

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

COMPAQ COMPUTER CORP

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: January 26, 1994

COMPAQ COMPUTER CORPORATION

(Exact name of Registrant as specified in its charter)

Commission file number 1-9026

Delaware
(State or other jurisdiction of
incorporation or organization)

76-0011617
(I.R.S. Employer
Identification No.)

20555 SH 249, Houston, Texas 77070
(Address, including zip code,
of Registrant's principal executive offices)

Registrant's telephone number, including area code: (713) 370-0670

Item 5. Other Events.

The Registrant's earnings press release for the year and quarter ended December 31, 1993 dated January 26, 1994 is attached.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Compaq Computer Corporation

January 26, 1994

/s/ DARYL J. WHITE

Daryl J. White, Senior Vice President,
Finance, and Chief Financial Officer
(as authorized officer and as
principal financial officer)

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COMPAQ REPORTS RECORD FOURTH QUARTER AND YEAR
1993 EARNINGS PER SHARE UP 112%; SALES INCREASE 75% TO \$7.2
BILLION

HOUSTON, January 26, 1994 -- Compaq Computer

Corporation (NYSE:CPQ) today announced record 1993 sales of \$7.2 billion, an increase of 75 percent over the \$4.1 billion reported in 1992. Earnings per share for 1993 increased 112 percent to a record \$5.35, compared with earnings per share of \$2.52 for 1992.

The Company's sales and earnings per share for the fourth quarter ended December 31, 1993 also reached record levels. Fourth quarter sales were \$2.2 billion, a 55 percent increase over the \$1.4 billion reported for the same period in 1992. Earnings per share for the fourth quarter were \$1.73 versus \$1.10 for the same period in 1992.

"Compaq's record sales growth is the result of unprecedented customer demand for our products throughout the world," said Eckhard Pfeiffer, president and chief executive officer, Compaq Computer Corporation. "We experienced strong demand for desktop, portable and server products in our traditional markets and dramatic growth of consumer sales through retail outlets," he said.

The resulting sales growth in 1993 set records in every region. North America grew 100 percent to \$3.7 billion; Europe (including Eastern Europe, Middle East and Africa) grew 44 percent to \$2.7 billion; other international markets (including Japan, Latin America and Pacific Rim) grew 111 percent to \$800 million. Worldwide unit shipments reached 3.1 million, an increase of 98% over 1992.

1993 HIGHLIGHTS

Compaq made significant gains in its goal to become the leading supplier of personal computers worldwide. The Company was credited with achieving the industry's largest 1993 market share growth by independent market research firms Dataquest, Inc. and International Data Corporation (IDC).

Customer Satisfaction -----

During 1993 Compaq continued to deliver customer satisfaction through a broad array of service and support programs and by making its products easier to use. Compaq's three-year warranty on all of its computers continues to be the most comprehensive in the industry. The Company significantly enhanced customer service and support for its award-winning server products in September by announcing CompaqCare for Systems.

Important ease-of-use achievements included the greatly simplified customer setup for the Compaq Presario; the innovative Tabworks user interface for Windows and the industry's first "Plug and Play" ready product, the Compaq Deskpro XE.

Product Technology -----

Compaq announced a record number of new products during the year and continued to provide technology

leadership with such products as the Compaq ProLiant line of servers, the Compaq Presario and Compaq Deskpro XE and the convertible Compaq Concerto notebook computer. The Compaq ProLiant broke new ground for the Company and the market by providing an unmatched combination of performance, fault tolerance, ease-of-management and value.

Total Delivered Cost

With annual sales per employee reaching approximately \$700,000 in 1993, the highest among major computer manufacturers, Compaq continued to improve its position as one of the lowest cost producers of personal computers. Significant material cost reductions and continuing cost controls further enhanced the Company's competitive position.

Distribution

The Company made it easier for customers to buy its products by expanding the number of worldwide marketing partners from approximately 9,500 at the beginning of 1993 to more than 16,000. Geographic expansion continued to open new markets for Compaq products in many regions of the world. Compaq further enhanced its Asian operations in the People's Republic of China with the September opening of a Beijing sales office. The Company also expanded its European reach by establishing subsidiaries in Hungary, Poland and Portugal.

"Credit for our 1993 results belongs to all our employees," said Pfeiffer. "Compaq's divisional structure, aligned to key market segments, creates an environment for committed effort, clear lines of responsibility, and accountability. Compaq employees have the same interests as our stockholders and share in our financial results. As a result of Compaq's 1993 financial performance, the worldwide profit sharing program paid out over \$27 million to employees."

