendment of Indigo's articles of association as contemplated in the offer agreement, (c) the post-closing restructuring, and (d) waiving any notice that may have been or may be required relating to the exchange offer or any of the other transactions contemplated by the offer agreement, and against certain alternative transactions intended to undermine the transactions contemplated by the offer agreement and subsequent restructuring. Each proxy terminates upon the earlier of valid termination of the offer agreement or the closing of the exchange offer.

Reasons for the Exchange Offer

Indigo (see page 59). Indigo's management board, supervisory board and combined board believe that the transaction could result in a number of benefits to Indigo and its affiliated and unaffiliated shareholders. Indigo's

reasons for entering into the offer agreement and a number of factors considered by Indigo's management board, supervisory board and combined board in determining whether to enter into the offer agreement are described in the section titled "Special Factors--Indigo's Purposes and Reasons for the Exchange Offer" in this prospectus.

HP (see page 73). We believe that the exchange offer is fair to the affiliated and unaffiliated Indigo shareholders. Our reasons for entering into the offer agreement and a number of factors considered by our board of directors in determining whether to enter into the offer agreement are described in the section titled "Special Factors--HP's Purposes and Reasons for the Exchange Offer" in this prospectus.

Recommendation of the Indigo Boards (see page 63)

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

Opinion of Indigo Financial Advisor Regarding the Exchange Offer (see page 63)

The combined board of Indigo has received a written opinion, dated September 6, 2001, from Gleacher & Co. LLC, to the effect that, as of the date of the opinion and based on and subject to the matters described in its opinion, the aggregate consideration provided for in the offer agreement to be received by all holders of Indigo common shares was fair, from a financial point of view, to the holders of Indigo common shares, other than HP and our affiliates. Gleacher expressed no opinion as to the fairness of either the fixed offer price or the contingent offer price separately. The Gleacher fairness determination addresses only the fairness, from a financial point of view, of the aggregate consideration to be offered to the holders of Indigo common shares as opposed to the actual consideration that could be received by an individual Indigo shareholder.

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

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

Indigo Directors and Executive Officers Have Interests in the Exchange Offer (see page 71)

When you consider Indigo's boards' recommendation that Indigo shareholders tender their shares in the exchange offer, you should be aware that some Indigo officers and directors may have interests in the exchange offer that may be different from, or in addition to, those of Indigo's affiliated and unaffiliated shareholders generally. These interests include a cash payment of $2,500,000 to Mr. Landa in settlement of payments due to him under his employment relationship with Indigo, which will terminate upon the completion of the exchange offer, severance and retention payments to Indigo's three other executive officers of up to $2,135,000 in the

aggregate, and the continued employment by us of these executive officers. These interests are described in more detail in the section titled "Special Factors--Interests of Indigo Directors and Executive Officers in the Exchange Offer" in this prospectus, as well as Indigo's Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to you together with this prospectus.

Indigo's Management and Supervisory Boards Following the Exchange Offer (see page 123)

Pursuant to a resolution to be passed at an extraordinary general meeting of its shareholders prior to the expiration date of the exchange offer, Indigo will accept the resignation from its management board and supervisory board of the existing members thereof and the shareholders will appoint new members to the management board as designated by us. The new members designated by us for appointment to the management board will be Charles N. Charnas, J.C.A. van Diemen and R.E.J. De-Boer. Mr. Charnas is employed by HP as its Assistant Secretary and Senior Managing Counsel, while Messrs. De-Boer and van Diemen are employed by our Netherlands subsidiary as Legal Counsel and Tax Manager, respectively. These resignations and appointments will be effective as of, and conditional upon the occurrence of, the closing of the exchange offer. We do not intend to maintain Indigo's supervisory board after the completion of the exchange offer.

Extension, Termination, Waiver and Amendment of the Exchange Offer (see page 109)

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

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

- decrease the offer price;
- change the form or combination of consideration to be paid in the

exchange offer;

- reduce the number of Indigo common shares to be purchased in the exchange offer;

- amend the conditions to the exchange offer to broaden the scope of those conditions, add any additional conditions, or otherwise amend any other material terms of the exchange offer in a manner materially adverse to Indigo shareholders;

- extend the exchange offer, except as described below and except that we may extend the exchange offer without Indigo's consent (1) if at the scheduled expiration date of the exchange offer any of the conditions to the exchange offer have not been satisfied or waived, or (2) for any period required by any rule, regulation, interpretation or position of the Securities and Exchange Commission or its staff; or

- amend the minimum condition that Indigo common shares that, together with Indigo common shares already held by HP and its affiliates, represent at least 95% of Indigo's common shares be tendered into the exchange offer (including Indigo common shares issuable upon exercise of certain warrants), except as described below.

We expressly reserve the right to and may unilaterally amend or waive the minimum condition to reduce the percentage of outstanding Indigo shares required to be validly tendered in accordance with the terms of the

exchange offer, provided that we will extend the exchange offer for a period of not fewer than ten business days after any such amendment or waiver.

We will follow any extension, termination, amendment or delay, as promptly as practicable, with a public announcement. Any announcement about an extension will be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Subject to applicable law, including Rules 14d-4(d) and 14d-6(c) under the Securities Exchange Act of 1934, as amended, which require that any material change in the information published, sent or given to shareholders in connection with the exchange offer be promptly sent to shareholders in a manner reasonably designed to inform shareholders of the change, and without limiting the manner in which we may choose to make any public announcement, we assume no obligation to publish, advertise or otherwise communicate the public announcement other than by making a release to the Dow Jones News Service.

What is Needed to Complete the Exchange Offer (see page 129)

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

- the tender into the exchange offer of Indigo common shares that, together with Indigo common shares already held by us and our affiliates, represent at least 95% of Indigo's common shares (including Indigo common shares issuable upon exercise of certain warrants);

- the expiration of all waiting periods under United States antitrust law and receipt of all other foreign antitrust approvals;

- the receipt of the other regulatory approvals specified in Annex I of the offer agreement, including the approval of (1) the Office of the Chief Scientist of the Israeli Ministry of Industry and Trade and (2) the Investment Center of the Israeli Ministry of Industry and Trade;

- the absence of specified events including (1) a general suspension of trading on the New York Stock Exchange, (2) a commencement of a war, armed hostilities or other international or national calamity directly involving the United States or (3) a commencement of a war, escalation of armed hostilities or a general mobilization or other international or national calamity directly involving Israel that is or is reasonably likely to be materially adverse to Indigo's ability to conduct business in Israel;

- the accuracy in all material respects of Indigo's representations and warranties in the offer agreement, except in some cases as does not, and could not reasonably be expected to, constitute a material adverse effect on Indigo; and

- Indigo's compliance in all material respects with its covenants in the offer agreement.

HP has not waived any of the conditions to the exchange offer. See the discussion below for a description of progress to date with respect to the regulatory conditions to the exchange offer.

We Have Not Yet Obtained All Required Regulatory Approvals to Complete the Exchange Offer (see page 115)

The exchange offer is subject to antitrust laws. We and Indigo have made the required filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with the United States Department of Justice and the Federal Trade Commission, and the waiting period under the Hart-Scott-Rodino Act was terminated on October 1, 2001. We and Indigo are also required to make antitrust filings in Austria, Brazil, Germany, Israel, Italy and Portugal. We and Indigo have made all these required foreign antitrust filings. The applicable antitrust clearances in Austria, Germany and Italy have been granted. However, we have not yet

received antitrust clearance in Brazil, Israel or Portugal. We and Indigo are not permitted (except with respect to Brazil) to complete the exchange offer until the applicable waiting periods associated with these filings have expired or been terminated and required approvals are obtained. In addition, the reviewing agencies or governments, states or private persons may challenge the exchange offer at any time before or after its completion.

Completion of the exchange offer also may be subject to the Israeli Securities Law, 1968 and subject to compliance with the rules and regulations of the Office of the Chief Scientist of Israel's Ministry of Industry and Trade, the Investment Center of Israel's Ministry of Industry and Trade and the Israeli Income Tax Commissioner, all of which may require approvals, consents or pre-rulings. Such clearances are more fully described in the section titled "The Exchange Offer--Regulatory Filings and Approvals Required to Complete the Exchange Offer" in this prospectus.

Procedure for Tendering (see page 112)

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

Withdrawal Rights (see page 111)

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

Exchange of Indigo Common Shares; Delivery of Shares of HP Common Stock and CVRs (see page 110)

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

Indigo is Prohibited from Considering Other Offers (see page 127)

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

We and Indigo May Terminate the Offer Agreement (see page 133)

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

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

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

We also may terminate the offer agreement if:

- any of Indigo's boards approves or recommends to Indigo shareholders any other acquisition proposal;
- any of Indigo's boards withholds, withdraws, amends or modifies its recommendation in favor of the exchange offer;
- Indigo fails to include its boards' recommendation in favor of the exchange offer in this prospectus or in Indigo's

Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to you together with this prospectus;

- Indigo breaches in any material respect the provision in the offer agreement that prohibits Indigo from considering other acquisition proposals;

- any of the Indigo shareholders who are party to the tender and option agreements, or its affiliates, breaches the provisions of the tender and option agreements or the voting agreements with us to which it is also a party; or

- a person unaffiliated with us commences a tender or exchange offer for Indigo common shares and Indigo does not send to its shareholders within ten business days a statement disclosing that Indigo recommends rejection of such tender or exchange offer and reaffirming its boards' recommendation in favor of our exchange offer.

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

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

We or Indigo May Be Required to Pay a Termination Fee (see page 134)

The offer agreement requires Indigo to pay us a termination fee of $27 million in cash and to reimburse us for up to $2 million in our expenses if we terminate the offer agreement because of the occurrence of a triggering event, which includes the Indigo boards' approval or recommendation of any other acquisition proposal, the withholding, withdrawal, amendment or modification of the Indigo boards' recommendation in favor of the exchange offer or failure to recommend rejection of any other third party tender or exchange offer. See the section titled "The Offer Agreement--Termination of the Offer Agreement--Termination by HP" for a fuller definition of a triggering event.

The offer agreement requires Indigo to reimburse us for up to $2 million of our expenses related to the exchange offer if we terminate the offer agreement because Indigo breached any of its covenants or agreements in the offer agreement or any of Indigo's representations or warranties were untrue or have become untrue such that we would not be required to complete the exchange offer pursuant to the terms of the exchange offer.

The offer agreement requires us to reimburse Indigo for up to $2 million of its expenses if the offer agreement is terminated by Indigo because we breached any of our covenants or agreements in the offer agreement or any of our representations or warranties were untrue or have become untrue in a material manner.

The Exchange Offer is Taxable for United States Federal Income Tax Purposes (see page 78)

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

The treatment of a payment in the future to a holder of a CVR is not entirely clear, but should be treated as a payment under a contract for the sale or exchange of Indigo common shares to which Section 483 of the Internal Revenue Code of 1986, as amended, which is referred to in this prospectus as the Internal Revenue Code, applies. Under Section 483, a portion of the payment pursuant to the CVRs will be treated as interest, which will be ordinary income to the holder of the CVRs when the payment is received, and the remainder will be treated as sales proceeds from the exchange of the CVRs. Assuming open transaction treatment does not apply, a shareholder will recognize gain in the amount by which the payment, other than the portion characterized as interest, exceeds the shareholder's tax basis in the CVRs. In such event, if no payment is made or the payment is less than the shareholder's tax basis in the CVRs, the shareholder will recognize a loss. The gain or loss will be long-term capital gain or loss.

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

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

Indigo shareholders are urged to consult their own tax advisors regarding the United States federal, state, local, foreign, and other tax consequences of the exchange offer in light of their particular circumstances.

Accounting Treatment of the Exchange Offer (see page 114)

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

We Will List Shares of HP Common Stock on the New York Stock Exchange and the Pacific Exchange (see page 119)

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

Indigo Appraisal Rights (see page 117)

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

SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF HP

The table below presents a summary of selected historical consolidated financial data with respect to HP as of the dates and for the periods indicated. The historical consolidated statements of earnings data presented below for the fiscal years ended October 31, 2001, 2000 and 1999 and the historical consolidated balance sheets data as of October 31, 2001 and 2000 have been derived from HP's historical consolidated financial statements, which are incorporated by reference into this prospectus. The historical consolidated statements of earnings data presented below for the fiscal years ended October 31, 1998 and 1997 and the historical consolidated balance sheets data as of October 31, 1999, 1998 and 1997 have been derived from HP's historical consolidated financial statements, which are not incorporated by reference into this prospectus.

It is important for you to read the following summary selected historical consolidated financial data together with the consolidated financial statements and accompanying notes contained in HP's Annual Report on Form 10-K, as amended on January 30, 2002, for its fiscal year ended October 31, 2001 as filed with the Securities and Exchange Commission, as well as the sections of HP's Annual Report on Form 10-K, as amended on January 30, 2002, titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," all of which are incorporated by reference into this prospectus.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
Summary Selected Historical Consolidated Financial Data/(1)(2)/
(In millions, except per share amounts)

As of or For the Year Ended October 31,

	2001	2000	1999	1998	1997
Historical Consolidated Statements of Earnings Data:					
Net revenue	$45,226	$48,870	$42,371	$39,330	$35,358
Earnings from operations/(3)/	1,439	4,025	3,818	3,456	3,476
Net earnings from continuing operations before extraordinary item and cumulative effect of change in accounting principle/(4)(5)/	624	3,561	3,104	2,678	2,515
Net earnings per share from continuing operations before extraordinary item and cumulative effect of change in accounting principle:/(4)(5)(6)/					
Basic	$ 0.32	$ 1.80	$ 1.54	$ 1.29	$ 1.23
Diluted	0.32	1.73	1.49	1.26	1.19
Cash dividends declared per share/(6)/	0.32	0.32	0.32	0.30	0.26
Historical Consolidated Balance Sheets Data:					
Total assets/(1)/	$32,584	$34,009	$35,297	$31,708	$29,852
Long-term debt	3,729	3,402	1,764	2,063	3,158

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(1) HP's consolidated financial statements and notes for all periods present the businesses of Agilent Technologies, Inc. as a discontinued operation through the spin-off date of June 2, 2000. Accordingly, total assets includes net assets of discontinued operations of $3,533 million at October 31, 1999, $3,084 million at October 31, 1998 and $3,171 million at October 31, 1997.

(2) Certain reclassifications have been made to prior year balances in order to conform to the current year presentation.

(3) Earnings from operations includes restructuring charges of $384 million in fiscal 2001, $102 million in fiscal 2000 and $122 million in fiscal 1998.

(4) Net earnings and net earnings per share from continuing operations before extraordinary item and cumulative effect of change in accounting principle include the following items before related tax effects: $384 million of restructuring charges, $471 million of impairment losses on investments, a $400 million charge for litigation settlement and a $131 million loss on divestiture in fiscal 2001; $102 million of restructuring charges and $203 million of gains from divestitures in fiscal 2000; and $122 million of restructuring charges in fiscal 1998.

(5) HP adopted Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" in the fourth quarter of fiscal year 2001, retroactive to November 1, 2000.

(6) All per-share amounts reflect the retroactive effects of the two-for-one stock split in the form of a stock dividend effective October 27, 2000.

SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF COMPAQ

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

HP stock that you receive in the exchange offer will not reflect any actual or anticipated interest in Compaq, its operating results or its assets and liabilities.

The table below presents a summary of selected historical consolidated financial data with respect to Compaq as of the dates and for the periods indicated. The historical consolidated statements of income data presented below for the fiscal years ended December 31, 2001, 2000 and 1999 and the historical consolidated balance sheets data as of December 31, 2001 and 2000 have been derived from Compaq's historical consolidated financial statements, which are incorporated by reference into this prospectus. The historical consolidated statements of income data presented below for the fiscal years ended December 31, 1998 and 1997 and the historical consolidated balance sheets data as of December 31, 1999, 1998 and 1997 have been derived from Compaq's historical consolidated financial statements, which are not incorporated by reference into this prospectus.

It is important for you to read the following summary selected historical consolidated financial data together with the consolidated financial statements and accompanying notes contained in Compaq's Annual Report on Form 10-K for its fiscal year ended December 31, 2001 as filed with the Securities and Exchange Commission on January 30, 2002, as well as the sections of Compaq's Annual Report on Form 10-K titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," all of which are incorporated by reference into this prospectus.

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

	As of or For the Year Ended Decem			
	2001	2000	1999	1998/(1)
Historical Consolidated Statements of Income Data:				
Total revenue/(2)/	$33,554	$42,222	$38,447	$31,169
Income (loss) before income taxes/(3)(4)(5)/	(773)	875	934	(2,662)
Income (loss) before cumulative effect of accounting change	(563)	595	569	(2,743)
Net income (loss)/(6)/	$ (785)	$ 569	$ 569	$(2,743)
Earnings (loss) per common share:				
Basic:				
Before cumulative effect of accounting change	$ (0.34)	$ 0.35	$ 0.35	$ (1.71)
Cumulative effect of accounting change, net of tax	(0.13)	(0.02)	--	--
	$ (0.47)	$ 0.33	$ 0.35	$ (1.71)
Diluted:				
Before cumulative effect of accounting change	$ (0.34)	$ 0.34	$ 0.34	$ (1.71)
Cumulative effect of accounting change, net of tax	(0.13)	(0.01)	--	--
	$ (0.47)	$ 0.33	$ 0.34	$ (1.71)
Shares used in computing earnings (loss) per common share:				

Basic	1,688	1,702	1,693	1,608
Diluted	1,688	1,742	1,735	1,608
Cash dividends declared per common share	$ 0.10	$ 0.10	$ 0.085	$ 0.065
Historical Consolidated Balance Sheets Data:				
Current assets	$13,278	$15,111	$13,849	$15,167
Total assets	23,689	24,856	27,277	23,051
Current liabilities	11,133	11,549	11,838	10,733
Long-term obligations	600	575	--	422
Stockholders' equity	11,117	12,080	14,834	11,351

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(1) 1998 results reflect the acquisition of Digital Equipment Corporation (Digital) in June 1998.

(2) 2000 and 1999 reflect reclassifications between product revenue and other income and expense to reflect the adoption of Emerging Issues Task Force Issue 01-9, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products" (EITF 01-9).

(3) Includes a $742 million charge for restructuring and related charges in 2001; an $86 million release of restructuring reserves in fourth quarter 2000; an $868 million charge for restructuring and related charges in 1999; a $393 million charge for restructuring and asset impairments in 1998 in connection with the Digital acquisition and the closing of certain Compaq facilities.

(4) Includes non-recurring, non-tax-deductible charges associated with purchased in-process technology of $3.2 billion in connection with the Digital acquisition in 1998, and $208 million in connection with acquisitions in 1997.

(5) Includes a $613 million charge for impairment of investments and related assets in 2001; a $1.8 billion charge for impairment of investments in 2000; and a $1.2 billion gain on the sale of an 81.5 percent interest in AltaVista Company in 1999.

(6) Includes a $222 million cumulative effect in 2001 for the adoption of EITF 01-9 and a $26 million cumulative effect in 2000 for the adoption of Securities and Exchange Commission Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," as amended.

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

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

The following selected unaudited pro forma condensed combined consolidated financial data was prepared using the purchase method of accounting. Due to different fiscal period ends for HP and Compaq, the unaudited pro forma condensed combined consolidated statement of earnings data combines the historical consolidated statements of earnings data of HP for the year ended October 31, 2001 with Compaq's historical consolidated statements of income data for the twelve months ended September 30, 2001, giving effect to the merger as if it had occurred on November 1, 2000. The unaudited pro forma condensed combined consolidated balance sheet data combines HP's historical consolidated balance sheet data as of October 31, 2001 with Compaq's historical consolidated balance sheet data as of September 30, 2001, giving effect to the merger as if it had occurred as of October 31, 2001.

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

This selected unaudited pro forma condensed combined consolidated financial data should be read in conjunction with the summary selected historical consolidated financial data of each of HP and Compaq, respectively, contained elsewhere in this prospectus, the unaudited pro forma condensed combined consolidated financial statements and accompanying notes included in HP's current report on Form 8-K filed with the Securities and Exchange Commission on February 14, 2002 incorporated by reference into this prospectus, and the separate historical consolidated financial statements and accompanying notes of HP and Compaq incorporated by reference into this prospectus. See the section titled "Where You Can Find More Information" beginning on page 166 of this prospectus.

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

	Year Ended October 31, 200
Unaudited Pro Forma Condensed Combined Consolidated Statements of Earnings Data:	
Net revenue	$81,733
Earnings from operations	1,167
Net earnings (loss) from continuing operations	(1,026)
Net earnings (loss) per share from continuing operations:	
Basic	$ (0.34)
Diluted	$ (0.34)
Average number of shares and share equivalents:	
Basic	3,004
Diluted	3,004

	As of October 31, 200
Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet Data:	
Cash, cash equivalents and short-term investments	$ 8,276
Working capital	11,347

Total assets	69,188
Long-term debt	4,329
Total stockholders' equity	36,803

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(1) See the unaudited pro forma condensed combined consolidated financial statements and accompanying notes included in HP's current report on Form 8-K filed with the Securities and Exchange Commission on February 14, 2002 and incorporated herein by reference.

SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF INDIGO

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

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

INDIGO N.V.

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

	As of or For the Nine Months Ended September 30,		As Year E	
	2001	2000	2000	1999

	(unaudited)			
Historical Consolidated Statements of Operations Data:				
Revenues:				
Equipment and post-sales revenue	$134,736	$115,386	$164,719	$140,704
License fees, royalties and other	--	62	89	4,328
Total revenues	134,736	115,448	164,808	145,032
Costs and expenses:				
Equipment and post-sales cost of goods sold	80,562	61,754	83,658	74,644
Research and development, net	13,044	14,487	19,534	14,160
Selling, general and administrative/(3)/	55,910	51,111	71,927	57,596
Restructuring charges	--	--	--	--
Litigation settlement	--	--	--	--
Total costs and expenses	149,516	127,352	175,119	146,400
Operating loss	(14,780)	(11,904)	(10,311)	(1,368)
Other income (expenses)				
Interest expenses	(920)	(1,551)	(1,240)	(1,671)
Interest income and other income, net	3,370	1,757	3,013	2,406
Loss before provision for income taxes	(12,330)	(11,698)	(8,538)	(633)
Provision for income taxes	135	828	1,097	739
Net loss before cumulative effect of an accounting change, net/(2)/	(12,465)	(12,526)	(9,635)	(1,372)
Cumulative effect of an accounting change, net as of beginning of the year/(2)/	--	(1,935)	(1,935)	--
Net loss before dividend requirements	(12,465)	(14,461)	(11,570)	(1,372)
Dividend on Convertible Preferred Shares Current/(1)/	--	(8,793)	(8,793)	(11,098)
Inducement regarding conversion of Series A Preferred Shares/(1)/	--	(58,685)	(58,685)	--
Net loss applicable to common shares outstanding	$(12,465)	$(81,939)	$(79,048)	$(12,470)
Basic and diluted weighted average number of common shares outstanding	110,418	78,816	85,298	77,282
Basic and diluted loss per common share before cumulative effect of an accounting change, net	$ (0.11)	$ (1.01)	$ (0.90)	$ (0.16)
Basic and diluted loss per common share of cumulative effect of an accounting change, net	--	(0.03)	(0.03)	--
Basic and diluted loss per common share after cumulative effect of an accounting change, net	$ (0.11)	$ (1.04)	$ (0.93)	$ (0.16)
Pro forma amounts assuming the accounting change is applied retroactively:				
Net loss applicable to common shares outstanding/(4)/		$(80,005)	$(77,113)	$(11,896)
Basic and diluted loss per common share/(4)/		$ (1.02)	$ (0.90)	$ (0.15)
Historical Consolidated Balance Sheets Data:				
Working capital	$ 78,711	$ 14,368	$108,551	$ 46,108
Total assets	201,725	127,443	216,870	140,638
Short-term debt	18,374	15,489	5,428	17,191

Long-term debt..	--	--	--	--
Total shareholders' equity/(1)/.......................	107,534	26,869	124,397	57,835

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(1) In 2000, Indigo granted stock dividends to the holders of the Series A preferred shares in a total amount of $104,867, of which $46,182 was in respect of accumulated dividends and $58,685 in respect of the inducement.

(2) Pursuant to Securities and Exchange Commission Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," Indigo has implemented a change in its revenue recognition policy in the year ended December 31, 2000.

(3) Royalty expenses in the annual periods presented are included within selling, general and administrative expenses. Royalty expenses in the nine month period ended September 30, 2000 and 2001 are included in cost of goods sold.
The amounts for the nine month period ended September 30, 2001 and 2000 were $3,050,000 and $2,308,000, respectively, and for the five years ended December 31, 2000, 1999, 1998, 1997 and 1996 were $3,029,000, $2,711,000, $2,243,000, $980,000 and $1,287,000, respectively.
Indigo will classify royalty expenses in its 2001 financial statements within cost of goods sold and will reclassify comparative prior period amounts at that time.

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

COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

The following table presents comparative historical per share data regarding the net earnings (loss), book value and dividends of each of HP, Indigo and Compaq and unaudited combined pro forma per share data of HP and Indigo after giving effect to the exchange offer as a purchase of Indigo by HP assuming the exchange offer had been completed on November 1, 2000. The following data assumes (1) that 0.3345 of a share of HP common stock will be issued in exchange for each Indigo common share that receives the fixed offer price, (2) that 0.2676 of a share of HP common stock will be issued in exchange for each Indigo common share that receives the contingent offer price and (3) the assumption of Indigo outstanding options based upon the fixed offer price exchange ratio. The fixed offer price and contingent offer price exchange ratios were based on HP's closing market price of $22.42 per share of its common stock on January 16, 2002. The actual exchange ratios will be based on the average sales price of HP common stock during the twenty consecutive trading days ending on the trading day on which the third most recent closing of the U.S. markets prior to the expiration of the exchange offer occurs.

The following table also presents unaudited combined pro forma per share data of HP, Compaq and Indigo after giving effect to the Compaq merger as a purchase of Compaq by HP and after giving effect to the exchange offer as a purchase of Indigo by HP assuming both of these transactions had been completed on November 1, 2000. The following data for HP, Compaq and Indigo further assumes that 0.6325 of a share of HP common stock will be issued in exchange for each share of Compaq common stock in connection with the Compaq merger and the assumption of Compaq options based upon the same exchange ratio in addition to the issuance of HP common stock and assumption of options in connection with the Indigo exchange offer based on the exchange ratios discussed above. This data has been derived from and should be read in conjunction with the summary selected historical consolidated financial data contained elsewhere in this prospectus, and the separate historical consolidated financial statements and accompanying notes of each of HP, Indigo and Compaq, included in, or incorporated by reference into, this prospectus. The unaudited combined pro forma per share data is presented for informational purposes only and is not necessarily an indication of the consolidated results of operations or financial condition that would have been achieved had the exchange offer or the Compaq merger been completed as of the date presented, and should not be taken as representative of future consolidated results of operations or financial condition of HP.

	As of and For the Twelve Ended October 31, 20			
			Pro	
	HP	Indigo/(1)/	HP and Indigo/(2)/	In Equi F O Pric
				(Una
Net earnings (loss) per share from continuing operations/(4)/:				
Basic	$0.32	$(0.09)	$0.28	$
Diluted	$0.32	$(0.09)	$0.28	$
Book value per common share at period end/(5)/	$7.20	$ 0.98	$7.41	$
Cash dividends declared per share	$0.32	$ --	$0.32	$

	As of and For the Twelve Mon Ended October 31, 2001		
		Pro Forma	
	Compaq/(1)/	HP, Indigo and Compaq/(2)/	Indigo Equivalent Fixed Offer Price/(3)/
		(Unaudited)	
Net earnings (loss) per share from continuing operations/(4)/:			
Basic	$(0.81)	$(0.36)	$(0.12)
Diluted	$(0.81)	$(0.36)	$(0.12)
Book value per common share at period end/(5)/	$ 6.64	$12.32	$ 4.12
Cash dividends declared per share	$ 0.10	$ 0.38	$ 0.13

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(1) Indigo historical per share data is as of or for the twelve months ended September 30, 2001. Compaq historical per share data is as of or for the twelve months ended September 30, 2001.

(2) Because of different fiscal period ends, financial information for HP as of or for the year ended October 31, 2001 has been combined with financial information for Indigo as of or for the twelve months ended September 30,

2001 and with financial information of Compaq as of or for the twelve months ended September 30, 2001.

(3) The Indigo equivalent pro forma combined per share amounts are calculated by multiplying HP and Indigo pro forma combined share amounts and HP, Indigo and Compaq pro forma combined share amounts by the exchange ratios of shares of HP common stock for Indigo common shares in the exchange offer (i.e., 0.3345, with respect to the fixed offer price, and 0.2676, with respect to the contingent offer price).

(4) Net earnings (loss) per share from continuing operations are presented before extraordinary item and cumulative effect of accounting change.

(5) Historical book value per share is computed by dividing stockholders' equity by the number of shares of HP, Indigo or Compaq common stock outstanding. Pro forma book value per share is computed by dividing pro forma stockholders' equity by the pro forma number of shares of HP common stock outstanding.

COMPARATIVE PER SHARE MARKET PRICE DATA

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

The following table shows the high and low sales prices per share of HP common stock as reported on the New York Stock Exchange composite transactions tape and Indigo common shares as reported on the Nasdaq National Market on (1) September 5, 2001, the last full trading day preceding public announcement that HP and Indigo had entered into the offer agreement, and (2) February 15, 2002, the last full trading day for which high and low sales prices were available as of the date of this prospectus.

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

	HP Common Stock		Indigo Common Shares		Equivalent Price per Share Fixed Offer Price		Equivalent Price per Share Contingent Offer Price	
	High	Low	High	Low	High	Low	High	Low

September 5, 2001...........	$19.00	$17.00	$5.89	$5.31	$6.02	$5.38	$4.81	$4.31
February 15, 2002...........	$21.13	$20.15	$7.25	$7.16	$7.25	$6.92	$5.80	$5.53

The above table shows only historical comparisons. These comparisons may not provide meaningful information to you in determining whether to tender your Indigo common shares in the exchange offer or whether to elect to receive the fixed offer price or the contingent offer price. The actual value of HP common stock you will receive in the exchange offer may be higher or lower than the prices set forth above. We urge you to obtain current market quotations for HP common stock and Indigo common shares and to review carefully the other information contained in this prospectus or incorporated by reference into this prospectus in considering whether to tender your Indigo common shares in the exchange offer. See the section titled "Where You Can Find More Information" beginning on page 166 of this prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus and the documents incorporated by reference into this prospectus contain forward-looking statements that involve risks and uncertainties, as well as assumptions, that, if they never materialize or prove incorrect, could cause the results of HP and its consolidated subsidiaries, on the one hand, or Indigo and its consolidated subsidiaries, on the other, to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements including any projections of earnings, revenues, synergies, accretion, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of filings, approvals and closings relating to the exchange offer, the Compaq merger or other planned acquisitions; any statements concerning proposed new products, services, developments or industry rankings; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

The risks, uncertainties and assumptions referred to above include the challenge of managing asset levels, including inventory; the difficulty of keeping expense growth at modest levels while increasing revenues; the challenges of integration and restructuring associated with the exchange offer, the Compaq merger or other planned acquisitions and the challenges of achieving anticipated synergies; the possibility that the exchange offer, the Compaq merger or other planned acquisitions may not close or that HP, Compaq or other parties to planned acquisitions may be required to modify some aspects of the acquisition transactions in order to obtain regulatory approvals; the assumption of maintaining revenues on a combined company basis following the close of the Compaq merger or other planned acquisitions; and other risks that are described in the section titled "Risk Factors," which follows on the next page, and in the documents that are incorporated by reference into this prospectus. Any references to the statutory safe harbor for forward-looking statements in the Exchange Act reports that are incorporated by reference into this prospectus are inapplicable to this prospectus.

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

RISK FACTORS

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

Risks Related to the Exchange Offer

The value of the HP common stock that you receive may be less than $7.50 or $6.00, as applicable, under some circumstances due to stock market fluctuation.

The amount of HP common stock that will be issued in the exchange offer for each Indigo common share that is tendered and not properly withdrawn, which we refer to as the HP stock exchange ratio, will be calculated by dividing $7.50, in the case of the fixed offer price, and $6.00, in the case of the contingent offer price, by the average closing sales price of HP common stock on the New York Stock Exchange for the twenty consecutive trading days ending on the trading day on which the third most recent closing of the U.S. markets prior to expiration of the exchange offer occurs. However, the offer agreement provides that the average trading price of HP common stock to be used in determining the exchange ratios will not be less than $16.69 or more than $23.68. As a result, the amount of HP stock that you may receive in the exchange offer may not exceed 0.4494 of a share of HP common stock for the fixed offer price or 0.3595 of a share of HP common stock for the contingent offer price. Moreover, the trading price of HP common stock on the date that you receive HP common stock in exchange for your Indigo common shares could be less than the average closing price of the HP common stock during the relevant twenty day pricing period. This means that the then-current market value of the HP common stock that you receive for each Indigo common share could be less than $7.50 or $6.00, as the case may be, depending on fluctuations in HP's stock price.

HP's stock price is subject to market volatility, has historically fluctuated and may continue to fluctuate.

The share price of HP common stock is subject to price fluctuations in the market for publicly-traded equity securities and, like other technology companies, has experienced historical volatility. Some of the factors that can affect our stock price are:

- the announcement of new products, services or technological innovations by HP or our competitors;
- quarterly increases or decreases in HP's revenue or earnings;
- changes in the business, operations or prospects of HP;
- market and economic considerations;
- changes in quarterly revenue or earnings estimates by the investment community; and

- speculation in the press or investment community about HP's strategic position, financial condition, results of operations, business or significant transactions.

In addition, the market value of HP common stock will continue to vary prior to completion of the Compaq merger due to market assessments of the Compaq merger, regulatory considerations and other factors. Because the market price of HP common stock fluctuates, the overall value of the HP common stock that you will receive after the exchange offer is completed may be adversely affected by changes in the market price of HP common stock. You should obtain recent market quotations of HP common stock before you tender your shares.

If either the fixed offer price or the contingent offer price is over subscribed, you may receive for some of the Indigo common shares that you tender a different form of consideration than you request.

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

S-C Indigo CV, Indigo's largest shareholder after the Landa Family Trust, has agreed to tender its Indigo common shares into the exchange offer but has not agreed to elect to automatically receive the undersubscribed consideration alternative. However, because S-C Indigo owns 24.6 million shares and must elect to exchange all of its shares for either the fixed offer price or the contingent offer price as discussed in this prospectus, the likelihood that the offer price that S-C Indigo elects to receive will be oversubscribed is increased. Based upon Indigo's capitalization as of December 31, 2001, the 24.6 million shares held by such shareholder would represent approximately 62% of the Indigo common shares that may be exchanged for the fixed offer price and approximately 44% of the Indigo common shares that may be exchanged for the contingent offer price. In the event that the offer price that S-C Indigo elects to receive is oversubscribed, its election will result in a decrease in the percentage of your Indigo common shares that will be exchanged for the offer price that you elect if you also have elected to receive the oversubscribed form of consideration.

