



HP Q3 FY09 Earnings Announcement

August 18, 2009

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Use of non-GAAP financial information

HP has included non-GAAP financial measures in this presentation to supplement HP's consolidated condensed financial statements presented on a GAAP basis. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this presentation.

HP's management uses non-GAAP operating expense, non-GAAP OI&E, non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted earnings per share, and HP's non-GAAP tax rate to evaluate and forecast HP's performance before gains, losses or other charges that are considered by HP's management to be outside of HP's core business segment operating results. Gross cash, net cash and free cash flow are liquidity measures that provide useful information to management about the amount of cash available for investment in HP's businesses, funding strategic acquisitions, repurchasing stock and other purposes.

These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of HP's results as reported under GAAP. Items such as amortization of purchased intangible assets, though not directly affecting HP's cash position, represent the loss in value of intangible assets over time. The expense associated with this loss in value is not included in non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted earnings per share and HP's non-GAAP tax rate and therefore does not reflect the full economic effect of the loss in value of those intangible assets. In addition, items such as restructuring charges that are excluded from non-GAAP operating expense, non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted earnings per share and HP's non-GAAP tax rate can have a material impact on cash flows and earnings per share. HP may not be able to liquidate the long-term investments included in gross cash immediately, which may limit the usefulness of gross cash as a liquidity measure. In addition, free cash flow does not represent the total increase or decrease in the cash balance for the period. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies.

We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of each non-GAAP financial measure to the most directly comparable GAAP measure, and we encourage investors to review carefully those reconciliations.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency to the information used by HP's management in its financial and operational decision-making and allows investors to see HP's results "through the eyes" of management. We further believe that providing this information better enables investors to understand HP's operating performance and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance.

Q3 FY09 Highlights

- Revenue and Non-GAAP EPS above Q3 FY09 outlook provided May 19th, 2009
- Cash flow from operations of \$3.9 billion up 15% versus prior-year period
- Record profit in Services of \$1.3 billion
- Non-GAAP Operating Expense down 13% year over year
- Non-GAAP Operating Margin improvement of 100 bps over the prior-year period

Business showing increased signs of stability

- US stable for the second consecutive quarter
- Double-digit growth in China

IPG supplies sales out for Q3 FY09 is significantly above current reported results

- Sales out of the channel for supplies was flat to slightly down in local currency

Solid margin expansion in Services

- Strong leverage in Technology Services
- Over 16,000 headcount have been removed to date as part of the EDS integration
- Significant cost synergies for EDS acquisition have yet to be realized

Investing for future growth

- Investing in the next generation data center, digital printing, and mobility

Q3 FY09 results overview

Financial Summary

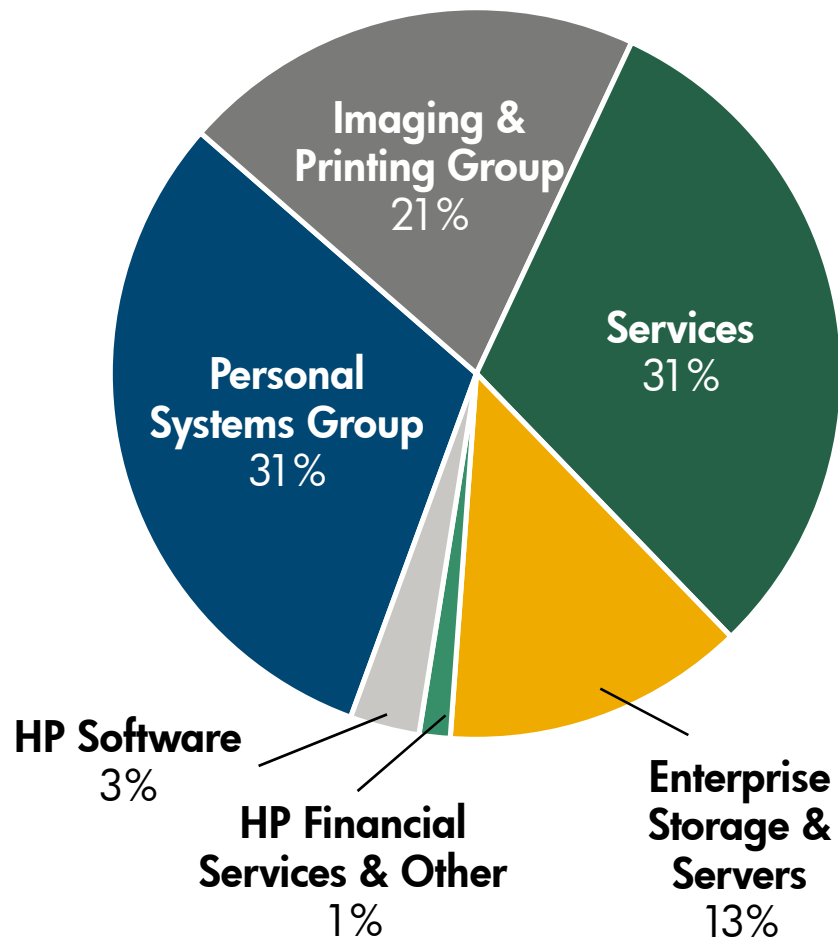
- Net revenue of \$27.5B, decline of \$581M, down 2% Y/Y; up 4% in constant currency
- Non-GAAP⁽¹⁾ diluted EPS of \$0.91; up 6% Y/Y
- GAAP diluted EPS of \$0.67; down 16% Y/Y
- Cash flow from operations of \$3.9B
- \$1.0B in share repurchases and \$191M in dividends