In 1993 Compaq delivered on its promise to help protect the environment by eliminating CFCs from all its manufacturing processes; introducing a number of Energy Star compliant desktop and notebook products; and by labeling plastics on Compaq products with recycling codes to improve the recycling process at the end of the product's life cycle. In October, Compaq received a Stratospheric Ozone Protection Award from the Environmental Protection Agency for eliminating ozone-depleting substances.

1994 PLANS

"Compaq will increasingly leverage its strong brand name to continue gaining market share in the consolidating computer market," said Pfeiffer.

"We will focus our efforts on the business and consumer

customer segments and work to increase sales in government and education. The company will announce a significant number of new desktop, portable and server products to meet a variety of customer needs.

"New product technologies will center around such areas as multi media, mobile computing and communications, and ease-of-use advancements such as "Plug and Play".

"We think it is especially important that the Company is building a rapidly growing base of client-server and enterprise computing solutions. These products and services are enabling Compaq to play a larger role in the total computing marketplace by providing customers everywhere with new tools for the information age," said Pfeiffer.

CORPORATE BACKGROUND

Compaq Computer Corporation is a world leader in the manufacture of servers, desktop and portable personal computers. Founded in 1982, Compaq reported 1993 worldwide sales of \$7.2 billion. Compaq products are sold and supported in more than 100 countries through a network of more than 16,000 Compaq marketing partners. Compaq also sells directly to customers through Compaq DirectPlus at 1-800-888-5858.

For customer support and information, call 1-800-345-1518.

(Attached is the Consolidated Balance Sheet and Statement of Income)

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COMPAQ and Deskpro are registered trademarks of Compaq Computer Corporation (Registered, U.S. Patent and Trademark Office. Presario, ProLiant and Concerto are trademarks of Compaq Computer Corporation. CompaqCare is a service mark of Compaq Computer Corporation.

Windows is a trademark of Microsoft Corporation. Tabworks is a trademark of Xerox Corporation. Other products mentioned herein may be trademarks or registered trademarks of their respective companies.

For further editorial information, contact:

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COMPAQ COMPUTER CORPORATION
CONSOLIDATED BALANCE SHEET
(Unaudited)

ASSETS

	December 31,	
	1993	1992

	(in millions)	
Current assets:		
Cash and cash equivalents	\$ 627	\$ 357
Accounts receivable, net	1,377	987
Inventories	1,123	834
Prepaid expenses and other assets	164	140

Total current assets	3,291	2,318
Property, plant, and equipment, less accumulated depreciation	779	808
Other assets	14	16

	\$4,084	\$3,142
	=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 637	\$ 516
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Income taxes payable	69	36
Other current liabilities	538	408
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Total current liabilities	1,244	960
	-----	-----
Deferred income taxes	186	176
Commitments and contingencies		
Stockholders' equity:-		
Preferred stock, \$.01 par value: 10,000,000 shares authorized; none outstanding		
Common stock and capital in excess of \$.01 par value: 400,000,000 shares authorized; 84,348,000 shares and 79,830,000 shares issued and outstanding	586	400
Retained earnings	2,068	1,606
	-----	-----
Total stockholders' equity	2,654	2,006
	-----	-----
	\$4,084	\$3,142
	=====	=====

COMPAQ COMPUTER CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Year ended		Quarter ended	
	December 31,		December 31,	
	1993	1992	1993	1992

	(in millions, except per share amounts)			
Sales	\$7,191	\$4,100	\$2,202	\$1,423
Cost of sales	5,493	2,905	1,680	1,040

	1,698	1,195	522	383

Research and development costs	169	173	43	39
Selling, general, and administrative expense	837	699	251	195
Other income and expense, net	76	28	25	16

	1,082	900	319	250

Income from consolidated companies before provision for income taxes	616	295	203	133
Provision for income taxes	154	97	52	44

Income from consolidated companies	462	198	151	89
Equity in net income of affiliated company		15		

Net income	\$ 462	\$ 213	\$ 151	\$ 89
=====				

Earnings per common and common equivalent share:				
Primary	\$ 5.45	\$ 2.58	\$ 1.74	\$ 1.11
=====				
Assuming full dilution	\$ 5.35	\$ 2.52	\$ 1.73	\$ 1.10
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Shares used in computing earnings per common and common equivalent share:

Primary	84.7	82.6	86.8	80.9
=====				
Assuming full dilution	86.3	84.7	87.1	81.6
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