

IMPORTANT NOTE: THIS PRESS SUMMARY IS PROVIDED TO HELP IN UNDERSTANDING THE COURT’S DECISION. IT DOES NOT FORM PART OF THE REASONS FOR THE DECISION. THE FULL JUDGMENT OF THE COURT IS THE ONLY AUTHORITATIVE DOCUMENT. JUDGMENTS ARE PUBLIC DOCUMENTS AND ARE AVAILABLE AT <http://www.judiciary.uk/> AND <http://caselaw.nationalarchives.gov.uk/>, USING THE NEUTRAL CITATION NUMBER [2025] 1877 (Ch)

**(1) ACL NETHERLANDS B.V. (AS
SUCCESSOR TO AUTONOMY
CORPORATION LIMITED)**

Claimants

**(2) HEWLETT-PACKARD THE HAGUE BV
(AS SUCCESSOR TO HEWLETT-PACKARD VISION BV)**

(3) AUTONOMY SYSTEMS LIMITED

**(4) HEWLETT-PACKARD ENTERPRISE
NEW JERSEY, INC**

- and -

**(1) JEREMY VAUGHAN SANDELSON AS
ADMINISTRATOR OF THE ESTATE
OF DR MICHAEL RICHARD LYNCH DECEASED**

Defendants

(2) SUSHOVAN TAREQUE HUSSAIN

**PRESS SUMMARY OF CONCLUSIONS IN THE JUDGMENT
OF MR JUSTICE HILDYARD ON QUANTUM**

22 JULY 2025

Press Summary

1. The judgment on quantum follows on from the Court’s judgment on liability dated 17 May 2022 (the “Main Judgment”) for which the short reference to the record is [2022] EWHC 1178 (Ch). A summary of the Main Judgment is annexed to the Main Judgment as Appendix 6. The same definitions of capitalised terms are used in this Summary as in the Main Judgment.
2. The Main Judgment set out the Court’s reasons for its conclusion that Autonomy’s true financial position and performance had not been properly and accurately disclosed in its published information and in its negotiations with HP, and that had it been so, HP would not have proceeded with its acquisition of Autonomy at the bid price. HP substantially succeeded on issues of liability.
3. However, in the Main Judgment, the Judge expressed the provisional view that even if Autonomy’s true financial performance and position had been properly and accurately disclosed, HP/Bidco would nevertheless have wished to proceed to a bid and to conclude the Acquisition; but at a reduced price.
4. The Judge did not feel able to determine, before recalibration of the Deal Model and other cross-checks in the light of the Court’s findings on liability in the Main Judgment and further assistance on a number of issues, what, in Autonomy’s True Position, Autonomy’s share price would have been, and what premium HP would have agreed to pay to achieve its objective of an agreed bid. A further hearing and additional expert evidence was directed to enable those (and certain other) matters to be determined.
5. After an 8-day hearing in February and further submissions in March 2024, a judgment on quantum was expected to be delivered in September or October 2024. The delay since then is in part the consequence of the fact that all parties agreed to proceedings being in abeyance following the tragic death of Dr Lynch and others in August 2024, and in part because there then arose complexities in reconstituting and reactivating the proceedings, and in determining how the estate of Dr Lynch could and should be represented. The way these complexities were eventually resolved is explained in a Judgment dated 14 May 2025, for which the short reference to the record is [2025] EWHC 1171 (Ch).
6. The amount of damages and/or compensation to be paid (“quantum”) has had to be determined for three main claims in which HP largely succeeded in terms of establishing liability:
 - (1) the FSMA Claim;
 - (2) the claim in deceit and/or for misrepresentation;
 - (3) direct claims for corporate loss.
- (1) *The FSMA Claim*
7. The measure of loss in such a claim is the difference between the bid price which the Claimants agreed on the basis of Autonomy’s financial position as it was represented to be (“*the Represented Position*”), and the bid price the Claimants would have been

prepared to agree had Autonomy's true financial position been correctly presented (which is the counterfactual position to be constructed and assessed).