\$ in millions	Q3 Revenue	Growth Y/Y%	OP \$	OP % of rev	OP \$ Y/Y	OP % Y/Y
Services	\$8,470	93%	\$1,289	15.2%	\$722	2.3 pts
Enterprise Storage and Servers	\$3,660	(23%)	\$356	9.7%	(\$188)	(1.8 pts)
HP Software	\$847	(22%)	\$153	18.1%	\$18	5.7 pts
Technology Solutions Group	\$12,977	27%	\$1,798	13.9%	\$552	1.7 pts
Personal Systems Group	\$8,432	(18%)	\$386	4.6%	(\$201)	(1.1 pts)
Imaging and Printing Group	\$5,660	(20%)	\$960	17.0%	(\$82)	2.2 pts
HP Financial Services	\$670	(1%)	\$53	7.9%	\$2	0.4 pts
Total HP ⁽²⁾	\$27,451	(2%)	\$2,974 ⁽¹⁾	10.8% ⁽¹⁾	\$227⁽¹⁾	1.0 pts⁽¹⁾

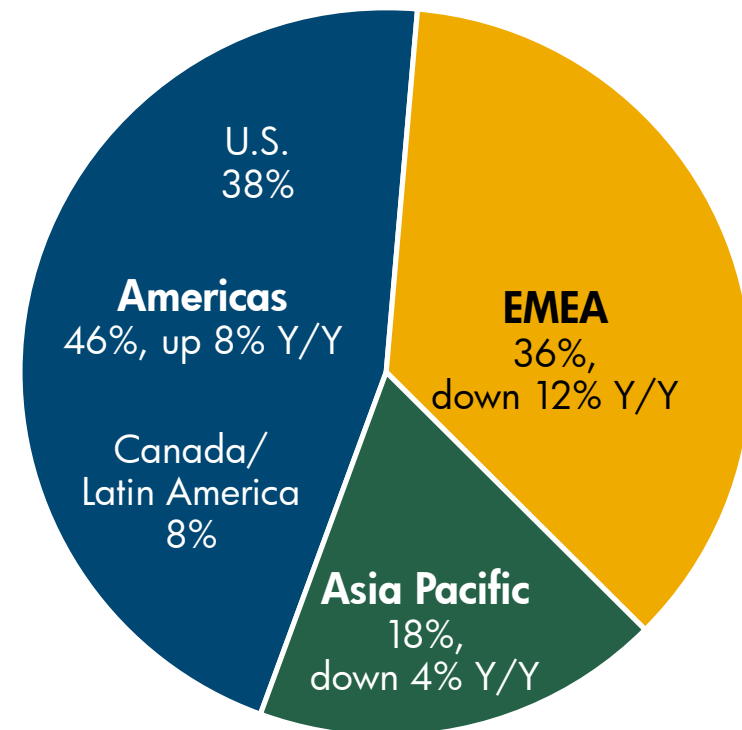
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2. Includes Corporate Investments & Eliminations