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

The offer agreement does not require us to acquire Indigo common shares from any remaining minority shareholders following the completion of the exchange offer. After the exchange offer is completed, we may, among other things, delist the Indigo common shares from the Nasdaq National Market and terminate

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

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

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

. the continuation of indemnification arrangements for directors and executive officers of Indigo after the completion of the exchange offer;

. the termination and payout of Mr. Landa's employment agreement and the signing of the consulting agreement between us and Mr. Landa;

. severance arrangements and/or ongoing employment arrangements for Indigo's executive officers; and

. the tender and option agreements pursuant to which a foundation, which we refer to as the Landa Family Trust, of which Mr. Landa is a beneficiary, and entities directly or indirectly owned by the Landa Family Trust have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all the Indigo common shares held by each of those shareholders.

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

If we or Indigo terminate the exchange offer, or if the exchange offer is otherwise not completed, Indigo's stock price and business could be adversely affected.

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

. the price of Indigo common shares may decline to the extent that the current market prices of Indigo common shares reflect a market assumption that the exchange offer will be completed; and

. Indigo may not be able to find an equivalent or more attractive partner.

In addition to the above risks, if we terminate the exchange offer because Indigo has breached any of its covenants or agreements in the offer agreement or any of Indigo's representations or warranties were untrue or have become untrue such that we would not be required to complete the exchange offer pursuant to the terms of the exchange offer, Indigo will be required to reimburse us for up to $2 million of our fees and expenses related to the exchange offer, including attorney, accounting and consulting fees and expenses.

In addition to the above risks, if Indigo terminates the exchange offer because we have breached any of our covenants or agreements in the offer agreement or any of our representations or warranties were untrue or have become untrue in a material manner, while we will be required to reimburse Indigo for up to $2 million of its fees and expenses related to the exchange offer, including attorney, accounting and consulting fees and expenses, Indigo's fees and expenses are expected to exceed $2 million.

In addition to the above risks, if we terminate the exchange offer due to the occurrence of a triggering event, which would include the Indigo boards' approval or recommendation of any other acquisition proposal, the withholding, withdrawal, amendment or modification of the Indigo boards' recommendation in favor of the exchange offer or failure to recommend rejection of any other third party tender or exchange offer, Indigo will be required to pay us a termination fee of $27 million which represents approximately 16.4% of Indigo's total revenues for the year ended December 31, 2000 and Indigo will be required to reimburse us for up to $2 million of our fees and expenses related to the exchange offer, including attorney, accounting and consulting fees and expenses. Indigo does not foresee a situation where a triggering event will occur in the absence of a higher offer for Indigo common shares. See the section titled "The Offer Agreement--Termination of the Offer Agreement--Termination by HP" for the full definition of a triggering event.

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

We and Indigo intend to comply with the securities and antitrust laws of the United States and any other jurisdiction in which the exchange offer is subject to review, as well as with Israeli regulatory requirements. The reviewing authorities may seek to impose conditions on us and Indigo before giving their approval or consent to the exchange offer, and those conditions could harm the combined company's business. In addition, a delay in obtaining the necessary regulatory approvals will delay the completion of the exchange offer. Although the waiting period under United States antitrust laws was terminated, we and Indigo may be unable to obtain the other required regulatory approvals, or obtain them within the time frame contemplated by the offer agreement.

Risks Related to the Contingent Value Rights

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

You may not receive any payment under the CVRs.

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

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

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

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

For us to achieve the revenue milestones required for there to be any payout under the CVRs, we will have to expand the revenue base considerably with respect to digital press products that utilize Indigo technology. During the three-year period ended December 31, 2000, Indigo's revenue grew at a compound annual growth rate of 15.5% including the decrease in actual revenues from 1998 to 1999. Indigo's revenues for the trailing twelve month period ended September 30, 2001 were $184 million. Assuming a similar level of revenue at the completion of the exchange offer, our consolidated net revenue from the sale or lease of LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement) would need to grow over a three-year period at a compound annual growth rate of approximately 33% to achieve the revenue milestones required for there to be any payout under the CVRs and approximately 64% to achieve the revenue milestones required for there to be a full payment of $4.50 under each CVR. These growth rates are significantly higher than any growth rate historically achieved by Indigo and significantly higher than the approximately 15-20% annual growth rate that Indigo now believes it would be unlikely to exceed as a stand-alone entity for 2002. We cannot assure you that we will be able to achieve or sustain any such revenue growth. If we do not achieve and sustain this revenue growth, the revenue milestones required for there to be any payout under the CVRs will not be achieved. Furthermore, we will operate the Indigo business in a manner which will balance a variety of our operational and financial objectives, including profitability and other objectives which may, to some extent, conflict with the CVR holders' interest that we generate higher rates of revenue growth for LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement).

The market for digital presses may not develop quickly.

Printing presses for the commercial print market are dominated by offset printing products that utilize mechanical systems that have been widely accepted in the market for many years. Although Indigo is a leading vendor of digital press products, the overall adoption rate for digital press products is still low when compared to traditional offset printing solutions. If the adoption rates for digital presses to serve the commercial print market do not increase quickly enough during the three-year period after the close of the exchange offer, we may be unable to achieve the revenue milestones required for there to be any payout under the CVRs.

The overall demand for printing presses and printed pages may be adversely impacted by the economic downturn.

The demand for commercial printing presses will depend significantly on the overall demand for commercial-quality print pages. Softening demand for commercial-quality print pages caused by the ongoing economic downturn may result in lower demand for new press purchases by commercial print providers and lower demand for related consumable products and support services. Reductions or delays in capital spending by commercial print providers or orders by their customers for printed pages may adversely affect our ability to achieve the revenue milestones required for there to be any payout under the CVRs.

The benefits of Indigo's technology may not be sufficiently realized or perceived by the market.

We believe that Indigo's digital technology will provide commercial print providers with capabilities not currently available from traditional offset printing solutions, including the capability to generate short and highly customized print runs and the capability to integrate existing information systems with the process of generating commercial-quality print pages. If we are unable to realize these capabilities on a cost-effective basis or if the market does not perceive these capabilities as important, we may have difficulty marketing and selling LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement) and achieving the revenue milestones required for there to be any payout under the CVRs.

If we do not successfully integrate Indigo with HP, our ability to achieve our future revenue results for the Indigo products may be adversely impacted.

Achieving the payout of the CVRs will depend in part on the integration of the Indigo business into HP. Integration issues are complex, time-consuming and expensive and, without proper planning and implementation, could significantly disrupt the Indigo business. The challenges involved in integrating Indigo with HP include:

- demonstrating to the customers of Indigo that the acquisition will not result in adverse changes in client service standards or business focus and helping customers conduct business easily with us;
- consolidating and rationalizing corporate IT and administrative infrastructures;
- coordinating sales and marketing efforts to effectively communicate our capabilities;
- coordinating and rationalizing research and development activities to enhance introduction of new products and technologies with reduced cost;
- combining product offerings;
- coordinating Indigo's Israeli operations, which are geographically distant from most of HP's existing operations;
- preserving distribution, marketing or other important relationships of both HP and Indigo and resolving potential conflicts that may arise;
- minimizing the diversion of management attention, on behalf of the Indigo business, from ongoing business concerns;
- persuading employees of the Indigo business that the business cultures of HP and Indigo are compatible, maintaining employee morale and retaining key employees;
- coordinating and combining overseas operations, relationships and

facilities, which may be subject to additional constraints imposed by local laws and regulations; and

- managing integration issues shortly after or pending the completion of other independent reorganizations.

The integration of the Indigo business into our business may not be successfully completed in a timely manner, or at all, and we may not realize any of the anticipated benefits of the acquisition to the extent, or in the time frame, anticipated. The failure to integrate the Indigo business successfully or to realize any of the anticipated benefits of the exchange offer could seriously harm our business related to digital press products that

utilize Indigo's technology and adversely affect our ability to achieve the revenue milestones required for there to be any payout under the CVRs.

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

The CVR agreement provides, among other things, that:

- we will be entitled in our sole discretion to establish and modify from time to time all aspects of our program for the development, manufacturing, marketing and sale of any Indigo products; and

- we have no obligation to initiate or continue research, development, commercialization, marketing or sales activities with respect to any Indigo products, and, in our sole and subjective discretion, we may abandon efforts to research, develop, commercialize, market or sell any or all products.

As a consequence, we will have complete discretion relating to whether to grow, continue, shut-down or exit the Indigo business, without regard to the economic interests of the CVR holders. Furthermore, we are free to make operational and investment decisions which may conflict with the CVR holders' interest that we generate higher rates of revenue growth for LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement). For example, any determination by us to focus the Indigo business on achieving profitability may cause us, among other things, to take actions to reduce operating expenses in areas such as sales, marketing and research and development, to forego sales opportunities in order to maintain higher prices and margins, or to take other actions, any of which may have the effect of impeding revenue growth for LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement). In addition, we may decide that our financial, technical, marketing, sales, operating or other resources should be deployed in ways which benefit our overall company or specific business operations but which may be detrimental to the CVR holders' interest that we generate higher rates of revenue growth for LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement).

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

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

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

Indigo depends on strategic relationships and business alliances for continued growth of its business. Indigo's development, marketing and distribution strategies rely increasingly on its ability to form strategic relationships with third parties. These relationships range from OEM and distribution relationships with other companies to cooperative marketing programs and joint customer seminars with software companies. In some of these relationships, the third party is not contractually committed to make any particular level of purchases from Indigo and effectively can terminate the relationship at will. A decision by any of these third party companies to change their strategy or focus may interfere with our ability to develop, market, sell or support LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement) and could damage our ability to achieve the revenue milestones required for there to be any payout under the CVRs. Further, some of these companies may choose to terminate their strategic or business alliances with Indigo as a result of the exchange offer. However, since the announcement of the exchange offer, Indigo's strategic relationships and business alliances have not been negatively affected in any material way as a result of the announcement of exchange offer.

In addition, Indigo has contracts with some of its suppliers, distributors, customers, licensors and other business partners. Some of these contracts require Indigo to obtain the consent of these other parties in

connection with the exchange offer. If the respective parties' consent cannot be obtained, these contracts may be terminated and we may need to locate alternate suppliers or may suffer a loss of potential future revenue from the sale or lease of LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement). Any such revenue loss would damage our ability to achieve the revenue milestones required for there to be any payout under the CVRs. However, since the announcement of the exchange offer, Indigo has not become aware of any difficulty with its major suppliers, distributors, customers, licensors or other business partners, individually or in the aggregate, that would have a material impact on its operations.

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

Indigo has numerous strategic relationships and business alliances with other companies to supply raw materials to Indigo and to deliver and market Indigo products to customers. As a result of the exchange offer, some of these relationships may change in a manner adverse to the Indigo business. In addition, customers of Indigo, in response to the announcement of the exchange offer or due to ongoing uncertainty about the exchange offer, may delay or defer purchasing decisions or elect to switch to other suppliers. Any delay, deferral or change in purchasing decisions by the customers of Indigo could seriously harm the Indigo business. Since the announcement of the offer agreement, Indigo has not experienced any material change in its customers' purchasing decisions to date and its strategic relationships and business alliances have not been negatively affected in any material way as a result of the announcement of the exchange offer.

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

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

Indigo's research and development facilities and manufacturing operations are located in Israel, and terrorist attacks and threats or actual war involving Israel may negatively impact all aspects of Indigo's operations and revenue.

Indigo's research and development and manufacturing operations are located in Israel. Future terrorist attacks against Israeli targets, rumors or threats of war, actual conflicts involving Israel or its allies, or trade disruptions impacting Indigo's suppliers or customers may materially harm the revenues, results of operations and financial condition of the Indigo business. Any of these events could cause Indigo's customers to defer or cancel purchases of Indigo products. The Indigo business operations depend on the availability of highly-skilled and relatively low-cost scientific and technical personnel in Israel. The Indigo business also depends on trading relationships between Israel and other countries. In addition to the risks associated with international sales and operations generally, the operation of the Indigo business could be adversely affected if major hostilities involving Israel should occur or if trade between Israel and its current trading partners, including, without limitation, the United States, were interrupted or curtailed. These risks are compounded due to the restrictions on our ability to manufacture outside of Israel the Indigo products or transfer certain technologies developed under research and development grants from the Office of the Chief Scientist without the prior written consent of the Office of the Chief Scientist of the Ministry of Industry and Trade, an agency of the Government of Israel. If we

are unable to obtain the consent of the Office of the Chief Scientist, we may not be able to take advantage of strategic manufacturing and other opportunities outside of Israel. In the past, Indigo has obtained royalty-bearing grants from various Israeli governmental agencies. Any of these occurrences could adversely impact the Indigo business, financial condition or results of operations, as well as our ability to achieve the revenue thresholds required to trigger any payments under the CVRs.

Due to regulations in Israel, access to our worldwide research and development resources to develop certain Indigo technologies may be constrained.

We have significant research and development resources in the area of imaging and printing throughout the world. In order to enhance our commercial printing business and further the Indigo technologies, we intend to utilize our worldwide research and development resources. To the extent that these efforts involve technologies developed in Israel under research and development grants from the Office of the Chief Scientist, we may be unable to take advantage of our research and development resources outside of Israel without obtaining the consent of the Office of the Chief Scientist. If we are unable to obtain such consent, our ability to take full advantage of our research and development resources may be constrained. Any such constraints could adversely impede our ability to achieve the revenue thresholds required to trigger any payments under the CVRs.

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

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

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

If we fail to protect the proprietary rights and intellectual property used in the Indigo business adequately, we may lose valuable assets, experience reduced revenues and incur costly litigation to protect these rights and property. Indigo relies on a combination of patents, copyrights, trademark, service mark and trade secret laws and contractual restrictions to establish and protect its proprietary rights in its products and services. We will not be able to protect these proprietary rights and intellectual property if we are unable to enforce our rights or are unable to detect unauthorized use of these proprietary rights and intellectual property. Despite precautions, it may be possible for unauthorized third parties to copy products and use information that we regard as proprietary to create products that compete with the Indigo business. Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States. Indigo also relies, to some extent, on unpatented trade secrets. It is Indigo's policy to have employees sign confidentiality agreements, to have selected parties sign non-competition agreements and to have third parties sign non-disclosure agreements. These agreements may not be effective in controlling access to and distribution of products and proprietary information or trade secrets of the Indigo business. Further, these agreements do not and may not prevent competitors of the

Indigo business from independently developing technologies that are substantially equivalent or superior to Indigo's products. Litigation may be necessary in the future to enforce intellectual property rights relating to the Indigo business and to protect trade secrets. Litigation like this, whether successful or unsuccessful, could result in substantial costs and diversions of the Indigo business management resources, either of which could seriously harm the results of the Indigo business. Third parties could assert that the products and services of the Indigo business infringe their intellectual property rights, which could expose Indigo to litigation that, with or without merit, could be costly to defend. From time to time we may be subject to claims of infringement of other parties' proprietary rights. We could incur substantial costs in defending the Indigo business and its customers against these claims. Parties making these claims may be able to obtain injunctive or other equitable relief that could effectively block our ability to sell Indigo products in the United States and abroad and could result in an award of substantial damages against us. In the event of a claim of infringement, we may be required to obtain licenses from third parties to develop alternative technology, to alter the products or processes of the Indigo business or to cease activities that infringe the intellectual property rights of third parties. If we are required to obtain licenses, we cannot be sure that we will be able to do so at a commercially reasonable cost, or at all. Defense of any lawsuit or failure to obtain required licenses could delay shipment of Indigo's products and increase its costs. In addition, any such lawsuit could result in incurring significant costs or the diversion of the attention of the management of the Indigo business.

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

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

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

The likelihood of success of the Indigo business must be considered in light of the difficulties and delays frequently encountered, and which Indigo has encountered in the past, in connection with the development of new technologies and related products. Market and customer acceptance of Indigo's presses depends, among other things, on their operational performance. Indigo and some of its customers have, in the past, encountered certain operational problems with the presses, including problems relating to the presses' paper-handling capabilities, contamination of inks and durability and consistency of the photo imaging plates. The Indigo business may not continue to be successful in improving the reliability and productivity of Indigo's presses and imaging products. Further, there can be no assurance that we will not encounter additional problems in the future, or, as indicated above, that we will continue research, development, commercialization, marketing or sales activities with respect to any Indigo products, and, in our sole and subjective discretion, we may abandon efforts to research, develop, commercialize, market or sell any or all products.

Continued significant research and development expenditures will be required to develop new Indigo products and to increase the adoption rate for Indigo digital press products, and HP may elect not to incur such costs.

The development of Indigo's Digital Offset Color printing technology has required, and will continue to require, significant research and development expenditures. The printing equipment industry is highly competitive. Future sales of certain Indigo digital presses will be dependent upon the ability to develop, independently and through relationships with strategic partners, commercial applications for such presses. In addition, we believe that increasing the adoption rate for Indigo digital press products will require investment in the areas of low-cost design and ease-of-use. We believe that our ability to compete after completion of the

exchange offer will depend on factors both within and outside of our control, including the performance and acceptance of Indigo products as well as the successful manufacturing, marketing, distribution and customer support of these products. Some of Indigo's competitors have developed color-printing products that target the short-run color printing market and thereby compete with Indigo's presses. Any failure to anticipate or respond adequately to changes in technology or customer preferences, or to any significant delays in product development or introduction, would have a material adverse effect on the Indigo business. Further, as indicated above, we have no obligation to initiate or continue research, development, commercialization, marketing or sales activities with respect to any Indigo products, and, in our sole and subjective discretion, we may abandon efforts to research, develop, commercialize, market or sell any or all Indigo products.

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

The Indigo business is dependent on the success of LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement) and the payment of the CVRs is dependent upon our achieving specified consolidated revenue targets from these products and consumables ("post-sales"). The percentage of Indigo's revenues generated from digital press products was 54% in 1999, 58% in 2000 and 57% for the first nine months of 2001. The percentage of Indigo's revenues generated from related post-sales activities was 43% in 1999, 42% in 2000 and 43% for the first nine months of 2001. In addition to manufacturing and selling presses, Indigo manufactures and sells certain consumable products, which we call imaging products, including ElectroInk products, photo-imaging plates, and image transfer blankets, all of which are essential to the operation of Indigo's presses. These consumable products may only be used in conjunction with Indigo's digital printing systems and thus the market for these consumables is limited to users of Indigo's digital printing systems. In order for Indigo's business strategy to succeed, a significant portion of its revenues must be generated from sales of such consumable products. To date, Indigo's actual revenues from sales of consumable products has been lower than originally expected due to the slower than expected development of the short-run color printing market as well as the lower than expected operational efficiency of the machines sold. These challenges may not be solved, and revenues from consumable products may not continue to increase in the future. At present, there are no known alternative suppliers of products that can readily substitute for Indigo's consumables. However, there can be no assurance that substitute consumable products will not be developed and offered for sale by others in the future. If such substitute consumables are developed and offered for sale by others in the future, the sales of Indigo's consumables will not increase significantly and we may not achieve the revenue targets necessary to earn payments under the CVRs.

The exchange of Indigo common shares for HP common stock will be a taxable transaction for United States federal income tax purposes.

The exchange of Indigo common shares for HP common stock will be a taxable transaction for United States federal income tax purposes. A shareholder will be required to include in taxable income the excess of the fair market value of the HP common stock received in the exchange (plus any cash received instead of fractional shares) over his or her tax basis in the Indigo common shares exchanged, even though the shareholder will not receive cash with which to pay the related tax (other than cash received instead of fractional shares). See the section titled "Special Factors--United States Federal Income Tax Consequences of the Exchange Offer" for a further discussion of the United States federal income tax consequences of the exchange offer to Indigo shareholders.

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

The exchange of Indigo common shares for HP common stock and CVRs will be a taxable transaction for United States federal income tax purposes. Although the tax treatment of the CVRs is not entirely clear for

United States federal income tax purposes, a shareholder receiving the contingent offer price likely will be required to include in the amount of consideration received in the exchange the estimated fair market value of the CVRs on the date of the exchange, and to include in income the excess of the fair market value of the consideration received over his or her basis in the Indigo common shares exchanged, even though the shareholder will not receive cash with which to pay the related tax (other than cash received instead of fractional shares). It is possible that the Internal Revenue Service could challenge the value of the CVRs as determined by an Indigo shareholder, possibly requiring the shareholder to recognize more gain (or less loss) on the transaction. The shareholder's tax basis in the CVRs will equal their fair market value on the date of the exchange.

Although the treatment of a payment in the future to a holder of a CVR is not entirely clear for United States federal income tax purposes, it is anticipated that a portion of the payment will be treated as interest under Section 483 of the Internal Revenue Code, which will be ordinary income to the holder of the CVRs when the payment is received, and the remainder will be treated as sales proceeds from the sale or exchange of the CVRs. Assuming open transaction treatment does not apply, a shareholder will recognize gain in the amount by which the payment, other than the portion characterized as interest, exceeds the shareholder's tax basis in the CVRs. In such event, if no payment is made or the payment is less than the shareholder's tax basis in the CVRs, the shareholder will recognize a loss. The gain or loss will be long-term capital gain or loss.

In the event that the CVRs are treated as debt instruments for United States federal income tax purposes, the tax treatment would be as described above except that, instead of including interest income at the time of payment under Section 483 of the Internal Revenue Code, a holder would be required to include over the term of the CVR an amount in income as interest (based on the yield of "comparable" debt instruments) in advance of the receipt of any payment, regardless of a holder's method of accounting. See the section titled "Special Factors--United States Federal Income Tax Consequences of the Exchange Offer" for a further discussion of the United States federal income tax consequences of the exchange to Indigo shareholders.

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

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

Risks Related to the Fixed Offer Price

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

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

- you indicate in the election form/letter of transmittal that you are tendering all of your Indigo common shares for the contingent offer price; or

- you are subject to an allocation of CVRs because the fixed offer price is oversubscribed.

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

The contingent offer price may yield greater value than the fixed offer price.

If the revenue thresholds for the maximum CVR payout are achieved, Indigo shareholders whose common shares are exchanged for the contingent offer price would receive between $8.52 and $9.05 in aggregate present value for each such

Indigo common share assuming a payout of the CVR 39 months after the close of the exchange offer, a discount rate range of between 12% to 18%, and the receipt of $6.00 in value of HP common stock at the close of the exchange offer.

Risks Regarding the Compaq Merger and HP and Compaq as a Combined Company

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

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

Although HP expects that the Compaq merger will result in benefits to the combined company, the combined company may not realize those benefits because of integration and other challenges.

The failure of the combined company to meet the challenges involved in integrating the operations of HP and Compaq successfully or otherwise to realize any of the anticipated benefits of the Compaq merger, including anticipated cost savings, could seriously harm the results of operations of the combined company. Realizing the benefits of the Compaq merger will depend in part on the integration of technology, operations, and personnel. The integration of the companies is a complex, time-consuming and expensive process that, without proper planning and implementation, could significantly disrupt the businesses of HP and Compaq. The challenges involved in this integration include risks associated with consolidating manufacturing operations and combining product offerings and those described in the risk factor titled "--If we do not successfully integrate Indigo with HP, our ability to achieve our future revenue results for the Indigo products may be adversely impacted."

The combined company may not successfully integrate the operations of HP and Compaq in a timely manner, or at all, and the combined company may not realize the anticipated benefits or synergies of the Compaq merger to the extent, or in the timeframe, anticipated. The anticipated benefits and synergies relate to cost savings associated with anticipated restructurings and other operational efficiencies, greater economies of scale and revenue enhancement opportunities. However, these anticipated benefits and synergies are based on projections and assumptions, not actual experience, and assume a successful integration. In addition to the integration risks discussed above, the combined company's ability to realize these benefits and synergies could be adversely impacted by practical or legal constraints on its ability to combine operations or implement workforce reductions.

HP and Compaq may be unable to obtain the regulatory approvals required to complete the Compaq merger or, in order to do so, the combined company may be required to comply with material restrictions or conditions.

The Compaq merger is subject to review by the United States Federal Trade Commission under the Hart-Scott-Rodino Improvements Act of 1976, and was subject to review by the European Commission under Council Regulation No. 4064/89 of the European Community and by the Canadian Competition Bureau under the Competition Act (Canada). Under each of these statutes, HP and Compaq were required to make pre-merger notification filings and, in the case of the Hart-Scott-Rodino review, HP and Compaq are awaiting the expiration or early termination of statutory waiting periods prior to completing the Compaq merger. By September 25, 2001, each of HP and Compaq had completed its initial Hart-Scott-Rodino filing. On October 25, 2001, each of HP and Compaq received a request for additional information and other documentary material from the Federal Trade Commission under the Hart-Scott-Rodino Act in connection with the Compaq merger. This request effectively extends the waiting period for the Compaq merger under the Hart-Scott-Rodino Act until 30 days after both parties substantially comply with the request for additional information. In practice, complying with a request for additional information or material under the Hart-Scott-Rodino Act can take a significant amount of time. HP and Compaq responded to the request for additional information and continue to cooperate with the FTC in its investigation. In addition, HP formally notified the European Commission of the Compaq merger by Form CO on December 20, 2001. The Compaq merger also may be subject to review by the governmental authorities of various other jurisdictions under the antitrust laws of those jurisdictions. On January 31, 2002, the European Commission issued a formal decision clearing the Compaq merger on the basis that it does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the European Economic Area (as defined by European Community regulations) or in a substantial part of it. On December 20, 2001, the Canadian Competition Bureau completed its review of the proposed Compaq merger and found no issues of competitive concern. Other than the European Commission and the Canadian Competition Bureau, HP and Compaq have not yet obtained any of the governmental or regulatory approvals required to complete the Compaq merger.

The reviewing authorities may not permit the Compaq merger at all or may impose restrictions or conditions on the Compaq merger that may seriously harm the combined company if the Compaq merger is completed. These conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. Either HP or Compaq may refuse to complete the Compaq merger if restrictions or conditions are required by governmental authorities that would materially adversely impact the combined company's results of operations or the benefits anticipated to be derived by the combined company. Any delay in the completion of the Compaq merger could diminish the anticipated benefits of the Compaq merger or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the transaction.

HP and Compaq also may agree to restrictions or conditions imposed by antitrust authorities in order to obtain regulatory approval, and these restrictions or conditions could harm the combined company's operations. No additional shareowner approval is expected to be required for any decision by HP or Compaq, after the special meeting of Compaq shareowners and the special meeting of HP shareowners, to agree to any terms and conditions necessary to resolve any regulatory objections to the Compaq merger.

In addition, during or after the statutory waiting periods, and even after completion of the Compaq merger, governmental authorities could seek to block or challenge the Compaq merger as they deem necessary or desirable in the public interest. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the Compaq merger, before or after it is completed. HP, Compaq or the combined company may not prevail, or may incur significant costs, in defending or settling any action under the antitrust laws.

The stock price and business of HP may be adversely affected if the Compaq merger is not completed.

If the Compaq merger is not completed, the price of HP common stock may decline to the extent that the current market price of HP common stock reflects a market assumption that the Compaq merger will be completed. In addition, HP's business may be harmed to the extent that customers, suppliers and others believe that the company cannot effectively compete in the marketplace without the Compaq merger, or there is customer and employee uncertainty surrounding the future direction of the product and service offerings and strategy of HP on a standalone basis. In the event the Compaq merger is not completed, HP intends to evaluate its strategic options for addressing the lack of profitability in certain of its businesses. These strategic options may include further workforce reductions, but HP currently has no specific plans regarding workforce reductions in the event that the Compaq merger is not completed. Completion of the Compaq merger is subject to several closing conditions, including obtaining requisite regulatory and shareowner approvals, and HP and Compaq may be unable to obtain such approvals on a timely basis or at all. Walter B. Hewlett, Eleanor Hewlett Gimon, Mary Hewlett Jaffe and The William R. Hewlett Revocable Trust have announced that they intend to vote against the proposal to approve the issuance of HP common stock in connection with the Compaq merger. In addition, each of The William and Flora Hewlett Foundation and the David and Lucile Packard Foundation has announced its intention to vote against the proposal to approve the issuance of HP common stock in connection with the Compaq merger. Mr. Hewlett (co-trustee of The William R. Hewlett Revocable Trust and Chairman of The William and Flora Hewlett Foundation), Edwin van Bronkhorst (co-trustee of The William R. Hewlett Revocable Trust and trustee of certain Hewlett family trusts) and The William R. Hewlett Revocable Trust have mailed a proxy statement to HP shareowners to solicit proxies against the proposal to approve the issuance of shares of HP common stock in connection with the Compaq merger and have disseminated to HP shareowners soliciting materials encouraging HP shareowners to vote against the issuance of shares in connection with the Compaq merger. If the Compaq merger is not completed, HP would not derive the strategic benefits expected to result from the Compaq merger, such as creating a more complete and balanced product and services portfolio and providing economies of scale in businesses such as PCs. HP also will be required to pay significant costs incurred in connection with the Compaq merger, including legal, accounting and a portion of the financial advisory fees, whether or not the Compaq merger is completed. Moreover, under specified circumstances, HP may be required to pay Compaq a termination fee of $675 million in connection with the termination of the Compaq merger agreement.

Charges to earnings resulting from the application of the purchase method of accounting may adversely affect the market value of HP's common stock following the Compaq merger.

In accordance with United States generally accepted accounting principles, the combined company will account for the Compaq merger using the purchase method of accounting, which will result in charges to earnings that could have a material adverse effect on the market value of the common stock of HP following completion of the Compaq merger. Under the purchase method of accounting, the combined company will allocate the total estimated purchase price to Compaq's net tangible assets, amortizable intangible assets, intangible assets with indefinite lives and in-process research and development based on their fair values as of the date of completion of the Compaq merger and record the excess of the purchase price over those fair values as goodwill.

The portion of the estimated purchase price allocated to in-process research and development will be expensed by the combined company in the quarter in which the Compaq merger is completed. The combined company will incur additional depreciation and amortization expense over the useful lives of certain of the net tangible and intangible assets acquired in connection with the Compaq merger. In addition, to the extent the value of goodwill or intangible assets with indefinite lives becomes impaired, the combined company may be

required to incur material charges relating to the impairment of those assets. These depreciation, amortization, in-process research and development and potential impairment charges could have a material impact on the combined company's results of operations.

Customer uncertainties related to the Compaq merger could adversely affect the businesses, revenues and gross margins of HP and the combined company.

In response to the announcement of the Compaq merger or due to ongoing uncertainty about the Compaq merger, customers of HP or Compaq may delay or defer purchasing decisions or elect to switch to other suppliers. In particular, prospective customers could be reluctant to purchase the combined company's products due to uncertainty about the direction of the combined company's product offerings and willingness to support and service existing products. To the extent that the Compaq merger creates uncertainty among those persons and organizations contemplating hardware, software or service purchases such that one large customer, or a significant group of smaller customers, delays, defers or changes purchases in connection with the planned Compaq merger, the revenues of HP or the combined company would be adversely affected. HP continues to believe that, consistent with prior assumptions, there is a risk of customer loss due to uncertainties relating to the Compaq merger. However, neither HP nor Compaq is aware of any loss of customers, individually or in the aggregate, as a result of the Compaq merger process that would have a material impact on their respective results of operations. Customer assurances may be made by HP and Compaq to address their customers' uncertainty about the direction of the combined company's product and related support offerings which may result in additional obligations of HP or the combined company. Accordingly, quarterly revenues and net earnings of HP or the combined company could be substantially below expectations of market analysts and a decline in HP's stock price could result.

Changes in HP's and Compaq's credit ratings could adversely affect the costs and expenses of the combined company.

Any downgrade in the credit ratings of HP, Compaq or the combined company associated with the Compaq merger could adversely affect the ability of the combined company to borrow and result in more restrictive borrowing terms, including increased borrowing costs, more restrictive covenants and the extension of less open credit. This in turn could affect the combined company's internal cost of capital estimates and therefore operational decisions. Prior to the announcement of the Compaq merger, HP's senior unsecured debt ratings were Aa3 (with negative outlook) from Moody's Investors Service and AA- from Standard & Poor's, and Compaq's senior unsecured debt ratings were Baa2 from Moody's and BBB from Standard & Poor's. After the Compaq merger announcement, Moody's downgraded HP to A2 (with negative outlook), and Standard & Poor's maintained its AA- rating but placed HP on CreditWatch with negative implications pending further review, while Moody's and Standard & Poor's maintained Compaq's rating and placed it under review for a possible upgrade. Subsequently, in December 2001, Standard & Poor's placed Compaq on CreditWatch with developing implications. The ultimate impact of the Compaq merger on the combined company's credit ratings, however, cannot be predicted.

In order to be successful, the combined company must retain and motivate key employees, which will be more difficult in light of uncertainty regarding the Compaq merger, and failure to do so could seriously harm the combined company.

In order to be successful, the combined company must retain and motivate executives and other key employees, including those in managerial, technical, marketing and information technology support positions. In particular, the combined company's product generation efforts depend on hiring and retaining qualified engineers. Attracting and retaining skilled solutions providers in the IT support business and qualified sales representatives is also critical to the combined company's future. Experienced management and technical, marketing and support personnel in the information technology industry are in high demand and competition for their talents is intense. This is particularly the case in Silicon Valley, where HP's headquarters and certain key research and development facilities are located. Employee retention may be a particularly challenging issue in

connection with the Compaq merger. Accordingly, the compensation committee of the HP board of directors (consisting of Philip M. Condit, Sam Ginn and Walter B. Hewlett) and the human resources committee of the Compaq board of directors (then consisting of Lawrence T. Babbio, Judith L. Craven and Kenneth L. Lay), acting on the authority of the HP board of directors and the Compaq board of directors, respectively, designed and adopted retention programs to assure the continued dedication of key employees and to provide key employees with financial incentives to remain with the combined company following the completion of the Compaq merger. A number of factors, however, may counteract the benefits of these retention programs. In particular, employees of HP or Compaq may experience uncertainty about their future role with the combined company until or after strategies with regard to the combined company are announced or executed. This circumstance may adversely affect the combined company's ability to attract and retain key management, marketing and technical personnel. The combined company also must continue to motivate employees and keep them focused on the strategies and goals of the combined company, which may be particularly difficult due to the potential distractions of the Compaq merger, morale challenges posed by the separate workforce reductions being implemented by HP and Compaq and the additional workforce reductions of the combined company anticipated in connection with the Compaq merger.

The economic downturn could adversely affect the revenues, gross margins and expenses of the combined company.

The revenues and gross margins of the combined company will depend significantly on the overall demand for computing and imaging products and services, particularly in the product and service segments in which it will compete. Softening demand for the products and services of HP and Compaq caused by the ongoing economic downturn may result in decreased revenues, earnings levels or growth rates and problems with the saleability of inventory and realizability of customer receivables for the combined company. The global economy has weakened and market conditions continue to be challenging. As a result, individuals and companies are delaying or reducing expenditures, including those for information technology. HP and Compaq have observed effects of the global economic downturn in many areas of their businesses. The downturn has contributed to reported net revenue declines during the 2001 fiscal year for both companies. Each of HP and Compaq has also experienced gross margin declines, reflecting the effect of competitive pressures as well as, in the case of HP, inventory writedowns and charges associated with the cancellation of planned production line expansion. HP's selling, general and administrative expense also was impacted due in part to an increase in bad debt write-offs and additions to reserves in its receivables portfolio. The economic downturn has also led to restructuring actions and contributed to writedowns to reflect the impairment of certain investments in HP's and Compaq's respective investment portfolios. Further delays or reductions in information technology spending could have a material adverse effect on demand for the combined company's products and services, and consequently, its results of operations, prospects and stock price.