8. In the quantum judgment, the Judge assesses that counterfactual bid price by, so far as practicable, seeking to adopt the approach in fact taken by Bidco/HP, but adapting it to the changed financial parameters which he considers would have been applicable to Autonomy had its true financial position been correctly presented ("*Autonomy in its RTP*").
9. In undertaking that assessment, the Judge has emphasised that a "broad brush" must necessarily be used. The Judge has concluded that:
 - (1) The overall diminution of the standalone value of Autonomy on a DCF basis in its RTP, compared to Autonomy in the Represented Position, would have been in the range of between 10% and 15%. This admittedly broad range reflects variables in the necessarily subjective assessment of how HP would have valued Autonomy's various business lines in the counterfactual reconstruction required. The Judge considers that HP would have tended towards the lower percentage differential, having regard to their perception of what Autonomy continued to offer in terms of transformational change and their appreciation of the likely need to justify to their investors the indicative or 'in principle' price which, in the counterfactual as in the Represented Position, would have been negotiated before confirmatory due diligence and finalisation of the Deal Model.
 - (2) Again using a broad brush, the 30-day average share price for Autonomy in its RTP would have been between £13.50 and £15.50, compared to a 30-day average of £17.12 for Autonomy in its Represented Position.
 - (3) The synergy value which HP would have expected to arise or be developed from its acquisition of Autonomy in its RTP would have been marginally, but not substantially, lower than HP's "conservative" assessment of synergy value in the Represented Position of \$7,753 million, and would not have differed in such a way as materially to affect HP's view of the transformational benefits of the Acquisition.
 - (4) Discussions between Dr Lynch and Mr Apotheker and others, such as those which in fact took place in Deauville in July 2011 (see paragraph [4040] of the Main Judgment) would, as regards Autonomy in its RTP, have resulted in a (lower) range of between £22.00 and £24.50 per share.
 - (5) In respect of Autonomy in its RTP, there would have been agreed, the Directors of Autonomy would have recommended, and Autonomy's shareholders would have accepted, a bid price of £23 per share.
10. The measure of loss pursuant to the successful FSMA Claims is thus the difference between the aggregate consideration that Bidco/HP in fact paid for all the issued shares of Autonomy (other than those in issue in the claims for deceit and/or misrepresentation addressed below) at a price of £25.50 per share and the aggregate consideration that the Court has concluded it would have had to pay in an agreed bid for Autonomy in its RTP, taking the price per share to be £23. The resulting loss in relation to the FSMA

Claim applicable to 92.6% of Autonomy's share capital, calculated as a Sterling amount, is thus £646,178,248.