Q3 FY09 revenue

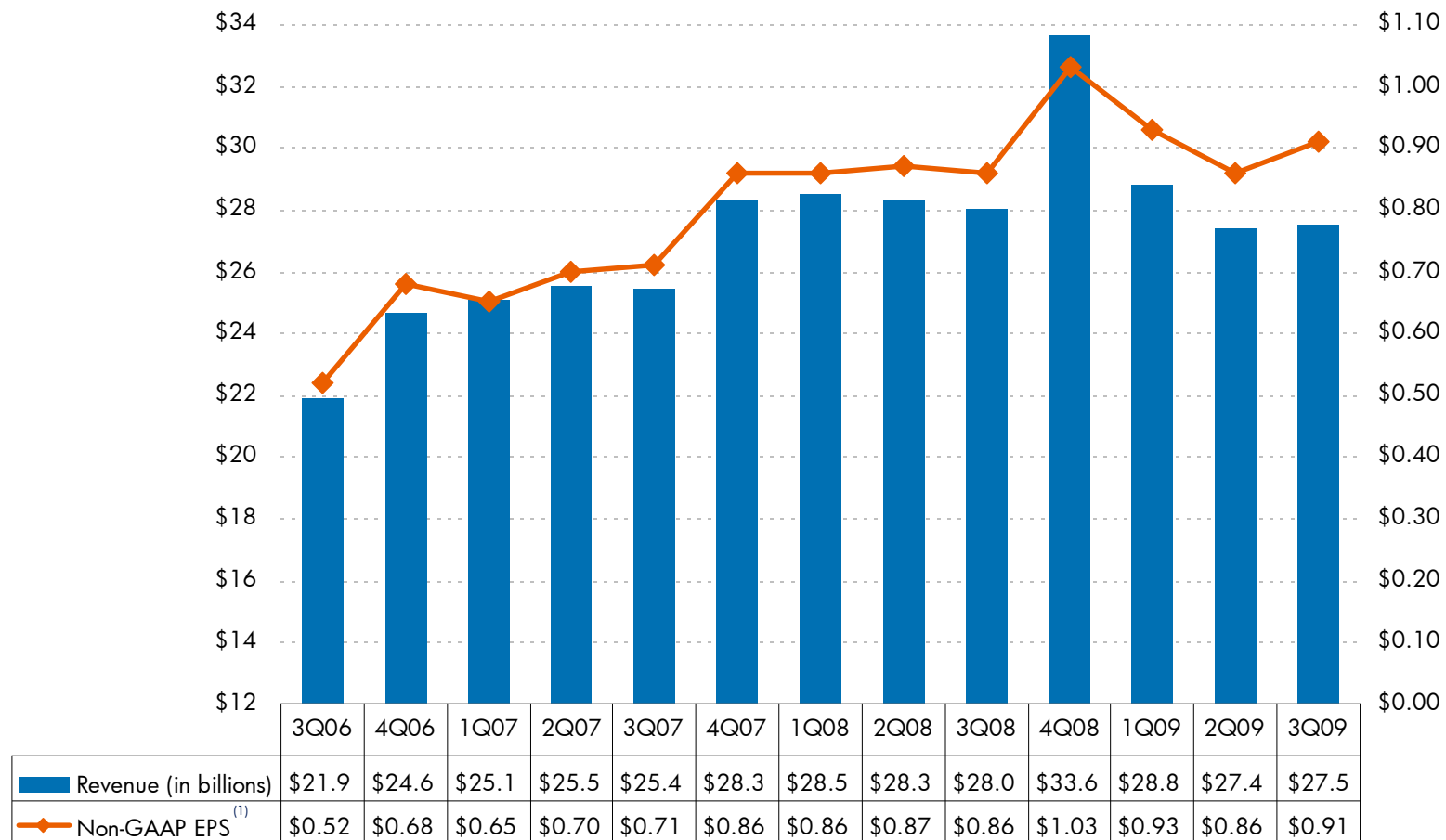
By Segment



By Region

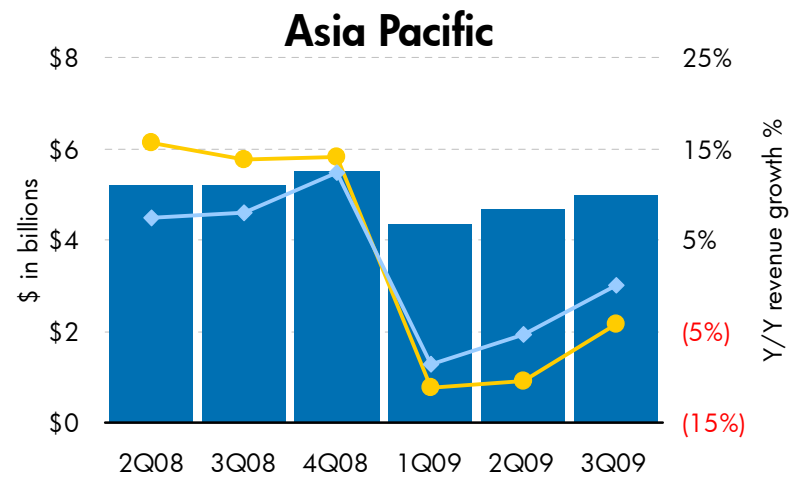
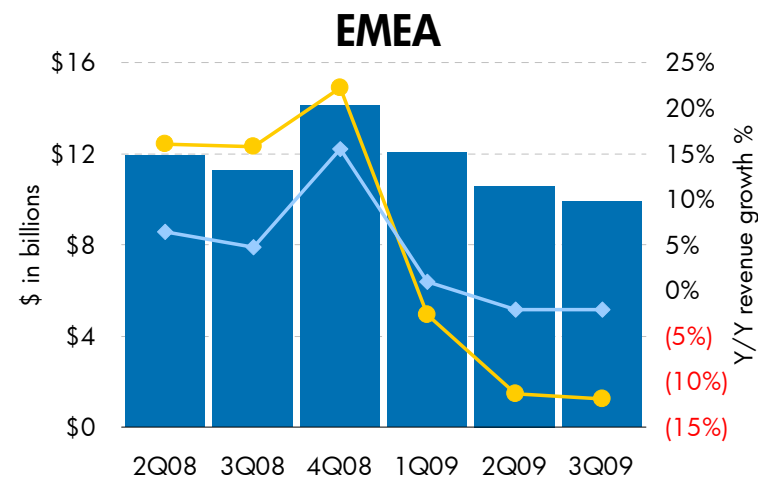
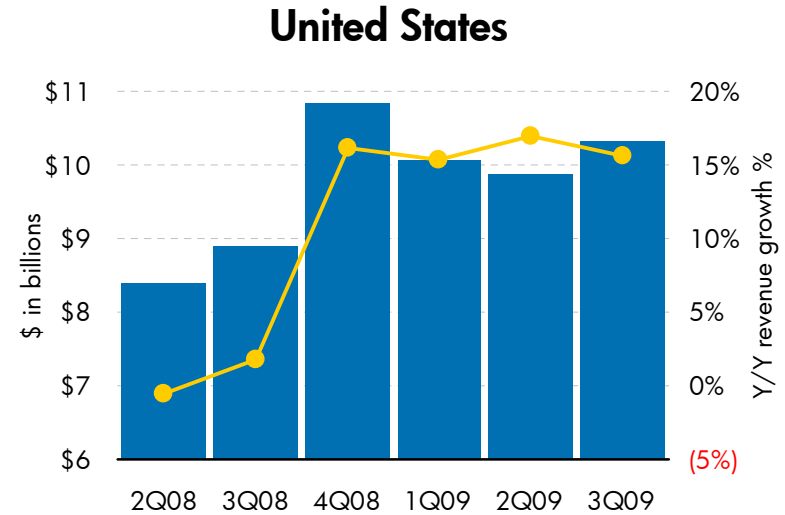
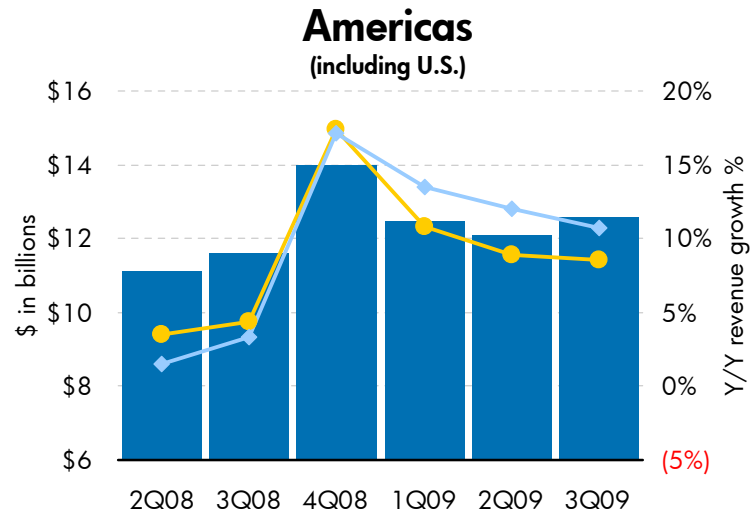


