

APPENDIX A

COMPLIANCE AGREEMENT REGARDING E-RATE CONTROLS, MONITORING AND AUDIT REQUIREMENTS

HEWLETT-PACKARD COMPANY

In accordance with the terms set forth herein and in the Settlement Agreement (as defined herein) entered into by the United States and Hewlett-Packard Company (hereinafter "HP"), HP agrees (i) to take reasonable and appropriate steps to ensure that HP complies with all E-Rate Program Rules (as defined herein) and (ii) to comply with the terms of this E-Rate Compliance Agreement.

DEFINITIONS: As used herein, the term - -

(1) "Covered Personnel" has the meaning set forth in section 1 of Part A of this Agreement.

(2) "Effective Date" means November 8, 2011.

(3) "E-Rate Eligible Entities" means (i) all entities eligible for E-Rate Program support under 47 C.F.R. § 54.501 (i.e., schools, libraries and consortia as defined in this rule), (ii) all individuals who are on the governing boards of such entities (such as members of a school committee), and (iii) all employees, officers, representatives, agents, consultants or independent contractors of such entities involved on behalf of such school, library, or consortium with the E-Rate Program, including individuals who prepare, approve, sign or submit E-Rate applications, technology plans, or other forms related to the E-Rate Program, or who prepare bids, communicate or work with E-Rate service providers, E-Rate consultants, or with USAC, as well as any staff of such entities responsible for monitoring compliance with the E-Rate Program.

(4) "E-Rate Program" or "Program" or "E-Rate" means the Schools and Libraries support mechanism of the Universal Service Fund.

(5) "E-Rate Program Rules" means the rules and requirements applicable to the E-Rate Program, including 47 U.S.C. § 254, orders, rules, notices, and policies issued or adopted by the FCC, as well as any instructions and certifications in the E-Rate Program forms, currently in force and as amended in the future.

(6) "FCC" means the Federal Communications Commission.

(7) "Funding Year" means the period July 1 through June 30 as provided in the Commission's rules at 47 C.F.R. § 54.507(b).

(8) "The Gift Rule" means the rule restricting gifts in connection with the E-Rate Program as adopted by the FCC on September 23, 2010, to be codified at 47 C.F.R. § 54.503(d). See In the Matter of Schools and Libraries Universal Support Mechanism, Sixth Report and Order, FCC Docket No. 02-6 (Released September 28, 2010)(Appendix A).

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(9) “HP” means Hewlett-Packard Company.

(10) “HP E-Rate Partners” means HP U.S. Partners who are (i) authorized to sell HP products and who may sell E-Rate eligible products, and (ii) also appear on the USAC website as those who have a Service Provider Identification Number or “SPIN.” By October 15 of each year during the term the Compliance Plan is in effect, HP will determine who is a current HP E-Rate Partner who would then be subject to the training and certification requirements described in Part B.

(11) “HP U.S. Partners” means third parties appointed under an HP Partner Agreement for the purchase, either directly from HP or from an authorized distribution partner, and for the resale or sublicense of HP designated products in the United States.

(12) “HP Close-Out Audit” means the audit described in Part E, section 1(c).

(13) “HP First Year Audit” means the audit described in Part E, section 1(b).

(14) “Known, Alleged or Suspected Non-Compliance” means any information obtained, through formal reports, HP’s hotline, or other notifications, that would lead a reasonable person to believe that a violation of E-Rate Program Rules, this Compliance Agreement, or the Settlement Agreement, may have occurred.

(15) “Service Provider” means an entity providing services and/or equipment to eligible schools, libraries and consortia under the E-Rate Program.

(16) “Settlement Agreement” means the Settlement Agreement to which this Compliance Agreement is appended. The Settlement Agreement was entered into by HP, relators Dan Cain, Pam Tingley, Dave Richardson, Dave Gillis and Barry Clauss, and by the United States of America, acting through the United States Department of Justice and on behalf of the FCC, to compromise and settle certain civil claims under the False Claims Act and other causes of action held by the United States against HP related to HP’s alleged conduct under the E-Rate Program arising out of activities related to the Dallas and Houston Independent School Districts.

(17) “USAC” means the Universal Service Administrative Company.

When any reference is made herein to time periods involving “days,” the period shall mean calendar days unless otherwise expressly stated. To the extent any deadlines fall on a Saturday, Sunday or federal holiday, the deadline will be considered to fall on the next business day closest in time.

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PART A. E-Rate Compliance Training for HP Covered Personnel

1. In addition to the training provided to HP E-Rate Partners as described in Part B, HP shall provide training to all HP employees, officers, directors, independent contractors, or agents who directly or indirectly:

- a. are themselves involved with, or supervise HP employees, independent contractors, or agents who are involved with, E-Rate pre-sales (including preparing or submitting bids, inquiries, requests or responses to an FCC Form 470 or other requests for proposal for E-Rate work, or providing assistance to potential E-Rate applicants with their technology plans), sales, account and project management activities, whether those sales are made directly to E-Rate Eligible Entities by HP, or whether those sales are made through HP E-Rate Partners;
- b. (i) offer to provide or provide E-Rate consulting services, or (ii) seek to influence or advise any E-Rate Program participant or any entity seeking to be a participant (including both service providers and program applicants) on E-Rate related matters;
- c. prepare or process any invoice or other request for payment for E-Rate Program activities in which HP makes a direct sale using its Service Provider Identification Number or "SPIN";
- d. provide support or advice in any way related to the E-Rate Program to either HP Partners or to those HP employees, officers or directors described in subparagraphs (a) through (c) of this section, including information about state and local competitive bidding and procurement rules; and
- e. carry out the obligations under Part D of this agreement (relating to monitoring and enforcement of E-Rate compliance).