The competitive pressures the combined company will face could harm its revenues, gross margins and prospects.

The combined company will encounter aggressive competition from numerous and varied competitors in all areas of its business, and will compete primarily on the basis of technology, performance, price, quality, reliability, brand, distribution, customer service and support. If the combined company fails to develop new products, services and support, periodically enhance its existing products, services and support, or otherwise compete successfully, it could harm its operations and prospects. Further, the combined company may have to continue to lower the prices of many of its products, services and support to stay competitive, while at the same time trying to maintain or improve gross margins. We believe that the Compaq merger will result in improvements to gross margin on a combined company basis, principally through lower procurement costs and the elimination of redundant headcount. In businesses such as PCs and low-end servers, the ability to respond to competitive pricing pressures by effectively managing inventory costs will be particularly important. The Compaq merger will also bring to HP Compaq's low-cost sales model and distribution capabilities in PCs and low-end servers. However, if the combined company cannot proportionately decrease its cost structure in response to competitive price pressures, its gross margins and therefore the profitability of the combined company could be adversely affected.

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If the combined company cannot continue to develop, manufacture and market innovative products and services rapidly that meet customer requirements for performance and reliability, it may lose market share and its revenues may suffer.

The process of developing new high technology products and services is complex and uncertain, and failure to anticipate customers' changing needs and emerging technological trends accurately and to develop or obtain appropriate intellectual property could significantly harm the combined company's results of operation. The combined company must make long-term investments and commit significant resources before knowing whether its predictions will eventually result in products that the market will accept. After a product is developed, the combined company must be able to manufacture sufficient volumes quickly and at low costs. To accomplish this, it must accurately forecast volumes, mix of products and configurations that meet customer requirements, and it may not succeed.

If the combined company does not effectively manage the transition from existing products to new products, its revenues may suffer.

If the combined company does not make an effective transition from existing products to new products, its revenues may be seriously harmed. Among the factors that make a smooth transition from current products to new products difficult are delays in product development or manufacturing, variations in product costs, delays in customer purchases of existing products in anticipation of new product introductions and customer demand for the new product. The combined company's revenues and gross margins also may suffer due to the timing of product or service introductions by its suppliers and competitors. This is especially challenging when a product has a short life cycle or a competitor introduces a new product just before the combined company's own product introduction. Furthermore, sales of the combined company's new products may replace sales of some of the current products of HP and Compaq, offsetting the benefit of even a successful product introduction. There also may be overlaps in the current products of HP and Compaq product portfolios that must be managed in connection with the Compaq merger. If the combined company incurs delays in new product introductions, or does not accurately estimate the market effects of new product introductions, given the competitive nature of its industry, future demand for its products and its revenues may be seriously harmed.

The combined company's revenues and selling, general and administrative expenses will suffer if it cannot continue to license or enforce the intellectual property rights on which its business will depend or if third parties assert that the combined company violates their intellectual property rights.

The combined company generally will rely upon patent, copyright, trademark and trade secret laws in the United States and similar laws in other countries, and agreements with its employees, customers, partners and other parties, to establish and maintain its intellectual property rights in technology and products used in the combined company's operations. However, any of its intellectual property rights could be challenged, invalidated or circumvented, or its intellectual property rights may not provide competitive advantages, which could significantly harm its business. Also, because of the rapid pace of technological change in the information technology industry, much of the combined company's business and many of its products will rely on key technologies developed by third parties, and the combined company may not be able to obtain or renew licenses and technologies from these third parties at all or on reasonable terms. Third parties also may claim that the combined company is infringing upon their intellectual property rights. Even if the combined company does not believe that its products or business are infringing upon third parties' intellectual property rights, the claims can be time-consuming and costly to defend and divert management's attention and resources away from the combined company's business. Claims of intellectual property infringement also might require the combined company to enter into costly settlement or license agreements. If the combined company cannot or does not license the infringed technology at all or on reasonable terms or substitute similar technology from another source, its operations could suffer. In addition, it is possible that as a consequence of the Compaq merger, some intellectual property rights of the combined company may be licensed to a third party that had not been licensed prior to the creation of the combined company or that certain restrictions could be imposed on the business of the

combined company that had not been imposed on the business of HP or Compaq prior to the Compaq merger. Consequently, the combined company may lose a competitive advantage with respect to these intellectual property rights or the combined company may be required to enter into costly arrangements in order to terminate or limit these agreements.

If the combined company fails to manage distribution of its products and services properly, or if its distributors' financial condition or operations weaken, the combined company's revenues and gross margins could be adversely affected.

The combined company will use a variety of different distribution methods to sell its products and services, including third-party resellers and distributors and both retail and direct sales to both enterprise accounts and consumers. Since each distribution method has distinct risks and gross margins, the failure of the combined company to implement the most advantageous balance in the delivery model for its products and services could adversely affect the gross margins and therefore profitability of the combined company. For example:

. As the combined company continues to increase its commitment to direct sales, it could risk alienating channel partners and adversely affecting its distribution model.

  Since direct sales made by the combined company may compete with the sales made by third-party resellers and distributors, these third-party resellers and distributors may elect to use other suppliers that do not directly sell their own products. Because not all of the combined company's customers will prefer to or seek to purchase directly, any increase by the combined company of its commitment to direct sales in order to increase its gross margins could alienate some of its channel partners. As a result, the combined company may lose some of its customers who purchase from third-party resellers or distributors. Moreover, uncertainty regarding the Compaq merger may cause some of the combined company's distributors to strengthen relationships with other vendors.

. Some of the combined company's wholesale and retail distributors may be unable to withstand changes in business conditions.

  Some of the combined company's wholesale and retail distributors may have insufficient financial resources and may not be able to withstand changes in business conditions, including the recent economic downturn and changes that may result from the Compaq merger. Revenues from indirect sales by the combined company could suffer if its distributors' financial condition or operations weaken.

. Inventory management of the combined company will be complex as the combined company will continue to sell a significant mix of products through distributors.

  The combined company must manage inventory effectively, particularly with respect to sales to distributors. Distributors may increase orders during periods of product shortages, cancel orders if their inventory is too high, or delay orders in anticipation of new products. Distributors also may adjust their orders in response to the supply of the combined company's products and the products of its competitors that are available to the distributor and seasonal fluctuations in end-user demand. If the combined company has excess inventory, it may have to reduce its prices and write down inventory, which in turn could result in lower gross margins.

The combined company will depend on third-party suppliers and its revenues and gross margins could be adversely affected if it fails to receive timely delivery of quality components or if it fails to manage inventory levels properly.

The manufacturing operations of the combined company will depend on the combined company's ability to anticipate its needs for components and products and its suppliers' ability to deliver quality components and products in time to meet critical manufacturing and distribution schedules. Given the wide variety of systems, products and services that the combined company will offer and the large number of its suppliers and contract

manufacturers that are dispersed across the globe, problems could arise in planning production and managing inventory levels that could seriously harm the combined company. Among the problems that could arise are component shortages, excess supply and risks related to fixed-price contracts that would require the combined company to pay more than the open market price.

- Supply shortages. The combined company occasionally may experience a short supply of certain component parts as a result of strong demand in the industry for those parts or problems experienced by suppliers. If shortages or delays persist, the price of these components may increase, or the components may not be available at all. The combined company may not be able to secure enough components at reasonable prices and of acceptable quality to build new products in a timely manner in the quantities and configurations needed. Accordingly, the revenues and gross margins of the combined company could suffer until other sources can be developed.

- Oversupply. In order to secure components for the production of new products, at times the combined company may make advance payments to suppliers, or it may enter into non-cancelable purchase commitments with vendors. If the combined company fails to anticipate customer demand properly, a temporary oversupply of parts could result in excess or obsolete components which could adversely affect the combined company's gross margins.

- Long-term pricing commitments. As a result of binding price or purchase commitments with vendors, the combined company may be obligated to purchase components at prices that are higher than those available in the current market. In the event that the combined company becomes committed to purchase components for prices in excess of the current market price, it may be at a disadvantage to competitors who have access to components at lower prices, and the combined company's gross margins could suffer.

Due to the international nature of the combined company's business, political or economic changes could harm its future revenues, costs and expenses and financial condition.

At the time of the completion of the Compaq merger, sales outside the United States will make up more than half of the combined company's revenues. The future revenues, costs and expenses of the combined company could be adversely affected by a variety of international factors, including:

- changes in a country's or region's political or economic conditions;

- longer accounts receivable cycles;

- trade protection measures;

- overlap of different corporate structures;

- unexpected changes in regulatory requirements;

- differing technology standards and/or customer requirements;

- import or export licensing requirements, which could affect the combined company's ability to obtain favorable terms for components or lead to penalties or restrictions;

- problems caused by the conversion of various European currencies to the Euro and macroeconomic dislocations that may result; and

- natural disasters.

A portion of the combined company's product and component manufacturing, along with key suppliers, also will be located outside of the United States, and also could be disrupted by some of the international factors described above. In particular, each of HP and Compaq, along with most other PC vendors, has engaged manufacturers in Taiwan for the production of notebook computers. In 1999, Taiwan suffered a major earthquake, and in 2000 it suffered a typhoon, both of which resulted in temporary communications and supply disruptions. In addition, the combined company will procure components from Japan, which also suffers from earthquakes periodically.

The combined company will be exposed to foreign currency exchange rate and interest rate risks that could adversely affect the revenues and gross margins of the combined company.

The combined company will be exposed to foreign currency exchange rate risk that will be inherent in its sales commitments, anticipated sales, and assets and liabilities that are denominated in currencies other than the United States dollar. The combined company also will be exposed to interest rate risk inherent in its debt and investment portfolios. Failure to sufficiently hedge or otherwise manage foreign currency risks properly could adversely affect the combined company's revenues and gross margins.

Impairment of investment and financing portfolios could harm the combined company's net earnings.

The combined company will have an investment portfolio that will include minority equity and debt investments and financing for the purchase of the combined company's products and services. In most cases, the combined company will not attempt to reduce or eliminate its market exposure on these investments and may incur losses related to the impairment of these investments and therefore charges to net earnings. Some of the combined company's investments will be in publicly and privately held companies that are still in the start-up or development stage, which have inherent risks because the markets for the technologies or products they have under development are typically in the early stages and may never develop. Furthermore, the values of the combined company's investments in publicly-traded companies will be subject to significant market price volatility. The combined company's investments in technology companies often will be coupled with a strategic commercial relationship. The combined company's commercial agreements with these companies may not be sufficient to allow it to obtain and integrate such products or technology into its technology or product lines or otherwise benefit from the relationship, and these companies may be subsequently acquired by third parties, including competitors of the combined company. Moreover, due to the economic downturn and difficulties that may be faced by some of the companies to which HP, Compaq or the combined company has supplied financing, the combined company's investment portfolio could be further impaired.

In order to manage their portfolios of products and technology and further their competitive objectives, HP and Compaq must successfully complete acquisitions and alliances that enhance their strategic businesses and product lines and divest non-strategic businesses and product lines.

As part of their business strategies, HP and Compaq frequently engage in discussions with third parties regarding, and enter into agreements relating to, possible acquisitions, strategic alliances, joint ventures and divestitures in order to manage their respective product and technology portfolios and further strategic objectives. It is expected that the combined company will engage in similar transactions. In order to pursue this strategy successfully, the combined company must identify suitable acquisition, alliance or divestiture candidates, complete these transactions, some of which may be large and complex, and integrate acquired companies. Integration and other risks of acquisitions and strategic alliances can be more pronounced for larger and more complicated transactions, or if multiple acquisitions are pursued simultaneously. The integration of HP and Compaq may make the completion and integration of subsequent acquisitions more difficult. However, if the combined company fails to identify and complete these transactions, it may be required to expend resources to internally develop products and technology or may be at a competitive disadvantage or may be adversely affected by negative market perceptions, which may have a material effect on the revenues and selling, general and administrative expenses of the combined company taken as a whole.

In 2001, HP completed acquisitions of StorageApps, Inc., a provider of storage virtualization solutions, and Bluestone Software, Inc., which became part of HP's middleware division. Compaq acquired assets from InaCom Corp. to add custom configuration capabilities and direct fulfillment logistics in 2000. These and other acquisitions and strategic alliances may require the combined company to integrate with a different company culture, management team and business infrastructure and otherwise manage integration risks. Even if an acquisition or alliance is successfully integrated, the combined company may not receive the expected benefits of the transaction. Managing acquisitions, alliances and divestitures requires varying levels of management

resources, which may divert the combined company's attention from other business operations. These transactions also may result in significant costs and expenses and charges to earnings. As a result, any completed, pending or future transactions may contribute to the combined company's financial results differing from the investment community's expectations in a given quarter.

Terrorist acts and acts of war may seriously harm the combined company's business and revenues, costs and expenses and financial condition.

Terrorist acts or acts of war (wherever located around the world) may cause damage or disruption to the combined company, its employees, facilities, partners, suppliers, distributors and resellers, and customers, which could significantly impact the combined company's revenues, costs and expenses and financial condition. The terrorist attacks that took place in the United States on September 11, 2001 were unprecedented events that have created many economic and political uncertainties, some of which may materially harm the combined company's business and results of operations. The long-term effects on the combined company of the September 11, 2001 attacks are unknown. The potential for future terrorist attacks, the national and international responses to terrorist attacks, and other acts of war or hostility have created many economic and political uncertainties, which could adversely affect the business and results of operations of HP or the combined company in ways that cannot presently be predicted. In addition, as major multi-national companies with headquarters and significant operations located in the United States, any of HP, Compaq or the combined company may be impacted by actions against the United States. The combined company will be predominantly uninsured for losses and interruptions caused by terrorist acts and acts of war.

Business disruptions could seriously harm the future revenues and financial condition and increase the costs and expenses of the combined company.

The combined company's worldwide operations could be subject to natural disasters and other business disruptions which could seriously harm its revenues and financial condition and increase its costs and expenses. The corporate headquarters of the combined company, a portion of its research and development activities, other critical business operations and some of its suppliers will be located in California, near major earthquake faults. The ultimate impact on the combined company, its significant suppliers and its general infrastructure of being located near major earthquake faults is unknown, but the combined company's revenues, financial condition and costs and expenses could be significantly impacted in the event of a major earthquake. In addition, some areas, including California, have experienced, and may continue to experience, ongoing power shortages, which have resulted in "rolling blackouts." These blackouts could cause disruptions to the operations of the combined company or the operations of its suppliers, distributors and resellers, or customers. The combined company will be predominantly uninsured for losses and interruptions caused by earthquakes, power outages and other natural disasters.

Unforeseen environmental costs could impact the future net earnings of the combined company.

Some of the combined company's operations will use substances regulated under various federal, state and international laws governing the environment. The combined company could be subject to liability for remediation if it does not handle these substances in compliance with applicable laws. It will be the combined company's policy to apply strict standards for environmental protection to sites inside and outside the United States, even when not subject to local government regulations. The combined company will record a liability for environmental remediation and related costs when it considers the costs to be probable and the amount of the costs can be reasonably estimated. Neither HP nor Compaq has incurred environmental costs that are presently material to it, and neither HP nor Compaq is presently subject to known environmental liabilities that it expects to be material.

The revenues and profitability of the operations of HP and Compaq have historically varied.

The revenues and profit margins of HP and Compaq vary among their respective products, customer groups and geographic markets. The revenue mix of the combined company will be different than the revenue

mix of either HP or Compaq alone, particularly with respect to the proportion contributed by personal computers and printing and imaging devices and supplies. Overall profitability in any given period is dependent partially on the product, customer and geographic mix reflected in that period's net revenue, and therefore revenue and gross margin trends cannot be reliably predicted. Actual trends may cause the combined company to adjust its operations, which could cause period-to-period fluctuations in the combined company's results of operations.

Failure to successfully execute planned cost reductions could result in total costs and expenses for the combined company that are greater than expected.

Historically, each of HP and Compaq has separately undertaken restructuring plans to bring operational expenses to appropriate levels for each of its businesses, while simultaneously implementing extensive new company-wide expense-control programs. In addition to the previously announced workforce reductions of the separate companies, the combined company may have additional workforce reductions. The planned workforce reductions are expected to involve approximately 15,000 employees of the combined company worldwide, representing approximately 10% of the combined company's workforce, and workforce reductions would also be expected if the proposed Compaq merger were not completed. Significant risks associated with these actions that may impair the ability of the combined company to achieve anticipated cost reductions or that may otherwise harm its integration efforts or business include delays in implementation of anticipated reductions in force in highly regulated locations outside of the United States, particularly in Europe and Asia, redundancies among restructuring programs, and the failure to meet operational targets due to the loss of employees or decreases in employee morale.

The effective tax rate of the combined company is uncertain.

The impact of the Compaq merger on the overall effective tax rate of the combined company is uncertain. Although the combined company will attempt to optimize its overall effective tax rate, it is impossible to predict the effective tax rate of the combined company accurately. The combination of the operations of HP and Compaq may result in an overall effective tax rate for the combined company that is higher than HP's currently reported tax rate, and it is possible that the combined effective tax rate of HP and Compaq as a combined company may exceed the weighted average of the pre-Compaq merger tax rates of HP and Compaq.

Some anti-takeover provisions contained in HP's certificate of incorporation, bylaws and shareowner rights plan, as well as provisions of Delaware law, could impair a takeover attempt.

HP has provisions in its certificate of incorporation and bylaws, each of which could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by the HP board of directors. These include provisions:

- authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to its common stock;

- limiting the liability of, and providing indemnification to, directors and officers;

- limiting the ability of HP shareowners to call special meetings;

- requiring advance notice of shareowner proposals for business to be conducted at annual meetings of HP shareowners and for nominations of candidates for election to the HP board of directors;

- controlling the procedures for conduct of board and shareowner meetings and election and removal of directors; and

- specifying that shareowners may take action only at a duly called annual or special meeting of shareowners.

These provisions, alone or together, could deter or delay hostile takeovers, proxy contests and changes in control or management of HP.

In addition, HP has adopted a shareowner rights plan. The rights are not intended to prevent a takeover of HP. However, the rights may have the effect of rendering more difficult or discouraging an acquisition of HP deemed undesirable by the HP board of directors. The rights will cause substantial dilution to a person or group that attempts to acquire HP on terms or in a manner not approved by the HP board of directors, except pursuant to an offer conditioned upon redemption of the rights.

As a Delaware corporation, HP is also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents some shareowners from engaging in certain business combinations without approval of the holders of substantially all of HP's outstanding common stock.

Any provision of HP's certificate of incorporation or bylaws, HP's shareowner rights plan or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for HP shareowners (including former Indigo shareholders who become HP shareowners upon completion of the exchange offer) to receive a premium for their shares of HP common stock, and could also affect the price that some investors are willing to pay for HP common stock.

HP'S BUSINESS FOLLOWING THE COMPLETION OF THE COMPAQ MERGER

The following section of this prospectus provides information regarding HP's business following the completion of the Compaq merger. You should be aware that the exchange offer is not conditioned upon the completion of the Compaq merger. There are uncertainties and risks associated with the Compaq merger. See the section titled "Risk Factors--Risks Regarding the Compaq Merger and HP and Compaq as a Combined Company." We cannot assure you that we will complete the Compaq merger. If the Compaq merger is not ultimately completed, we currently expect that we would continue our business as a separate business.

Overview of Business Structure

Following completion of the Compaq merger, the combined company will operate in over 160 countries and expects to have approximately 145,000 employees after expected headcount reductions through attrition and targeted job reductions. As of October 31, 2001, unaudited pro forma combined consolidated total assets of HP and Compaq were approximately $69.2 billion. In addition, for the year ended October 31, 2001, unaudited pro forma combined consolidated total net revenue for HP and Compaq was $81.7 billion and earnings from operations were $1.2 billion. These amounts are not intended to represent or be indicative of the amounts that would have been reported had the Compaq merger been completed as of the dates presented, and should not be taken as representative of the future consolidated results of operations or financial condition of HP. See the unaudited pro forma condensed combined consolidated financial statements and accompanying notes included in HP's current report on Form 8-K filed with the Securities and Exchange Commission on February 14, 2002 incorporated by reference into this prospectus.

As soon as practicable following the Compaq merger, HP intends to merge Compaq into HP. The combined company will retain its headquarters in Palo Alto, California and will retain a significant presence in Houston, Texas, which will be a key strategic center of engineering excellence and product development for the combined company.

HP and Compaq plan to integrate their businesses and product lines and organize the combined company's business into four major groups:

- Enterprise Systems;
- Services;
- Imaging and Printing Systems; and
- Personal Systems.

In addition to these primary business groups, the combined company will include several corporate level organizations. Among these will be HP Labs, which will include part of Compaq's research and development function, an organization focused on corporate philanthropy and community responsibility and a corporate operations organization focused on areas of cross-company opportunity, including procurement. We currently intend that the combined company will use the HP brand for existing HP branded products and new products that will be introduced after the completion of the merger, while retaining the Compaq brand and Compaq sub-brands for selected enterprise, commercial and consumer product lines.

Enterprise Systems

The Enterprise Systems group will be led by Mr. Blackmore, currently Compaq's Executive Vice President, Worldwide Sales and Services, and will include servers, storage and software. It will provide a full line of computing systems from high-volume industry standard servers to high-end, fault-tolerant systems; a wide range of storage solutions from mid-range and high-end array systems, to storage area networks and storage area management software; and industry leading offerings in management software, integrated services management and next generation operating environments.

Services

The Services group will be led by Ms. Livermore, currently President of HP Services, and will provide support, consulting and outsourcing to help design, build, and manage and support the Enterprise Systems group.

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The combined services organization is expected to include 65,000 professionals around the world. The business offerings of the Services group will include ongoing support and maintenance, in addition to proactive services like mission-critical support, and networking services, IT consulting and system integration services, and comprehensive and selective outsourcing.

Imaging and Printing Systems

The Imaging and Printing group will be led by Mr. Joshi, currently HP's President of Imaging and Printing Systems. The offerings of the Imaging and Printing group will continue to include HP LaserJet and Inkjet printer hardware (both monochrome and color), multi-function laser devices, wide- and large-format Inkjet printers, printing supplies, scanners, digital photography products, personal color copiers, faxes and all-in-one products that combine multiple functions like scanning, copying and printing in one device. HP's investment in, and pending acquisition of, Indigo, N.V., a leading provider of high performance digital printing systems used in the production of on-demand, short-run color digitally-printed products, is designed to enhance HP's strategy in the evolving commercial printing market. Indigo is expected to add a third high-speed color print technology to HP's highly successful Inkjet and LaserJet technologies.

Personal Systems

The Personal Systems group will be led by Mr. Zitzner, currently HP's President of Computing Systems, and will include business and consumer desktop and mobile personal computers, workstations, handheld computing devices, new types of Internet-access devices, personal storage devices, and digital music and entertainment devices. The Personal Systems group will focus on serving customers through multiple channels including strong distributor, reseller, and retail channel efforts, in addition to directly serving customers through the Internet and by telephone.

Integration Office

HP recognizes the challenge inherent in integrating enterprises of the size and complexity of HP and Compaq. HP also recognizes that a swift and successful integration of the two companies is crucial to capturing the potential value of the Compaq merger. Accordingly, HP has established an integration office that will report directly to Ms. Fiorina. This office will be run jointly by Mr. McKinney and Mr. Clarke, each a key executive officer at HP and Compaq, respectively. Mr. McKinney currently serves as the President of HP's Business Customer Organization and provides a proven record as a line manager and deep expertise in the HP organization. Mr. Clarke currently serves as Compaq's Senior Vice President, Finance and Administration, and Chief Financial Officer and provides his depth of knowledge of the IT industry and of Compaq. Mr. Clarke also brings significant expertise in finance and general corporate matters. The integration office now consists of more than 450 dedicated employees, supported by advisors and divided into teams with specifically defined functions.

By the time of completion of the Compaq merger, the integration office plans to have established:

- an operating model and organization to design and implement a transition plan and provide internal clarity regarding asset and resource allocation and priorities, go-to-market strategy and customer account responsibilities;

- management structure, roles and responsibilities multiple layers into the organization, as well as compensation and human resource policies, which we believe will encourage our employees to focus on business performance and avoid the distraction of personal and organizational uncertainty;

- clear product roadmaps and investment protection programs, which we believe will give our customers a high degree of confidence in our ability to meet or exceed their business requirements without disrupting their existing relationship with us or their installed technology platform; and

- standard policies, practices and procedures to govern our relationships with our partners and facilitate a smooth transition of our respective commercial arrangements to the combined company.

Background of the Exchange Offer

The offer agreement and the terms and conditions of the exchange offer are the result of negotiations between representatives of HP and representatives of Indigo. The following summary describes the background of these negotiations.

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

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

During the various occasions on which business combination discussions were held between HP and Indigo, the parties could not reach preliminary agreement on the valuation of Indigo. Since the parties were unable to reach an agreement on valuation, they did not believe that it would be productive to take further action with respect to these business combination discussions. The primary reason behind the parties' disagreement on the valuation of Indigo was based on the fact that Indigo had maintained the belief that its products would gain more acceptance in the near term and HP had not been willing to increase its valuation of Indigo based on the projected increase in future sales. Although other strategic alternatives had been considered, Indigo had been unable to find other suitors which would pay a price Indigo believed was justified by its own projections of future growth.

In September 2000, HP and Indigo entered into a commercial relationship providing for (1) HP's sale of specified digital color printing products on an OEM basis pursuant to an OEM agreement; and (2) the co-development by HP and Indigo of future digital color printing systems and products pursuant to a co-development agreement. In connection with the September 2000 commercial relationship, Hewlett-Packard Europe B.V., a subsidiary of HP, purchased 14,814,814 Indigo common shares for an aggregate purchase price of approximately $100 million and received a performance warrant to purchase up to 12,000,000 Indigo common shares at an exercise price of $6.75 per share exercisable in tranches of 2,000,000 shares for each $100 million of cash revenues generated and paid by us to Indigo under our commercial agreements and an acquisition warrant to purchase 14,814,815 Indigo common shares at an exercise price of $6.75 per share upon the acquisition of Indigo by us or one of our subsidiaries. In connection with the September 2000 commercial relationship, HP, Hewlett-Packard Europe B.V., Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd., Visionvest Corporation N.V., Walthroup Corporation N.V., Deering Corporation N.V., S-C Indigo CV, and Indigo also entered into a shareholders' agreement dated as of September 13, 2000. Pursuant to the shareholders' agreement, Hewlett-Packard Europe B.V. agreed that prior to October 17, 2002 neither it nor any of its affiliates, including HP, would directly or indirectly acquire, announce an intention to acquire, offer, seek, or propose to acquire any common shares or other voting securities of Indigo, except at the invitation of the chief executive officer or the

supervisory board of Indigo. The September 2000 transactions between HP and Indigo are more fully described in the section titled "--Relationships Between HP and Indigo" in this prospectus.

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

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

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

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

From June 19, 2001 through June 21, 2001, representatives of HP and Indigo, including Mr. Landa, met in New York, New York, to discuss further the possibility of an acquisition of Indigo by HP. At these meetings, the parties discussed the business, strategy and integration issues that would be involved in any acquisition of Indigo by HP.

On July 11, 2001, a teleconference was held between representatives of HP and representatives of Gleacher, Indigo's financial advisor. Gleacher had been formally engaged by Indigo on August 3, 2000 to act as Indigo's financial advisor in connection with the September 2000 transactions between HP and Indigo and in connection with any future business combination transaction involving Indigo. In late May 2001, Indigo had requested that Gleacher again become involved in connection with seeking a proposed business combination transaction involving Indigo.

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

On July 23, 2001, John D. Brennan, HP's Vice President of Strategy and Corporate Development, had a telephone conversation with Mr. Landa. As required under the shareholders' agreement, Mr. Brennan confirmed that Mr. Landa, in his capacity as the Chief Executive Officer of Indigo, was inviting HP to make a proposal regarding a potential business combination between HP and Indigo. Mr. Brennan then outlined to Mr. Landa the terms of a non-binding proposal by

HP to acquire Indigo. Messrs. Brennan and Landa did not engage in any further discussions regarding the non-binding proposal presented by Mr. Brennan at that time. Following the telephone conversation, Mr. Brennan sent Mr. Landa a letter summarizing HP's non-binding proposal. Terms of that proposal included consideration for each Indigo common share comprised of $6.75 in HP common stock and CVRs providing for up to $2.25 of additional consideration upon the achievement of certain revenue goals by Indigo after the closing of the transaction. Terms of this proposal included an exchange offer structure, which HP proposed as the most practicable structure for the transaction under Dutch law.

On July 25, 2001, Indigo's combined board conducted its quarterly meeting and discussed, among other matters, the terms of HP's proposal. The combined board concluded that a higher proportion of the aggregate consideration should be in the form of HP common stock payable at the closing and a smaller portion attributable to the CVR component. Dr. Joel S. Birnbaum, a member of Indigo's supervisory board designated by HP, did not attend or participate in this meeting or any other Indigo board meeting since his election on January 24, 2001 other than one meeting on April 30, 2001.

On July 26, 2001, a teleconference to discuss HP's non-binding proposal was held between representatives of HP, HP's outside counsel, Wilson Sonsini Goodrich & Rosati, Indigo's outside counsel, Gibson, Dunn & Crutcher, and Gleacher. The Indigo representatives reviewed with HP the results of Indigo's board meeting of the previous day, including the board's conclusion that a higher proportion of the aggregate consideration should be in the form of HP common stock payable at the closing and a smaller portion attributable to the CVR component. Specifically, the Indigo boards authorized a counterproposal consisting of $7.50 of HP common stock payable at closing with a CVR providing for up to $1.50 of additional consideration, a ratio of up-front consideration to CVR of 5 to 1. A discussion ensued among the parties on the call, with no resolution reached as to the pricing of the possible transaction.

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

On July 27, 2001, a teleconference to discuss HP's non-binding proposal further was held between Mr. Landa and representatives of HP. Mr. Landa reiterated to HP that a higher proportion of the aggregate consideration should be in the form of HP common stock payable at the closing and a smaller portion attributable to the CVR component. No resolution was reached as to the pricing of the possible transaction.

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

On July 31, 2001, a teleconference to further discuss the pricing of the possible transaction was held between representatives of HP, including Mr. Brennan, HP's and Indigo's respective legal counsel and Gleacher. Mr. Brennan reviewed the terms of HP's written proposal with Indigo's representatives. A discussion ensued among the parties on the call, with no resolution reached as to the pricing of the possible transaction.

On August 8, 2001, a teleconference to further discuss the pricing of the possible transaction was held between representatives of HP, Gibson Dunn & Crutcher and Gleacher. During the call, representatives of HP indicated that HP would consider a modification to the structure of its proposal, provided that the aggregate amount of up-front and contingent consideration was not changed. A discussion ensued among the parties on the call, with no resolution reached as to the pricing of the possible transaction.

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

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

The consideration election structure was devised in order to meet the goals of both parties. Because HP wished to limit the aggregate amount of up-front consideration in HP common stock issuable to Indigo shareholders at the closing of this transaction, Indigo proposed a structure in which the Indigo shareholders would be offered a choice between electing (1) to receive the entire consideration for each Indigo common share in $7.50 worth of HP common stock at the closing, with no contingent right to share in the potential future success of the combined Indigo business, or (2) to take $6.00 in HP common stock at the closing but have the

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opportunity to share the benefits from potential future success of the combined Indigo business. This structure would give Indigo shareholders the ability to make a choice between the two consideration alternatives based upon their individual preferences and meet HP's requirement that the aggregate amounts of up-front and contingent consideration as proposed by HP remain unchanged. Also, given the willingness of the Landa Family Trust and the entities directly or indirectly owned by the Landa Family Trust to receive the undersubscribed consideration, each shareholder other than the Landa Family Trust was assured that he or she would receive at least 82% of the preferred choice of consideration.

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

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

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

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

On August 27, 2001, HP and Wilson Sonsini Goodrich & Rosati circulated an initial draft of the offer agreement, together with initial drafts of the voting agreements, tender agreements, tender and option agreement, and affiliate agreements, to Indigo and Gibson, Dunn & Crutcher.

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

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

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

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

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

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

From September 3, 2001 through September 6, 2001, representatives of HP and Indigo, their respective legal counsel and Gleacher met at the offices of Wilson Sonsini Goodrich & Rosati in Palo Alto, California to

continue negotiations on all agreements. On September 4, 2001, the parties discussed the announcement of the merger agreement entered into by HP and Compaq. The parties continued to negotiate the terms of the agreements.

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

On September 5, 2001, Indigo's management board, supervisory board and combined board met again to consider the terms of the exchange offer. A copy of a memorandum had been previously sent to each member of the boards summarizing the terms of the latest drafts of the exchange offer agreement. Representatives of Gibson, Dunn & Crutcher reviewed with the boards and discussed in detail the provisions of the exchange offer documents. Representatives of Gleacher provided a detailed review of a document that had been distributed to each of the combined board members prior to the meeting and that outlined the terms of the exchange offer. Based on that document, Gleacher rendered its oral opinion that, as of that date and based upon and subject to the matters set forth in Gleacher's written opinion, the aggregate consideration to be offered to the holders of Indigo common shares was fair, from a financial point of view, to the holders of Indigo common shares, other than HP and its affiliates. Gleacher expressed no opinion as to the fairness of either the fixed price consideration or the contingent price consideration separately. Each of the supervisory, management and combined board, acting without Dr. Birnbaum, separately and unanimously approved the offer agreement and the transactions contemplated thereby.

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

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

Indigo's Purposes and Reasons for the Exchange Offer

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

- The current financial condition and results of operations, as well as the prospects and future strategy, of Indigo, including the risks involved in achieving those prospects and objectives without a well-financed, strategically placed parent company, such as HP. The boards of Indigo, in their deliberations, focused on the current and expected trends in the digital printing market and in the printing industry generally. In particular, the Indigo boards were concerned that two of Indigo's larger competitors, both of which are better financed and possess greater marketing prowess than Indigo, were introducing new digital high-speed printers which, if successful, could greatly impair the growth of Indigo's business. The current financial condition and results of operations, as well as Indigo's position as one of the industry leaders in commercial printing, led the boards to believe that Indigo could continue to operate successfully as an independent publicly-traded company. However, the boards also believed that the risks involved in attempting to continue to operate Indigo independently without a well-financed, strategically placed parent company outweighed the benefits of operating the Indigo business with an established business partner such as HP and that the consideration offered in the offer is a superior alternative to the Indigo shareholders to continuing to operate Indigo independently in light of the uncertainty inherent in

forecasting future market conditions and trends. As indicated above, the Indigo boards were most concerned about new products that were introduced by its competitors in 2001 and were concerned as to how those introductions could impact Indigo's ability to grow its revenue.