Revenue & EPS performance



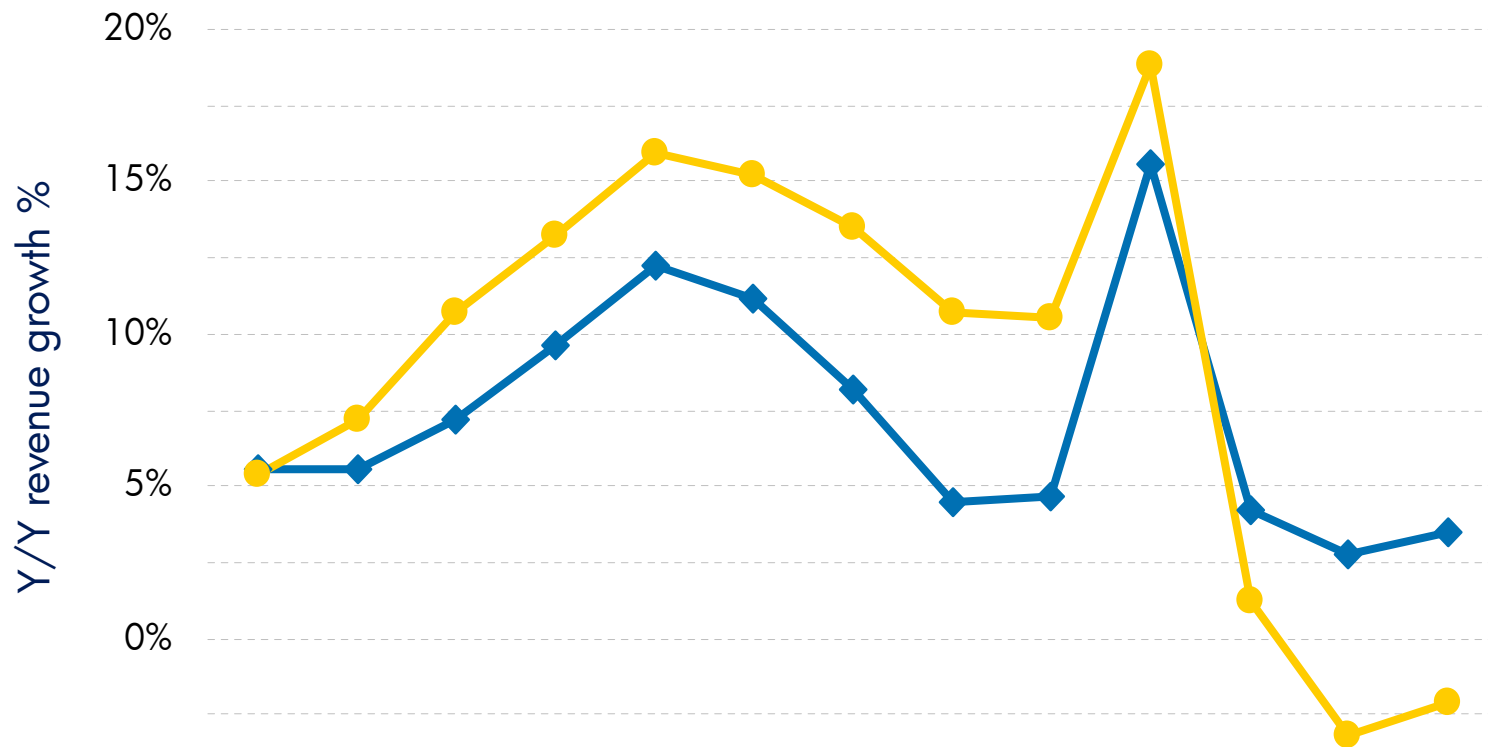
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Regional revenue trends



●— Y/Y revenue growth %
◆— Y/Y constant currency revenue growth %

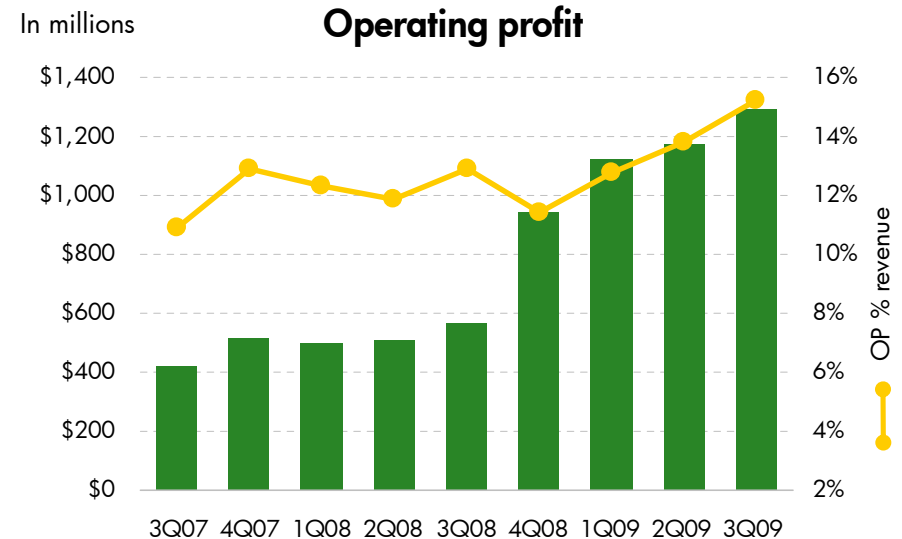
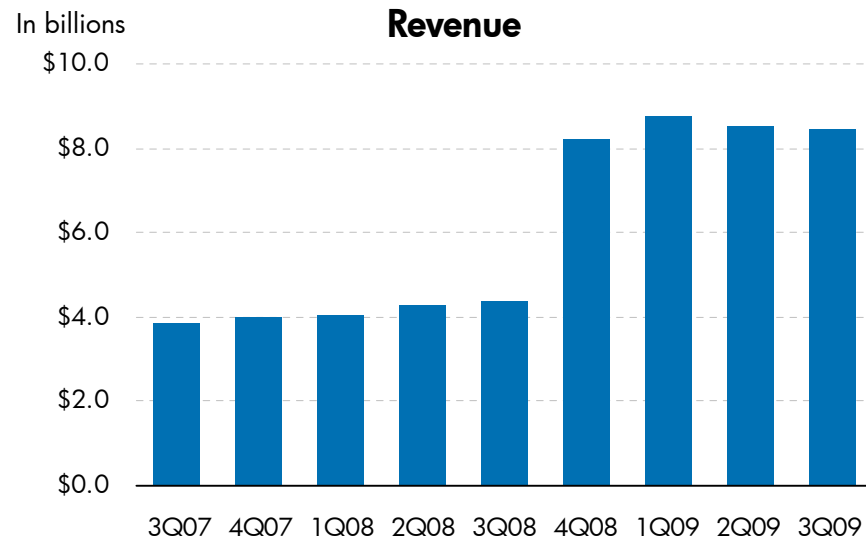
Revenue growth