For purposes of this Agreement, the individuals described above shall be collectively referred to as "Covered Personnel." HP shall require all Covered Personnel to attend the training, as further described in this Part A.

2. HP represents that the E-Rate training for Covered Personnel will be at least one and a half hours (90 minutes) in length, and it will include information delivered through a combination of live webcast and interactive training covering the elements described in section 3 of this Part. The training program shall be recorded and will be made easily accessible on HP's intranet system. HP will also make available on its intranet system throughout the term

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of this Agreement written materials and/or links to such materials covering the elements described in section 3 of this Part that can be readily accessed by individuals required to take the training under this Part or under Part B of this Agreement. HP will make copies of all training materials available for inspection upon the FCC's request. If more than ninety (90) minutes is required to cover all the training materials required to be provided herein, then the training shall be sufficient in length to ensure that all such materials are adequately covered.

3. HP will ensure that all Covered Personnel shall complete E-Rate training, which shall consist of at least the following elements:

- a. A review of Service Providers' roles and responsibilities under the E-Rate Program, including an overview of the relevant E-Rate forms and documents as well as the obligation to follow all E-Rate Program Rules.
- b. An overview and in-depth presentation of the E-Rate Program elements, including E-Rate Program Rules currently codified at 47 C.F.R. §§ 54.500-54.523 as well as Commission orders relating to (i) competitive bidding and the Commission's rules and requirements regarding a "fair and open" competitive bidding process, (ii) the Gift Rule, (iii) free services and service substitutions, (iv) eligible services and co-pays, and (v) the generation and retention of documents. This aspect of the training will include hypothetical scenarios to assist in illustrating these requirements.
- c. A general overview of the content of and trends in state and local competitive bidding and procurement laws, including any requirements regarding conflict of interest and gift policies.
- d. A clear statement that non-E-Rate sales or contributions to eligible schools or libraries cannot be offered in such a manner as to influence an entity's decision to purchase HP products and/or services under the E-Rate Program (including illustrative hypothetical examples).
- e. A general overview of the provisions of HP's Standards of Business Conduct and relevant U.S. Public Sector policies that apply to gifts and entertainment, a discussion of the applicability of those policies to the E-Rate Program, and a clear explanation of any way in which those policies are less stringent than or different from the Gift Rule. The training shall explain that the restrictions and terms set forth in the Gift Rule must be satisfied to comply with the E-Rate Program Rules and that, although the E-Rate Program gift rules may differ from those set forth in HP's Standards of Business Conduct or other HP policies, the E-Rate Program Rules always must be satisfied. Nothing in this Compliance Agreement shall prevent HP from adopting additional gift

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limitations that are more restrictive than those under the Gift Rule. Links to all of the information described in this subsection shall be included in the resource information provided in subparagraph (f) below.¹

- f. Resource information including: an explanation of how to access E-Rate training and related materials on HP's intranet; an explanation of how to escalate E-Rate related questions through HP to access appropriate subject matter experts knowledgeable about the E-Rate Program and about state and local competitive bidding and procurement requirements; the contact information for the relevant HP personnel charged with implementing and overseeing HP's obligations under this Compliance Agreement; links to information relevant to HP's policies prohibiting gifts to E-Rate eligible public and private sector schools and libraries, as further described in subparagraph (e), and the procedures available for Covered Personnel to express concerns about or to report instances of actual or potential E-Rate fraud, violations of E-Rate Program Rules, or other violations of this Compliance Agreement. This last item shall include both the process for online submissions and telephone numbers to call, including those for providing that information anonymously, as well as telephone numbers for the FCC's Office of Inspector General (OIG) hotline and the USAC whistleblower line.
- g. The training package shall also emphasize the potential ramifications of failing to comply with E-Rate Program Rules and remind Covered Personnel of their responsibilities to comply with the prohibitions on gifts set forth herein and in E-Rate Program Rules. The training shall remind Covered Personnel of their duty to notify management (and/or the FCC-OIG or USAC), using the procedures described in subparagraph (f), if they learn of or suspect misconduct by any person with respect to the E-Rate Program.

4. In connection with the mandatory annual E-Rate training, HP will require that its Covered Personnel certify annually that they have completed that annual training, and further certify to the following:

- a. They are not aware of and have no reason to suspect that anyone has provided or has promised to provide a gift, payment or entertainment,

¹ Simultaneously with the execution of this Agreement, HP shall provide to the FCC Wireline Competition Bureau and the Office of General Counsel a copy of the current versions of the Standards of Business Conduct, and other corporate policies regarding conducting business with state and local governments as well as with E-Rate Eligible Entities. In the event that any of these documents or policies are modified and to the extent such modifications relate to the E-Rate Program during the period that this E-Rate Compliance Agreement remains in effect, HP shall provide copies of such modifications to these offices not later than 10 (ten) business days after such modifications are adopted.

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or anything else of value, on HP's behalf in connection with any bid or agreement that might violate the E-Rate Program Rules or other applicable law, or any HP policy.

- b. They are not aware of and have no reason to suspect that any HP employee or anyone acting on HP's behalf has provided or has promised to provide any payment or other form of inducement to a third party that has or could have influenced any E-Rate Eligible Entity with respect to any E-Rate transaction.
- c. They are not aware of and have no reason to suspect that any HP employee or any third party acting on HP's behalf has a potential conflict of interest, or is violating any E-Rate Program Rule, including, but not limited to, obtaining information about a competitor's bid or receiving the request to bid outside of the normal process.