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

- The opinion rendered by Gleacher on September 6, 2001 to the effect that, as of the date of the opinion and based on and subject to the matters described in its opinion, the aggregate consideration provided for in the offer agreement to be received by the holders of Indigo common shares was fair, from a financial point of view, to the holders of Indigo common shares, other than HP and its affiliates. Gleacher expressed no opinion as to the fairness of either the fixed price consideration or the contingent price consideration separately. The full text of Gleacher's opinion is attached to this prospectus as Annex D. The full text of Gleacher's presentations to the Indigo boards on September 5, 2001 has been included as exhibits (c)(iii), (c)(iv) and (c)(v) to the Transaction Statement on Schedule 13E-3 filed by HP, Indigo and Benzion Landa in connection with the exchange offer.

- The consideration to be offered to the holders of Indigo common shares receiving the contingent offer price, assuming no value is ascribed to the CVR, implies premiums relative to Indigo's closing share price one day, one week and four weeks prior to May 31, 2001, the date of the commencement of Indigo's share repurchase program of 32.3%, 34.4%, and 51.4% respectively, and the consideration to be offered to the holders of Indigo common shares receiving the fixed offer price implies premiums relative to Indigo's closing share price one day, one week and four weeks prior to May 31, 2001 of 50.0%, 52.4% and 71.6%, respectively.

- The ability of the combined company to access markets beyond Indigo's reach, particularly the enterprise market.

- The ability of the combined company to link together database mining capabilities, digital workflow tools, design tools and web-based publishing capabilities in a seamless network, for corporate customers to be able to more easily generate digital printing jobs--creating more demand for Indigo digital presses.

- The ability of the combined company more rapidly to develop new products as well as enhancements to Indigo's existing products.

- The ability of the combined company to enable its customers to be better able to grow their businesses by delivering complete workflow solutions--from document creation to print production.

- The size, stability and reputation of HP, as well as the HP brand, which are expected to induce more customers to adopt Indigo digital printing products.

Indigo's management board, supervisory board and combined board, excluding

Dr. Birnbaum, each considered each of the following factors to be against recommending acceptance of the exchange offer:

- The likelihood that while some Indigo shareholders will prefer to receive HP common stock and, if applicable, a CVR, some may have preferred to continue as shareholders of Indigo, and that if the exchange offer is completed, the shareholders of Indigo will no longer be able to or it will be very unattractive for them to maintain an equity ownership interest in Indigo.

- That the current Indigo shareholders, particularly the unaffiliated shareholders who are not directly involved in the transaction and the future operation of the combined Indigo business, invested in Indigo with a view towards reaping the benefit of successful operation of the Indigo business, and, unless an Indigo shareholder chooses the contingent consideration alternative and receives a CVR, under which there is no guarantee of a payout, any benefit to be received by an Indigo shareholder from the future success of the Indigo business after the exchange offer will be limited to the indirect gain through ownership of HP common stock.

- The possibility that HP may not be able to or may choose not to implement the underlying business plans of Indigo and thus diminish the likelihood of any payments being made under the CVRs and the magnitude of any payments that are made.

- The fact that the offer will be a taxable transaction to United States Indigo shareholders.

- The Landa Family Trust and the entities directly or indirectly owned by the Landa Family Trust, which have agreed to receive the undersubscribed consideration, do not have the choice to elect to receive the consideration alternative of their preference.

The foregoing includes the material factors considered by Indigo's management board, supervisory board and combined board.

In view of its many considerations, the management board, the supervisory board and the combined board did not quantify or otherwise assign relative weights to the specific factors considered. In addition, individual members of the management board, supervisory board and combined board may have given different weights to different factors. After weighing all these considerations, the management board, the supervisory board and the combined board, excluding Dr. Birnbaum, were unanimous in determining to approve the offer agreement and to recommend that the affiliated and unaffiliated shareholders of Indigo tender their common shares in the exchange offer.

Indigo's Belief Regarding the Fairness of the Exchange Offer

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

- The fact that the consideration to be offered to the holders of Indigo common shares receiving the contingent offer price, assuming no value is ascribed to the CVR, implies premiums relative to Indigo's closing share price one day, one week and four weeks prior to May 31, 2001, the date of the commencement of Indigo's share repurchase program of 32.3%, 34.4% and 51.4%, respectively, and the consideration to be offered to the holders of Indigo's common shares receiving the fixed offer price implies premiums relative to Indigo's closing share price one day, one week and four weeks prior to May 31, 2001 of 50.0%, 52.4% and 71.6%, respectively.

- The unanimous approval and recommendation of Indigo's supervisory, management and combined boards, acting without Dr. Birnbaum, that Indigo shareholders tender their Indigo common shares in the exchange offer.

- The fact that Indigo engaged Gleacher, an internationally recognized investment bank, and that Gleacher rendered an opinion that subject to the assumptions and limitations in the opinion, the aggregate consideration provided for pursuant to the offer agreement to be received by the holders of Indigo common shares was fair to the holders of Indigo common shares, other than HP or its affiliates, from a financial point of view.

- The fact that the various valuation, financial and comparative analyses considered by Gleacher and described below implied enterprise values for Indigo ranging from $42 million to $513 million based on a comparable company analysis, from $47 million to $825 million based on a precedent transaction

analysis, from $280 million to $664 million based on a discounted cash flow analysis, from $319 million to $713 million based on a discounted equity value analysis and from $715 million to $775 million based on a premiums paid analysis. The aggregate consideration to be offered to holders of Indigo common shares by HP compared favorably with these analyses. As calculated by Gleacher, the aggregate consideration to be offered to holders of Indigo common shares is $738 million and $932 million, assuming values ascribed to the CVR of $0 and $3.00 (the present value of the maximum CVR payout of $4.50, discounted at 12.0%).

- The fact that the offer agreement was extensively negotiated between the representatives of Indigo and representatives of HP.

- The factors considered by the Indigo boards referred to above under "Special Factors--Indigo's Purposes and Reasons for the Exchange Offer."

- In addition, the Indigo boards expressly adopt Gleacher's analyses described below regarding Indigo's net book value and going concern value. As to liquidation value, Gleacher informed the Indigo boards that, in Gleacher's professional opinion, given the specific characteristics of Indigo and the proposed transaction, Gleacher did not deem a liquidation value to be a relevant metric because liquidation analyses assess the value of assets of a company were they to be sold, as opposed to a company's going concern value. The going concern metric was deemed to be the more appropriate metric for Indigo as its value as a going concern was more favorable.

The Indigo boards did not consider whether this transaction was fair or advisable from the perspective of one who will receive the minimum consideration. While the Indigo boards have recommended that the Indigo shareholders accept the exchange offer and tender their shares pursuant to the exchange offer, they have not recommended that a shareholder select the fixed or the contingent price consideration. In evaluating the offer agreement, the

Indigo boards considered the overall value of the consideration being offered and the fact that each shareholder had the ability to elect the consideration alternative of preference, subject to proration. In light of the contractual commitment by the LFT Entities to receive the underscribed consideration, each shareholder is guaranteed to receive at least 82% of her preferred consideration election. This means that if all Indigo shareholders elected the fixed price consideration and assuming the CVR had no value, each unaffiliated Indigo shareholder would receive a minimum blended per share price of $7.23 ($7.50 per share for 82% of his or her Indigo common shares and $6.00 per share for 18% of his or her Indigo common shares).

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

- Dr. Birnbaum did not participate in any deliberations of the Indigo boards regarding the exchange offer; and

- the approval by the Indigo boards of the exchange offer included an approval by a majority of the non-management, non-affiliated independent directors who have no relationship with HP.

The independent Indigo directors did not retain an "unaffiliated representative," within the meaning of Regulation M-A under the Securities Act and the Exchange Act, to act solely on behalf of unaffiliated shareholders of Indigo for purposes of negotiating the terms of the exchange offer, because the independent directors of Indigo, who have no affiliation with HP, believe that they acted solely on behalf of the unaffiliated shareholders of Indigo. In addition, the sale of Indigo was not structured to require the approval of a majority of Indigo's shareholders other than HP, because of Mr. Landa's role in negotiating the transaction with HP. As indicated above, the Landa Family Trust, of which Mr. Landa is a beneficiary, holds 47.6 million Indigo common shares or approximately 49.62% of the outstanding Indigo common shares not including Indigo common shares owned by HP, as of December 31, 2001. Notwithstanding the absence of an "unaffiliated representative" and a vote of the majority of the shareholders unaffiliated with HP, the Indigo boards, excluding Dr. Birnbaum (who has recused himself), believe that the exchange offer is fair to and in the best interests of Indigo's affiliated and unaffiliated shareholders.

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

Recommendation of the Indigo Boards

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

Opinion of Indigo Financial Advisor Regarding the Exchange Offer

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

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

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

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

- reviewed certain publicly-available financial statements and other information of Indigo and HP;

- reviewed certain internal financial statements and other financial and operating data concerning Indigo prepared by the management of Indigo;

- analyzed certain financial forecasts prepared by the management of Indigo, which forecasts Indigo's management represented to Gleacher were consistent with their best judgments as to the future financial performance of Indigo and were the best then available forecasts with respect to such future financial performance of Indigo and which forecasts did not materially differ from those financial projections described in the section titled "Summary Indigo Financial Projections" on page 84 except that the financial projections relied on by Gleacher included a long-term revenue growth rate of approximately 25%, in contrast to the long-term growth rate set forth on page 86 of 30% or higher;

- discussed with Indigo's management and other senior executives the past and current operations and financial condition and the prospects of Indigo;

- discussed with senior executives of HP the past and current operations and financial condition and the prospects of HP;

- reviewed the reported prices and historical trading activity of Indigo common shares and the HP common stock;

- compared the financial performance of Indigo and HP and the reported prices and historical trading activity of Indigo common shares and the HP common stock with that of certain other comparable publicly-traded companies and their securities;

- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

- reviewed a draft of the offer agreement and certain related documents; and

- performed such other analyses and considered such other factors as Gleacher deemed appropriate.

In rendering its opinion, Gleacher assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information reviewed by it for the purposes of its opinion. With respect to the financial projections provided to Gleacher, with the consent of the combined board of Indigo, Gleacher assumed that they had been reasonably prepared and were consistent with the best then-available estimates and judgments of Indigo's management as to the future financial performance of Indigo. Gleacher did not, with the permission of the combined board of Indigo, discuss with HP financial forecasts, with respect to HP, which were prepared by unaffiliated financial analysts, but Gleacher assumed that such forecasts represent the best then available estimates of the future financial performance of HP. Further, HP did not provide to Gleacher any internally prepared financial forecasts with respect to HP. Gleacher assumed no responsibility for and expressed no view as to such forecasts or the assumptions on which they were based, and, with respect to Indigo, relied upon the assurances of Indigo's management that they were unaware of any facts that would make the information provided to or reviewed by it incomplete or misleading. Gleacher also assumed, based upon the information which was provided to it and without assuming responsibility for independent verification therefore, that no material undisclosed liability existed with respect to Indigo or HP. Gleacher did not make any independent valuation or appraisal of the assets or liabilities (contingent or otherwise) of Indigo or HP or any of their subsidiaries, nor was Gleacher furnished with any such valuations or appraisals. Gleacher assumed that the acquisition transaction described in the offer agreement will be accounted for as a purchase transaction in accordance with U.S. generally accepted accounting principles, commonly referred to as "U.S. GAAP," and will constitute a taxable transaction under the Internal Revenue Code. Gleacher also assumed that the acquisition transaction will be consummated in accordance with the terms set forth in the offer agreement (which Gleacher assumed would be substantially in the form of the draft provided to it) and that all of the representations and warranties of the parties to the offer agreement were true, that the covenants of each party to the offer agreement

will be fully complied with, and that all conditions to the acquisition transaction set forth in the offer agreement will be satisfied and not waived, in each case, in all respects material to Gleacher's analysis. In addition, with the consent of the combined board of Indigo, Gleacher did not consider the effects of, either on the financial projections of HP or otherwise, nor did Gleacher analyze, any recently announced transactions involving HP, including the announced merger transaction between HP and Compaq Computer Corporation. Gleacher's opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion. It should be understood that, although subsequent developments may affect its opinion, Gleacher does not have any obligation to update, revise or reaffirm its opinion.

Gleacher's opinion addresses only the fairness, from a financial point of view, of the consideration to be offered to the holders of Indigo common shares (other than HP and its affiliates), and Gleacher does not express any view as to any other term of the proposed acquisition transaction or any other matters contemplated by the offer agreement. Gleacher's opinion does not address Indigo's underlying business decision to effect the transactions contemplated by the offer agreement, nor does it value the HP common stock.

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

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

- The transaction is to be structured as an exchange offer pursuant to which each outstanding Indigo common share tendered into the offer would be exchanged, at the election of the holder thereof and subject to the proration and other provisions contained in the offer agreement, for (i) the fixed offer price or (ii) the contingent offer price. The fixed offer price is equal to a number of shares of HP common stock computed as follows:

    - if the average of the closing sales prices of the HP common stock on the New York Stock Exchange for the twenty consecutive trading days ending on the third trading day prior to the date on which we initially accept for payment Indigo common shares tendered into the exchange offer is less than or equal to $23.68 and greater than or equal to $16.69, the fixed offer price shall be equal to the quotient obtained by dividing $7.50 by such average HP closing sales price;

- if such average HP closing sales price is less than $16.69, the fixed offer price shall be equal to 0.4494; and

- if such average HP closing sales price is greater than $23.68, the fixed offer price shall be equal to 0.3167.

The contingent offer price is equal to the contingent price exchange ratio plus one contingent value right, or CVR. The contingent price exchange ratio equals a number of shares of HP common stock computed as follows:

- if the average of the closing sales prices of the HP common stock on the New York Stock Exchange for the twenty consecutive trading days ending on the third trading day prior to the date on which we initially accept for payment Indigo common shares tendered into the exchange offer is less than or equal to $23.68 and greater than or equal to $16.69, the contingent price exchange ratio shall be equal to the quotient obtained by dividing $6.00 by such average HP closing sales price;

- if such average HP closing sales price is less than $16.69, the contingent price exchange ratio shall be equal to 0.3595; and

- if such average HP closing sales price is greater than $23.68, the contingent price exchange ratio shall be equal to 0.2534.

Each CVR entitles the holder to receive a cash payment equal to:

- if the LEP revenue during the three-year measuring period commencing on the later of the first day of the first month subsequent to the closing of the offer or February 1, 2002 is equal to or greater than $1.6 billion, $4.50;

- if the LEP revenue during the measuring period is equal to or less than $1.0 billion, $0; and

- if the LEP revenue during the measuring period is less than $1.6 billion but greater than $1.0 billion, the dollar amount equal to the product of $4.50 and the quotient obtained by dividing (x) the number by which LEP revenue exceeds $1.0 billion by (y) $600 million.

LEP revenue means the actual net revenue (to be based on U.S. GAAP, as applied by HP consistent with its financial Securities and Exchange Commission reporting practices as of the beginning of the measuring period) from the sale or lease of LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement) by HP and its affiliates during the measuring period plus the present value, as of the end of the measuring period, of remaining minimum contractually committed payments associated with such digital press products placed during the measuring period under operating leases (as more fully described in the CVR agreement).

- Entities directly or indirectly controlled by the Landa Family Trust agreed to formally support the transaction, through a commitment to tender and to receive the undersubscribed consideration and the granting of voting proxies, and to grant to HP options for their shares, exercisable at the contingent offer price, which become exercisable upon the breach by the Landa Family Trust entities of such tender agreements.

- The offer agreement provided for a termination fee of $27 million (plus a maximum of $2 million of expenses), subject to the provisions of the offer agreement.

- The acquisition transaction will be accounted for as a purchase transaction in accordance with U.S. GAAP.

- The acquisition transaction is expected to constitute a taxable transaction under the Internal Revenue Code.

Historical Trading Analysis. Gleacher reviewed the historical closing prices of the HP common stock and Indigo common shares and the implied historical exchange ratios, determined by dividing the closing price per Indigo common share by the closing price per share of HP common stock, on certain dates and over certain periods of time. The table below summarizes (i) the implied historical exchange ratio as of September 4, 2001 and the average implied historical exchange ratios for various periods leading up to and including September 4, 2001 and (ii) the premium of an assumed fixed offer price of 0.3975, based on the closing price of the HP common stock on September 4, 2001, to these implied historical exchange ratios.

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

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

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

	Enterprise Value / Revenues			Enterprise Value /	Equity Value /
	LTM	2001E	2002E	2002E EBITDA	Book Value
High	2.87x	2.11x	1.50x	12.7x	3.2x
Low	0.29	0.24	0.24	2.6	0.7
Mean	1.05	0.98	0.87	7.5	1.6
Median	1.02	0.99	0.80	7.6	1.3
Indigo (CVR @ $0)	4.13	3.74	2.99	40.8	6.6
Indigo (CVR @ $3.00)	5.22	4.73	3.77	51.5	8.2

Gleacher calculated the multiples implied by enterprise values of $738 million and $932 million, based on the aggregate consideration to be offered to holders of Indigo common shares assuming values ascribed to the CVR of $0 and $3.00 (the present value of the maximum CVR payout of $4.50, discounted at 12.0%), respectively. Gleacher noted that the aggregate consideration to be offered to holders of Indigo common shares, assuming no value ascribed to the CVR, implies enterprise value multiples of 4.13x LTM revenues, 3.74x calendar year 2001 revenues, 2.99x calendar year 2002 revenues, and 40.8x calendar year 2002 EBITDA, respectively, and an equity value multiple of 6.6x book value. Gleacher further noted, for illustrative purposes only, that the aggregate consideration to be offered to holders of Indigo common shares, assuming $3.00 of value ascribed to the CVR (the present value of the maximum CVR payout of $4.50, discounted at 12.0%), implies enterprise value multiples of 5.22x LTM revenues, 4.73x calendar year 2001 revenues, 3.77x calendar year 2002 revenues, and 51.5x calendar year 2002 EBITDA, respectively, and an equity value multiple of 8.2x book value.

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

	Enterprise Value / LTM			Equity Value / LTM		Price / EPS	
	Revenues	EBITDA	EBIT	Net Income	Book Value	2001E	2002E
High...............	2.27x	20.0x	22.0x	28.7x	12.0x	34.1x	32.2x
Low................	1.17	7.5	11.4	20.0	2.0	18.0	16.0
Mean...............	1.67	13.6	16.7	22.9	5.7	25.3	22.8
Median.............	1.67	12.5	16.1	21.4	4.9	22.2	21.0
HP.................	0.83	11.0	18.4	17.5	2.7	22.3	16.4

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

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

Precedent Transaction Analysis. Gleacher reviewed the multiples and premiums paid in certain selected public change of control transactions that Gleacher deemed relevant. The selected comparison group included a total of eight transactions (with respective announced enterprise values and closing dates included in parentheses):

- Salsa Digital, Ltd. acquisition by NUR Macroprinters Ltd. ($30 million, 07/05/00);
- Scitex Corporation Ltd. (digital pre-print business) acquisition by Creo Products Inc. ($537 million, 04/04/00);
- Tektronix Inc. (color printing division) acquisition by Xerox Corporation ($950 million, 01/03/00);
- Idanit Technologies Ltd. acquisition by Scitex Corporation Ltd. ($60 million, first quarter of 1998);
- Linotype-Hell AG acquisition by Heidelberger Druckmaschinen AG ($152 million, fourth quarter of 1996);
- Rockwell International Corporation (graphic systems business) acquisition by Stonington Partners, Inc. ($600 million, 10/15/96);
- Scitex Corporation Ltd. acquisition by an investor group led by Mr. Davidi Gilo ($933 million, Canceled); and
- Imaje, S.A. acquisition by Dover Corporation ($212 million, 10/16/95) (collectively referred to as the precedent transactions).

The consideration in each of the precedent transactions consisted of 100% cash, with the exception of the Salsa Digital, Ltd. acquisition by NUR Macroprinters Ltd., which consisted of a combination of cash and stock. None of the above transactions had an election feature or a contingent value right component.

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

	Enterprise Value / LTM Revenues	Equity Value / Book Value
High	4.62x	5.0x
Low	0.26	1.5
Mean	1.44	3.0
Median	1.17	2.7
Indigo (CVR @ $0)	4.13	6.6
Indigo (CVR @ $3.00)	5.22	8.2

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

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

Premiums Paid Analysis. Gleacher reviewed the premiums paid in a broad group of selected public change-of-control transactions in the technology sector with transaction values greater than $100 million, announced during 2000 and 2001. The analysis reflects approximately 225 transactions announced since January 1, 2000, for which public data are available. Gleacher reviewed the purchase premiums based on the targets' closing share prices one day, one week, and four weeks prior to the announcement date of the respective transactions. All data are based on publicly-available information and on market information as of September 4, 2001. The mean and median of these premiums are summarized in the table below.

	Purchase Premiums		
	One Day	One Week	Four Weeks
Mean	35.1%	42.8%	54.5%
Median	31.5	36.4	49.5
Indigo (CVR @ $0)	32.3	34.4	51.4
Indigo (CVR @ $3.00)	67.7	70.5	91.9

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

Discounted Cash Flow Analysis. Gleacher performed a discounted cash flow analysis to calculate an estimate of the theoretical present value per fully-diluted common share of Indigo using financial forecasts

through the fiscal year ending December 2005 that were prepared by the management of Indigo. Gleacher utilized discount rates ranging from 12.0% to 13.0% and EBITDA terminal value multiples ranging from 8.0x to 10.0x. This analysis showed a range of present values per fully-diluted Indigo share of $5.00 to $6.12. Gleacher also performed a discounted cash flow analysis using a separate set of financial forecasts through the fiscal year ending December 2005 that were prepared by the management of Indigo to reflect the potential projected financial performance of Indigo under a more conservative scenario. For the same respective ranges of discount rates and EBITDA terminal value multiples, this analysis showed a range of present values per fully-diluted Indigo share of $2.87 to $3.49. The Discounted Cash Flow Analysis did not purport to be indicative of actual values or expected values of the Indigo common shares before or after the acquisition transaction.

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

* * *

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

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

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

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

certain related parties from and against certain liabilities and expenses, including certain liabilities under the federal securities laws, in connection with its engagement.

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

Gleacher delivered to the combined board of Indigo a document titled "Cumulative 2002-2004 Revenue at Various Growth Rates." This document summarizes:

- the revenue thresholds and CVR payouts of the contingent payment mechanism initially proposed by HP (on July 23, 2001);
- the projected three-year (2002-2004) cumulative revenue generated by Indigo assuming a range of hypothetical annual revenue growth rates and an estimated 2001 revenue figure provided by Indigo management;
- the CVR payout that would be delivered based on such hypothetical cumulative revenue figures; and

- the implied total consideration.

A copy of this document has been included as exhibit (c)(v) to the Transaction Statement on Schedule 13E-3 filed by HP, Indigo and Benzion Landa in connection with this exchange offer.

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

Interests of Indigo Directors and Executive Officers in the Exchange Offer

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

- The indemnification arrangements for directors and executive officers of Indigo will continue until the sixth anniversary of the closing of the exchange offer.

- As of the closing of the exchange offer, all unvested Indigo stock options held by non-employee members of Indigo's boards who resign on the closing of the exchange offer will fully vest, which will result in the accelerated vesting of options to purchase approximately 169,500 Indigo common shares held by those members.

- Upon the closing of the exchange offer, the positions of Chairman and Chief Executive Officer of Indigo, presently held by Mr. Landa, will no longer be available with their current responsibilities. Therefore, at the closing of the exchange offer, the employment of Mr. Landa will terminate and Mr. Landa will receive a $2.5 million cash payment in settlement of payments due to him under his employment relationship with Indigo.

- Pursuant to a consulting agreement entered into between Mr. Landa and HP, which becomes effective upon the closing of the exchange offer, Mr. Landa will be appointed to the position of a strategic advisor to the HP chief executive officer and may, among other things, advise HP regarding (1) identification of technical synergies and business opportunities both within HP and outside HP, (2) integration of Indigo's business into the operations of HP and (3) strategic planning and tactics

regarding printing and imaging products and markets. Under the consulting agreement, Mr. Landa will not be compensated by HP, except that HP will provide Mr. Landa with a private laboratory at Indigo's business facilities, technical support of up to two full-time laboratory engineers, as well as office space and secretarial support, all of which will be available for Mr. Landa's personal use or his consulting services, and that Mr. Landa will be reimbursed for all reasonable travel, entertainment or other expenses incurred in connection with his consulting services. Under the terms of the consulting agreement, Mr. Landa is free to determine the level of effort and time that he wants to devote as a consultant to HP and therefore is not obligated to provide any minimum amount of consulting services. The consulting agreement may be terminated with or without cause by either party upon sixty days notice after the second anniversary of the closing of the exchange offer.

- Upon closing of the exchange offer, three other Indigo executive officers, Mr. Rafi Maor, Indigo's President and Chief Operating Officer; Mr. Alon Bar-Shany, Indigo's Chief Financial Officer; and Ms. Mimi Sela, Indigo's Corporate Vice President of Strategic Alliances, will have employment arrangements with us which will entitle them to receive severance and retention payments under certain circumstances, as well as equity incentive compensation as summarized below. In addition, the closing of the exchange offer will trigger the full acceleration of all unvested Indigo stock options held by Mr. Maor to purchase approximately 284,500 Indigo common shares.

  - Mr. Maor. At the closing of the exchange offer, Mr. Maor will be employed by us pursuant to the terms of our recently executed employment agreement with him. Under the employment agreement, Mr. Maor or his heirs shall be entitled to receive a cash payment of $860,000 (24 times his monthly salary under the employment agreement) if he continues to be employed by us for three years or if he is terminated beforehand without cause or as a result of his death. If Mr. Maor's employment under the agreement continues for more than three years, he will be entitled to receive an additional cash payment of $215,000 (6 times his monthly salary under the employment agreement) upon his subsequent resignation or termination. Mr. Maor also will be granted an option to purchase 75,000 shares of HP common stock at an exercise price equal to 75% of the fair market value on the date of the grant. Subject to Mr. Maor's continued employment with us, the shares covered under such option grant shall be fully exercisable upon the third anniversary of the closing of the exchange offer or his death.

  - Mr. Bar-Shany. At the closing of the exchange offer, Mr. Bar-Shany will be employed by us. The terms of his employment agreement, which are presently being negotiated by us, are expected to include a three-year term and to provide that upon the earlier of the completion of his employment term or termination by us without cause, he will be entitled to receive a payment equal to 24 times his expected monthly base salary for an approximate total of $560,000 and accelerated vesting of all unvested stock options. If Mr. Bar-Shany's employment with us continues for more than three years and he is subsequently terminated by us without cause, it is expected he will be entitled to receive an additional cash payment of $140,000 (6 times his expected monthly base salary). In addition, it is expected that Mr. Bar-Shany also will be granted an option to purchase 50,000 shares of HP common stock at an exercise price equal to 75% of the fair market value on the date of the grant and that, subject to Mr. Bar-Shany's continued employment with us, the shares covered under such option grant shall be fully exercisable upon the third anniversary of the closing of the exchange offer or his death.

  - Ms. Sela. At the closing of the exchange offer, Ms. Sela will continue to be employed by us. The terms of her employment agreement, which are presently being negotiated by us, are expected to include a one-year to three-year term and to provide that upon the earlier of the completion of the first year of such term or termination by us without cause, she will be entitled to receive a payment equal to approximately 24 times her expected monthly base salary for an approximate total of $360,000 and accelerated vesting of all unvested stock options.

The aggregate amount of the cash severance and retention payments for these three executive officers, if paid in full, will total approximately $2,135,000.

- The tender and option agreement pursuant to which entities directly or indirectly controlled by a foundation, which we refer to as the Landa Family Trust, of which Mr. Landa is a beneficiary, agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all the Indigo common shares held by each of those shareholders, and in a separate tender and option agreement, the Landa Family Trust agreed to support such agreements by the entities controlled by the trust.

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

HP's Purposes and Reasons for the Exchange Offer

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

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

- the ability of the combined company to create a more compelling combination of products and support services for its customers;
- the addition of a third high-speed color print technology to our highly successful Inkjet and LaserJet technologies to serve as a platform for addressing the high-end digital commercial printing market;
- the further ability of the combined company to develop products utilizing Indigo's high-speed color print technology to address the commercial printing market and potentially certain industrial printing applications in areas such as CDs, labels and packaging;
- faster time to market for new products and solutions in the commercial printing market;
- the potential to utilize Indigo's high-speed color print technology for the high-end of digital photo-finishing; and
- the acquisition of an experienced, specialized sales force.

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

- the judgment, advice and analysis of our management with respect to the potential strategic, financial and operational benefits of the transaction, including management's favorable recommendation of the transaction, based in part on the business, technical, financial, accounting and legal due diligence investigations performed with respect to Indigo;

- the judgment, advice and analysis of our management that the commercial printing industry is ready for significant transition to digital work flows, which could represent a growth opportunity for us;

- the terms of the offer agreement and related agreements, including the exchange offer being structured to offer both the fixed offer price and the contingent offer price alternatives;

- the fact that a significant portion of the total purchase price is contingent and payable pursuant to the CVRs only in the event that we are successful in generating significant revenue growth in the business over a three-year period; and that if such revenue targets are not met for any reason, no payment will be made under the CVRs; and

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- the benefits that the acquisition would provide as compared to the alternative of leaving the existing commercial relationship between us and Indigo in place.

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

- the risk that the transaction might not be completed in a timely manner or at all; and

- the general difficulties of integrating products, technologies and companies.

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

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

Mr. Landa's Belief Regarding the Fairness of the Exchange Offer

Mr. Landa has concluded that the offer is fair to Indigo's affiliated and unaffiliated shareholders for the express reasons set forth above with respect to Indigo's management board, supervisory board and combined board and Mr. Landa expressly adopts the conclusions and analyses of Indigo's management board, supervisory board and combined board described above.

HP's Belief Regarding the Fairness of the Exchange Offer

Because we currently own approximately 13.4% of the outstanding Indigo common shares through Hewlett-Packard B.V., a wholly-owned subsidiary, and because we have designated one member of Indigo's combined board and supervisory board, we may be deemed to be an affiliate of Indigo for purposes of Rule 13e-3 under the Exchange Act. As a result, we may be required, under Rule 13e-3, to state whether we reasonably believe that the exchange offer is fair to unaffiliated shareholders of Indigo.

WE ARE MAKING THE STATEMENTS INCLUDED IN THIS SUB-SECTION SOLELY FOR THE PURPOSES OF COMPLYING WITH THE REQUIREMENTS OF RULE 13E-3 AND RELATED RULES UNDER THE EXCHANGE ACT. DUTCH LAW DOES NOT RECOGNIZE THE CONCEPT OF A FIDUCIARY RELATIONSHIP BETWEEN SHAREHOLDERS, AND WE HEREBY EXPRESSLY DISCLAIM ANY FIDUCIARY RELATIONSHIP OR OBLIGATION TO INDIGO SHAREHOLDERS OTHER THAN OBLIGATIONS UNDER THE SECURITIES ACT AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER IN CONNECTION WITH THE EXCHANGE OFFER AND SALE OF HP COMMON STOCK AND CVRS IN CONNECTION WITH THE EXCHANGE OFFER.

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

- The fact that, pursuant to the offer agreement (1) the holders of Indigo common shares can elect either to participate in the potential success of the Indigo business by electing the contingent offer price of $6.00, subject to adjustment, in HP common stock and a CVR or to choose the fixed offer price of $7.50, subject to adjustment, in HP common stock, and (2) if a holder wished to elect one or the other offer price option, such election would be honored as much as possible because, pursuant to the tender

and option agreement, entities directly or indirectly owned by a foundation, the Landa Family Trust, of which Benzion Landa, Indigo's Chairman and Chief Executive Officer, is a beneficiary, have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by each of those shareholders.

- The fact that the value of the consideration offered in the exchange offer represents a premium over the market price at which Indigo common shares have recently traded.

- The fact that the members of Indigo's supervisory, management and combined boards, excluding and acting without Dr. Birnbaum, who are not employed by or otherwise affiliated with us and are elected by holders of Indigo common shares, represented Indigo and the interests of the shareholders of Indigo unaffiliated with HP in the sale process and selected and were advised by Gleacher as a financial advisor and Gibson, Dunn & Crutcher LLP as legal counsel in connection with the exchange offer process.

- The fact that executive officers of Indigo, who are not HP employees or affiliates negotiated with us with respect to the exchange offer and the offer agreement.

- The fact that acting without Dr. Birnbaum, the members of Indigo's supervisory, management and combined boards have confirmed that they engaged in numerous and lengthy deliberations to evaluate the offer agreement and alternatives to the offer agreement, and engaged in lengthy negotiations that resulted in the terms of the offer agreement, as described above in "--Background of the Exchange Offer."

- The terms and conditions of the offer agreement, including the amount and form of the consideration, as well as the parties' mutual representations, warranties and covenants, and the conditions to their respective obligations.

- The unanimous approval of Indigo's supervisory, management and combined boards, acting without Dr. Birnbaum, and their recommendation that Indigo shareholders tender their Indigo common shares in the exchange offer.

- Our belief that the value of the consideration offered to Indigo shareholders in the exchange offer, without attributing any value to the CVRs, is higher than the going concern value for the equity of Indigo.

- The fact that we are not aware of any firm offers made by any unaffiliated person during the past two years for a merger or consolidation of Indigo, a purchase or other transfer of all or substantially all of Indigo's assets, or a purchase of Indigo common shares that would enable the holder to exercise control of Indigo.

- The fact that Indigo's combined board engaged Gleacher to act as Indigo's financial advisor in connection with the proposed business combination with HP and that Gleacher has issued an opinion to Indigo's combined board, dated September 6, 2001, that as of that date and subject to the assumptions and limitations set forth in the opinion, the consideration provided for pursuant to the offer agreement was fair to the holders of Indigo common shares, other than HP and its subsidiaries, from a financial point of view.

The HP board considered the overall value of the consideration offered in the exchange offer. In light of the contractual commitment by the LFT Entities to receive the undersubscribed consideration, HP was aware that unaffiliated Indigo shareholders would receive the consideration form of their choice for most of their tendered Indigo stock, and did not consider whether the transaction was fair or advisable from the perspective of one who will receive the minimum consideration. As discussed elsewhere in this prospectus, in light of the contractual commitment by the LFT Entities to receive the undersubscribed consideration, each unaffiliated Indigo shareholder is guaranteed to receive at least 82% of her preferred consideration election. This means that if all shareholders elected the fixed price consideration and assuming that the CVR had no value, each unaffiliated Indigo shareholder

would receive a minimum blended per share price of $7.23 ($7.50 per share for 82% of his or her Indigo common shares and $6.00 per share for 18% of his or her Indigo common shares).