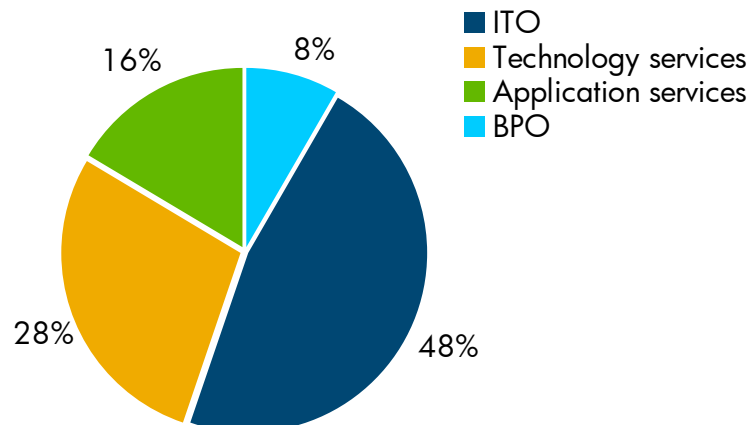
(5%)

	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
Constant currency	5.6%	5.6%	7.2%	9.6%	12.2%	11.2%	8.2%	4.5%	4.7%	15.6%	4.2%	2.8%	3.5%
As reported	5.4%	7.2%	10.7%	13.2%	15.9%	15.2%	13.5%	10.7%	10.5%	18.8%	1.2%	-3.2%	-2.1%

Services

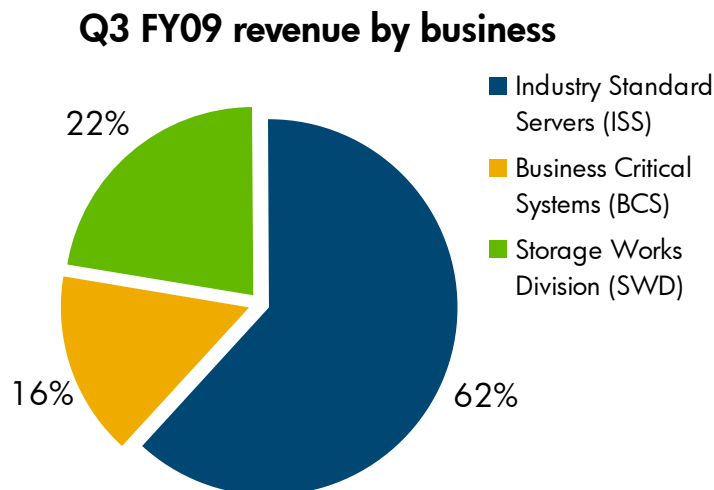
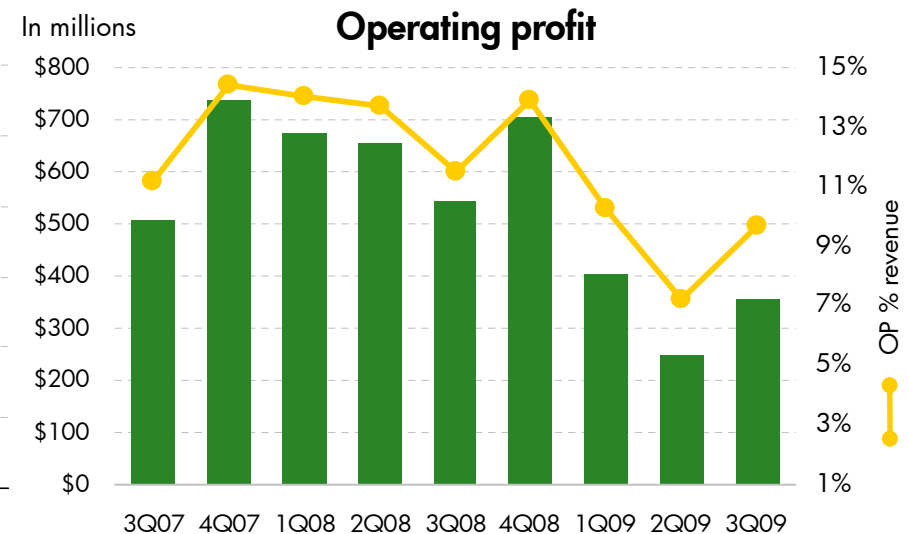
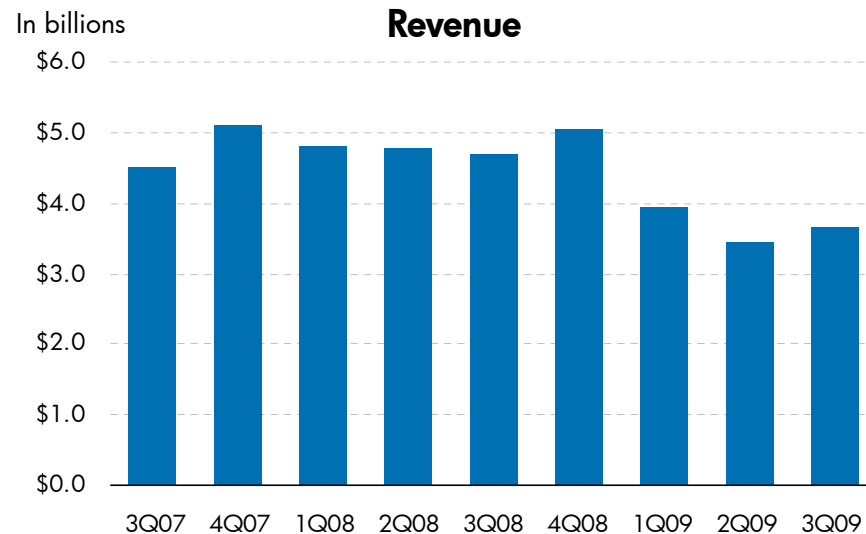