(2) *Claims for deceit and/or misrepresentation*

11. HP/Bidco also advanced personal claims for deceit and/or misrepresentation against Dr Lynch and Mr Hussain; but only in respect of the shares acquired from them (together amounting to 7.4% of the total number of shares in Autonomy). The amount claimed in these deceit/misrepresentation claims is in aggregate (before interest) approximately \$420 million.
12. In the context of those claims, the Claimants sought to rely on counterfactual analyses which are fundamentally different from the counterfactual which has been agreed to be applicable in the context of the FSMA claims. The essential feature of this different counterfactual is that, according to the Claimants, at some unspecified time "*during the course of the negotiation of the potential acquisition...HP would have discovered the truth*", and would have concluded from this revelation that HP should abandon the transaction.
13. The Judge considered that this raised a novel point of potentially considerable importance: there being no case providing guidance as to how the problem of the simultaneous assertion in relation to the same transaction of two different measures of loss predicated on diametrically opposite factual assumptions is to be resolved.
14. The Judge has concluded that having sought and obtained the benefit of a statutory remedy against the issuer (albeit via a 'dog-leg' claim), the Claimants should not be permitted to 'salami-slice' their claims and seek common law damages against the individuals on a diametrically opposite factual basis to that agreed to apply to the FSMA Claim. In any event, he has concluded that the Claimants have not discharged the burden on them to establish that HP would have forsaken its entire strategy by reference to the fraud.
15. The Judge considers furthermore that it would also be unsatisfactory, and indeed unacceptable, for the Court to be required to find in this case that HP would have purchased the Defendants' shares at a different price from the shares held by the rest of Autonomy's shareholders by reference to some 'stain', reputational damage to Autonomy or other discount which might otherwise be applied in a deceit claim.
16. In short, in the context of the Misrepresentation Claims and in a 'transaction counterfactual', the premise of which is that HP would have agreed and completed a bid, though at a lower bid price than in the Represented Position, the Judge concluded that Dr Lynch and Mr Hussain's aggregate 7.4% holdings of shares would have been sold at the same price as the other shares comprising 92.6% of Autonomy's share capital. The loss in respect of the Misrepresentation Claims, calculated as a sterling amount on that basis, is £51,698,505 (£50,700,320 of which relates to the claims against Dr Lynch and £998,185 in respect of the claims against Mr Hussain).

(3) *Claims for Direct Loss suffered by group companies*

17. The Claimants also made and succeeded in direct claims by group companies against each of the Defendants for breaching their duties as directors and/or employees of three

companies in the Autonomy Group, namely Zantaz, Autonomy Inc (the 4th Claimant) and ASL (the 3rd Claimant). The claims for breach of duty owed to Zantaz are brought by Autonomy Inc, as legal assignee of all Zantaz's claims.

18. In the Main Judgment, the Judge has found that:

- (1) Mr Hussain is liable to Autonomy Inc for the losses sustained by Zantaz in respect of three hosting contracts to which it was party: see paragraph [4085] of the Main Judgment.
- (2) Dr Lynch and Mr Hussain are jointly and severally liable to Autonomy Inc for its losses sustained as a party to improper hardware transactions and for the amounts paid to an Autonomy employee as bonuses (\$250,000) for arranging the transactions: see paragraph [4091] of the Main Judgment.
- (3) Dr Lynch and Mr Hussain are also jointly and severally liable in respect of payments of MAFs by the company concerned, except that insofar as any such payments were made by Zantaz, the claim lies only against Mr Hussain: see paragraphs [4094] to [4096] of the Main Judgment.
- (4) Both Defendants are also jointly and severally liable for the losses sustained by ASL and Autonomy Inc in respect of Reciprocal transactions for which the Judge had determined there was no proper commercial purpose, and Mr Hussain (only) is liable for like losses suffered by Zantaz: see paragraphs [4099] to [4105] of the Main Judgment.

19. The judgment on quantum determines as follows as regards these direct claims:

- (1) The Judge upheld claims totalling \$21,283,486 in respect of losses relating to pure hardware sales.
- (2) The Judge upheld claims against both Defendants totalling \$17,450,354 and a claim against Mr Hussain (alone) of \$3,215,000 in relation to Reciprocal transactions.
- (3) The Judge upheld claims in respect of VAR transactions involving a MAF (a) by ASL in the sum of \$4,577,066 and (b) by Autonomy Inc in the sum of \$3,273,480 and (c) by Zantaz in the sum of \$947,000.
- (4) Of total claims of \$24,835,156 in respect of hosting transactions, the assessed loss was reduced to \$5 million, thereby discounting the Claimants' calculation by a little more than 75% to reflect the inherent uncertainties, whilst recognising the likelihood of some reduction in total contract value over the lifetime of the arrangements.

20. The Judge also determined that

- (1) Direct losses incurred by Autonomy Inc should be assessed in US Dollars.
- (2) So too should direct losses incurred by Zantaz; but
- (3) Direct losses sustained by ASL should be assessed in pounds sterling.