In the event that a person required to make a certification under this section fails to do so, HP shall investigate the reason for any such failure. HP shall notify the FCC of any such failure to certify by the Covered Personnel involved and provide an explanation to the FCC with such notification. Such notification shall be made to the FCC within fourteen (14) days of the date on which such certification was due but not submitted to HP. If the reason a person has failed to provide such a certification is because the individual is on extended leave for military, maternity, medical or similar reasons, then HP shall so indicate. In that event, HP shall ensure that when the person returns from such leave that person shall be required to take the training under this Part and execute any required certifications in the same manner as specified in section 5(a) for new Covered Personnel.

5. (a) The initial training for Covered Personnel under this Agreement shall be conducted and completed by no later than February 4, 2011. Additionally, HP may present (and Covered Personnel may take) the training program in parts rather than in a single one-and-a-half-hour block so long as Covered Employees complete the entire training by February 4, 2011. After this initial training, HP shall conduct an additional training in 2011 to be completed by December 15. Thereafter, during the term of this Compliance Agreement, HP shall conduct this training no less than annually, with at least one training session conducted during October or November of each year before the next E-Rate application cycle begins. New HP employees who qualify as Covered Personnel, or other employees who are newly assigned to roles that render them Covered Personnel, shall receive and/or access the E-Rate training module that satisfies the requirements of this Agreement within forty-five (45) days of becoming Covered Personnel. In the event that HP should acquire new business units or other companies, rendering it impracticable for HP to identify and/or train new Covered Personnel within such forty-five (45) day period, HP may notify the FCC of such developments and seek an extension of this deadline from the FCC.

(b) Not later than December 1, 2010, HP shall distribute to all Covered Personnel, a copy of the Gift Rule, together with a copy of the portion of the FCC Order

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discussing this rule.² With these documents, HP shall also provide a short statement describing any ways in which the FCC Gift Rule differs from HP's Standards of Business Conduct and relevant HP U.S. Public Sector policies that apply to gifts and entertainment. By December 15, 2010, HP shall also make appropriate changes to its intranet to alert Covered Personnel to this new E-Rate Program Rule.

6. HP shall update and enhance the foregoing training package as appropriate and necessary to reflect current E-Rate Program Rules. As part of its E-Rate training program, HP shall require its Director, U.S. Public Sector Compliance to electronically register for, and to receive and review, USAC's weekly Schools and Libraries News Brief and shall send those HP personnel responsible for administering this Agreement and other appropriate HP representatives to the service provider training sessions that USAC offers annually. In addition, any HP personnel responsible for administering this Agreement or responsible for development and oversight of the training shall attend at least one USAC training program for service providers offered in the fall of 2010, and at least one such USAC training session that may be offered in the spring of 2011.

7. HP shall continue its mandatory annual training on HP's "Doing Business with the Public Sector" for those HP personnel marked by HP with a U.S. Public Sector flag. Such training shall describe any ways in which the FCC Gift Rule differs from HP's Standards of Business Conduct and relevant HP U.S. Public Sector policies that apply to gifts and entertainment, and further explain that the FCC Gift Rule for the E-Rate Program supersedes any HP policies to the extent they are inconsistent with it, except as may otherwise be provided in section 3(e) of this Part pertaining to more stringent gift limitations.

8. HP will treat any employee failure to complete the annual mandatory E-Rate training hereunder by the relevant deadline in the same manner as a failure to comply with HP's mandatory annual training on Doing Business with the Public Sector. Those consequences may include, *inter alia*, remedial training, suspension of an employee's duties or, if deemed appropriate by HP, termination from employment.

PART B. E-Rate Training For HP E-Rate Partners

1. Not later than December 15, 2010, HP shall distribute to each HP E-Rate Partner a copy of the Gift Rule, together with a copy of the portion of the FCC Order discussing this rule, as described in Part A above. With these documents, HP shall also provide a short statement describing any ways in which the FCC Gift Rule differs from HP's Partner Code of Conduct and any other HP policies that may apply to HP E-Rate Partners relating to gifts and entertainment. HP shall also require that each HP E-Rate Partner receiving the distribution described in this section provide, not later than December 31, 2010, a copy thereof to all of its personnel required to receive training under this part.

2. (a)(1) HP agrees that during the 2nd quarter of HP's Fiscal Year 2011 (i.e.

² See In the Matter of Schools and Libraries Universal Support Mechanism, Sixth Report and Order, FCC Docket No. 02-6, ¶¶ 87-90 (Released September 28, 2010).

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between February 2, 2011 and April 20, 2011) HP shall roll out to its HP E-Rate Partners a mandatory annual interactive, web-based training of at least one and a half hours (90 minutes) in length, related to the E-Rate Program and analogous in scope to the training described in Part A, section 3 above. The actual date that the rollout begins during this period shall be considered the "Rollout Date." The contents of this training segment shall be adapted to HP's E-Rate Partners and shall be available on HP's website for access by its HP E-Rate Partners. HP shall also make available to its HP E-Rate Partners access on the portion of HP's website accessible to its Partners E-Rate written materials and/or links to such materials comparable to those required to be maintained under Part A, section 2. HP shall update the contents of its training for HP's E-Rate Partners periodically to the extent needed to reflect any changes to the E-Rate Program or E-Rate Program Rules.