Q3 FY09 revenue by business



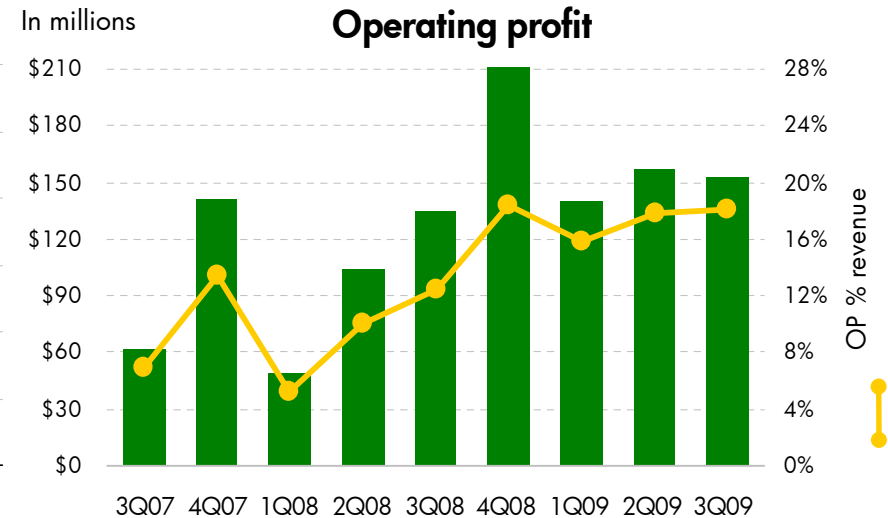
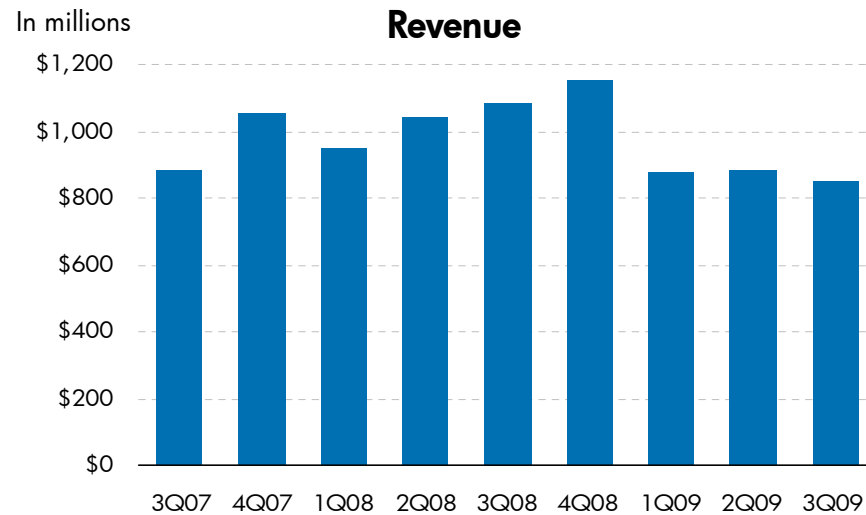
- Services revenue of \$8.5B, up 93% Y/Y
- Operating profit of \$1,289M; 15.2% of revenue
- ITO revenue of \$3.9B
- Technology services revenue of \$2.4B
- Application services revenue of \$1.4B
- BPO revenue of \$711M
- EDS integration ahead of plan

Enterprise Storage and Servers (ESS)

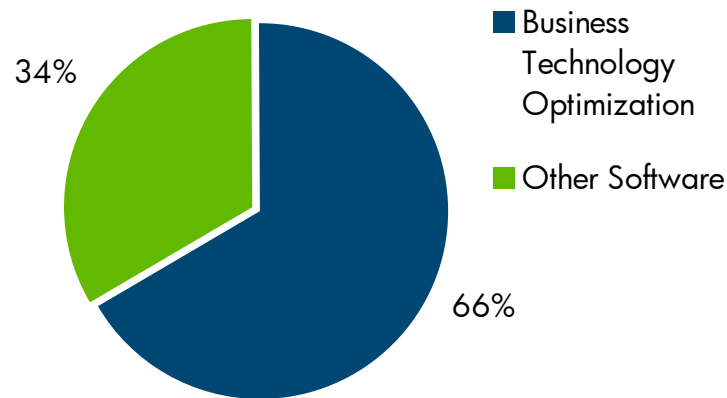


- ESS revenue of \$3.7B, down 23% Y/Y
- Operating profit of \$356M; 9.7% of revenue
- ISS revenue down 21% Y/Y
- BCS revenue down 30% Y/Y; Integrity revenue down 20% Y/Y
- Storage revenue down 21% Y/Y; mid-range storage arrays (EVA) down 23%
- ESS Blades revenue down 14% Y/Y