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

We considered a number of factors, including the historical trading price of Indigo, which during the 52 week period prior to the announcement of the proposed transaction ranged from $2.97 to $8.63, the premiums paid in public company change of control transactions, the potential for HP to create positive revenue and cost synergies, the potential that the integration of Indigo into HP may not proceed well, the possibility that the commercial printing market may be slow to adopt digital technologies, and the near-term impact of the transaction on the operating results of HP and the Imaging and Printing Systems segment. In addition, we considered the challenge of addressing Indigo's stated need for an offer price, which was significantly higher than the market price, and the possibility of reducing the risk of overpaying if a portion of the purchase price could be contingent upon the future performance of the Indigo business. We did not perform an analysis of the net book value or liquidation value of Indigo. However, we believe that the consideration offered to Indigo shareholders is in excess of Indigo's net book value and in excess of Indigo's liquidation value.

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

Post-Closing Restructuring

Immediately after the exchange offer is completed, Indigo will be a majority-owned subsidiary of HP. The offer agreement provides that following completion of the exchange offer, we may but are not required to effectuate a corporate restructuring, which we refer to as the post-closing restructuring of Indigo and its subsidiaries, which may include, without limitation:

(1) the commencement of a compulsory acquisition by us of Indigo common shares from any remaining minority shareholder in accordance with Section 2:92a of the Dutch Civil Code;

(2) the sale and transfer by Indigo, or any of its subsidiaries, to us, or any of our affiliates, of all or a portion of the assets of Indigo (including capital stock of a subsidiary) or its subsidiaries;

(3) the transfer of employees from Indigo or an Indigo subsidiary to us or any of our affiliates, and the transfer of employees from us or any of our affiliates to Indigo or an Indigo subsidiary;

(4) the amendment of Indigo's articles of association to permit the creation, among other things, of separate classes of shares;

(5) the liquidation or merger of an Indigo subsidiary into Indigo or us or any of our affiliates;

(6) the distribution of an extraordinary dividend on the shares of Indigo or a particular class or classes of shares of Indigo;

(7) the effectuation by Indigo and one or more Dutch subsidiaries of ours of a legal merger within the meaning of Section 2:309 of the Dutch Civil Code;

(8) the termination of the listing of Indigo's shares on the Nasdaq National Market;

(9) the deregistration of Indigo under the Exchange Act and the cessation of Indigo's reporting obligations thereunder; or

(10) any one or more combinations of any of the foregoing actions.

Upon the completion of the exchange offer, we may but are not obligated to exercise the acquisition warrant in order to reach the 95% ownership threshold necessary to commence a compulsory acquisition in accordance with Section 2:92a of the Dutch Civil Code.

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

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

- at least 750,000 publicly-held shares, held by at least 400 stockholders of round lots, with a market value of at least $5 million and net tangible assets of at least $4 million and at least two registered and active market makers for the shares; or

- at least 1,100,000 publicly-held shares, held by at least 400 stockholders of round lots, with a market value of at least $15 million and at least four registered and active market markers, and either:

  - a market capitalization of at least $50 million; or

  - total assets and total revenue of at least $50 million each for the most recently completed fiscal year or two of the last three most recently completed fiscal years.

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

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

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

According to Indigo, there were, as of December 31, 2001, 110,680,527 Indigo common shares issued and outstanding.

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Federal Reserve Board Regulations; Status as "Margin Securities"

Federal Reserve Board regulations restrict the extension or maintenance of credit for the purpose of buying or carrying margin stock if the credit is secured directly or indirectly by margin stock. Such secured credit may not be extended or maintained in an amount that exceeds the maximum loan value of the margin stock. The Indigo common shares are presently "margin securities" under the regulations of The Federal Reserve Board, which therefore has the effect, among other things, of allowing brokers to extend credit on the collateral of Indigo common shares. Depending on factors similar to those described above with respect to market quotations, following completion of the exchange offer, the Indigo common shares may no longer constitute "margin securities" for the purposes of the Federal Reserve Board's margin regulations, in which event the Indigo common shares would not be eligible as collateral for margin loans made by brokers.

Registration under the Securities Exchange Act of 1934

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

Benefits and Detriments of the Exchange Offer

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

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

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

United States Federal Income Tax Consequences of the Exchange Offer

The following discussion represents the opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation, counsel to HP, with respect to the material United States federal income tax consequences to holders of Indigo common shares who tender shares in the exchange offer. This discussion is based on current

United States federal income tax law, which is subject to change at any time, possibly with retroactive effect, in a manner that could affect the information set forth below.

This discussion is intended only as a summary and does not purport to be a complete analysis of all of the potential tax effects of the exchange offer for all categories of Indigo shareholders. In particular, this discussion does not deal with all United States federal income tax considerations that may be relevant to Indigo shareholders in light of their particular circumstances (such as shareholders who are insurance companies, tax-exempt organizations, dealers in securities, shareholders who hold their Indigo common shares as part of a hedge, appreciated financial position, straddle, or conversion transaction, who are subject to the alternative minimum tax provisions of the Internal Revenue Code, who are foreign persons, or who acquired their shares upon exercise of stock options or in other compensatory transactions). In addition, the following discussion does not address the tax consequences of the exchange offer under foreign, state, or local tax laws. It is assumed for purposes of the following discussion that the Indigo common shares are, and that the HP common stock and the CVRs will be, held as capital assets for United States federal income tax purposes.

Taxable Transaction. Newco is not controlled by HP within the meaning of Section 368(c) of the Internal Revenue Code, and the consideration in the exchange offer does not consist solely of HP voting stock. As a result, the exchange of Indigo common shares for shares of HP common stock, CVRs and cash instead of fractional shares of HP common stock pursuant to the exchange offer will be a taxable transaction to the Indigo shareholders for United States federal income tax purposes.

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

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

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

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

shareholder's tax basis in the CVR, the shareholder will recognize a loss. Such gain or loss will be long-term capital gain or loss.

Although not free from doubt, any payment in the future to a holder of a CVR should be treated as a payment under a contract for the sale or exchange of Indigo common shares to which Section 483 of the Internal Revenue Code applies. Under Section 483, a portion of the payment pursuant to a CVR will be treated as interest, which will be ordinary income to the holder of the CVR. The interest amount will equal the excess of the amount received over its present value at the closing of the exchange offer, calculated using the applicable federal rate as the discount rate. The applicable federal rate is a rate reflecting an average of market yields on Treasury debt obligations for different ranges of maturities that is published monthly by the Internal Revenue Service. The relevant applicable federal rate will be the lower of the lowest applicable federal rate in effect during the 3-month period ending with the month that includes the date on which the offer agreement was signed or the lowest applicable federal rate in effect during the 3-month period ending with the month that includes the date of the exchange. The maturity range of the relevant applicable federal rate will correspond to the period from the date of the exchange to the date the amount is received or deemed received. The holder of a CVR must include in income Section 483 interest using such holder's regular method of accounting (such amount being taken into account when paid, in the case of a cash method holder, and when fixed, in the case of an accrual method holder). The portion of the payment pursuant to a CVR that is not treated as interest under Section 483 will be treated as sales proceeds from the exchange of the CVRs, as discussed above.

In the event that the CVRs are treated as debt instruments for United States federal income tax purposes, the tax treatment would be as described above except that, instead of including interest income at the time of payment under Section 483, a holder would be required to include currently an amount in income as interest (based on the yield of "comparable" debt instruments) in advance of the receipt of any payment, regardless of a holder's method of accounting.

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

Treatment of Shareholders Not Participating in the Exchange Offer. Indigo shareholders who do not sell their Indigo common shares pursuant to the exchange offer and who receive payment for their shares in a compulsory acquisition of common shares in accordance with Section 2.92a of the Dutch Civil Code or in a legal merger within the meaning of Section 2:309 of the Dutch Civil Code will recognize gain or loss (and may recognize an amount of interest income) attributable to any payment received pursuant to those transactions. Such gain or loss (other than interest income) will be capital gain or loss and will be long-term capital gain or loss if the shareholder's holding period is more than one year.

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

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

Treatment of HP and Indigo. Neither HP nor Indigo will recognize gain or loss for United States federal income tax purposes solely as a result of the exchange offer.

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

Shareholders are urged to consult their own tax advisors regarding the federal, state, local, foreign, and other tax consequences of the exchange offer in light of their particular circumstances.

Relationships Between HP and Indigo

Except for the voting, tender, tender and option, and affiliate agreements described in the section titled "Agreements Related to the Offer Agreement" and as otherwise described in this prospectus, neither we nor, to the best of our knowledge, any of our directors, executive officers or affiliates has any agreement, arrangement or understanding with any other person with respect to any Indigo securities. Except as described herein, there have been no negotiations, transactions or material contacts during the past two years between us, or to the best of our knowledge any of our directors, executive officers or affiliates, on the one hand, and Indigo or any of its directors, executive officers or affiliates, on the other hand, concerning any: (1) merger, (2) consolidation, (3) acquisition, (4) tender offer for or other acquisition of Indigo securities, (5) election of Indigo's directors or (6) sale or other transfer of a material amount of Indigo's assets.

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

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

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

Strategic Affiliation Agreement

We and Indigo have been familiar with each other's businesses for many years. In November 1998, we entered into a strategic affiliation agreement with Indigo pursuant to which we agreed, among other things (1) to

explore the co-development and sales cooperation between Indigo and us, (2) to identify necessary factors to achieve broad market adoption of Indigo's technology, and (3) to form a strategic alliance for exploring future products and applications. In September 2000, we made the equity investment in Indigo described below.

The Stock Purchase Agreement

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

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

The OEM Agreement and the Co-Development Agreement

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

Pursuant to the OEM agreement, we agreed to select one or more Indigo-manufactured printers that we will sell on an OEM basis as an HP product. Indigo has granted us most favored OEM status with respect to prices and payment terms. Indigo warrants the OEM printers and spare parts purchased by us against defects arising from faulty materials or workmanship for a three-month period following receipt by us. The OEM Agreement terminates on December 31, 2003 and is automatically extended for additional three-year periods unless we give Indigo 90 days notice of termination.

The Indigo product which we initially selected for distribution under the OEM Agreement is similar in configuration to Indigo's Platinum press. We commenced selling this product in June 2001 as the HP 6600 digital press. In December 2001, Indigo and HP agreed to add several different models of Indigo presses to the products we could purchase under the OEM Agreement and we satisfied our prior commitment to purchase 6600 digital presses by issuing a purchase order for $5,010,000 for such additional Indigo products in the fourth quarter of 2001.

Pursuant to the co-development agreement, we and Indigo agreed to cooperate in the development of a family of low-cost digital color printers. We agreed to define the technical specifications of such products. We agreed to focus on the development of the formatter and system, while Indigo agreed to focus on the development of the ink and engine. We agreed to finance up to $25 million of Indigo's R&D activities related to the project over a three-year period, which funding shall be matched by Indigo. The agreement also provides for the relocation of approximately 10 HP technical experts to Indigo's facilities in Israel. Each party shall have the right to brand and sell such products. Transfer prices for such products shall be based upon a margin sharing formula that varies based upon the branding and mode of sale of the product. The co-development agreement terminates, by its terms, in 2020 (subject to renewal by us for 2 additional five-year terms) but can be unilaterally terminated by us on June 30, 2002 or September 30, 2003.

Pursuant to the co-development agreement, we paid Indigo $5,000,000 in December 2000 and in December 2001 we paid Indigo an additional $3,750,000. After such payment, we may determine within ten days of June 30, 2002 whether to continue with the co-development agreement or terminate the agreement. If we decide to terminate the agreement within such ten day period, we shall have no obligation to make any further payments under the agreement other than fair "exit charges" payable to Indigo. If we elect to continue with the co-development agreement, we will be required to make additional payments under the agreement of $3,750,000 in June 2002 and $12,500,000 in January 2003.

The Shareholders Agreement

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

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

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

The shareholders agreement also provides (i) a right to enable us to sell our shares along with other major Indigo shareholders under certain circumstances after October 17, 2002, (ii) an obligation to require us to sell our shares along with other major Indigo shareholders under certain circumstances after October 17, 2004, and (iii) certain anti-dilution rights in favor of Hewlett-Packard Europe B.V. until October 17, 2003.

Hewlett-Packard Europe B.V. and the major shareholders have agreed in the shareholders agreement that, for as long as each of the shareholders of Indigo affiliated with the Landa Family Trust, in the aggregate, and S-C Indigo CV owns 62.5% of the common shares held by them as of October 17, 2000, the supervisory board of

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

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

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

Indigo. Such limitations have been waived with respect to HP by Benzion Landa, Indigo's Chairman and Chief Executive Officer, in connection with the exchange offer.

Purchases of Indigo Common Shares

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

Indigo Stock Options

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

Summary Indigo Financial Projections

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

The financial projections included in this prospectus have been prepared by and are the responsibility of Indigo's management. Neither Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited, independent auditors for Indigo, nor Ernst & Young LLP, independent auditors for HP, have examined or compiled the accompanying prospective financial information and, accordingly, Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited, and Ernst & Young LLP do not express an opinion or any other form of assurance with respect thereto. The Kesselman & Kesselman report included in this prospectus relates to Indigo's historical financial information. It does not extend to the financial projections and should not be read to do so.

As a matter of course, Indigo does not publicly disclose projections as to future revenues or earnings and these projections were not originally prepared with a view towards public disclosure. However, in February 2001, Indigo prepared financial projections, the material portion of which are stated below, in connection with an analyst call with respect to Indigo's fourth quarter financial results for fiscal year 2000. Indigo subsequently

made these projections publicly available by posting them on Indigo's website in February 2001. Thereafter, Indigo shared these projections with us. From time to time during our negotiations with Indigo regarding the exchange offer, Indigo's management orally reaffirmed to us the revenue growth rate in the February 2001 projections described below.

These projections constitute forward-looking statements that reflect numerous assumptions made by Indigo's management, including Indigo's ability to achieve strategic goals, objectives and targets over applicable periods, as well as continued successful placement of Indigo's UltraStream product, increased benefits derived from Indigo's commercial relationship with us, placement of additional sales people in targeted markets and a decrease in marketing expenses due to lack of high profile commercial shows as was the case in fiscal year 2000. These assumptions involve judgments with respect to future business decisions, all of which are difficult or impossible to predict and many of which are beyond Indigo's control or, after the exchange offer, our control. In addition, factors such as industry performance, market acceptance of new products, changes in customer preferences, general business, economic, regulatory, market and financial conditions, all of which are difficult to predict, may cause these projections or the underlying assumptions to these projections to be inaccurate. In particular, the growth assumptions were driven by analyst estimates of the general growth in the industry. Accordingly, these projections may not be realized, and actual results in the future may be materially greater or less than those contained in these projections. See the section titled "Cautionary Statement Regarding Forward-Looking Information" on page 29 of this prospectus. The projections were not prepared with a view to compliance with published guidelines of the Securities and Exchange Commission regarding projections, and were not prepared in accordance with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial projections. Indigo shareholders are cautioned not to rely on these projections.

In developing these projections, Indigo's management relied on many assumptions including that:

- revenues would be consistent with industry analyst projections;
- revenue would increase in the long-term;
- gross margins would decrease in the short-term and increase in the long-term;
- research and development spending would grow at a slower pace than revenue;
- general and administrative expenses would remain relatively flat; and
- sales expense would grow slower than revenues.

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

Given the passage of time and other developments since the date of the projections that may affect the financial condition of Indigo, Indigo does not believe that the following projections accurately reflect the current or future financial condition of Indigo. Neither we nor Indigo intend to update or otherwise revise the following projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events in the event that any or all of the assumptions underlying the following projections are shown to be in error.

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

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

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(1) Loss per share before cumulative effect of an accounting change and before dividend requirement. After cumulative effect of an accounting change and after dividend requirement the loss per share is $0.93.

(2) Contrary to the projection provided for the year 2001, the actual results for the nine months ended September 30, 2001 were as follows:

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

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

Subsequent to providing to us the projections described above, Indigo provided Gleacher with financial projections in connection with the preparation of Gleacher's fairness opinion. These financial projections did not materially differ from the projections described above, except that the financial projections provided to Gleacher included revenue growth rates during the years 2002 to 2005 of 25.2%, 25.1%, 25.0% and 25.0%, respectively. Based on the current economic climate, Indigo now believes that the revenue growth rate it would likely achieve as a stand-alone entity for 2002 is no more than approximately 15-20%.

THE EXCHANGE OFFER

The following is a description of the material aspects of the exchange offer, including the offer agreement. While we believe that the following description covers the material terms of the exchange offer, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire prospectus, including the offer agreement attached to this prospectus as Annex A and the form of CVR agreement attached to this prospectus as Annex B-1, for a more complete understanding of the exchange offer.

Description of the Exchange Offer

The Exchange Offer

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

Fixed Offer Price and Contingent Offer Price

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

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

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

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

- If this 20-day average HP closing sales price is less than $16.69 then each Indigo common share shall be exchanged for (1) 0.3595 share of HP common stock and (2) one CVR.

- If this 20-day average HP closing sales price is greater than $23.68 then each Indigo common share shall be exchanged for (1) 0.2534 share of HP common stock and (2) one CVR.

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

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

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

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

- the amount of shares of HP common stock that would be issued for one Indigo common share at each of the average closing sales prices of HP common stock presented in the table; and

- illustrative values of the total consideration that would be issued in connection with the exchange offer for one Indigo common share based on an assumed discount rate of 15% and estimating that the CVR payout, if any, would take place approximately 39 months after the close of the exchange offer.

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

20-day Average Closing Sales Price of HP Common Stock	Value of Offer Consideration--Contingent Offer Price $0.00 CVR Payment in 2005			
	Contingent Offer Price Ratio	Value of HP Common Stock	Present Value of CVR Payment at 15% Discount Rate (Not Guaranteed)	Total
$13.00..............	0.3595	$4.67	$0.00	$4.67
15.00..............	0.3595	5.39	0.00	5.39
16.69..............	0.3595	6.00	0.00	6.00
20.00..............	0.3000	6.00	0.00	6.00
23.68..............	0.2534	6.00	0.00	6.00
25.00..............	0.2534	6.33	0.00	6.33
27.00..............	0.2534	6.84	0.00	6.84

20-day Average Closing Sales Price of HP Common Stock	Value of Offer Consideration--Contingent Offer Price $2.25 CVR Payment in 2005			
	Contingent Offer Price Ratio	Value of HP Common Stock	Present Value of CVR Payment at 15% Discount Rate (Not Guaranteed)	Total
$13.00..............	0.3595	$4.67	$1.39	$6.06
15.00..............	0.3595	5.39	1.39	6.78
16.69..............	0.3595	6.00	1.39	7.39
20.00..............	0.3000	6.00	1.39	7.39
23.68..............	0.2534	6.00	1.39	7.39
25.00..............	0.2534	6.33	1.39	7.72
27.00..............	0.2534	6.84	1.39	8.23

20-day Average Closing Sales Price of HP Common Stock	Value of Offer Consideration---Contingent Offer Price $4.50 CVR Payment in 2005			
	Contingent Offer Price Ratio	Value of HP Common Stock	Present Value of CVR Payment at 15% Discount Rate (Not Guaranteed)	Total
$13.00..............	0.3595	$4.67	$2.77	$7.44
15.00..............	0.3595	5.39	2.77	8.16
16.69..............	0.3595	6.00	2.77	8.77
20.00..............	0.3000	6.00	2.77	8.77
23.68..............	0.2534	6.00	2.77	8.77
25.00..............	0.2534	6.34	2.77	9.11
27.00..............	0.2534	6.84	2.77	9.61

The values of HP common stock in the table above are illustrative only and do not represent the actual amounts per Indigo common share that might be realized by any Indigo shareholder on or after completion of the exchange offer. The amount any Indigo shareholder will actually realize upon resale in the market of HP common stock received by the shareholder in the exchange offer will depend upon the market price of HP

common stock at the time of resale by the shareholder, which will fluctuate depending upon any number of reasons, including those specific to HP and those that influence the trading prices of equity securities generally.

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

Transfer Charges

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

Access to Corporate Files; Obtaining Counsel or Appraisal Services

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

Conditions to the Exchange Offer

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

Allocation Rules for the Fixed Offer Price and Contingent Offer Price

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

Maximum Number of Indigo Common Shares Associated with Indigo Shareholder

Elections

The offer agreement provides that:

- the maximum number of Indigo common shares that are permitted to be exchanged for the fixed offer price is limited to the number by which, as of immediately following the expiration time of the exchange offer:

  - (1) fifty percent of the sum of (A) the outstanding Indigo common shares, excluding treasury shares and any Indigo common shares held by us or any of our affiliates, and (B) the number of Indigo common shares issuable upon the exercise of Indigo options and warrants, excluding warrants held by us or any of our subsidiaries, exceeds

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

and

- the maximum number of Indigo common shares that are permitted to be exchanged for the contingent offer price is limited to the number equal to, as of immediately following the expiration time of the exchange offer:

  - fifty percent of the sum of (A) the outstanding Indigo common shares, excluding treasury shares and any Indigo common shares held by HP or any of its affiliates, and (B) the number of Indigo common shares issuable upon the exercise of Indigo options and warrants, excluding warrants held by HP or any of its subsidiaries.

Based on Indigo's capitalization as of December 31, 2001, (1) the maximum number of Indigo common shares that would be permitted to be exchanged for the fixed offer price would range from 39,635,525, assuming that no outstanding Indigo options or warrants are exercised, to 56,230,187, assuming that all outstanding Indigo options or warrants are exercised, and (2) the maximum number of Indigo common shares that would be permitted to be exchanged for the contingent offer price would be 56,230,188.

Pursuant to the tender and option agreements, the foundation, which we refer to as the Landa Family Trust, of which Benzion Landa, Indigo's Chairman and Chief Executive Officer, is a beneficiary, and entities directly or indirectly owned by the Landa Family Trust have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by each of those shareholders. Such entities hold approximately 47.6 million of the outstanding Indigo common shares as of December 31, 2001. The allocation mechanism described below shall apply only to the extent that either of the fixed offer price or contingent offer price remains oversubscribed after giving effect to the automatic election by the Landa Family Trust controlled entities to receive the undersubscribed consideration alternative.

S-C Indigo CV, one of Indigo's major shareholders, which holds 24.6 million shares, has agreed to tender its Indigo common shares into the exchange offer but has not agreed to elect to automatically receive the undersubscribed consideration alternative. However, because S-C Indigo owns 24.6 million shares and must elect to exchange all of its shares for either the fixed offer price or the contingent offer price as discussed in this prospectus, the likelihood that the offer price that S-C Indigo elects to receive will be oversubscribed is increased. Based upon Indigo's capitalization as of December 31, 2001, the 24.6 million shares held by such shareholder would represent approximately 62% of the Indigo common shares that may be exchanged for the fixed offer price and approximately 44% of the Indigo common shares that may be exchanged for the contingent offer price. In the event that the offer price that S-C Indigo elects to receive is oversubscribed, its election will result in a decrease in the percentage of a shareholder's Indigo common shares that will be exchanged for the offer price that such shareholder elects if it also has elected to receive the oversubscribed form of consideration.

Allocation Mechanism

As of December 31, 2001, Indigo's capitalization was as follows:

- 95,865,713 Indigo common shares, excluding treasury shares and the 14,814,814 Indigo common shares held by us and our affiliates, are outstanding;

- 47,566,222 of those outstanding Indigo common shares are held by the Indigo shareholders which are parties to the tender and option agreement pursuant to which those shareholders have agreed, to the extent that either the fixed offer price or the contingent offer price is oversubscribed, to elect automatically to receive the undersubscribed consideration alternative for up to all of the Indigo common shares held by each of those shareholders; and

- 16,594,662 Indigo common shares are issuable upon exercise of outstanding stock options and warrants.

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

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

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

- the number of CVRs equal to one minus the fixed price proration factor described below.

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

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

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

- the number of CVRs equal to the contingent price proration factor described below.

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

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

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

Illustrative Examples of Allocation Mechanism

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

We have set forth below several illustrative examples showing the potential effects of the allocation rules provided for in the offer agreement based on Indigo's capitalization as of December 31, 2001. For purposes of the following examples, we have excluded the impact of fractional shares. Furthermore, we have assumed in these examples that all Indigo shareholders have tendered their Indigo common shares into the exchange offer.

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

Example One

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

No Allocation

	Fixed Offer Price	Cont Offe
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price..	39,635,525	56,2
Number of shares tendered by the Landa Family Trust controlled entities.........	0	47,5
Number of shares tendered by the other Indigo shareholders.....................	39,635,525	8,6
Excess (deficit) of number of Indigo common shares tendered....................	0	

In the above example, as neither the fixed offer price nor the contingent offer price was oversubscribed, the range of potential per share present values for Indigo shareholders who are not party to the tender and option agreements would be as follows assuming (1) a payout of the CVR, if any, 39 months after the close, and (2) an illustrative range of $13.00 to $27.00 per share for the 20-day average closing sales prices of HP common stock, which would result in the values of HP common stock and the present values of the CVR payments set forth under the column headings titled "Value of HP Common Stock" and "Present Value of CVR Payment at 15%," respectively, in the section titled "--Description of the Exchange Offer--Illustrative Table of Fixed Offer Prices and Contingent Offer Prices and Value of Offer Consideration:"

Shareholder Tendering For:	Range of Potential Per Share Present Values	Assumptions/Analys
Fixed Offer Price	$5.84-$8.55--value of HP stock	Based on a range of 20-day av HP sales prices of $13.00 to
Contingent Offer Price	(1) $4.67-$6.84--value of HP stock; plus (2) $0.00-$2.77--present value of CVR payment.	Based on (1) a range of 20-da closing HP sales prices of $1 $27.00 and (2) a range of CVR of $0.00 up to $4.50 discount value using a 15% discount ra

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Example Two

The following table illustrates one possible outcome in which the fixed offer price is oversubscribed. However, in the following example, the allocation rules will be applied only to the 47,566,222 shares owned by the Landa Family Trust controlled entities because those entities have agreed to automatically allocate their shares from the oversubscribed election to the undersubscribed election and the shares that they hold are sufficient in number to ensure that the other Indigo shareholders' requests to receive the fixed offer price will be observed.

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

	Fixed Offer Price	Cont Offe
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price	39,635,525	56,
Number of shares tendered by the Landa Family Trust controlled entities	47,566,222	
Number of shares tendered by the other Indigo shareholders	38,299,491	10,
Excess (deficit) of number of Indigo common shares tendered	46,230,188	(46,

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

First step: calculate the ceilings on the number of Indigo common shares that are permitted to be exchanged for the applicable offer price as described above in the section titled "--Maximum Number of Indigo Common Shares Associated with Indigo Shareholder Elections:"

Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price	39,635,525	56,230,188

Second step: determine how many Indigo shares held by shareholders other than the Landa Family Trust controlled entities have tendered into the exchange offer for the applicable offer price:

Number of shares tendered by the other Indigo shareholders	38,299,491	10,000,000

Third step: determine how many Indigo shares held by the Landa Family Trust controlled entities have been tendered into the exchange offer for the applicable offer:

Number of shares tendered by the Landa Family Trust controlled entities	47,566,222	0

Fourth step: calculate the excess/deficit, if any, of the number of Indigo common shares tendered for the applicable offer price by subtracting (1) the sum of (A) the shares tendered by shareholders other than the Landa Family Trust controlled entities, and (B) the shares initially tendered by the Landa Family Trust controlled entities, from (2) the respective ceiling for the applicable offer price:

Excess (deficit) of number of Indigo common shares tendered.....	46,230,188	(46,230,188)

Fifth step: as the fixed offer price is oversubscribed, give effect to the mandatory election provided for in the tender and option agreement such that the Landa Family Trust controlled entities will receive the contingent offer price to the extent that the fixed offer price is oversubscribed:

Number of shares tendered by the Landa Family Trust controlled entities.............	1,336,034	46

Sixth step: after giving effect to the mandatory election provided for by the Landa Family Trust controlled entities, as the fixed offer price is no longer oversubscribed, the allocation rules will not be applied to the other Indigo shareholders electing to receive the fixed offer price as shown in the illustrative table below:

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

	Fixed Offer Price	Cont Offe
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price..	39,635,525	56,2
Number of shares tendered by the Landa Family Trust controlled entities.........	1,336,034	46,2
Number of shares tendered by the other Indigo shareholders.....................	38,299,491	10,0
Excess (deficit) of number of Indigo common shares tendered....................	0	

In the above example, as the fixed offer price was oversubscribed but the allocation rules were applied only to the Landa Family Trust controlled entities, the range of potential per share present values for Indigo shareholders which are not party to the tender and option agreements would be as follows assuming (1) a payout of the CVR, if any, 39 months after the close, and (2) an illustrative range of $13.00 to $27.00 per share for the 20-day average closing sales prices of HP common stock, which would result in the values of HP common stock and the present values of the CVR payments set forth under the column headings titled "Value of HP Common Stock" and "Present Value of CVR Payment at 15%," respectively, in the section titled "--Description of the Exchange Offer--Illustrative Table of Fixed Offer Prices and Contingent Offer Prices and Value of Offer Consideration:"

Shareholder Tendering For:	Range of Potential Per Share Present Values	Assumptions/Analys
Fixed Offer Price	$5.84-$8.55--value of HP stock	Based on a range of 20-day av closing HP sales prices of $1 $27.00.

Contingent Offer Price	(1) $4.67-$6.84--value of HP stock; plus (2) $0.00-$2.77--present value of CVR payment.	Based on (1) a range of 20-da closing HP sales prices of $1 $27.00 and (2) a range of CVR of $0.00 up to $4.50 discount value using a 15% discount ra

Example Three-A

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

Allocation applied to all Indigo shareholders requesting the fixed offer price
(no Indigo options or warrants exercised prior to the expiration of the exchange offer)
Pre-Allocation Rules

	Fixed Offer Price	Cont Offe
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price	39,635,525	56,
Number of shares tendered by the Landa Family Trust controlled entities	47,566,222	
Number of shares tendered by the other Indigo shareholders	48,299,491	
Excess (deficit) of number of Indigo common shares tendered	56,230,188	(56,

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

First step: calculate the ceilings on the number of Indigo common shares that are permitted to be exchanged for the applicable offer price as described above in the section titled "--Maximum Number of Indigo Common Shares Associated with Indigo Shareholder Elections:"

Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price	39,635,525	56,230,188

Second step: determine how many Indigo shares held by shareholders other than the Landa Family Trust controlled entities have tendered into the exchange offer for the applicable offer price:

Number of shares tendered by the other Indigo shareholders...........	48,299,491	0

Third step: determine how many Indigo shares held by the Landa Family Trust controlled entities have been tendered into the exchange offer for the applicable offer price:

Number of shares tendered by the Landa Family Trust controlled entities...	47,566,222	0

Fourth step: calculate the excess/deficit, if any, of the number of Indigo common shares tendered for the applicable offer price by subtracting (1) the sum of the shares tendered by (A) shareholders other than the Landa Family Trust controlled entities and (B) the shares initially tendered by the Landa Family Trust controlled entities from (2) the respective ceiling for the applicable offer price:

Excess (deficit) of number of Indigo common shares tendered.....	56,230,188	(56,230,188)

Fifth step: as the fixed offer price is oversubscribed, give effect to the mandatory election provided for in the tender and option agreement such that the Landa Family Trust controlled entities will receive the contingent offer price to the extent that the fixed offer price is oversubscribed and the Landa Family Trust controlled entities will receive the contingent offer price for all of their Indigo common shares:

Number of shares tendered by the Landa Family Trust controlled entities...	0	47,566,222

Sixth step: after giving effect to the mandatory election provided for by the Landa Family Trust controlled entities, as the fixed offer price is still oversubscribed, the allocation rules will be applied to all other Indigo shareholders electing to receive the fixed offer price as shown in the illustrative table below such that the fixed offer price is no longer oversubscribed:

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

	Fixed Offer Price	Cont Offe
Ceiling on number of Indigo common shares that are permitted to be exchanged for		

the applicable offer price	39,635,525	56,2
Number of shares tendered by the Landa Family Trust controlled entities	0	47,5
Number of shares tendered by the other Indigo shareholders	39,635,525	8,6
Excess (deficit) of number of Indigo common shares tendered	0	

As a result of the application of the allocation rules in the example illustrated by the above table, if you had tendered 100 Indigo common shares for the fixed offer price: (1) you would receive the fixed offer price for 82.06 of your Indigo common shares, and (2) you would receive the contingent offer price for 17.94 of your Indigo common shares.

In the above example, we calculated the number of Indigo common shares for which you would receive the fixed offer price by multiplying the number of Indigo common shares that you tendered by the fixed price proration factor, which is determined by dividing (1) 39,635,525, the maximum number of shares that are permitted to be exchanged for the fixed offer price, by (2) 48,299,491, the aggregate number of shares tendered by all Indigo shareholders for the fixed offer price, after giving effect to the mandatory election by the Landa Family Trust controlled entities to tender up to all of their Indigo common shares for the undersubscribed form of consideration alternative. We then subtracted the resulting number from the total number of Indigo common shares tendered by you to determine the number of Indigo common shares for which you would receive the contingent offer price.

In the above example, as the fixed offer price was oversubscribed (and the contingent offer price was undersubscribed) and the allocation rules were applied to the Landa Family Trust controlled entities and the other Indigo shareholders, the range of potential per share present values for Indigo shareholders which are not party to the tender and option agreements would be as follows assuming (1) a payout of the CVR, if any, 39 months after the close, and (2) an illustrative range of $13.00 to $27.00 per share for the 20-day average closing sales prices of HP common stock, which would result in the values of HP common stock and the present values of the CVR payments set forth under the column headings titled "Value of HP Common Stock" and "Present Value of CVR

Payment at 15%," respectively, in the section titled "--Description of the Exchange Offer--Illustrative Table of Fixed Offer Prices and Contingent Offer Prices and Value of Offer Consideration:"

Shareholder Tendering For:	Range of Potential Per Share Present Values	Assumptions/An
Fixed Offer Price	A weighted per share value consisting of: (1) 82.06% of $5.84-$8.55 in value of HP common stock for the Indigo common shares to be exchanged for the fixed offer price; and (2) 17.94% of the sum of: (A) $4.67-$6.84--value of HP common stock, plus	Based on (1) a range of 2 closing HP sales prices o $27.00 and (2) a range of of $0.00 up to $4.50 disc value using a 15% discoun

(B) $0.00-$2.77--present value of CVR payment,

for the Indigo common shares to be exchanged for the contingent offer price.

Therefore, based upon our assumptions, if you had tendered 100 Indigo common shares for the fixed offer price, the known per share value consideration you would receive would range from $5.63 to $8.24, the sum of (1) $4.79 to $7.01 per share (82.06% of $5.84-$8.55 for the fixed offer price) and (2) $0.84 to $1.23 per share (17.94% of $4.67-$6.84 for the contingent offer price). In addition, you would receive 17.94 CVRs, which on a present value basis could payout between $0.00 and $49.69 ($2.77 x 17.94 CVRs). This would result in a range of total consideration on a present value basis for your 100 tendered Indigo common shares of (A) assuming no CVR payout, $563.01 to $824.32, or (B) assuming a full payout for the 17.94 CVRs, $612.70 to $874.01.

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Example Three-B

The following table illustrates a variation on the above Example Three-A. In the following table, we have changed our underlying assumption to assume that all Indigo options and warrants are exercised before the expiration of the exchange offer, which impacts the ceiling on the number of Indigo common shares that are permitted to be exchanged for the fixed offer price as well as the resulting proration factor in the scenario in which the fixed offer price is oversubscribed (and the contingent offer price is undersubscribed).