(2) HP shall require that by not later than December 31, 2010, each HP E-Rate Partner, through a representative with authority to bind the HP E-Rate Partner, certify to HP whether or not the HP E-Rate Partner is currently or will in the next 365 days be involved with sales, support, bidding, or advice in any way related to the E-Rate Program and must further certify that he or she has knowledge sufficient to answer this question. If the HP E-Rate Partner certifies current or intended involvement in the next 365 days in the E-Rate Program, then the HP E-Rate Partner shall be required to ensure that within thirty (30) days of the Rollout Date, all of its employees who perform for the E-Rate Partner tasks comparable to those described in sections 1 (a) through (c) of Part A complete HP's mandatory annual interactive, web-based training related to the E-Rate Program. Within forty-five (45) days of the Rollout Date, each E-Rate Partner who has indicated current or future E-Rate Program involvement, shall certify through an authorized representative that all of its employees who perform for the E-Rate Partner tasks comparable to those described in sections 1(a) through (c) of Part A have completed the E-Rate Training.

(3) Any HP E-Rate Partner who does not initially certify that the Partner will be involved in the E-Rate Program, but thereafter does become so involved, must so notify HP within thirty (30) days of any such change in its business plans. Any such Partner must also ensure completion of the training described herein by its employees who perform for the E-Rate Partner tasks comparable to those described in sections 1 (a) through (c) of Part A and provide the required certification of training. Such training should be completed within forty-five (45) days after notifying HP of the Partner's intent to participate in the E-Rate program or within thirty (30) days of the Rollout Date, whichever is later, and such certification shall be provided within 15 days thereafter.

(b) Starting in 2011 and continuing during the term of the Compliance Agreement, HP shall also require its then-current HP E-Rate Partners to provide by November 1 of each year the certification about participation in the E-Rate Program described in subparagraph (a). If the HP E-Rate Partner certifies current or intended involvement, then it shall ensure that by December 1 of that year, all of its employees who perform tasks comparable to those described in sections 1 (a) through (c) of Part A complete HP's mandatory annual interactive, web-based training related to E-Rate Program Rules. By December 15, each HP E-Rate Partner who has indicated current or future E-Rate Program

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involvement shall certify through an authorized representative that all of its employees who perform tasks comparable to those described in sections 1(a) through (c) of Part A have completed the E-Rate Training. Any HP E-Rate Partner who does not initially certify that the Partner will be involved in the E-Rate Program, but thereafter does become so involved, must so notify HP within thirty (30) days of any such change in its business plans. Any such Partner must also ensure completion of the training described herein by its employees and provide the required certification of training. Such training should be completed within forty-five (45) days after notifying HP of the Partner's intent to participate in the E-Rate program.

PART C. E-Rate Competitive Bidding Rules and Policies; Gift Restrictions

1. HP acknowledges that its continued participation in the E-Rate Program is conditioned on full compliance with the Commission's E-Rate Program Rules, including but not limited to those requiring (i) a "fair and open" competitive bidding process, (ii) the Gift Rule, and (iii) compliance with all state and local competitive bidding and procurement rules, an obligation currently codified at 47 C.F.R. § 54.504, including restrictions applicable to gifts, meals, entertainment, the provision of other things of value, and conflicts of interest. To ensure that its participation in the E-Rate program is consistent with the Commission's competitive bidding requirements, HP shall require and ensure, with respect to its E-Rate activities, including interactions with E-Rate Eligible Entities, that its employees and all Covered Personnel comply with all E-Rate Program Rules, applicable HP policies regarding conducting business with state and local governments and E-Rate Eligible Entities, as well as any additional obligations under this Part.

2. HP shall monitor the adherence of its Covered Personnel to the limitations on the provision of gifts or entertainment as set forth in section 1 of this Part, as well as their adherence to the competitive bidding rules under the E-Rate Program. In addition to developing new procedures to provide for appropriate monitoring of Covered Personnel who handle HP sales to private schools and libraries that are E-Rate Eligible Entities, HP shall continue its current practices with regard to monitoring gift and entertainment related expenses for HP U.S. Public Sector employees as follows:

- a. Monthly review of all expense items identified in HP's employee expense management system as U.S. Public Sector Gifts or Meals & Entertainment; and
- b. Quarterly audits by HP's Controllershship, within the HP U.S. Public Sector Compliance Department, or audits by another appropriate audit team selected by HP, of the top twenty-five (25) HP U.S. employee spenders with U.S. Public Sector Primary or Sales roles.

3. (a) The limitations on gifts set forth in Section 1 of this Part shall be subject to the exceptions and obligations set forth in this section, but nothing contained herein shall

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modify or waive HP's continuing obligations to comply with all applicable E-Rate Program Rules, including the Gift Rule. The exceptions are the following:

- i. HP employees may continue to engage in activities under its Pre-Screened Marketing Activities Policy so long as HP continues to adhere to its current pre-screening policy, as described in Attachment 1 hereto, and conforms these activities to E-Rate Program Rules. Specifically, HP shall ensure that the value of any meals or gifts provided to E-Rate Eligible Entities shall not exceed \$20 per person per occasion or exceed \$50 per person during any single USAC funding year.
- ii. Subject to the requirements of subsection (b) of this section, HP and its employees may continue to provide gifts of equipment to section 501(c)(3) organizations and accredited educational institutions under HP's Global Contributions Policy. HP agrees that during the term of this Compliance Plan, the FCC may request up to twice per year, and HP will provide within forty-five (45) days of such request, a list of recipients of any gifts of \$10,000 or more (retail value) made to an E-Rate Eligible Entity. That list shall identify the recipient, the date on which HP committed to provide the gift, the name of the individual employee donor to the extent no privacy or other law or HP's privacy policy prohibits such disclosure, a description of the equipment and its total value. Requests for that information may be made by the FCC to Patricia Hamill of Conrad O'Brien or to HP's Director, U.S. Public Sector Compliance.
- iii. Subject to the requirements of subsection (b) of this section, HP may continue its various HP in Education grants initiatives pursuant to its Global Social Innovation Policy, as further described in Attachment 2 hereto. This exception is subject to the requirement that HP will disclose to both USAC and the FCC-Wireline Competition Bureau any such award of funding in cash or products or in combination greater than \$10,000 provided to any E-Rate Eligible Entity, including a description of the project for which the funding was provided. HP shall make such disclosures within forty-five (45) days of making any such gifts, as well as on an annual basis as part of its reporting under this Compliance Plan under Part F.