HP Software

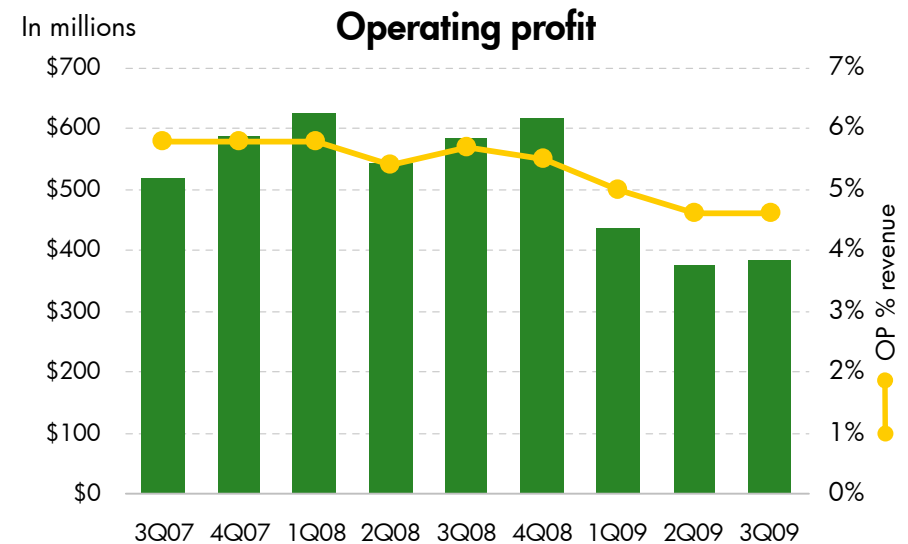
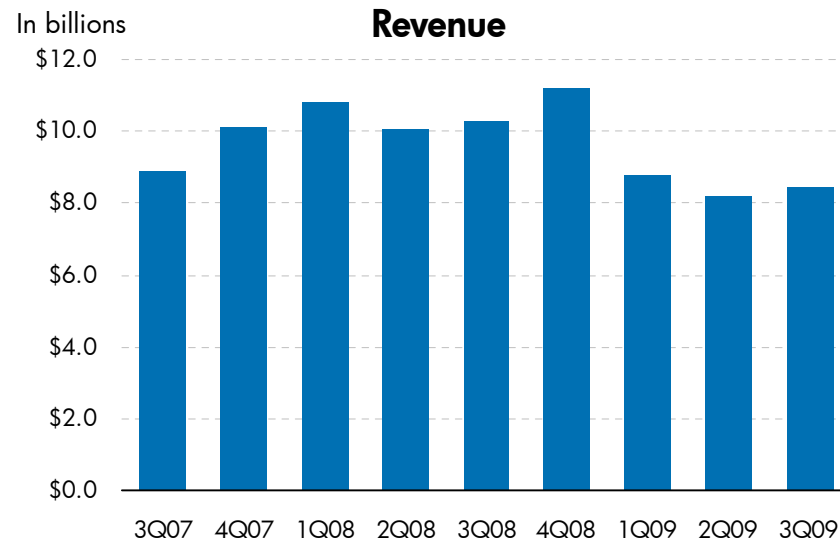


Q3 FY09 revenue by business

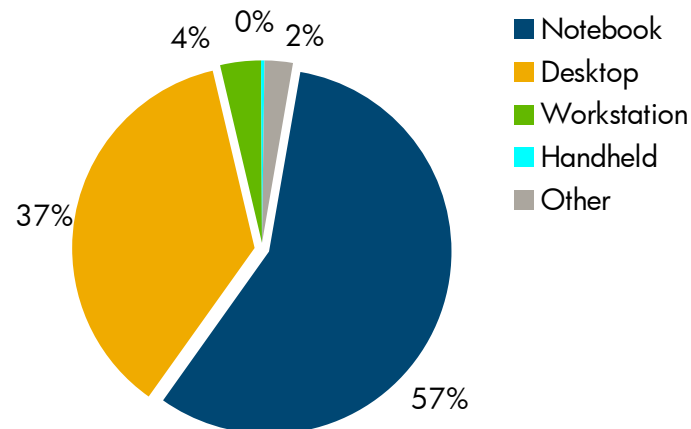


- Software revenue of \$847M, down 22% Y/Y
- Operating profit of \$153M; 18.1% of revenue
- Business Technology Optimization revenue down 22% Y/Y
- Other Software revenue down 23% Y/Y

Personal Systems Group (PSG)