Allocation applied to all Indigo shareholders requesting the fixed offer price (all Indigo options and warrants exercised prior to the expiration of the exchange offer)
Pre-Allocation Rules

	Fixed Offer Price	Contingent Offer Price
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price	56,230,187	56,230,188
Number of shares tendered by the Landa Family Trust controlled entities	47,566,222	0
Number of shares tendered by the other Indigo shareholders	64,894,153	0
Excess (deficit) of number of Indigo common shares tendered	56,230,188	(56,230,188)

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

First step: calculate the ceilings on the number of Indigo common shares that are permitted to be exchanged for the applicable offer price as described above in the section titled "--Maximum Number of Indigo Common Shares Associated with Indigo Shareholder Elections:"

Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price	56,230,187	56,230,188

Second step: determine how many Indigo shares held by shareholders other than the Landa Family Trust controlled entities have tendered into the exchange offer for the applicable offer price:

Number of shares tendered by the other Indigo shareholders	64,894,153	0

Third step: determine how many Indigo shares held by the Landa Family Trust controlled entities have been tendered into the exchange offer for the applicable offer:

Number of shares tendered by the Landa Family Trust controlled entities	47,566,222	0

Fourth step: calculate the excess/deficit, if any, of the number of Indigo common shares tendered for the applicable offer price by subtracting (1) the sum of (A) the shares tendered by shareholders other than the Landa Family Trust controlled entities, and (B) the shares initially tendered by the Landa Family Trust controlled entities, from (2) the respective ceiling for the applicable offer price:

Excess (deficit) of number of Indigo common shares tendered	56,230,188	(56,230,188)

Fifth step: as the fixed offer price is oversubscribed, give effect to the mandatory election provided for in the tender and option agreement such that the Landa Family Trust controlled entities will receive the contingent offer price to the extent that the fixed offer price is oversubscribed and the Landa Family Trust controlled entities will receive the contingent offer price for all of their Indigo common shares:

Number of shares tendered by the Landa Family Trust controlled entities	0	47,566,222

Sixth step: after giving effect to the mandatory election provided for by the Landa Family Trust controlled entities, as the fixed offer price is still oversubscribed, the allocation rules will be applied to all Indigo shareholders electing to receive the fixed offer price as shown in the illustrative table below such that the fixed offer price is no longer oversubscribed:

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

	Fixed Offer Price	Contingent Offer Price
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price	56,230,187	56,230,188
Number of shares tendered by the Landa Family Trust controlled entities	0	47,566,222
Number of shares tendered by the other Indigo shareholders	56,230,187	8,663,966
Excess (deficit) of number of Indigo common shares tendered	0	0

As a result of the application of the allocation rules in the example illustrated by the above table, if you had tendered 100 Indigo common shares for the fixed offer price: (1) you would receive the fixed offer price for 86.65 of your Indigo common shares, and (2) you would receive the contingent offer price for 13.35 of your Indigo common shares.

In the above example, we calculated the number of Indigo common shares for which you would receive the fixed offer price by multiplying the number of Indigo common shares that you tendered by the fixed price proration factor, which is determined by dividing (1) 56,230,187, the maximum number of shares that are permitted to be exchanged for the fixed offer price, by (2) 64,894,153, the aggregate number of shares tendered by all Indigo shareholders for the fixed offer price, after giving effect to the mandatory election by the Landa Family Trust controlled entities to tender up to all of their Indigo common shares for the undersubscribed form of consideration alternative. We then subtracted the resulting number from the total number of Indigo common shares tendered by you to determine the number of Indigo common shares for which you would receive the contingent offer price.

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In the above example, as the fixed offer price was oversubscribed (and the contingent offer price was undersubscribed) and the allocation rules were applied to the Landa Family Trust controlled entities and the other Indigo shareholders, the range of potential per share present values for Indigo shareholders which are not party to the tender and option agreements would be as follows assuming (1) a payout of the CVR, if any, 39 months after the close, and (2) an illustrative range of $13.00 to $27.00 per share for the 20-day average closing sales prices of HP common stock, which would result in the values of HP common stock and the present values of the CVR payments set forth under the column headings titled "Value of HP Common Stock" and "Present Value of CVR Payment at 15%," respectively, in the section titled "Description of the Exchange Offer--Illustrative Table of Fixed Offer Prices and Contingent Offer Prices and Value of Offer Consideration:"

Shareholder Tendering For:	Range of Potential Per Share Present Values	Assumptions/An
Fixed Offer Price	A weighted per share value consisting of: (1) 86.65% of $5.84-$8.55 in value of HP common stock for the Indigo common shares to be exchanged for the fixed offer price; and (2) 13.35% of the sum of: (A) $4.67-$6.84--value of HP common stock, plus (B) $0.00-$2.77--present value of CVR payment, for the Indigo common shares to be exchanged for the contingent offer price.	Based on (1) a range of 2 closing HP sales prices o $27.00 and (2) a range of of $0.00 up to $4.50 disc value using a 15% discoun

Therefore, based upon our assumptions, if you had tendered 100 Indigo common shares for the fixed offer price, the known per share value consideration you would receive would range from $5.68 to $8.32, the sum of (1) $5.06 to $7.41 per share (86.65% of $5.84-$8.55 for the fixed offer price) and (2) $0.62 to $0.91 per share (13.35% of $4.67-$6.84 for the contingent offer price). In addition, you would receive 13.35 CVRs, which on a present value basis could payout between $0.00 and $36.98 ($2.77 x 13.35 CVRs). This would result in a range of total consideration on a present value basis for your 100 tendered Indigo common shares of (A) assuming no CVR payout, $568.38 to $832.17, or (B) assuming a full payout for the 13.35 CVRs, $605.36 to $869.15.

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Example Four-A

The following table illustrates one possible outcome in which the contingent offer price is oversubscribed. However, in the following example, the allocation rules will be applied only to the 47,566,222 shares owned by the Landa Family Trust controlled entities because those entities have agreed to automatically allocate their shares from the oversubscribed election to the undersubscribed election and the shares that they hold are sufficient in number to ensure that the other Indigo shareholders' requests to receive the contingent offer price will be observed.

Allocation applied only to the Landa Family Trust controlled entities
(no Indigo options or warrants exercised prior to the expiration of the exchange offer)
Pre-Allocation Rules

	Fixed Offer Price	Con Off
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price	39,635,525	56,
Number of shares tendered by the Landa Family Trust controlled entities	0	47,
Number of shares tendered by the other Indigo shareholders	0	48,
Excess (deficit) of number of Indigo common shares tendered	(39,635,525)	39,

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

First step: calculate the ceilings on the number of Indigo common shares that are permitted to be exchanged for the applicable offer price as described above in the section titled "--Maximum Number of Indigo Common Shares Associated with Indigo Shareholder Elections:"

Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price	39,635,525	56,23

Second step: determine how many Indigo shares held by shareholders other than the Landa Family Trust controlled entities have tendered into the exchange offer for the applicable offer price:

Number of shares tendered by the other Indigo shareholders	0	48,299,491

Third step: determine how many Indigo shares held by the Landa Family Trust controlled entities have been tendered into the exchange offer for the applicable offer price:

Number of shares tendered by the Landa Family Trust controlled entities	0	47,566,222

Fourth step: calculate the excess/deficit, if any, of the number of Indigo common shares tendered for the applicable offer price by subtracting (1) the sum of the shares tendered by (A) shareholders other than the Landa Family Trust controlled entities and (B) the shares initially tendered by the Landa Family Trust controlled entities from (2) the respective ceiling for the applicable offer price:

Excess (deficit) of number of Indigo common shares tendered	(39,635,525)	39,635,525

Fifth step: as the contingent offer price is oversubscribed, give effect to the mandatory election provided for in the tender and option agreement such that the Landa Family Trust controlled entities will receive the fixed offer price to the extent that the contingent offer price is oversubscribed:

Number of shares tendered by the Landa Family Trust controlled entities...	39,635,525	7,930,697

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Sixth step: after giving effect to the mandatory election provided for by the Landa Family Trust controlled entities, as the contingent offer price is no longer oversubscribed, the allocation rules will not be applied to the other Indigo shareholders electing to receive the contingent offer price as shown in the illustrative table below:

Allocation applied only to the Landa Family Trust controlled entities
Post-Allocation Rules

	Fixed Offer Price	Cont Offe
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price..	39,635,525	56,2
Number of shares tendered by the Landa Family Trust controlled entities.........	39,635,525	7,9
Number of shares tendered by the other Indigo shareholders.....................	0	48,2
Excess (deficit) of number of Indigo common shares tendered....................	0	

In the above example, as the contingent offer price was oversubscribed (and the fixed offer price was undersubscribed) and the allocation rules were applied only to the Landa Family Trust controlled entities and not to the other Indigo shareholders, the range of potential per share present values for Indigo shareholders which are not party to the tender and option agreements would be as follows assuming (1) a payout of the CVR, if any, 39 months after the close, and (2) an illustrative range of $13.00 to $27.00 per share for the 20-day average closing sales prices of HP common stock, which would result in the values of HP common stock and the present values of the CVR payments set forth under the column headings titled "Value of HP Common Stock" and "Present Value of CVR Payment at 15%," respectively, in the section titled "--Illustrative Table of Fixed Offer Prices and Contingent Offer Prices and Value of Offer Consideration:"

Shareholder Tendering For:	Range of Potential Per Share Present Values	Assumptions/Analys
Fixed Offer Price	$5.84-$8.55--value of HP stock	Based on a range of 20-day av closing HP sales prices of $1 $27.00.
Contingent Offer Price	(1) $4.67-$6.84--value of HP stock; plus	Based on (1) a range of 20-da closing HP sales prices of $1 $27.00 and (2) a range of CVR of $0.00 up to $4.50 discount

(2) $0.00-$2.77--present value of CVR payment. value using a 15% discount ra

Example Four-B

The following table illustrates a variation on the above Example Four-A. In the following table, we have changed our underlying assumption to assume that all Indigo options and warrants are exercised before the expiration of exchange offer, which impacts the ceiling on the number of Indigo common shares that are permitted to be exchanged for the fixed offer price as well as the resulting proration factor in the scenario in which the contingent offer price is oversubscribed (and the fixed offer price is undersubscribed). Therefore, as the Landa Family Trust controlled entities do not own sufficient Indigo common shares to ensure that the other Indigo shareholders' requests to receive the contingent offer price will be observed, the allocation rules will be applied to all other Indigo shareholders requesting the contingent offer price and those Indigo shareholders will be required to accept the fixed offer price for some of the Indigo common shares that they have tendered.

Allocation applied to all Indigo shareholders requesting the contingent offer price
(all Indigo options and warrants exercised prior to the expiration of the exchange offer)
Pre-Allocation Rules

	Fixed Offer Price	Con Off
Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price..	56,230,187	56,
Number of shares tendered by the Landa Family Trust controlled entities.........	0	47,
Number of shares tendered by the other Indigo shareholders.....................	0	64,
Excess (deficit) of number of Indigo common shares tendered....................	(56,230,187)	56,

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

First step: calculate the ceilings on the number of Indigo common shares that are permitted to be exchanged for the applicable offer price as described above in the section titled "--Maximum Number of Indigo Common Shares Associated with Indigo Shareholder Elections:"

Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price..	56,230,187	56,23

Second step: determine how many Indigo shares held by shareholders other than the Landa Family Trust controlled entities have tendered into the exchange offer for the applicable offer price:

Number of shares tendered by the other Indigo shareholders..........	0	64,894,153

Third step: determine how many Indigo shares held by the Landa Family Trust controlled entities have been tendered into the exchange offer for the applicable offer:

Number of shares tendered by the Landa Family Trust controlled entities...	0	47,566,222

Fourth step: calculate the excess/deficit, if any, of the number of Indigo common shares tendered for the applicable offer price by subtracting (1) the sum of (A) the shares tendered by shareholders other than the Landa Family Trust controlled entities, and (B) the shares initially tendered by the Landa Family Trust controlled entities, from (2) the respective ceiling for the applicable offer price:

Excess (deficit) of number of Indigo common shares tendered.........	(56,230,187)	56,230,187

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Fifth step: as the contingent offer price is oversubscribed, give effect to the mandatory election provided for in the tender and option agreement such that the Landa Family Trust controlled entities will receive the fixed offer price to the extent that the contingent offer price is oversubscribed and the Landa Family Trust controlled entities will receive the fixed offer price for all of their Indigo common shares:

Number of shares tendered by the Landa Family Trust controlled entities...	47,566,222	0

Sixth step: after giving effect to the mandatory election provided for by the Landa Family Trust controlled entities, as the contingent offer price is still oversubscribed, the allocation rules will be applied to all Indigo shareholders electing to receive the contingent offer price as shown in the illustrative table below such that the contingent offer price is no longer oversubscribed:

Allocation applied only to all Indigo shareholders requesting the contingent offer price
Post-Allocation Rules

	Fixed Offer Price	Cont Offe

Ceiling on number of Indigo common shares that are permitted to be exchanged for the applicable offer price	56,230,187	56,2
Number of shares tendered by the Landa Family Trust controlled entities	47,566,222	
Number of shares tendered by the other Indigo shareholders	8,663,965	56,2
Excess (deficit) of number of Indigo common shares tendered	0	

As a result of the application of the allocation rules in the example illustrated by the above table, if you had tendered 100 Indigo common shares for the contingent offer price: (1) you would receive the contingent offer price for 86.65 of your Indigo common shares, and (2) you would receive the fixed offer price for 13.35 of your Indigo common shares.

In the above example, we calculated the number of Indigo common shares for which you would receive the contingent offer price by multiplying the number of Indigo common shares that you tendered by the contingent price proration factor, which is determined by dividing (1) 56,230,188, the maximum number of shares that are permitted to be exchanged for the contingent offer price, by (2) 64,894,153, the aggregate number of shares tendered by all Indigo shareholders for the contingent offer price, after giving effect to the mandatory election by the Landa Family Trust controlled entities to tender up to all of their Indigo common shares for the undersubscribed form of consideration alternative. We then subtracted the resulting number from the total number of Indigo common shares tendered by you to determine the number of Indigo common shares for which you would receive the fixed offer price.

In the above example, as the contingent offer price was oversubscribed (and the fixed offer price was undersubscribed) and the allocation rules were applied to the Landa Family Trust controlled entities and the other Indigo shareholders, the range of potential per share present values for Indigo shareholders which are not party to the tender and option agreements would be as follows assuming (1) a payout of the CVR, if any, 39 months after the close, and (2) an illustrative range of $13.00 to $27.00 per share for the 20-day average closing sales prices of HP common stock, which would result in the values of HP common stock and the present values of the CVR payments set forth under the column headings titled "Value of HP Common Stock" and "Present Value of CVR Payment at 15%," respectively, in the section titled "Description of the Exchange Offer--Illustrative Table of Fixed Offer Prices and Contingent Offer Prices and Value of Offer Consideration:"

Shareholder Tendering For:	Range of Potential Per Share Present Values	Assumptions/An
Contingent Offer Price	A weighted per share value consisting of: (1) 86.65% of the sum of: (A) $4.67-$6.84--value of HP common stock, plus (B) $0.00-$2.77--present value of CVR payment,	Based on (1) a range of 2 closing HP sales prices o $27.00 and, (2) a range o of $0.00 up to $4.50 disc value using a 15% discoun

for the Indigo common shares to be exchanged for the contingent offer price; and

(2) 13.35% of $5.84-$8.55 in value of HP common stock for the Indigo common shares to be exchanged for the fixed offer price.

Therefore, based upon our assumptions, if you had tendered 100 Indigo common shares for the contingent offer price, the known per share value consideration you would receive would range from $4.83 to $7.07, the sum of (1) $4.05 to $5.93 per share (86.65% of $4.67-$6.84 for the contingent offer price) and (2) $0.78 to $1.14 per share (13.35% of $5.84-$8.55 for the fixed offer price). In addition, you would receive 86.65 CVRs, which on a present value basis could payout between $0.00 and $240.02 ($2.77 x 86.65 CVRs). This would result in a range of total consideration on a present value basis for your 100 tendered Indigo common shares of (A) assuming no CVR payout, $482.62 to $706.83, or (B) assuming a full payout for the 86.65 CVRs, $722.64 to $946.85.

Post-Closing Restructuring

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

- the commencement of a compulsory acquisition in accordance with Section 2:92a of the Dutch Civil Code by us of Indigo common shares from any remaining minority Indigo shareholders, as described below in the section titled "--Compulsory Acquisition;"

- the sale and transfer by Indigo, or any of its subsidiaries, to us, or any of our affiliates, of all or a portion of the assets of Indigo (including capital stock of a subsidiary) or its subsidiaries;

- the transfer of employees from Indigo or an Indigo subsidiary to us or any of our affiliates, and the transfer of employees from us or any of our affiliates to Indigo or an Indigo subsidiary;

- the amendment of Indigo's articles of association to permit the creation, among other things, of separate classes of shares;

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- the liquidation or merger of an Indigo subsidiary into Indigo or us or any of our affiliates;

- the distribution of an extraordinary dividend on the Indigo common shares or a particular class or classes of shares of Indigo, as described below in the section titled "--Post-Closing Dividend;"

- the effectuation by Indigo and one or more of our Dutch subsidiaries of a legal merger within the meaning of Section 2:309 of the Dutch Civil Code, as described below in the section titled "--Post-Closing Legal Merger;"

- the termination of the listing of the Indigo common shares on the Nasdaq National Market;
- the deregistration of Indigo under the Exchange Act and the cessation of Indigo's reporting obligations thereunder; or
- any one or more combinations of the foregoing actions.

Compulsory Acquisition

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

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

2. if the claim is not denied (A) appoint one or three auditors to advise the Enterprise Division as to the price to be paid for the minority shareholders' Indigo common shares after which the Enterprise Division will fix such price, or (B) fix the price to be paid for the Indigo common shares of the minority shareholders if the Enterprise Division does not deem it necessary to appoint auditors, for instance, if the plaintiffs have already provided the Enterprise Division with sufficient evidence that the price offered is reasonable; and

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

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

The minority Indigo shareholders will be required to transfer their Indigo common shares, against payment of the price set by the Enterprise Division, only once a final, nonappealable judgment described in clause

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

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

Post-Closing Dividend

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

Post-Closing Legal Merger

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

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

Other Post-Closing Actions

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

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

There can be no assurance, however, that we will undertake any of the actions contemplated by the post-closing restructuring or that Indigo shareholders who do not tender their Indigo common shares pursuant to the exchange offer will receive any consideration for their Indigo common shares from HP at any subsequent time. In addition, if we, in our sole discretion, implement a post-closing restructuring to acquire any remaining Indigo common shares not tendered into the exchange offer, it may be expected that the aggregate consideration payable to the remaining minority Indigo shareholders will be equivalent to the fixed offer price. However, the form of the consideration paid to remaining minority Indigo shareholders in any post-closing restructuring will be cash.

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

Timing of the Exchange Offer

The initial expiration time of the exchange offer is 12:00 noon, New York City time, on March 22, 2002, but we may, and in some cases may be obligated to, extend the exchange offer from time to time, in which case the term "expiration time" means the latest time and date on which the exchange offer, as so extended, expires; provided, however, that in no event shall we be required to extend the exchange offer beyond August 30, 2002. For more information, you should read the discussion in the section below titled "--Extension, Termination, Waiver and Amendment of the Exchange Offer."

Extension, Termination, Waiver and Amendment of the Exchange Offer

We expressly reserve the right, subject to the provisions of the offer agreement, to extend the period of time during which our exchange offer remains open, and we can do so by giving oral or written notice to the exchange agent. We are not making any assurances that we will exercise our right to extend the exchange offer, although subject to the terms of the offer agreement, we have agreed to extend the exchange offer for successive extension periods not in excess of ten business days per extension if, at the scheduled expiration of the exchange offer (1) any of the conditions to the exchange offer has not been satisfied or, where permissible, waived, (2) such conditions are reasonably capable of being satisfied in our sole judgment, and (3) none of the events set forth in paragraphs (a) to (c) or (f) to (h) of Annex I to the offer agreement that would permit us not to accept tendered shares has occurred. This topic is more fully described in the section titled "The Offer Agreement--The Exchange Offer--Extensions of the Exchange Offer." During an extension, all Indigo common shares previously tendered and not properly withdrawn will remain subject to the exchange offer, subject to your right to withdraw your Indigo common shares. You should read the discussion in the section titled "--Withdrawal Rights" for more details.

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

- decrease the offer price;

- change the form or combination of consideration to be paid in the exchange offer;

- reduce the number of Indigo common shares to be purchased in the exchange offer;

- amend the conditions set forth in Annex I to the offer agreement to broaden the scope of such conditions, add any additional conditions, or otherwise amend any other material terms of the exchange offer in a manner materially adverse to Indigo shareholders;

- extend the exchange offer, except as described below and except that we may extend the exchange offer without Indigo's consent (1) if at the scheduled expiration date of the exchange offer any of the conditions to the exchange offer have not been satisfied or waived, or (2) for any period required by any rule, regulation, interpretation or position of the Securities and Exchange Commission or its staff; or

- amend the minimum condition, except as described below.

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

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

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

Exchange of Indigo Common Shares; Delivery of Consideration

Upon the terms of, and subject to the conditions to, the exchange offer including, if the exchange offer is extended or amended, the terms and conditions of the extension or amendment, we are required to accept for exchange, and to deliver a combination of shares of HP common stock and CVRs in exchange for, Indigo common shares that are validly tendered and not properly withdrawn, promptly after the expiration time. In addition, subject to applicable rules of the Securities and Exchange Commission, we expressly reserve the right to delay acceptance for exchange or the exchange of Indigo common shares in order to comply with any applicable law. In all cases, exchange of Indigo common shares tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of:

- certificates for the Indigo common shares or a confirmation of a book-entry transfer of the Indigo common shares in the exchange agent's account at The Depository Trust Company, which is referred to in this prospectus as the "DTC;" and

- a properly completed and duly executed letter of transmittal or a manually signed facsimile of that document, and any other required documents.

For purposes of the exchange offer, we will be deemed to have accepted for exchange Indigo common shares validly tendered and not properly withdrawn as, if and when we notify the exchange agent of our

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

If we do not accept any tendered Indigo common shares for exchange pursuant to the terms and conditions of the exchange offer for any reason, or if certificates are submitted for more Indigo common shares than are accepted, we are required to return certificates for the unexchanged Indigo common shares to the tendering shareholder or, in the case of Indigo common shares tendered by book-entry transfer of unexchanged Indigo common shares into the exchange agent's account at the address on the back page of this prospectus, pursuant to the procedures described in the section titled "--Procedure for Tendering," the

Indigo common shares will be credited to an account maintained within DTC, as soon as practicable following expiration or termination of the exchange offer.

Cash Instead of Fractional Shares of HP Common Stock

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

Withdrawal Rights

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

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

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

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

Election Procedures

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

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

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

Procedure for Tendering

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

- the enclosed election form/letter of transmittal, properly completed and duly executed or a manually executed facsimile of that document, along with any required signature guarantees, or an agent's message in connection with a book-entry transfer, and any other required documents, must be transmitted to and received by the exchange agent at the address set forth on the back cover of this prospectus, and certificates for tendered Indigo common shares must be received by the exchange agent at the address set forth on the back cover of this prospectus or the Indigo common shares must be tendered pursuant to the procedures for book-entry tender described below (and a confirmation of receipt of the tender received, which confirmation we refer to below as a "book-entry confirmation"), in each case before the expiration time; or

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

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

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

The exchange agent is required to establish accounts with respect to the Indigo common shares at DTC for purposes of the exchange offer within two (2) business days after the date of this prospectus, and any financial institution that is a participant in DTC may make book-entry delivery of the Indigo common shares by causing

DTC to transfer tendered Indigo common shares into the exchange agent's account in accordance with DTC's procedure for the transfer. However, although delivery of Indigo common shares may be effected through book-entry at DTC, the letter of transmittal (or a manually signed facsimile thereof), with any required signature guarantees, or an agent's message in connection with a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the exchange agent at the address on the back cover of this prospectus prior to the expiration time, or the guaranteed delivery procedures described below must be followed.

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

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

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

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

Guaranteed Delivery

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

- you make your tender by or through an eligible institution;

- the enclosed notice of guaranteed delivery, properly completed and duly executed, substantially in the form enclosed with this prospectus, is received by the exchange agent as provided below on or prior to the expiration time; and

- the certificates for all tendered Indigo common shares or a confirmation of a book-entry transfer of tendered securities into the exchange agent's account at DTC as described above, in proper form for transfer, together with a properly completed and duly executed letter of transmittal or a manually signed facsimile thereof, with any required signature guarantees (or, in the case of a book-entry transfer, an agents message) and all other documents required by the letter of transmittal are received by the exchange agent within three (3) New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

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

In all cases, we are required to exchange Indigo common shares tendered and accepted for exchange pursuant to the exchange offer only after timely receipt by the exchange agent of certificates for Indigo common shares (or timely confirmation of a book-entry transfer of tendered securities into the exchange agent's account at DTC as described above), properly completed and duly executed letter(s) of transmittal or manually signed facsimile(s) thereof, or an agent's message in connection with a book-entry transfer, and any other required documents.

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

We, in our sole discretion, will determine questions regarding the validity, form, eligibility, including time of receipt, and acceptance for exchange of any tender of Indigo common shares and its determination shall be final and binding. We reserve the absolute right to reject any and all tenders of Indigo common shares that we determine are not in proper form or the acceptance of or exchange for which may, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any defect or irregularity in the tender of any Indigo common shares. No tender of Indigo common shares will be deemed to have been validly made until all defects and irregularities in tenders of Indigo common shares have been cured or waived. Neither we, the exchange agent, the information agent nor any other person will be under any duty to give notification of any defects or irregularities in the tender of any Indigo common shares or will incur any liability for failure to give notification. Our interpretation of the terms and conditions of the exchange offer (including the letter of transmittal and instructions thereto) will be final and binding.

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

Accounting Treatment of the Exchange Offer

In accordance with United States generally accepted accounting principles, HP will account for the exchange offer using the purchase method of accounting. Under this method of accounting, HP will record the market value of its common stock issued in connection with the exchange offer, the fair value of the options to purchase Indigo common shares assumed in connection with the exchange offer and the amount of direct transaction costs associated with the exchange offer as the estimated purchase price of acquiring Indigo. HP will allocate the estimated purchase price to the net tangible and amortizable intangible assets acquired, intangible assets with indefinite lives and in-process research and development, based on their respective fair values at the date of the completion of the exchange offer. Any excess of the estimated purchase price over those fair values

will be accounted for as goodwill. The future cash payout, if any, under the CVR obligation would be accounted for as an increase in goodwill when incurred.

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

Regulatory Filings and Approvals Required to Complete the Exchange Offer

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

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the transaction may not be completed until HP and Indigo each notify and furnish information to the Federal Trade Commission and the Antitrust Division of the United States Department of Justice and specified waiting period requirements have been satisfied. We have made the notifications required under the Hart-Scott-Rodino Act to the Federal Trade Commission and the Antitrust Division of the United States Department of Justice, and the waiting period under the Hart-Scott-Rodino Act was terminated on October 1, 2001.

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

We and Indigo also conduct operations internationally, where other antitrust or competition regulatory filings or approvals are required in connection with the completion of the exchange offer. HP and Indigo believe that antitrust-related regulatory filings in connection with the completion of the exchange offer are necessary in

Austria, Brazil, Germany, Israel, Italy and Portugal. We have made all these required foreign antitrust filings. The applicable antitrust clearances in Austria, Germany and Italy have been granted. However, we have not yet received antitrust clearance in Brazil, Israel or Portugal. Antitrust clearance in Brazil is not required before the closing of the exchange offer. The foreign antitrust authorities or private parties could also take any action available to them under the relevant foreign antitrust laws that they deem necessary or desirable, including seeking to enjoin the completion of the exchange offer or seeking the divestiture of assets of us or Indigo. In addition, in some jurisdictions a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the exchange offer, before or after it is completed. Although we believe that neither the exchange offer nor the post-closing restructuring raises concerns under foreign antitrust laws and though we fully intend to comply with the antitrust laws of any other jurisdiction in which the transaction is subject to review, we can give no assurance that a challenge to the exchange offer or the post-closing restructuring on antitrust grounds will not be made or, if a challenge is made, that we and Indigo would prevail.

Israeli Restrictive Trade Practices Law

Under Israel's Restrictive Trade Practices Law, 1988, a merger (which for purposes of this law includes the acquisition of one quarter or more of a company's share capital), which meets certain conditions, is subject to the approval of the Israeli Commissioner of Restrictive Trade Practices. It is therefore a condition to our obligation to the closing of the exchange offer that such approval is given. We made the required filing with the Israeli Commissioner of Restrictive Trade Practices on January 21, 2002, but have not yet received the required approval.

Office of The Chief Scientist

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

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

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

In December 2001, Indigo reached an agreement with the Office of the Chief Scientist for the early repayment of royalties, pursuant to which Indigo paid the Office of the Chief Scientist approximately $15 million in 2002 in settlement of potential future royalty obligations. Indigo's prepayment of future royalties will end Indigo's obligation to make royalty payments with respect to grants received from the Office of the Chief Scientist during the years 1993-2001, and will enable Indigo to join a program, funded by the Office of the Chief Scientist, for the development of generic projects with no royalty payment obligations. However, such

prepayment will not remove any limitations on the transfer of know-how or on the manufacture outside of Israel of products funded by such grants. Notwithstanding such prepayment, in the event that the consent of the OCS is given to manufacture products funded by grants provided by the OCS, depending on the percentage of manufacturing taking place outside of Israel, increased royalties would be payable to the OCS.

Israeli Investment Center

The Investment Center, which is also a part of Israel's Ministry of Industry and Trade, provides various benefits to Israeli companies, including grants to finance capital investments and tax benefits ranging from reduced rates of Israeli company tax to a full tax exemption for a fixed period, depending on a number of factors. IEPS's production facilities in Nes Ziona was granted Approved Enterprise status by the Investment Center and, accordingly, IEPS is entitled to receive tax benefits from the Investment Center in respect of that facility. In general, the consent of the Investment Center is required for any change in the ownership structure of a company that was granted Approved Enterprise status. The approval of the Investment Center to the closing of the exchange offer is required under the offer agreement. Indigo submitted the request for this approval to the Investment Center on November 19, 2001 and received this approval on December 26, 2001. We also have agreed to comply with the laws and regulations of the Investment Center and to confirm to the Investment Center that after the closing of the exchange offer, Indigo will continue its operations in a manner consistent with Indigo's previous undertakings to the Investment Center.

Israeli Income Tax Authorities

Under the offer agreement, Indigo is to prepare and file an application to the Israeli Income Tax Commissioner for a pre-ruling confirming that the conversion of Indigo stock options for HP stock options will not result in a requirement for an immediate Israeli tax payment and that Israeli taxation will be deferred until the exercise of such converted stock options, or in the case of Indigo stock options which are part of a stock option plan which is subject to Section 102 of the Israeli Income Tax Ordinance, until the actual sale of the shares of HP common stock by the option holders. The offer agreement also provides that, subject to certain conditions, Indigo shall be allowed to comply with any conditions contained in the ruling or reasonable requests made by the Israeli Tax Commissioner in connection with its delivery of such ruling. Indigo filed its application for such ruling on January 2, 2002.

Israeli Securities Authority

The exchange of Indigo stock options held by Israeli employees of Indigo, or its subsidiaries, for HP stock options will require the publication of a prospectus under the Israeli Securities Law, 1968 unless an exemption, pursuant to Section 15D of the Israeli Securities Law, 1968, from the requirement is given by the Israeli Securities Authority. Therefore, the receipt of such exemption is required under the offer agreement. We have not yet applied for this exemption.

Indigo Appraisal Rights

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

U.S. State Takeover Laws

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

Rule 13e-3 Transactions

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

Fees and Expenses

We have retained Georgeson Shareholder Communications, Inc. to act as information agent in connection with the exchange offer. The information agent may contact holders of Indigo common shares by mail, telephone, telex, telegraph, e-mail and personal interview and may request brokers, dealers and other nominee shareholders to forward material relating to the exchange offer to beneficial owners of Indigo common shares. We will agree to pay the information agent reasonable and customary compensation for these services in addition to reimbursing the information agent for its reasonable out-of-pocket expenses. We will agree to indemnify the information agent against certain liabilities and expenses in connection with the exchange offer, including certain liabilities under the U.S. federal securities laws.

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

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

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

	Indigo	HP
Advisory Fees and Expenses	$5,500,000	$ 0
Legal and Accounting Fees and Expenses	4,000,000	3,000,000
Depository and Paying Agent Fees and Expenses	0	20,000
Printing and Mailing Costs	30,000	350,000
Solicitation Fees and Expenses	0	20,000
Securities and Exchange Commission Filing Fee	0	200,000
Other Regulatory Filing Fees	0	300,000
Miscellaneous Expenses	0	0
Total	$9,530,000	$3,890,000

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

Source and Amount of Funds

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

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

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

- an effective registration statement under the Securities Act covering the resale of those shares;

- an exemption under paragraph (d) of Rule 145 under the Securities Act; or

- any other applicable exemption under the Securities Act.

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

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

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

Delisting and Deregistration of Indigo Common Shares after the Exchange Offer

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

THE OFFER AGREEMENT

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

The Exchange Offer

Terms of the Exchange Offer

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

The initial expiration date of the exchange offer is 12:00 noon, New York City time, on March 22, 2002.

Extensions of the Exchange Offer

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

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

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

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

- there shall be any law, statute, rule, regulation, ordinance, judgment, order, decree or injunction enacted, entered, enforced, promulgated, or deemed applicable, pursuant to an authoritative interpretation by or on behalf of a government entity, to the exchange offer, or any other action shall be taken by any governmental entity, other than the application to the exchange offer of applicable waiting periods or approvals under the Hart-Scott-Rodino Act or any foreign antitrust or competition law and any Israeli governmental approvals required pursuant to Israeli legal requirements for the completion of the exchange offer, including approval of the Office of the Chief Scientist of the Israeli Ministry of Trade & Industry, the Israeli Investment Center of the Israeli Ministry of Trade & Industry and the Israeli Commissioner of Restrictive Trade Practices and receipt by HP of the Israeli securities law exemption described in Section 6.11(d) of the offer agreement, that, is reasonably likely to result, directly or indirectly, in any of the consequences referred to in clauses (i) through (vii) of the foregoing paragraph;

- there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange, for a period in excess of 24 hours (excluding suspensions or limitations resulting solely from physical damage or interference with such exchanges not related to market conditions), (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), (iii) a commencement of a war, armed hostilities or other international or national calamity directly involving the United States, (iv) a commencement of a war or escalation of armed hostilities or a general mobilization or other international or national calamity directly involving Israel that is or is reasonably likely to be materially adverse to Indigo's ability to conduct business in Israel, (v) any limitation (whether or not mandatory) by any United States governmental authority on the extension of credit generally by banks or other financial institutions, or (vi) in the case of any of the foregoing existing at the time of the commencement of the offer, a material acceleration or worsening thereof;

- Indigo shall not have received the consents, waivers and approvals required to be obtained in connection with the consummation of the transactions contemplated by the offer agreement;

- the extraordinary general meeting of shareholders of Indigo shall not have passed on the appointments of members of Indigo's supervisory and management boards and the amendment of Indigo's articles of association in accordance with Section 1.3 of the offer agreement; or

- the offer agreement shall have been terminated in accordance with its terms.