(b) To the extent consistent with the Gift Rule, and with any HP obligations set forth in subsection (a) of this section, HP may continue its philanthropic activities through its Global Contributions Policy or related policies, and HP agrees that it will continue with its practice of reviewing requests for funding or gifts of equipment consistent with its general due diligence policy to ensure, inter alia, that:

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- i. Awards will not be given to individuals.
- ii. No award is made in a manner that would be, or create the appearance of being, a bribe, kickback, or other corrupt practice.
- iii. All such transactions are executed in accordance with all applicable federal, state, and local laws.
- iv. Contributions are not made in exchange for any service, sale, or other thing of value.
- v. Expectations of recipients do not extend beyond the context for which they receive a grant or contribution, including the terms and conditions to which they agree in receiving the gift.

(c) HP shall continue with its practice of requiring that all recipients of any gifts represent in writing, inter alia, that:

- i. its organization has not provided to HP any goods or services in consideration (in whole or in part) for any gift award; and
- ii. acceptance of any such award is not a violation of any federal, state, or local law or any code of conduct or internal rules or by-laws that govern the activities of the recipient.

HP shall retain copies of all such representations referenced in paragraph (c) and such information shall be provided to the FCC within thirty (30) days of any request for that information made by the FCC to Patricia Hamill of Conrad O'Brien or to HP's Director, U.S. Public Sector Compliance.

PART D. Monitoring and Enforcement of E-Rate Compliance

1. HP's E-Rate compliance shall be monitored by HP's Director, U.S. Public Sector Compliance, with support by other departments within HP as well. Within forty-five (45) days after the Effective Date, HP shall provide the FCC Office of General Counsel with a contact person who will be responsible for HP's E-Rate compliance. HP shall impose appropriate disciplinary action, up to and including dismissal from employment, in the event of any employee's failure to comply with E-Rate Program Rules. Monitoring shall include:

- a. Documentation and Certification of Training: HP shall monitor the mandatory attendance of Covered Personnel at the E-Rate compliance training described in Part A above by tracking and recording attendance at either "in person" or subsequent web-based training. Further, all

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Covered Personnel who participate in the training will be required to execute certifications at the end of each training session attesting to their participation in, and understanding of, the training, as described in Part A of this Agreement. HP shall also ensure compliance with the additional certifications required by Part A, section 4. HP shall retain the documentation and certifications required by this subparagraph and by Part A, section 4, under the document retention provisions in Part E, section 2, and shall make them available for inspection upon the FCC's request.

- b. Documentation of E-Rate Related Expenses: To ensure compliance with the limitation on gifts and entertainment described in Part C, as well as any other HP corporate policies regarding conducting business with state and local governments or E-Rate Eligible Entities, HP shall (i) retain, with respect to all Covered Personnel, a record of any HP approval related to any meal, gift, entertainment expense, or other thing of value provided to E-Rate Eligible Entities, paid for with company funds, and (ii) monitor gift and entertainment expenses as described in Part C, Section 2.

2. HP shall report any Known, Suspected, or Alleged Non-Compliance, including any such noncompliance discovered during the course of any audit, to the FCC and USAC within fourteen (14) days from the date the information was first obtained. Such notification shall be provided to USAC, Office of General Counsel, and to the FCC, Office of Wireline Competition Division, Enforcement Bureau, and the FCC, Office of General Counsel. Upon request of the FCC, such notification of non-compliance under this section shall be made by e-mail to such addresses as the FCC may subsequently specify, in addition to any other form of notice provided under Part H herein.

3. In the event that the HP First Year Audit shows any Known, Suspected, or Alleged Non-Compliance (including non-compliance with the activities described in Part E, section 1(b)(iii)), then within thirty (30) days after completion of that audit, in addition to the reporting requirement set forth in this Part D, section 2, HP shall provide to the FCC, Office of Wireline Competition Division, Enforcement Bureau, Office of Inspector General, and Office of General Counsel, a plan for promptly remediating any such non-compliance. Thereafter, within sixty (60) days of providing such a remedial plan, HP's Director, U.S. Public Sector Compliance, shall either provide a certification to the FCC (as specified in the preceding sentence) that all non-compliance has been remediated or shall explain what further remediation is necessary and why any problems persist.

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PART E. HP Audits

1. (a) HP's U.S. Public Sector Compliance Department or its internal auditing department will conduct two E-Rate compliance audits during the term of this Agreement unless that term is extended under the provisions of Part F, section 4. In that case, additional audits may be required as provided herein. In its discretion, HP's U.S. Public Sector Compliance Department or its internal auditing department may be assisted by other HP departments and/or may employ independent third parties to conduct, or assist with, the audits required under this Agreement.