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

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

Prompt Payment for Indigo Common Shares in the Exchange Offer

Subject to the terms of the exchange offer and the offer agreement, and the satisfaction or waiver to the extent permitted, of the conditions to the exchange offer, we are required to accept for exchange all Indigo common shares validly tendered and not properly withdrawn pursuant to the exchange offer promptly after the applicable expiration date of the exchange offer, as it may be extended pursuant to the offer agreement, and is required to exchange all accepted Indigo common shares promptly after acceptance.

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

Indigo's Management and Supervisory Boards following the Exchange Offer

Under the terms of the offer agreement, Indigo has agreed to convene an extraordinary general meeting of its shareholders, or EGM, no later than five (5) business days prior to the expiration date of the exchange offer to accept the resignation from the management board and the supervisory board of the existing members thereof and to appoint new members to the management boards as designated by us, as further described in the offer agreement. The new members designated by us for appointment to the management board will be Charles N. Charnas, J.C.A. van Diemen and R.E.J. De-Boer. Mr. Charnas is employed by HP as its Assistant Secretary and Senior Managing Counsel, while Messrs. De-Boer and van Diemen are employed by our Netherlands subsidiary as Legal Counsel and Tax Manager, respectively. These resignations and appointments will be effective as of, and conditional upon the occurrence of, the closing of the exchange offer. We do not intend to maintain the supervisory board of Indigo after the completion of the exchange offer.

Treatment of Indigo Stock Options and Warrants

Indigo Stock Options

Under the terms of the offer agreement, we have agreed to take all actions necessary to convert each outstanding option to purchase Indigo common shares that is outstanding immediately prior to the closing of the exchange offer, also referred to as an "Indigo stock option," into a stock option to purchase shares of HP common stock subject to HP's 2000 Stock Plan with substantially equal value and substantially equivalent provisions as the Indigo stock option effective immediately after the closing of the exchange offer.

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

Code, and rounded down in the case of other Indigo stock options).

Pursuant to the offer agreement, Indigo agreed to use commercially reasonable efforts, to the extent we provide funding for such activity, to repurchase, subject to the terms and conditions of the stock option agreement and applicable stock option plan, prior to the closing of the exchange offer each Indigo stock option that is outstanding and held by an optionee who is not an employee of Indigo or any of its subsidiaries.

If necessary, we have agreed to file a registration statement on Form S-8, with respect to the shares of HP common stock issuable with respect to the Indigo stock options that are converted into HP stock options, no later than one (1) business day after the completion of the exchange offer and to cause such HP common stock to be listed for trading on the New York Stock Exchange and the Pacific Exchange. We are not required to register any shares issuable upon exercise of stock options which are not eligible to be registered on Form S-8.

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

Indigo Warrants

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

Each Indigo warrant so substituted by us shall be subject to, and exercisable upon, the same terms and conditions as under the applicable Indigo warrant and the applicable warrant agreement related thereto, except that:

- except as set forth below, each substituted Indigo warrant shall (1) be exercisable for, and represent the right to acquire that number of shares of HP common stock (rounded to the nearest whole share) equal to (A) the number of Indigo shares subject to such Indigo warrant in effect immediately prior to the date we initially accept for payment shares tendered in the exchange offer multiplied by (B) the exchange ratio applicable to Indigo common shares exchanged for the fixed offer price; and (2) have an exercise price per share of the HP common stock subject to such substituted Indigo warrant equal to (A) the exercise price per Indigo share subject to such Indigo warrant in effect immediately prior to the date we initially accept for payment shares tendered in the exchange offer divided by (B) the exchange ratio applicable to Indigo common shares exchanged for the fixed offer price (rounded up to the nearest whole cent); or

- to the extent the holder thereof makes an effective written election prior to the closing of the exchange offer, such substituted Indigo warrant shall (1) be exercisable for, and represent the right to acquire a number of units equal to the number of Indigo shares subject to such Indigo warrant in effect immediately prior to the date we initially accept for payment shares tendered in the exchange offer, each such unit comprised of that number of shares of HP common stock and CVRs equal to the contingent offer price, and (2) have an exercise price per such unit subject to such substituted Indigo warrant equal to the exercise price per Indigo share subject to such Indigo warrant in effect immediately prior to the date we initially accept for payment shares tendered in the exchange offer.

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

Termination of Indigo Employee Stock Purchase Plans

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

Representations and Warranties

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

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

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

- waive any stock repurchase rights, accelerate, amend or change the period of exercisability or vesting of options or restricted shares, or reprice options granted under any employee, consultant, director or other stock plans or authorize cash payments in exchange for any options granted under any such plans;

- grant any severance or termination pay or benefits, or payments or benefits triggered by a change of control or acquisition (including the exchange offer), to any employee except to persons who are employees of Indigo as of the date of the offer agreement pursuant to written agreements outstanding, or written policies existing, on the date of the offer agreement; provided, however, that Indigo shall not grant, or offer to grant, any such severance or termination payments or benefits, or payments or benefits triggered upon a change of control or acquisition (including the exchange offer), to any person who is hired or offered employment with Indigo on or after the date of the offer agreement, or adopt any new severance plan, or amend or modify or alter in any manner any severance plan, agreement or arrangement existing on the date hereof, or take any other action that would trigger the payment of any severance payments or other benefits pursuant to any agreement;

- transfer or license to any person or entity or otherwise extend, amend or modify any rights to Indigo's intellectual property, or enter into grants to transfer or license to any person future patent rights, other than non-exclusive licenses granted to resellers and end-users in the ordinary course of business consistent with past practices;

- declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock, equity securities or property) in respect of any capital stock or split, combine or reclassify any capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any capital stock, except for dividends or other distributions paid to Indigo by any of its wholly-owned subsidiaries;

- purchase, redeem or otherwise acquire, directly or indirectly, any shares of capital stock of Indigo or its subsidiaries;

- issue, deliver, sell, authorize, pledge or otherwise encumber or propose any of the foregoing with respect to any shares of capital stock or any securities convertible into shares of capital stock, or subscriptions, rights, warrants or options to acquire any shares of capital stock or any securities convertible into shares of capital stock, or enter into other agreements or commitments of any character obligating it to issue any such shares or convertible securities, or grant any equity-based compensation whether payable in cash or stock, other than the issuance delivery and/or sale of (x) Indigo shares pursuant to the exercise of stock options, warrants and convertible preferred stock outstanding as of the date of the offer agreement, and (y) Indigo common shares issuable to participants in Indigo's employee stock purchase plan consistent with the terms thereof;

- cause, permit or propose any amendments to Indigo's articles of association (or similar governing instruments of any of Indigo's subsidiaries);

- acquire or agree to acquire by merging or consolidating with, or by purchasing any equity interest in or a material portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire all or substantially all of the assets of any of the foregoing, or purchase any equity interest in any of the foregoing or enter into any joint ventures, strategic partnerships or alliances;

- sell, lease, license, encumber or otherwise dispose of any properties or assets except sales or leases of inventory in the ordinary course of business consistent with past practice, and except for the sale, lease or disposition (other than through licensing, unless permitted by Section 5.1(c) of the offer agreement) of property or assets which are not material, individually or in the aggregate, to the business of Indigo and its subsidiaries, taken as a whole;

- materially modify, amend or terminate any existing lease, license or contract affecting the use, possession or operation of any material properties or material assets; grant or otherwise create or consent to the creation of any easement, covenant, restriction, assessment or charge which would materially and adversely affect Indigo's use, or the value of, any material owned property or leased property; convey, assign, sublease, license or otherwise transfer all or any portion of any material real property or any interest or rights therein; commit any waste or nuisance on any such property; or make any material changes in the construction or condition of any such property;

- incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of Indigo or any of its subsidiaries, enter into any "keep well" or other agreement to maintain any financial statement condition or enter into any arrangement having the economic effect of any of the foregoing other than in connection with the financing of working capital consistent with past practice;

- adopt or amend any employee benefit plan, policy or arrangement; any employee stock purchase or employee stock option plan; or enter into any employment contract or collective bargaining agreement (other than offer letters and letter agreements entered into in the ordinary course of business consistent with past practice with employees who are terminable "at will"); pay any special bonus or special remuneration to any director or employee other than consistent with past practice; or increase the salaries or wage rates or fringe benefits (including rights to severance or indemnification) of its directors, officers, employees or consultants except, in each case, as may be required by law or for normally scheduled increases in the ordinary course;

- (i) pay, discharge, settle or satisfy any material litigation (whether or not commenced prior to the date of the offer agreement) or any material claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge, settlement or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, or liabilities recognized or disclosed in the most recent consolidated financial statements (or the notes thereto) of Indigo included in Indigo's reports filed with the Securities and Exchange Commission or incurred since the date of such financial statements in the ordinary course of business consistent with past practices, or (ii) waive the benefits of, agree to modify in any manner, terminate, release any person from or knowingly fail to enforce any confidentiality or similar provisions of any agreement to which Indigo or any of its subsidiaries is a party or of which Indigo or any of its subsidiaries is a beneficiary;

- except in the ordinary course of business consistent with past practice, modify, amend or terminate any contract or waive, delay the exercise of, release or assign any material rights or claims thereunder;

- except as required by U.S. GAAP, revalue any of its assets or make any change in accounting methods, principles or practices;

- make any payment or series of related payments outside the ordinary course of business, or enter into any contract or series of related contracts outside the ordinary course of business requiring Indigo or any of its subsidiaries to pay, in excess of $250,000 in the aggregate;

- make any tax election or accounting method change inconsistent with past practice that, individually or in the aggregate, would be reasonably likely to affect adversely in any material respect the tax liability or tax attributes of Indigo or any of its subsidiaries, taken as a whole, settle or compromise any material tax liability;

- hire any employee; or

- agree in writing or otherwise to take any of the actions described in above.

Commercially Reasonable Efforts to Complete the Exchange Offer

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

Indigo is Prohibited from Considering Other Acquisition Proposals

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

- solicit, initiate, encourage or induce the making, submission or announcement of any Acquisition Proposal (as defined below);

- engage or participate in any discussions or negotiations regarding, or furnish to any person any information relating to Indigo or its subsidiaries or afford access to the business, properties, assets, books or records of Indigo or its subsidiaries to, any person that has made, or take any other action intended to assist or facilitate any inquiries or the making, submission or announcement of any proposal that constitutes or would reasonably be expected to lead to, any Acquisition Proposal;

- approve, endorse or recommend any Acquisition Proposal; or

- enter into any letter of intent or similar document or any contract, agreement or commitment contemplating or otherwise relating to any Acquisition Transaction (as defined below).

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

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

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

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

- any sale, lease, other than in the ordinary course of business, exchange, transfer, license, other than in the ordinary course of business, acquisition or disposition of more than 10% of the assets of Indigo; or

- any liquidation, dissolution, recapitalization or other significant corporate reorganization of Indigo.

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

Employee Benefits

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

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

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

We have also agreed to assume, honor and be responsible for any accrued but unused vacation time to which any Indigo employee is entitled pursuant to the vacation policy applicable to such employee immediately prior to the closing of the exchange offer. We shall allow each Indigo employee to use such accrued but unused vacation time under the terms and subject to the conditions of HP's vacation or flexible time off policies and programs, including any terms and conditions of the same that allow unused vacation time to be paid in cash upon an

employee's termination of employment with HP. An Indigo employee's continuous service with Indigo shall be recognized in determining the Indigo employee's rate of accrual for future vacation time (1) under our U.S. vacation or flexible time off policies and programs and (2) to the extent it is reasonable under local conditions, under our non-U.S. vacation policies and programs.

Conditions to the Exchange Offer

Our obligation to accept for exchange, and to deliver shares of HP common stock and CVRs in exchange for, Indigo common shares that are validly tendered and not properly withdrawn, is subject to the satisfaction or, where permissible, the waiver of the conditions described in the offer agreement, including the following conditions:

The Minimum Tender Condition

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

- the total number of Indigo common shares outstanding immediately prior to the expiration date of the exchange offer, as it may be extended pursuant to the offer agreement, excluding for this purpose any Indigo common shares that are held in the treasury of Indigo; and

- the total number of Indigo common shares issuable upon the exercise or conversion of all warrants to acquire Indigo common shares, excluding for this purpose any warrants held by HP or its subsidiaries or the warrants held by Walthroup Corporation N.V., Visionvest Corporations N.V., Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd. and Deering Corporation N.V.

Other Conditions to the Exchange Offer

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

- the applicable waiting periods or approvals under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and under any foreign antitrust laws must have expired or been terminated or been obtained, as applicable;

- Indigo must have received approval from the Office of the Chief Scientist of the Israeli Ministry of Industry and Trade, without obligation to pay materially increased royalties, of the ownership by Indigo of all intellectual property created, discovered, arising or resulting from any research or development that has, directly or indirectly, in whole or in part, been funded or financed by any grants, incentives, including tax incentives, or subsidies from the government of the State of Israel or any of its agencies from any foreign governmental or administrative agency;

- Indigo must have obtained any Israeli governmental approvals required pursuant to Israeli legal requirements for the completion of the exchange offer, including approval of the Office of the Chief Scientist of the Israeli Ministry of Industry and Trade, the Israeli Investment Center of the Israeli Ministry of Industry and Trade and the Israeli Commissioner of Restrictive Trade Practices;

- we must have obtained (1) an exemption from the requirements of the Israeli Securities Authority from the requirements of the Israeli Securities Law, 1968, concerning publication of a prospectus in respect of the exchange of Indigo stock options for HP stock options, and (2) a pre-ruling regarding the inapplicability of the prospectus requirement pursuant to the Israeli Securities Law, 1968, in respect of the exchange offer for Indigo common shares and the exchange of Indigo warrants for HP warrants, which we also refer to as the Israel Securities Exemption;

- the Registration Statement on Form S-4 relating to the exchange offer must have become effective under the Securities Act, and must not be the subject of any stop order or proceedings seeking a stop order;

- the shares of HP common stock to be issued in the exchange offer must have been approved for listing on the New York Stock Exchange, subject to official notice of issuance, or must be exempt from such requirement under then applicable laws, regulations and rules of the New York Stock Exchange;

- seventy-five percent (75%) of specified individuals identified by us and Indigo must continue to be employees of Indigo at the closing of the exchange offer;

- at any time on or after September 6, 2001 and before the time of acceptance for exchange of any Indigo common shares, none of the following events shall have occurred and be continuing:

- there must not be pending any suit, action or proceeding by any governmental entity against HP, Indigo, any subsidiary of Indigo or any of our subsidiaries (1) seeking to prohibit or impose any material limitations on our ownership or operation (or that of any of its subsidiaries or affiliates) of all or a material portion of their or Indigo's businesses or assets, or to compel us or our subsidiaries and affiliates to dispose of or hold separate any material portion of the business or assets of Indigo or HP and their respective subsidiaries, in each case taken as a whole, (2) challenging the acquisition by HP of any Indigo common shares under the exchange offer, seeking to restrain or prohibit the making or completion of the exchange offer or the performance of any of the other transactions contemplated by the offer agreement, the tender agreements, or the voting agreements (including the voting provisions thereunder), or seeking to obtain from Indigo or us any damages that are material in relation to Indigo and its subsidiaries taken as a whole, (3) seeking to impose material limitations on our ability, or render us unable, to accept for payment, pay for or purchase some or all of the Indigo common shares pursuant to the exchange offer, (4) seeking to impose material limitations on our ability effectively to exercise full rights of ownership of Indigo common shares, including, without limitation, the right to vote Indigo common shares purchased on all matters properly presented to Indigo's shareholders, (5) compelling us or our affiliates to dispose of or hold separate any portion of the business or assets or shares of Indigo or us and our respective subsidiaries, (6) obliging Indigo, us or any of our respective subsidiaries to pay material damages in connection with the transactions contemplated by the offer agreement, or (7) which otherwise is reasonably likely to have a material adverse effect on Indigo, as determined in accordance with the offer agreement or, as a result of the transactions contemplated by the offer agreement, a material adverse effect on us, as determined in accordance with the offer agreement;

- there must not be any law, statute, rule, regulation, ordinance, judgment, order, decree or injunction enacted, entered, enforced, promulgated, or deemed applicable, pursuant to an authoritative interpretation by or on behalf of a government entity, to the exchange offer, or any other action taken by any governmental entity, other than the application to the exchange offer of applicable waiting periods or approvals under the Hart-Scott-Rodino Act or any foreign antitrust or competition law and any Israeli governmental approvals required pursuant to Israeli legal requirements for the completion of the exchange offer, including approval of the Office of the Chief Scientist of the Israeli Ministry of Industry and Trade, the Israeli Investment Center of the Israeli Ministry of Industry and Trade and the Israeli Commissioner of Restrictive Trade Practices and receipt by us of the Israeli Securities Exemption, that, is reasonably likely to result, directly or indirectly, in any of the consequences referred to in clauses (1) through (7) of the above paragraph;

- there must not have occurred (1) any general suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange, for a period in excess of 24 hours (excluding suspensions or limitations resulting solely from physical damage or interference with such exchanges not related to market conditions), (2) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), (3) a commencement of a war, armed hostilities or other international or national calamity directly involving the United States, (4) a commencement of a war or escalation of armed hostilities or a general mobilization or other international or national calamity directly involving Israel that is or is reasonably likely to be materially adverse to Indigo's ability to conduct business in Israel, (5) any limitation (whether or not mandatory) by any United States governmental authority on the extension of credit generally by banks or other financial institutions, or (6) in the case of any of the foregoing existing at the time of the commencement of the exchange offer, a material acceleration or worsening thereof;

- the representations and warranties of Indigo contained in the offer agreement:

  (i) shall not have been true and correct in all respects (if qualified by material adverse effect on Indigo, as determined in accordance with the offer agreement, materiality or other qualifications based on the word "material" or similar phrases) or in all material respects (if not so qualified) as of the date of the offer agreement; provided that, for purposes of determining the accuracy of Indigo's representations and warranties for purposes of this clause (i) any update of or modification to Indigo's disclosure letter made or purported to have been made after the date of the offer agreement shall be disregarded; or

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

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

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- Indigo must have performed in all material respects any obligation and complied in all material respects with any agreement or covenant of Indigo to be performed or complied with by it under the offer agreement;

- Indigo must have received the consents, waivers and approvals required to be obtained in connection with the consummation of the transactions contemplated by the offer agreement;

- the extraordinary general meeting of shareholders of Indigo must have passed on the appointments of members of Indigo's management board and supervisory board and the amendment of Indigo's articles of association in accordance with the offer agreement; and

- the offer agreement must not have been terminated in accordance with its terms.

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

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

- any change or effect that results or arises primarily and directly from changes affecting the digital commercial printing industry generally or the worldwide economy generally, which changes or effects do not disproportionately affect Indigo;

- any change or effect primarily and directly resulting from the pendency of the exchange offer or the transactions contemplated by the offer agreement; or

- any change in Indigo's stock price or trading volume.

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

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

- any change or effect that results or arises primarily and directly from changes affecting any of the industries in which we operate generally or the worldwide economy generally, which change or effect does not disproportionately affect us;

- any change or effect primarily and directly resulting from the pendency of the exchange offer or the transactions contemplated by the offer agreement; or

- any change in our stock price or trading volume.

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

Termination of the Offer Agreement

Termination by Mutual Agreement

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

Termination by either HP or Indigo

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

- the exchange offer expires or terminates in accordance with the terms of the offer agreement without HP having accepted for exchange any Indigo common shares;

- the exchange offer has not been completed on or before August 30, 2002, except that the right to terminate the offer agreement for the reason identified in this bullet point is not available to any party whose action or failure to act has been a principal cause of, or resulted in the failure of, the exchange offer to have been completed on or before such date if the action or failure to act constitutes a material breach of the offer agreement; or

- there is any applicable law or regulation that makes completion of the exchange offer illegal or otherwise prohibited, or any final and nonappealable judgment, injunction, order or decree of any court or governmental body that enjoins HP or Indigo from completing the exchange offer.

Termination by HP

We may terminate the offer agreement at any time prior to the acceptance for exchange of Indigo common shares pursuant to the exchange offer, if any of the following occurs, which we refer to as a triggering event:

- Indigo's management board or supervisory board or any committee thereof approves or recommends to Indigo shareholders any acquisition proposal, as defined in the offer agreement;

- Indigo's management board or supervisory board or any committee thereof for any reason withholds, withdraws, amends or modifies its recommendation in favor of the exchange offer;

- Indigo fails to include the recommendation in this registration statement or the Schedule 14d-9;

- Indigo shall have breached the no solicitation provisions of the offer agreement in any material respect;

- any of Walthroup Corporation N.V., Visionvest Corporation N.V., Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd., or Deering Corporation N.V., or any of such entity's affiliates breaches the provisions of any of the voting agreements or the tender agreements in any material respect; or

- a tender or exchange offer is commenced by a person unaffiliated with us, and Indigo does not send to Indigo shareholders pursuant to Rule 14e-2 promulgated under the Securities Act, within ten (10) business days after such tender or exchange offer is first published, sent or given, a statement disclosing that Indigo recommends rejection of such tender or exchange offer.

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

- Indigo materially breaches any covenant or agreement in the offer agreement; or

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

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

Termination by Indigo

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

- we materially breach any covenant or agreement in the offer agreement; or

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

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

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

Payment of Termination Fee; Expenses

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

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

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

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

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

Amendments to the Offer Agreement

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

DESCRIPTION OF THE CVRs

The following summary describes the material provisions of the CVRs. The provisions of the CVRs are complicated and not easily summarized. This summary may not contain all of the information about the CVRs that is important to you. The form of CVR agreement is attached to this prospectus as Annex B-1 and is incorporated by reference into this prospectus, and we encourage you to read it carefully for a more complete understanding of the CVRs.

Summary

The CVRs will be issued under a CVR agreement, between Newco, our newly-purchased indirect subsidiary, and J.P. Morgan Trust Company, National Association, as trustee. The CVRs will be unsecured obligations of Newco. The contingent payment obligations of our subsidiary will be guaranteed by Hewlett-Packard Company and will rank equally with all other unsecured obligations of HP. The form of corporate guaranty by Hewlett-Packard Company is attached to this prospectus as Annex B-2 and is incorporated by reference into this prospectus.

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

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

Contingent Payment

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

Nominal Potential Payout in 2005

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

Present Value of the Potential Payout in 2005

In addition to the risk that some or all of the potential CVR payout may not be realized, you should also consider that any amounts payable will not be realized until more than three years after the close of the exchange offer and as such, the present value, taking into account the time value of money, will be lower than any amount paid in 2005. The following chart illustrates the impact the time value of money has when present valuing future cash payments over a three-year period and assuming a range of discount factors.

Present Value of Future CVR Payout

Potential CVR Payout in 39 Months*	12% Discount Rate	15% Discount Rate	18% Discount Rate
$0.00	$ 0	$ 0	$ 0
$1.00	$0.68	$0.62	$0.56
$2.00	$1.36	$1.23	$1.12
$3.00	$2.04	$1.85	$1.68
$4.00	$2.71	$2.46	$2.24
$4.50	$3.05	$2.77	$2.52

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* Note: Because of the need to generate a CVR report and the potential audit process, we have estimated that the CVR payout, if any, would take place approximately 39 months after the close of the exchange offer. Depending on the circumstances, this period could be longer.

The following table calculates the present value of the Contingent Offer Price assuming a $6.00 value of the HP common stock and the present value of a range of potential cash payments under the CVR assuming a range of discount factors.

Present Value of Contingent Offer Price

Potential CVR Payout in 39 Months*	12% Discount Rate	15% Discount Rate	18% Discount Rate

$0.00	$6.00	$6.00	$6.00
$1.00	$6.68	$6.62	$6.56
$2.00	$7.36	$7.23	$7.12
$3.00	$8.04	$7.85	$7.68
$4.00	$8.71	$8.46	$8.24
$4.50	$9.05	$8.77	$8.52

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* Note: Because of the need to generate a CVR report and the potential audit process, we have estimated that the CVR payout, if any, would take place approximately 39 months after the close of the exchange offer. Depending on the circumstances, this period could be longer.

Payment at Maturity Date

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

CVR Agreement

Immediately prior to the closing of the exchange offer, Newco and the trustee will enter into the CVR agreement substantially in the form attached to this prospectus as Annex B-1. We will cause the CVR agreement to

be qualified under the Trust Indenture Act of 1939, as amended. The terms of the CVRs include those stated in the CVR agreement and those made part of the CVR agreement by reference to the Trust Indenture Act.

The contingent payment obligations of Newco under the CVR agreement will be guaranteed by Hewlett-Packard Company pursuant to a guarantee to be entered into by Newco and HP concurrently with the execution of the CVR agreement. The guarantee will be substantially in the form attached to this prospectus as Annex B-2.

Among other things, the CVR agreement will provide that:

- HP and its affiliates shall be entitled, in their sole discretion, to establish and modify from time to time all aspects of HP's program for the development, manufacturing, marketing and sale of any products, including, without limitation, the LEP Digital Press Products and Consumables, including product design, functionality and features, development processes, roadmaps and timelines, evaluation, testing and release readiness, procurement of materials and components, manufacturing, marketing and sales and staffing and funding for any of the foregoing, any or all of which may be performed by HP or its affiliates using its internal resources or by third parties pursuant to outsourcing or other contractual relationships with HP or its affiliates; and

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

Selected Definitions Related to the CVR Agreement

For purposes of the CVRs and the CVR agreement:

- "Revenue" means the actual net revenue from the sale or lease of LEP Digital Press Products and Consumables, as defined below and in the form of CVR agreement, by HP and its affiliates, and its successors and assigns under the CVR agreement, during the CVR Measuring Period plus the Residual Calculation, as defined below and in the form of CVR agreement. Actual net revenue is to be based on U.S. GAAP, as applied by HP consistent with its financial Securities and Exchange Commission reporting practices as of the beginning of the CVR Measuring Period, or in the case of successors or assigns under the CVR agreement which are not affiliates of HP, as such successors or assigns account for net revenue under their standard accounting practices.

- "Residual Calculation" means the present value, as of the end of the CVR Measuring Period, of remaining minimum contractually committed payments associated with LEP Digital Press Products placed during the CVR Measuring Period under operating leases, provided the placement of such LEP Digital Press Products has not been and will not be recognized as a sale under U.S. GAAP, as applied by HP consistent with its financial Securities and Exchange Commission reporting practices as of the beginning of the CVR Measuring Period. The present value will be determined by using a discount rate of twelve percent (12%) per year.

- "LEP Digital Press Products" means digital press products, including accessories and options (e.g., finishing equipment and sheet feeders), which utilize Indigo technology that enables the creation of a printed image employing a liquid composition of charged, pigmented thermoplastic particles that are being transferred from an image-bearing surface to a final substrate.

- "Consumables" means (1) consumables and accessories that in each case have a commercial use which is limited to the support and use of LEP Digital Press Products, and (2) support services directly related to the initial installation of and the ongoing repair and maintenance of LEP Digital Press Products.

Description of the CVR Certificates

CVRs Issued in Global Form

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

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

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

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

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

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

Restrictions on Transfer of the CVRs

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

- the transfer of any or all of the CVRs upon death by will or intestacy;
- the transfer by instrument to an inter vivos or testamentary trust in which the CVRs are to be passed to beneficiaries upon the death of the trustee;
- transfer to an affiliate of a CVR holder;
- if the CVR holder is a partnership or limited liability or similar company, a distribution by the transferring entity to its limited partners or members;
- by gift; or
- a sale or transfer to HP or one of its affiliates.

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

AGREEMENTS RELATED TO THE OFFER AGREEMENT

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

Parties to the Related Agreements

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

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

- S-C Indigo CV entered into a voting agreement with HP as described below;

- certain directors, executive officers and major shareholders of Indigo entered into a tender agreement with HP as described below;

- S-C Indigo CV entered into a tender agreement with HP as described below; and

- each of Walthroup Corporation N.V., Visionvest Corporation N.V., Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd. and Deering Corporation N.V. entered into a tender and option agreement with HP as described below.

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

These shareholder agreements cover, in the aggregate, 72,394,307 common shares of Indigo, which represented approximately 65.4% of the outstanding Indigo common shares as of December 31, 2001.

Voting Agreements

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

- in favor of the appointment of the new members of Indigo's management board as set forth in the offer agreement;

- in favor of the amendment of Indigo's articles of association as contemplated by the offer agreement;

- in favor of the post-closing restructuring and any action required in furtherance thereof as contemplated by the offer agreement;

- against certain alternative transactions; and

- in favor of waiving any notice that may have been or may be required relating to the exchange offer or any of the other transactions contemplated by the offer agreement, including the post-closing restructuring.

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

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

Tender Agreements

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

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

Tender and Option Agreements

A foundation, which we refer to as the Landa Family Trust, of which Mr. Landa, Indigo's Chairman and Chief Executive Officer, is a beneficiary, and the following entities directly or indirectly owned by the Landa Family Trust are parties to tender and option agreements: Walthroup Corporation N.V., Visionvest Corporation N.V., Gemini Systems Corporation N.V., Toscal N.V., OZF Ltd. and Deering Corporation N.V. Pursuant to the tender and option agreement, each of these entities controlled by the Landa Family Trust has agreed to tender its Indigo common shares, including any subsequently acquired Indigo common shares, in the exchange offer under substantially the same terms as the tender agreements described above.

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

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

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

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

Affiliate Agreements

Each of the entities controlled by the Landa Family Trust that are party to the tender and option agreement has also entered into an agreement with us under which such entity acknowledged that its shares of HP common stock issued in connection with the exchange offer would be subject to the restrictions set forth in Rule 145 and, accordingly, such entity agreed not to sell, transfer or otherwise dispose of such HP common stock unless the sale, transfer or other disposition is made in compliance with the requirements of Rule 145(d), or is made in reliance on a written opinion of counsel delivered to us that such sale, transfer or disposition is otherwise exempt from registration under the Securities Act.

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

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

Overview

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

Significant Events in 2001 and 2002

1. On July 25, 2001, Indigo introduced the Platinum, a new Digital Offset Color press which achieves very high image quality and functionality at a base configuration price below $200,000. The new press is designed to bring the benefits of digital printing to commercial printers, trade shops, repro houses, in-plant and quick printers. Platinum is a Series 1 product, based on a similar print engine as the first Indigo product introduced in 1993, and on the Imaging Electronics of the TurboStream. Platinum is enhanced with ITT (Image Tracking Technology), a technical capability of locking the laser beam to the right location based on continuous feedback on its actual location. ITT enables overcoming inaccuracies and imperfections of mechanics and electro-optics, and compensating for them. Therefore, these imperfections, which cause print defects, are now compensated for, and the print defects are reduced, enabling a higher quality print image. In addition, Platinum is positioned at a lower price point than its predecessor, the TurboStream, enabling the customer a less expensive price point to the Indigo product range. Indigo believes that Platinum, with its high quality printing and lower price, will enable further

penetration into the market. The introduction of Platinum goes well in line with Indigo's strategy of continuously introducing higher performance, lower priced products to the market, for increased market penetration and expanded customer profitability.

2. On September 6, 2001, Indigo N.V. and Hewlett Packard Company ("HP") entered into an agreement pursuant to which HP or a subsidiary of HP to be formed will offer to acquire all of the outstanding equity of Indigo not already owned by HP in exchange for a combination of shares of HP stock and non-transferable contingent value rights (CVRs) entitling the holder to a contingent cash payment based on the achievement of certain revenue milestones. In exchange for each share of Indigo stock, shareholders of Indigo will receive either $7.50 in HP common stock, or $6.00 in HP common stock plus one CVR entitling its holder to a cash payment of up to $4.50 per share if HP consolidated net revenues from the sale or lease of LEP Digital Press Products and Consumables (as such terms are defined in the CVR agreement) achieve a total of $1.6 billion in revenue over a three-year post-closing period. The value of each CVR increases linearly from $0 to $4.50 as cumulative revenues increase from $1.0 billion to $1.6 billion.

The HP common stock to be issued in each case will be determined based on the average closing price during the 20 trading days ending three trading days prior to expiration of the offer, with the average trading price to be used in such calculation not to be less than $16.69 or more than $23.68. The agreement provides that the total number of Indigo common shares that may be exchanged for each consolidation alternative is limited. The exchange represents a deal valued at approximately $629 million in HP common stock (based on the closing price of HP shares on September 5, 2001) as well as a maximum contingent cash payment of approximately $253 million.

The acquisition is subject to a 95% minimum exchange condition, customary closing conditions and normal regulatory reviews.

If HP terminates the exchange offer due to the occurrence of a triggering event, which would include the Indigo boards' approval or recommendation of any other acquisition proposal, the withholding, withdrawal, amendment or modification of the Indigo boards' recommendation in favor of the exchange offer, or failure to recommend rejection of any other third party tender or exchange offer, Indigo will be required to pay HP a termination fee of $27 million and reimburse HP for expenses of up to $2 million.

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

4. The Government of Israel encourages research and development projects through special funding from the Office of the Chief Scientist ("OCS") of the Israeli Ministry of Industry and Trade, Indigo, through its Israeli subsidiary, Indigo Electronic Printing Systems Ltd., had received grants from the OCS for the development of certain of its products. Under the terms of the OCS' participation, a royalty equal to a percentage of the net sales of products, including related service revenues, developed in an OCS-funded project must be paid, beginning with the commencement of sales of products developed with grant funds.

In October 2001, pursuant to a special OCS-initiated program aimed at large companies, Indigo applied to make a discounted prepayment of future royalties, which would end its obligation to make royalty payments for past grants received.

In December 2001, Indigo reached an agreement with the OCS for the early repayment of royalties. Pursuant to the agreement, Indigo paid the OCS approximately $15 million in 2002 in settlement of potential future royalty obligations.

Indigo's prepayment of future royalties will end Indigo's obligation to make royalty payments with respect to grants received from the OCS during the years 1993-2001, and will enable Indigo to join an OCS-funded program for the development of generic projects with no royalty payment obligations. Notwithstanding such prepayment, in the event that consent of the OCS is given to manufacture products funded by grants provided by the OCS, depending on the percentage of manufacturing taking place outside of Israel, increased royalties would be payable to the OCS.

See also the section titled "The Exchange Offer" in this prospectus.

Market trends

The printing industry is a worldwide, highly segmented industry, with a number of sites estimated at about 400,000 (mostly small businesses), fewer than 2% of which have already adopted digital color printing. The printing industry sees continuous growth, but with increased competition between customers, and therefore reduced gross margins.