(b) The first audit (the "HP First Year Audit") shall cover the period beginning on the Effective Date and ending November 7, 2011. This audit shall be completed not later than December 31, 2011. Copies of such audit report shall be provided by not later than January 20, 2012, to USAC and to the FCC, Office of Wireline Competition Division, Enforcement Bureau, Office of Inspector General, and Office of General Counsel. This audit and all other audits required by this Part shall be conducted in accordance with American Institute of Certified Public Accountants standards and Government Auditing Standards (yellow book standards). The scope of the HP First Year Audit shall include:

- (i) HP's compliance with its obligations under this E-Rate Compliance Agreement;
- (ii) HP's compliance with the following E-Rate Program Rules in connection with any contracts or agreements pursued (including bids), executed, modified or extended after the Effective Date using HP's SPIN: the competitive bidding process (including the Gift Rule); free services and service substitutions; eligible services and co-pays; and all applicable state and local competitive bidding and procurement requirements, including any requirements applicable to gifts, meals, entertainment, the provision of other things of value, and conflicts of interest; and
- (iii) HP's adherence, with respect to E-Rate-related activities including interactions with E-Rate Eligible Entities, to all HP corporate policies regarding conducting business with state and local governments or with E-Rate Eligible Entities, to the extent consistent with E-Rate Program Rules.

In connection with the work described above, the audit will include a comprehensive review of the following: RFPs and proposals for E-Rate eligible goods or services; documents related to expenses of Covered Personnel; invoices for goods and services provided under the E-Rate Program; evidence that the applicant paid its share of the E-Rate eligible goods or services; correspondence among Covered Personnel relating to the transactions reviewed. Plans for remediating any non-compliance shown by the HP First Year Audit along with certifications of remediation shall be provided by HP to the FCC as set forth in section 3 of

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Part D.

(c) HP's U.S. Public Sector Compliance Department and/or its internal auditing department shall conduct the second audit (the "HP Close-Out Audit") at the end of the third year after the Effective Date. Such audit shall be completed by not later than ninety (90) days after the end of such period. The audit shall focus on any areas of non-compliance identified in the HP First Year Audit and on any compliance issues that may have been detected by any FCC or USAC audit or by HP's internal monitoring. At least thirty (30) days before HP begins to conduct its HP Close-Out Audit, HP shall so advise the FCC. The FCC retains discretion to direct that the HP Close-Out Audit shall include other information of the type specified in section 1(b) above. Copies of such audit report shall be provided to USAC and to the FCC, Office of Wireline Competition Division, Enforcement Bureau, Office of Inspector General, and Office of General Counsel, by not later than fifteen (15) days after the audit is required to be completed.

2. HP acknowledges that this Agreement shall not preclude the FCC or USAC from conducting audits under the Commission's rules, including those at 47 C.F.R. §§ 54.516(c) and 54.707. HP agrees to cooperate fully with any such audit, including by promptly complying with requests for information or documents and making requested and relevant personnel available. HP further agrees to retain all documents pertaining to implementation and monitoring of this E-Rate Compliance Agreement for a period of at least two (2) years after the other obligations under this Agreement have expired, or longer where required by 47 C.F.R. § 54.516, and to produce such documents in response to any audit or investigation under 47 C.F.R. §54.516.

3. HP shall cooperate with any FCC/USAC audit of its compliance with the terms of this E-Rate Compliance Agreement and with E-Rate Program Rules.

PART F. Annual E-Rate Compliance Certification; Term of Agreement

1. (a) During the period that the obligations under this E-Rate Compliance Agreement remain in effect, HP shall certify annually within thirty (30) days following the submission to the FCC of the HP First Year Audit (and thereafter on the anniversary of that date) that:

- (i) HP is and has been at all times during the reporting period in compliance with the terms of this E-Rate Compliance Agreement and the following E-Rate Program Rules: the competitive bidding process (including the Gift Rule); free services and service substitutions; eligible services and co-pays; and all applicable state and local competitive bidding and procurement rules, an obligation currently codified at 47 C.F.R. § 54.504(a), including any requirements applicable to gifts, meals, entertainment, the provision of other things of value, and conflicts of interest;

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- (ii) that in conducting its E-Rate business it did not cause any E-Rate Eligible Entity to violate the Commission's E-Rate Program Rules or any applicable state and local competitive bidding and procurement rules; and
- (iii) HP has obtained from its HP Partners all certifications required by this agreement.

(b) Prior to making this annual certification, HP shall conduct an appropriate due diligence review of compliance with this E-Rate Compliance Agreement and with the E-Rate Program Rules specified above. HP shall also certify that it has remedied any deficiencies in its E-Rate monitoring or other aspects of compliance hereunder that may have been identified in the HP First Year Audit or the HP Close-Out Audit, as the case may be.

2. To the extent that HP cannot provide the compliance certification described in section 1 of this Part, it shall provide the FCC with a compliance report that provides a detailed explanation of: (i) any instances of non-compliance with this E-Rate Compliance Agreement or with the specified E-Rate Program Rules, and (ii) the steps that HP has taken or will take to remedy each instance of non-compliance and ensure future compliance, and the schedule on which proposed remedial actions have or will be taken. Whenever such steps have been taken, HP shall submit a supplemental compliance certification to the FCC so indicating.

3. Annual compliance certifications under section 1 of this Part and any necessary E-Rate compliance report(s) under section 2 of this Part shall be provided to: the FCC Inspector General, FCC General Counsel, FCC Wireline Bureau Chief, FCC Enforcement Bureau Chief, and the USAC General Counsel.

4. (a) The obligations in this E-Rate Compliance Agreement shall remain in effect for three (3) years from the Effective Date (except for the auditing and certification/reporting obligations which are required to be performed at the end of the third year after the Effective Date and which shall remain in effect until satisfied). However, if there is a substantial failure to comply with (i) any term of this E-Rate Compliance Agreement, or (ii) the specified E-Rate Program Rules (as determined in any FCC/USAC audit, the HP Close-Out Audit, any self-reporting under Part D or as indicated by any annual compliance report required hereunder, or other reliable means), the obligations set forth herein shall remain in effect for an additional one (1) year period (the "Extension Period"). If the FCC finds that the Extension Period is warranted, the FCC shall so notify HP by letter no later than forty-five (45) days after receipt of the HP Close-Out Audit and annual certification for the third year of the term of this Agreement. The letter shall set forth the basis for triggering the Extension Period. If HP disputes such finding or the basis therefore, HP shall have thirty (30) days to present to the FCC a written response to the Notice Letter to contest the finding. The FCC shall have fifteen (15) days to reconsider its original finding and shall so notify HP by letter promptly thereafter whether it will reconsider its original

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finding. If there is an Extension Period, then at its close, HP's U.S. Public Sector Compliance Department and/or its internal auditing department or a qualified independent third party shall conduct another E-Rate compliance audit (whose scope shall be comparable to that for the HP Initial Audit) and submit a detailed E-Rate compliance report describing its audit findings and reporting on any remedial steps it has taken to address any instances of non-compliance.

(b) The obligations of this Compliance Agreement shall not remain in effect beyond November 7, 2014, except as otherwise specifically provided in this Agreement. If by such date HP has not fully complied with this Compliance Agreement and with all E-Rate Program Rules for one (1) full calendar year, as determined by the FCC, then HP shall be subject to the remedies provided for in Part G, at the discretion of the FCC. Further, the parties may also renegotiate an extension of this Compliance Agreement to address any non-compliance by HP, to the extent they deem such an extension to be appropriate or desirable.

PART G. Remedies for Non-Compliance

1. Nothing in this E-Rate Compliance Agreement is intended to alter the E-Rate Program Rules or USAC's existing procedures with respect to them. In addition, compliance with the terms of this Agreement does not constitute a defense in any civil, criminal, or administrative proceeding against HP brought by or on behalf of any federal or state governmental entities or any E-Rate applicant (*e.g.*, any *qui tam* litigation) alleging violations of the E-Rate Program Rules, including applicable state or federal fraud, conspiracy, or antitrust laws as applied to the E-Rate Program; provided, however, that HP may, in response to any such claim or proceeding, present evidence or otherwise describe its efforts to comply with E-Rate Program Rules, whether or not such efforts were taken in connection with this Compliance Agreement. Notwithstanding the foregoing, nothing in this agreement is intended to limit HP's ability to assert compliance with the terms of this agreement as a defense in any personnel or contract dispute not covered by the preceding sentence. HP's compliance with the terms of the Compliance Agreement shall not limit the investigation of any alleged violations of E-Rate Program Rules by the FCC, USAC, or any associated enforcement activity.

2. (a) The Parties expressly acknowledge and agree that if the FCC determines there is any failure to materially comply with any term of this E-Rate Compliance Agreement (other than a violation of E-Rate Program Rules, which is separately addressed in subsection (b)), USAC may suspend action on some or all of HP's pending payment requests, and withhold payment from HP, until HP demonstrates to the satisfaction of USAC and the FCC that the non-compliance has been remedied. USAC may act under this section only upon the direction of the FCC. USAC or the FCC, as appropriate, shall notify HP of any actions taken under this section and the grounds therefore. Any action taken under this section is without prejudice to the FCC's application of administrative remedies pursuant to the Communications Act of 1934, as reserved herein.

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(b) If there is non-compliance with any E-Rate Program Rule, USAC shall take action pursuant to its normal processing procedures, in accordance with FCC rules and orders and USAC procedures. Any such actions taken by USAC may be appealed as provided by E-Rate Program rules as set forth in 47 CFR §§ 54.719 through 54.722.

(c) The FCC and USAC may take such other additional enforcement actions or impose such additional penalties as may otherwise be permitted under applicable law.

3. (a) If a suspension of processing or payment occurs under section 2(a) of this Part due to material non-compliance with the specific terms of this Compliance Agreement (other than a violation of E-Rate Program Rules), HP may appeal such suspension by filing an appeal with the FCC Wireline Competition Bureau (“FCC-WCB”) within thirty (30) calendar days. For purposes of this subparagraph, the computation of time shall be as set forth in 47 C.F.R. § 1.4 and the procedures in 47 CFR §§ 54.721 and 54.722 shall be applicable to such appeals. The decision of the FCC-WCB may thereafter be appealed to the full Commission. If the Commission affirms any such suspension, HP agrees that any such determination and the resulting suspension or denial of payment in connection with such suspension shall not be subject to further administrative appeal at USAC or the FCC.

(b) If the Commission affirms any suspension of payment under subsection (a) of this section, HP agrees to withdraw, relinquish, and cancel any payment requests consistent with any orders of the FCC (or FCC-WCB, if no appeal is made to the full Commission) to the extent permissible under applicable E-Rate Program Rules. If cancellation is not viable, due to previous payments having been made, HP agrees that the amount of the payment subject to suspension shall be offset against any future payments made to it by USAC.

4. HP may seek extensions of any deadline imposed by this Compliance Agreement by a request in writing to the FCC, Office of General Counsel or Wireline Competition Bureau, at least five (5) business days before the deadline date with an explanation of the reason for the requested extension. Such an extension request may be granted or not in the sole discretion of the FCC. If the FCC grants an extension, then HP must satisfy the new deadline or be deemed in material non-compliance.