Digital color printing answers several market trends:

1. Shorter print runs--a result of shorter product life cycle, faster product changes, segmenting products into markets, desire for reduced inventory and reduced waste;

2. High quality printing and increased use of color--customers demand high quality color printing, on a wide substrate variety;

3. Shorter turnaround time--end users want on-demand production, just in time, full flexibility, and the ability to do their color printing at the last possible moment;

4. Targeting and personalization--customers want their printing targeted to the audience, and even personalized to the single user, to get improved response rates and better business results. Color personalization, with text and images, has already shown increased response rates; and

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5. Remote printing--the "print and distribute" concept gets customers more value and reduced costs compared to the older "print and distribute."

These market trends are answered by digital color printing, and specifically, Indigo digital color printing, which combines the quality of offset color printing with the flexibility of digital imaging. Indigo offers customers expanded opportunities and market applications, and increased profitability compared to conventional color printing.

Specifically in a slowing worldwide economy, digital color printing offers additional market opportunities which compensate for reduced revenues and margins in the conventional printing world.

Competition in digital color printing is increasing, with larger, stronger vendors like Xerox and Heidelberg joining. However, Indigo believes that its superior technology enables higher print quality on a wider range of substrates, and the strength and market presence of HP will enable it to capture increased market share and additional customers worldwide. Indigo will continue to develop products market trends, and with HP, will even be able to accelerate the development of products, and to get to market forcefully and to existing and new customers and market segments.

Future products

Indigo maintains its strategy of continuously introducing new products, which target new/expanded markets, higher performance, lower costs. Therefore, Indigo is continuing to invest in technology development and R&D, towards new products. In the printing industry, the directions for product development are as follows:

1. Reduced Total Cost of Ownership--this includes all prices that effect the customer: the machine, the operation (labor), the environment (space costs, electricity and other), the consumables, and any other price element,

2. Increased performance--this includes higher print quality, higher throughput, increased print format, more enabled applications, and

3. Specialized/customized applications--specific products targeted into specific markets.

The Indigo product roadmap addresses all of these directions, with the strategy of mainly addressing the high performance commercial printing market and photofinishing market, and reduced/ more opportunistic focus on other markets.

Risks and uncertainties following HP's exchange offer

1. Indigo depends on strategic relationships and business alliances for continued growth of its business. These relationships range from OEM and distribution relationships with other companies to cooperative marketing programs and joint customer seminars with software companies. In some of these relationships, the third party is not contractually committed to make any particular level of purchases from Indigo and can, effectively, terminate the relationship at will. Divergence in strategy or change in focus by, or competitive product offerings by, any of these companies could harm the Indigo business. However, since the announcement of the exchange offer, Indigo's strategic relationships and business alliances have not been negatively affected in any material way as a result of the announcement of exchange offer. In addition, Indigo has contracts with some of its suppliers, distributors, customers, licensors and other business partners. Some of these contracts require Indigo to obtain the consent of these other parties in connection with HP's exchange offer. If the respective parties' consent cannot be obtained, these contracts may be terminated and Indigo may need to locate alternate suppliers or may suffer a loss of potential future revenue from digital press products that utilize Indigo technology. However, since the announcement of the exchange offer, Indigo has not experienced any difficulty with its major suppliers, distributors, customers, licensors or other business partners.

2. The printing equipment industry is highly competitive, and many of the industry participants possess greater management, financial, technical, manufacturing, marketing, sales, distribution and other resources than Indigo

does. We believe that our ability to compete depends on factors both within and outside of our control, including the performance and acceptance of the Indigo products as well as the successful manufacturing, marketing, distribution and customer support of these products. Some of Indigo's competitors have developed color-printing products that target the short-run color printing market and thereby compete with Indigo's presses. These competitors have substantially greater financial, distribution, management and other resources than Indigo does. There is no assurance that competitors will not develop additional products, utilizing existing or new technology, that are competitive in price and/or performance with Indigo's presses, and there can be no assurance that we can compete effectively with any such products and their distribution channels. However, while Indigo has experienced minor reservations from a few of its customers in terms of future product orders since the announcement of the signing of the offer agreement, Indigo has not experienced any material change in its customers' purchasing decisions to date in any material way.

Operating Results

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

Total revenue in the third quarter of 2001 increased by 14% to $44.1 million, from $38.7 million in the third quarter of 2000. Equipment sales in the third quarter of 2001 increased by 14% to $23.7 million, from $20.8 million in the third quarter of 2000. Indigo attributes the increase in equipment revenues in the third quarter of 2001, as compared to the third quarter of 2000, primarily to a 22% increase in the number of systems sold, that was reflected in a 19% increase in revenue. This increase was partially offset by 4% due to lower average selling prices of equipment in the third quarter of 2001. Total revenue in the first nine months of 2001 increased by 17% to $134.7 million, from $115.4 million in the first nine months of 2000. Equipment sales in the first nine months of 2001 increased by 18% to $76.7 million, from $64.8 million in the comparable period of 2000. Indigo attributes the increase in equipment revenues during the first nine months of 2001, as compared to the first nine months of 2000, to an increase of 23% in the number of systems sold, that was reflected in a 20% increase of revenue. This increase was partially offset by a 2% decrease in average selling price.

Post-sales revenues in the third quarter of 2001 were at a record high of $20.3 million, a 14% increase as compared to $17.9 million in the third quarter of 2000. Post-sales revenues in the first nine months of 2001 increased by 15% to $58.1 million, from $50.6 million in the comparable period of 2000. The increase in post-sales revenues in the third quarter and nine-month period ending September 30, 2001, as compared to the third quarter and nine-month period ending September 30, 2000, is due mainly to growth in the installed base. Indigo uses a strategy known as a "razor/razor blade" business model, of rapidly increasing the size of the installed base by placing with customers as many units as possible, even at reduced margins, in order to enjoy the high margin revenue stream from post-sales activities (i.e., providing consumables and service) for years to come.

Gross margin on equipment sales decreased to $6.7 million in the third quarter of 2001, compared to $9.3 million in the third quarter of 2000. Gross margin as a percentage of equipment sales decreased to 28% in the third quarter of 2001, compared with 45% in the third quarter of 2000. Gross margin on equipment sales decreased to $23.6 million in the first nine months of 2001, compared to $25.2 million in the first nine months of 2000. Gross margin as a percentage of equipment sales decreased to 30.9% in the first nine months of 2001, compared with 39% in the comparable period of 2000. The decrease of 17% in gross margin as a percentage of equipment sales in the third quarter of 2001, as compared to the third quarter of 2000, is primarily attributable to price erosion in the U.S. (9%), lower-margin sales through Indigo's indirect channels (3%), and costs associated with the launch of the Platinum press (3%). The decrease of 8.1% in gross margin as a percentage of equipment sales in the nine-month period ending September 30, 2001, as compared to the nine-month period ending September 30, 2000, is primarily attributable to lower-margin sales through Indigo's indirect channels (3.5%), lower-margin sales in Europe (1.5%) and costs associated with the launch of Indigo's Platinum press (1%).

Gross margin on post-sales revenue decreased to $10.0 million in the third quarter of 2001, compared to a gross margin of $10.2 million in the third quarter of 2000. Gross margin as a percentage of post-sales revenue for the third quarter of 2001 decreased to 49%, compared with a gross margin of 57% in the third quarter of 2000. Gross margin on post-sales revenue increased to $30.6 million in the first nine months of 2001, compared to a gross margin of $28.4 million in the first nine months of 2000. However, gross margin as a percentage of post-sales revenue for the first nine months of 2001 decreased to 52.7%, compared to a gross margin of 56.2% in the comparable period of 2000. The decrease in gross margin as a percentage of post-sales revenue in the third quarter and nine-month period ending September 30, 2001, as compared to the third quarter and nine-month period ending September 30, 2000, is attributable primarily to an increased share of 9.5% on September 30, 2001 compared to 3.6% on September 30, 2000 of UltraStream presses in Indigo's installed base. The imaging products for the UltraStream presses, included in post-sales revenue, are less mature than the imaging products for Indigo's other presses and deliver a lower gross margin.

Gross research and development costs, before participation grants, increased to $7.0 million in the third quarter of 2001, from $6.2 million in the third quarter of 2000. Net research and development costs, after participation grants by the Office of the Chief Scientist and HP, decreased to $3.8 million in the third quarter of 2001, compared to $5.3 million in the third quarter of 2000. Gross research and development costs, before participation grants, increased to $20.5 million in the first nine months of 2001, from $17.7 million in the first nine months of 2000. Net research and development costs, after participation grants by the Office of the Chief Scientist and HP, decreased to $13.0 million in the first nine months of 2001, compared to $14.5 million in the comparable period of 2000. The increase in research and development costs in the third quarter and nine-month period ending September 30, 2001, as compared to the third quarter and nine-month period ending September 30, 2000, reflects the increase in resources related to Indigo's strategic agreement with HP. Indigo continues to focus on the enhancements of the UltraStream, the Publisher and Photo-e-Print families, as well as co-development with HP.

The decrease in net research and development costs in the third quarter and nine-month period ending September 30, 2001, as compared to the third quarter and nine-month period ending September 30, 2000, is related to participation from HP and an increase in government funding in 2001 on behalf of research and development projects performed during 2000 and 2001. Participation from HP was $1.5 million and $3.5 million, respectively, in the third quarter and nine-month period ending September 30, 2001, as compared to nil in the third quarter and nine-month period ending September 30, 2000. Government funding in 2001 increased to $1.7 million and $4.0 million in the third quarter and nine-month period ending September 30, 2001, as compared to $0.9 million and $3.2 million in the third quarter and nine-month period ending September 30, 2000.

Starting in the third quarter of 2001, Indigo classifies its royalty payments to the Government of Israel, relating to research and development grants, to cost of goods sold. Previously, Indigo classified these royalty payments to selling, general and administrative expenses. The amounts reclassified for the three month period ended September 30, 2000 and for the nine month period ended September 30, 2000 were $0.75 million and $2.3 million, respectively. The amounts classified as above for the three month period ended September 30, 2001 and for the nine-month period ended September 30, 2001 were $1.0 million and $3.1 million, respectively.

During 1998, Indigo joined an additional program of the Office of the Chief Scientist known as the "Magnet Program." The Magnet Program's mission is to optimize national investment in research and development by encouraging generic technology development for mid- and long-term projects, as well as by initiating cooperation between companies and academia at the pre-competitive stage. Magnet Program funding includes financing of 66% of the program budget with no commitment to pay royalties to the Office of the Chief Scientist. The participation received from the Magnet Program is included in the participation received from the Office of the Chief Scientist.

Selling, general and administrative expenses increased to $20.9 million in the third quarter of 2001, compared to $16.3 million in the third quarter of 2000. This increase is primarily related to $1.2 million

HP-Indigo acquisition related expenses, an increase of $0.7 million in the allowance for doubtful accounts due to the loss of several customers who have ceased operations due to the economic environment, $1.8 million in marketing costs related to the Print 01 show in Chicago in September 2001 and $1 million due to the continued increase in the direct sales force.

Interest income, net of interest expense was $1.1 million in the third quarter of 2001, compared to $0.2 million in the third quarter of 2000. The increase in interest income is mainly a result of $1 million interest income generated from deposits.

Indigo operates worldwide and in a variety of currencies. When operating in currencies other than the U.S. dollar, Indigo's cash flows and earnings are exposed to fluctuations in foreign currency exchange rates. Indigo attempts to reduce this exposure through operational strategies and hedge-oriented financial instruments.

Indigo does not enter into derivative contracts for trading purposes, nor is it a party to any leveraged financial instruments. Balance sheet hedges protect Indigo from fluctuations in balance sheet accounts linked to non-U.S. dollar currencies. Cash flow hedges protect Indigo from fluctuations in income and expenses incurred in subsidiaries that operate in non-U.S. dollar-based environments.

To date, Indigo has utilized monetary assets and liabilities, forward contracts and purchased option contracts to mitigate the exposure from changes in foreign currency rates. However, there can be no assurance that the steps taken will be successful in protecting Indigo from the above-described risks.

Provision for income taxes decreased to $10,000 in the third quarter of 2001, compared to $464,000 in the third quarter of 2000. The decrease in income taxes is a result of a one-time reduction in income taxes during the third quarter of 2001. Income taxes include taxes on income reported by Indigo to the respective taxing jurisdictions.

The cumulative effect of an accounting change, net as of the beginning of year 2000, was a loss of $1.9 million. The accounting change is attributed to the adoption of SAB 101 "Revenue Recognition in Financial Statements."

Net loss was $7.0 million in the third quarter of 2001, compared to a net loss of $2.4 million in the third quarter of 2000. Net loss applicable for common shares outstanding was $7.0 million in the third quarter of 2001, compared to a net loss applicable for Indigo common shares outstanding of $64.0 million in the third quarter of 2000. Net loss was $12.5 million in the first nine months of 2001 and 2000, and the net loss applicable for common shares outstanding was $12.5 million in the first nine months of 2001, compared to a net loss applicable for Indigo common shares outstanding of $81.9 million in the first nine months of 2000. During the third quarter of 2000, Indigo reached an agreement with the holders of most of the Series A Preferred Shares to convert these shares to Indigo common shares. As a result, a one-time charge of $58.7 million related to the inducement to convert the preferred shares was included in the calculation of loss per share, in addition to the current charge of $2.9 million regarding the preferred shares dividends. Basic and diluted loss per Indigo common share was $0.06 for the third quarter of 2001, compared to $0.81 for the third quarter of 2000. Basic and diluted loss per Indigo common share was $0.11 for the first nine months of 2001, compared to $1.04 for the first nine months of 2000.

2000 compared with 1999

On September 14, 2000, Indigo and HP announced a broad strategic alliance to co-develop high-end, digital color-printing systems. As part of the alliance, HP made a $100 million equity investment in Indigo and signed an agreement to OEM select products from Indigo's line of high-production digital color-printing presses. Under the terms of the agreement, HP and Indigo agreed to collaborate to develop and bring to market future digital color-printing solutions.

In 2000, pursuant to Securities and Exchange Commission, Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," Indigo implemented a change in its revenue recognition policy. Previously, Indigo had recognized revenue upon shipment of equipment, which preceded installation, provided collectibility was reasonably assured, future obligations of Indigo were considered insignificant and the costs of such obligations could be reasonably estimated. Under the new policy, revenue on sales of equipment to customers is recognized upon installation at the customer's site within the reporting period, where applicable, provided collectibility is reasonably assured, future obligations of Indigo are considered insignificant and the costs of such obligations can be reasonably estimated.

Total revenue, which is comprised of revenues from equipment, post-sales activities, license fees and royalties, increased by 13.7% to $164.8 million in 2000 from $145.0 million in 1999 (implementation of SAB 101 in 1999 would have resulted in total revenue of $146.2 million in year 1999).

Equipment revenues increased by 21.1% to $95.3 million in 2000 compared with $78.7 million in 1999 (implementation of SAB 101 in 1999 would have resulted in equipment revenue of $79.9 million in year 1999). During 2000, Indigo's unit sales increased by 24% compared to 1999 primarily due to unit sales of the new generation of ultra-high speed Digital Offset Color presses--the UltraStream 2000, an increase of 95% in unit sales of the e-Print Pro+, that was partially offset by a 50% decrease in unit sales of the high-margin MultiStream system. The increase in equipment revenues was offset by $4.7 million due to the devaluation of the Euro and British pound.

Post-sales revenues, which include revenues from consumable products and service, increased by 12.0% to $69.4 million in 2000 from $62.0 million in 1999. The increase is primarily attributable to the increased installed base. The increase in post-sales revenues was offset by $3.1 million due to the devaluation of the Euro and British pound.

Revenues from license fees and royalties were $0.09 million for 2000, compared to $4.3 million for 1999. The 1999 revenues from licensing fees and royalties resulted primarily from patent-licensing agreements relating to document scanning and handling technologies.

Equipment and post-sales revenues in North America increased by 46.9% to $71.1 million in 2000 from $48.4 million in 1999.

Equipment and post-sales revenues in Europe increased by 7.1% to $75.8 million in 2000 from $70.8 million in 1999 after the negative impact of $7.8 million due to the devaluation of the Euro and British pound during 2000. Equipment and post-sales revenues in other territories increased by 45% to $8.7 million in 2000 from $6.0 million in 1999. The increase in these revenues is primarily attributable to the increase of sales in Latin America.

Gross margin (net of royalties and license fees) increased by 22.7% to $81.1 million in 2000 from $66.1 million in 1999 (implementation of SAB 101 in 1999 would have resulted in gross margin of $66.7 million in year 1999). Gross margin as a percentage of revenues increased to 49.2% in 2000 compared with 47.0% in 1999. Gross margin on equipment sales increased by 23.0% to $41.7 million in 2000, compared to $33.9 million in 1999. Gross margin as a percentage of equipment sales for 2000 increased to 43.7% compared with 43.1% in 1999. The increase is attributable primarily to sales of the UltraStream 2000. Gross margin on post-sales revenues increased by 22.4% to $39.4 million in 2000, compared to a gross margin of $32.2 million in 1999. Gross margin as a percentage of post-sales revenues for 2000 increased to 56.8% compared with 52.0% in 1999. The improvement in 2000 is attributable primarily to increased post-sales revenues as a result of the increased installed base, improvement in the reliability of consumable products, and to the continuing improvement in equipment reliability resulting in a reduction of cost of service per unit.

Gross research and development costs, before participation grants, increased to $24.4 million in 2000 from $20.4 million in 1999. The high level of costs during the last two years reflects Indigo's focus on the

development of new products, including the products which were first presented in the Drupa exhibition in Dusseldorf, Germany, in May 2000, and the Photo-e-Print products.

Net research and development costs, after participation grants, increased to $19.5 million in 2000, from $14.2 million in 1999. Participation grants from the Israeli Office of the Chief Scientist decreased to $4.9 million in 2000 compared to $6.2 million in 1999. The high level in the Chief Scientist's participation in the last two years is directly associated with the development of Indigo's new products and Indigo's participation in the Magnet Program.

Indigo was committed to pay royalties to the Chief Scientist upon successful completion of projects that the Chief Scientist funds, and upon sales of the resulting products, until the amount of the grant has been repaid. This expense has been reflected in selling, general and administrative expenses (See also section 4 to "--Significant Events in 2001 and 2002").

Selling, general and administrative expenses increased to $71.9 million during 2000 from $57.6 million in 1999. The increase primarily reflects an increase of $4.3 million in selling expenses due to an increase of 33% in the number of sales personnel, which is consistent with Indigo's policy of increasing its presence in the direct sales market. The increase is also attributable to an increase of $6.1 million in marketing expenses due to the Drupa exhibition in May 2000 and the Graph-Expo exhibition in September 2000.

Interest income and other, net of interest expense and other, was $1.8 million in 2000, compared to interest income, net of interest expense, of $0.7 million in 1999. The increase is primarily a result of $1.5 million interest income generated from the increase in cash, cash equivalents, short-term deposits and marketable securities and a decrease in short-term loans in the fourth quarter of 2000 following HP's equity investment in Indigo of $100 million, as described above.

Indigo operates worldwide and in a variety of currencies. When operating in several currencies other than the U.S. dollar, Indigo's cash flows and earnings are exposed to fluctuations in foreign currency exchange rates. Indigo attempts to reduce this exposure through operational strategies and hedge-oriented financial instruments.

Indigo does not enter into derivative contracts for trading or speculative purposes, nor is it a party to any leveraged financial instruments. Cash flow hedges protect Indigo from fluctuations in income and expenses incurred in subsidiaries that operate in non-U.S. dollar-based environments.

Provision for income taxes includes taxes on income reported by Indigo to the respective taxing jurisdictions. Provision for income taxes increased to $1.1 million in 2000 from $0.7 million in 1999.

The cumulative effect of an accounting change, net as of the beginning of year 2000, was a loss of $1.9 million. The accounting change is attributed to the adoption of SAB 101, "Revenue Recognition in Financial Statements," as described above.

Net loss increased to $11.6 million in 2000 compared to a net loss of $1.4 million for 1999. Basic and diluted loss per common share before the cumulative effect of an accounting change, net, was $0.90 and $0.16 for 2000 and 1999, respectively. Basic and diluted loss per common share after the cumulative effect of an accounting change, net, was $0.93 and $0.16 for 2000 and 1999, respectively. The increase in net loss is primarily attributed to the increase in selling and marketing expenses and research and development expenses as described above.

1999 compared with 1998

Total revenue, which is comprised of revenues from equipment, post-sales activities, license fees and royalties, decreased by 2% to $145.0 million in 1999 from $147.4 million in 1998.

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Equipment revenues remained flat at $78.7 million in 1999 compared with $79.0 million in 1998. During 1999, number of units sold increased by 22% compared to 1998. However, the average selling price of the systems was reduced by 20% following the introduction and sale of the e-Print Pro+ during the second half of 1999. The combination of these two factors, and the negative net impact of $0.7 million relating to exchange rate changes of the German mark and British pound, led to equipment revenues remaining at the same levels as in

1998.

Post-sales revenues, which include revenues from consumable products and service, increased by 7% to $62.0 million in 1999 from $58.0 million in 1998. The increase is attributable to the increased installed base. The increase in post-sales revenues was offset by $0.5 million relating to net impact of exchange rate changes of the German mark and British pound.

Revenues from license fees and royalties were $4.3 million for 1999, compared to $10.3 million for 1998. The 1999 revenues from licensing fees and royalties resulted primarily from patent-licensing agreements relating to document scanning and handling technologies.

During 1999, Indigo undertook a new strategy targeted at the lower end of its market by introducing a new system, the e-Print Pro+, with a list price of $149,000. Under an OEM agreement with A.B. Dick, A.B. Dick is marketing its own branded digital press that incorporates this technology. This system was targeted at copy shops, in-plant printers, quick printers and small commercial printers. During the second half of 1999, the e-Print Pro+ became Indigo's most popular unit, increasing Indigo's installed base, but lowering Indigo's average selling price of units sold.

Equipment and post-sales revenues in North America increased by 3% to $48.4 million in 1999 from $46.9 million in 1998. Equipment and post-sales revenues in Europe increased by 3.2% to $70.8 million in 1999 from $68.6 million in 1998. The lower sales activity in North America as compared to Europe is primarily attributable to fewer available sales channels in North America.

Sales of equipment to Toyo Ink, Indigo's distributor in Japan and much of Southeast Asia and the Pacific Rim, increased by 20% to $7.7 million in 1999 from $6.4 million in 1998. Total revenues from Toyo Ink in 1999 and 1998 constituted 11% of Indigo's equipment and post-sales revenues. During the third quarter of 1998, Indigo signed an agreement with Toyo Ink to repurchase from Toyo Ink's inventory 30 systems to be upgraded to one of Indigo's newly announced products (the e-Print Pro+). The transaction was initiated by Indigo in order to be able to supply the demand for the newly announced e-Print Pro+ and included a repurchase of systems at a purchase price lower than Indigo's own manufacturing cost for the product. Sixteen of these systems were upgraded to the e-Print Pro+ and resold during the fourth quarter of 1998 and the remaining systems were resold during the first half of 1999.

Gross margin (net of royalties and license fees) remained flat at $66.1 million in 1999 from $66.0 million in 1998. Gross margin as a percentage of revenues decreased to 47% in 1999 compared with 48% in 1998. Gross margin on equipment sales decreased by 17% to $33.9 million in 1999, compared to $40.8 million in 1998. Gross margin as a percentage of equipment sales for 1999 decreased to 43% compared with 52% in 1998. The decrease in gross margin as a percentage of equipment sales is primarily attributable to the increase in sales of the lower priced e-Print Pro+ during 1999. Gross margin on post-sales revenues increased by 28% to $32.2 million in 1999, compared to a gross margin of $25.2 million in 1998. Gross margin as a percentage of post-sales revenues for 1999 increased to 52% compared with 43% in 1998. The improvement in 1999 is attributed primarily to increased revenue from the increased installed base, improvement in the reliability of imaging products, and to the continuing improvement in equipment reliability resulting in a reduction of cost of service per unit.

Gross research and development costs, before participation grants, decreased to $20.4 million in 1999 from $21.0 million in 1998. The high level of costs during those two years reflects Indigo's focus on the development of new products, including those unveiled in February 2000.

Net research and development costs, after participation grants, decreased to $14.2 million in 1999, from $16.7 million in 1998. Participation grants from the Chief Scientist increased to $6.2 million in 1999 compared to $4.4 million in 1998. The increase in the Chief Scientist's participation is directly associated with the development of Indigo's new products and Indigo's participation in the Magnet Program.

Selling, general and administrative expenses decreased to $57.6 million during 1999 from $61.5 million in 1998. The reduction was primarily in the areas of general and administrative costs, a decrease of $5.9 million, due to Indigo's restructuring in 1998, as well as Indigo's continuing efforts to reduce its general and administrative costs. This decrease was partially offset by an increase of 57% in the number of sales personnel, which is consistent with Indigo's policy to increase its presence in the direct sales market. In December 1998, the Company announced a senior management restructuring, resulting in severance pay costs of $ 2,764,000. The reorganization of the management structure was along functional--rather than geographic--lines. Previously, the Company had been managed as three independent geographic entities--Indigo America, Indigo Europe, and Indigo Israel. The reorganized structure centralized each operating function under its own corporate head and streamlined the management structure. As part of the reorganization, certain senior executives stepped down. The restructuring resulted in yearly savings, primarily in the areas of general and administrative expenses, of approximately $10 million. During 1999, Indigo paid all outstanding payments relating to the 1998 and prior year's restructuring.

Interest income and other, net of interest expense and other, was $0.7 million in 1999, compared to interest income, net of interest expense, of $0.8 million in 1998. Indigo operates worldwide and in a variety of currencies. When operating in several currencies other than the U.S. dollar, Indigo's cash flows and earnings are exposed to fluctuations in foreign currency exchange rates. Indigo attempts to reduce this exposure through operational strategies and hedge-oriented financial instruments.

Indigo does not enter into derivative contracts for trading or speculative purposes, nor is it a party to any leveraged financial instruments. Cash flow hedges protect Indigo from fluctuations in income and expenses incurred in subsidiaries that operate in non-U.S. dollar-based environments.

Provision for income taxes includes taxes on income reported by Indigo to the respective taxing jurisdictions. Provision for income taxes decreased to $0.7 million in 1999 from $2.4 million in 1998. This decrease is primarily a result of a revision of estimates made by Indigo in 1999 with respect to tax liabilities by a net amount of approximately $1.5 million.

Net loss decreased by 73% to $1.4 million in 1999 compared to a net loss of $5.1 million for 1998. Basic and diluted loss per common share was $0.16 and $0.22 for 1999 and 1998, respectively.

In 1999, Indigo sold for less than $1 million the distribution, marketing, sale, service and support business relating to the 536 Series to Ferber & Hanusa GmbH System Digital Reprografie, based in Germany. The production of the 536 Series was ceased in 1995. The gain of $0.6 million related to this sale was included within "Interest income and other income, net," in the Company's Consolidated Statements of Operations.

Liquidity and Capital Resources

Indigo's cash and cash equivalents and restricted cash were $18.9 million at September 30, 2001, compared to $47.8 million at December 31, 2000. Indigo's short-term deposits and marketable securities were $48.4 million at September 30, 2001, compared to $47.2 million at December 31, 2000, while its long-term marketable securities were $9.5 million at September 30, 2001, compared to nil at December 31, 2000. The reduction in cash and cash equivalents and restricted cash is primarily associated with capital expenditures of $11.4 million, investment in long-term marketable securities, net, of $9.6 million as well as a $6.3 million decrease in accounts payable and accrued expenses.

The long term securities represent corporate and bank fixed rate bonds, with interest rate ranges between 5.4% and 7.6% and with maturity dates through 2003.

Indigo's accounts receivable was $40.7 million at September 30, 2001 and December 31, 2000.

Indigo's inventory levels decreased to $47.4 million at September 30, 2001, compared to $47.8 million at December 31, 2000. The decrease is mainly a result of $2.6 million decrease in raw materials, work in process and finished goods of systems and spare parts, offset by a $2.2 million increase in raw materials, work in process and finished goods of imaging products.

Indigo's fixed assets, net, increased by $3.0 million to $26.0 million as of September 30, 2001, compared to $23.0 million at December 31, 2000. The increase in fixed assets, net, is primarily a result of $5.9 million additional products capitalized in Indigo's training and demo centers, as well as $3.2 million capital expenditure relating to the expansion of the ink manufacturing plant in Israel, $1.8 million equipment for R&D and $0.3 million investments in additional office space in Israel, $2.2 million re-designation of Indigo's units used for R&D to inventory (to be sold to customers as used systems at decreased price) less depreciation expenses of $6.0 million.

During 2001, Indigo signed three new independent agreements with two major Israeli banks and with Citibank N.A. The total bank facilities (including an existing facility with a third Israeli bank), provide for total advances up to $50.0 million. The facilities expire on various dates during 2002. Indigo has the option to extend certain of the facilities upon the fulfillment of certain requirements.

As of September 30, 2001, Indigo's working capital was $78.7 million, a decrease of $29.9 million compared to working capital of $108.6 million at December 31, 2000. The decrease in working capital is mainly a result of a $27.4 million decrease in cash and cash equivalents and a $12.9 million increase in short-term loans payable, which was offset by a $8.4 million decrease in accounts payable and accrued expenses.

Cash flows used in operating activities increased to $14.2 million during the nine-month period ending September 30, 2001, compared to $9.4 million in the comparable period of 2000. This increase is attributed primarily to a decrease in accounts payable and accrued expenses. Cash flows from financing activities increased to $6.8 million during the nine-month period ending September 30, 2001, compared to $1.6 million in the comparable period of 2000. This increase is attributed primarily to receipt of $12.9 million of short-term loans which was partially offset by $7.9 million relating to the purchase of treasury stock and stock issuance costs.

Litigation

One of Indigo's Israeli subsidiaries is party to a dispute regarding the amount of rent payable pursuant to a long-term lease for a tract of land adjacent to Indigo's manufacturing facilities in Nes-Ziona, Israel. The dispute involves issues of contract interpretation and real estate appraisal. Arbitration proceedings commenced in March 1998, and in August 1999 the arbitrator issued his decision, which was invalidated by the Tel Aviv District Court in June 2001. In July 2001, the landlord petitioned Israel's Supreme Court for permission to appeal the District Court's ruling, and in October 2001, Indigo's subsidiary filed its response to such petition. A hearing on the petition has been scheduled for September 2002. In the event that the parties are unable to resolve the dispute amicably, Indigo intends to continue to defend the claim vigorously, since Indigo believes that the amount of rent sought by the landlord is unreasonable and not supported by the terms of the lease. The maximum exposure regarding this claim would not have a significant effect on Indigo's financial position or its results of operations.

Contingencies

a. Assuming close of the exchange offer, Indigo has agreed to pay additional deal-related expenses of approximately $10.0 million relating to legal and investment banking expenses and other liabilities related to the exchange offer. See section titled "The Exchange Offer--Fees and Expenses" in this prospectus.

b. Recent developments, including the September 11, 2001 terrorist attack in the United States and the bombing of Afghanistan by the United States and its allies, as well as future events occurring in response to or in connection with those developments, including, without limitation, future terrorist attacks against United States or Israeli targets, rumors or threats of war, actual conflicts involving the United States, Israel or their allies, or trade disruptions impacting Indigo's suppliers or customers, may adversely affect the revenues, results of operation or financial condition of the Indigo business especially since Indigo's research and development and manufacturing operations are located in Israel. Any of these events could cause Indigo's customers to defer or cancel purchases of Indigo products. The operation of the Indigo business could be adversely affected if major hostilities involving Israel or the United States should occur or if trade between Israel and its current trading partners, including, without limitation, the United States, were interrupted or curtailed.

c. See section "--Significant Events in 2001 and 2002" above, regarding the possibility of a triggering event that will require Indigo to pay up to $29 million to HP.

Impact of Recently Issued Accounting Pronouncements

In July 2001, the FASB issued Statements of Financial Accounting Standards No. 141 (FAS 141), "Business Combinations," and No. 142 (FAS 142), "Goodwill and Other Intangible Assets." FAS 141 supersedes Accounting Principles Board Opinion No. 16 (APB 16), "Business Combinations," and FAS 142 supersedes APB 17, "Intangible Assets."

The most significant changes made by FAS 141 are: (1) requiring that the purchase method of accounting be used for all business combinations initiated after June 30, 2001, (2) establishing specific criteria for the recognition of intangible assets separately from goodwill and (3) requiring unallocated negative goodwill to be written off immediately as an extraordinary gain (instead of being deferred and amortized).

The most significant changes made by FAS 142 are: (1) goodwill and indefinite lived intangible assets will no longer be amortized, (2) goodwill will be tested for impairment at least annually at the reporting unit level, (3) intangible assets deemed to have an indefinite life will be tested for impairment at least annually, and (4) the amortization period of intangible assets with finite lives will no longer be limited to forty years. In addition, FAS 142 contains certain transitional provisions, which may effect the classification of intangible assets as well as the balance of goodwill. The provisions for FAS 141 are effective for acquisitions consummated after June 30, 2001. The provisions of FAS 142 are effective for fiscal years beginning after December 15, 2001 (fiscal year 2002 for Indigo). Management is currently assessing the impact of the adoption of these new pronouncements.

In July 2001, the FASB approved the issuance of FAS 143, "Accounting for Asset Retirement Obligations." FAS 143 prescribes the accounting for retirement obligations associated with tangible long-lived assets, including the timing of liability recognition and initial measurement of the liability. FAS 143 requires that an asset retirement cost should be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. FAS 143 is effective for fiscal years beginning after June 15, 2002 (January 1, 2003 for Indigo).

In August 2001, the FASB issued FAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which is effective for fiscal periods beginning after December 15, 2001 (January 1, 2002 for Indigo) and interim periods within those years. FAS 144 establishes an accounting model for impairment or disposal of long-lived assets to be disposed of by sale.

Indigo is currently evaluating the potential effects, if any, that the adoption of these standards may have on its consolidated financial statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK OF INDIGO

Market risks relating to Indigo's operations result primarily from changes in exchange rates. To address this risk, Indigo uses various financial instruments. These instruments are composed of monetary assets and liabilities, derivative forward exchange contracts and purchased options. These financial instruments enable Indigo to manage and reduce the impact of fluctuation in foreign currency exchange rates. Balance sheet hedges protect Indigo from fluctuations in balance sheet accounts that are linked to non-U.S. dollar-based environments. Cash flow hedges protect Indigo from fluctuations in income and expenses incurred in subsidiaries that operate in non-U.S. dollar-based environments. Changes in interest rates do not have a material effect on Indigo's operations. Indigo does not enter into derivative contracts for trading or speculative purposes, nor is it a party to any leveraged financial instruments.

Foreign Currency Risk

Indigo operates in several countries and in a variety of currencies. When operating in currencies other than the U.S. dollar, Indigo's cash flows and earnings are exposed to fluctuations in foreign currency exchange rates, including exposure due to compensation expenses which are mainly in New Israeli Shekels (NIS) and European currency. Indigo strives to limit its exposure through "natural" hedging by attempting to have similar levels of assets and liabilities in any one currency. The rest of the exposure, which is not set off naturally, is mainly hedged by derivative financial instruments. Indigo enters into foreign exchange forward contracts and purchased option contracts to hedge a substantial portion of its foreign currency e