5. (a) The FCC reserves its right to pursue violations of the terms of this Compliance Agreement and of the E-Rate Program consistent with its authority under the Communications Act of 1934. HP acknowledges and agrees that if HP fails to materially comply with any provision of this Compliance Agreement, the FCC may treat such non-compliance in the same manner as the failure to comply with a rule promulgated by the FCC, as well as avail itself of such other remedies as may be set forth in this Compliance Agreement. The Parties agree that this Compliance Agreement is deemed to satisfy the requirements of the Citation provisions under sections 503(b)(5)(A) and (B) of the Communications Act of 1934, 47 U.S.C. §§ 503(b)(5)(A) and (B). Any action taken under sections 2 or 3 of this Part is without prejudice to the FCC’s application of administrative remedies pursuant to the Communications Act of 1934, as reserved by this section.

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(b) In making a determination as to the materiality of any HP non-compliance with a term of this Compliance Agreement where such non-compliance does not constitute a violation of the E-Rate Program Rules or a failure to meet the deadlines set forth herein, the FCC may consider any information HP may provide regarding its efforts to remedy such non-compliance.

PART H. Notices and Reports

1. All notices, reports, disclosures or other communications required by this E-Rate Compliance Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of service if served personally; (b) on the day of transmission if sent via facsimile transmission to the facsimile number given below and telephonic confirmation of receipt is obtained promptly; or (c) on the day after delivery to an overnight courier service, prepaid and properly addressed as follows:

- (a) If to the FCC Office of Inspector General:

Inspector General (or designee)
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554
Telephone: (202) 418-0470
Facsimile: (202) 418-2811

- (b) If to USAC:

General Counsel (or designee)
Universal Service Administrative Company
2000 L St., N.W., Suite 200
Washington, D.C. 20036
Telephone: (202) 776-0200
Facsimile: (202) 776-0080

- (c) If to the FCC Office of General Counsel:

General Counsel (or designee)
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554
Telephone: (202) 418-1700
Facsimile: (202) 418-2822

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- (d) If to the Wireline Competition Bureau:

Bureau Chief (or designee)
Wireline Competition Bureau
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554
Telephone: (202) 418-1500
Facsimile: (202) 418-2825

- (e) If to the Enforcement Bureau:

Bureau Chief (or designee)
Enforcement Bureau
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554
Telephone: (202) 418-7450
Facsimile: (202) 418-2810

In the event of a notification required to be made to “the FCC,” such notice shall be made to the FCC Office of General Counsel, the Bureau Chief, Enforcement Bureau, and to the Bureau Chief, Wireline Competition Bureau.

To the extent this Agreement requires or allows for notification to HP’s Director, U.S. Public Sector Compliance, such notice shall be given to: Gwen Romack, gwen.romack@hp.com, 7510 Lewistown Road, Thurmont, MD 21788. Notices for Patricia Hamill of Conrad O'Brien shall be made to 1515 Market Street, 16th Floor | Philadelphia, PA 19102-1921, with E-mails to: phamill@conradobrien.com.

2. The individuals signing this E-Rate Compliance Agreement on behalf of HP represent and warrant that they are authorized by HP to execute this agreement. The FCC signatory represents that he is signing this agreement in his official capacity and that he is authorized to execute this agreement.

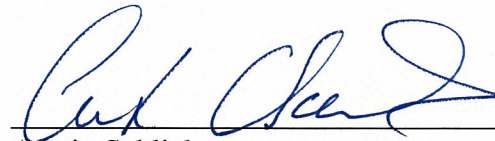
3. This E-Rate Compliance Agreement is binding on the successors and assigns of the signatories hereto.

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FEDERAL COMMUNICATIONS COMMISSION

DATED: 11/5/10

BY:



Austin Schlick
General Counsel
Federal Communications Commission

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Hewlett-Packard Company (HP)

DATED: 11/05/10

BY: John F. Schultz (AKB)

John F. Schulz
Vice President and Deputy General Counsel, Litigation

COMPLIANCE AGREEMENT REGARDING E-RATE CONTROLS, MONITORING AND AUDIT REQUIREMENTS

Attachment 1

Overview of HP Pre-screening Procedures for Marketing Activities

Pursuant to HP's U.S. Business Gifts and Entertainment Policy, pre-screening is required for HP activities in which an employee of the public sector will be contacted to participate AND where items of value are made available by HP to activity participants. The requests shall be pre-screened by U.S. Public Sector Compliance and/or Public Sector Legal Counsel. The screening will take into account both the requirements of the Compliance Plan and HP's U.S. Business Gifts and Entertainment Policy. Employees may consult the "U.S. Public Sector Compliance Process Requirements for Coordinating Customer Events/Activities" document to help HP employees determine if an activity requires pre-screening and/or approval to proceed. HP employees shall submit an activity for pre-screening via HP's intranet for such screening. After review of the activity, U.S. Public Sector Compliance and/or Public Sector Legal Counsel will provide the requester with either an approval of the event, an approval contingent upon certain conditions which must be met, or a denial. If given approval contingent upon certain conditions, HP employees must adhere to the contingencies as articulated in the approval notice and retain evidence of those actions. Pre-screening and registration records must be retained for ten (10) years, per HP's US Records Retention Schedule.

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Attachment 2

HP Global Social Innovation Program Focused On HP in Education

Currently, HP sponsors certain programs through its Global Social Innovation Program. The Program focuses on three areas: education, health and community. To the extent any of the programs, awards, or grants it sponsors are in the area of education, those programs will be subject to the Compliance Plan requirements as set forth in Part C, as well as the Gift Rule. Currently, HP's education-focused grants that may provide funding to E-Rate Eligible Entities are known as the HP Catalyst Initiative and the HP EdTech Innovators Award, though the names of the initiatives or award programs may change.