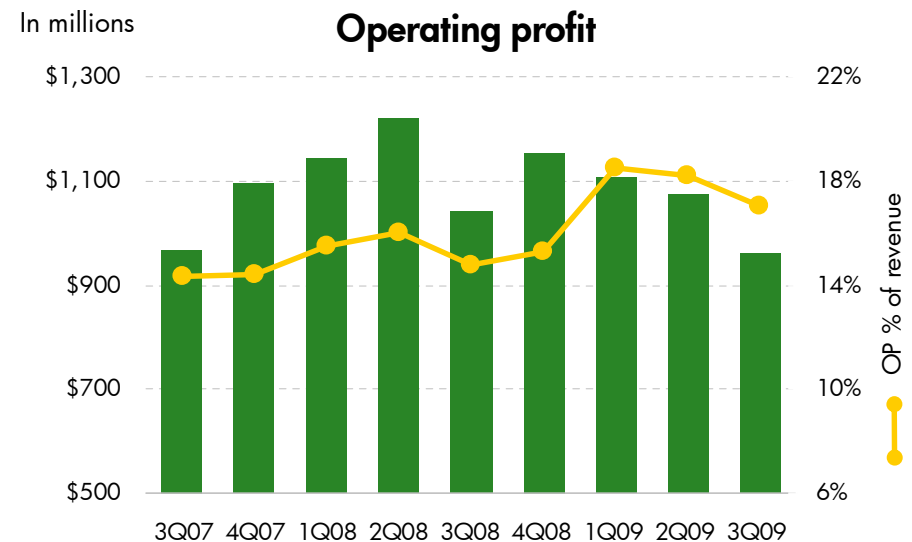
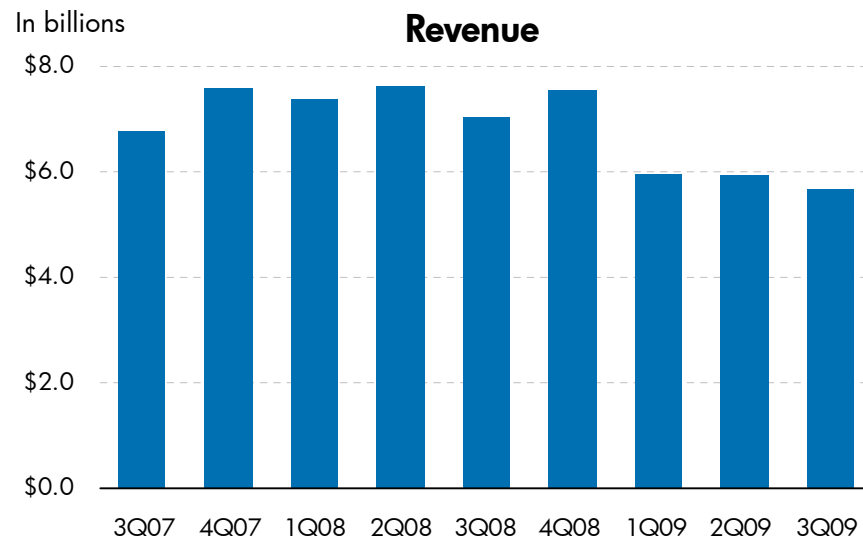


Q3 FY09 revenue by business

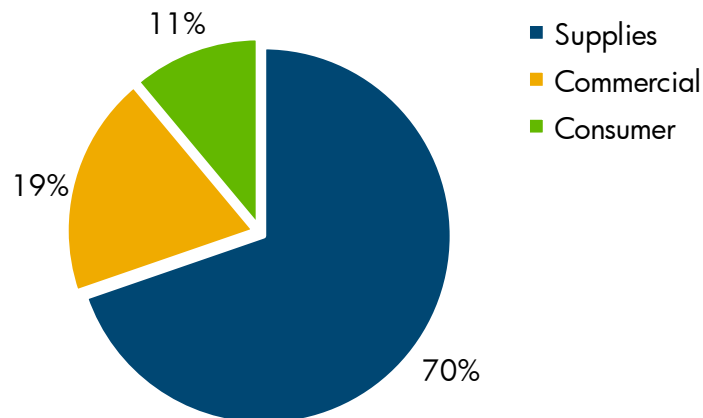


- PSG revenue of \$8.4B; down 18% Y/Y
- Operating profit of \$386M; 4.6% of revenue
- Total units up 2% Y/Y
- Notebook revenue down 10%; units up 19% Y/Y
- Desktop revenue down 26%; units down 13% Y/Y
- Consumer client revenue down 13% Y/Y;
Commercial client revenue down 22% Y/Y

Imaging and Printing Group (IPG)



Q3 FY09 revenue by business

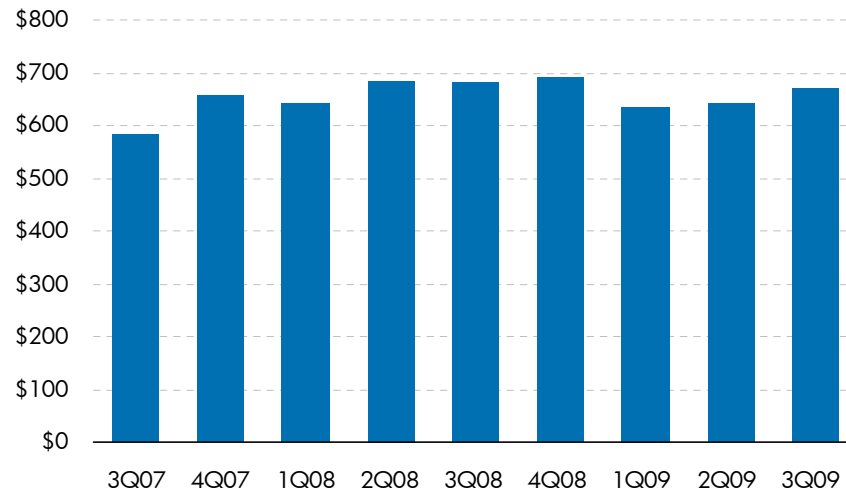


- IPG revenue of \$5.7B; down 20% Y/Y
- Operating profit of \$960M; 17.0% of revenue
- Supplies revenue down 13% Y/Y
- Total printer hardware units down 23% Y/Y;
Consumer printer hardware units down 16% Y/Y;
Commercial printer hardware units down 42% Y/Y
- Color LaserJet units down 41% Y/Y
- Printer-based MFP units down 38% Y/Y
- Indigo digital press page volume up 16% Y/Y

HP Financial Services (HPFS)

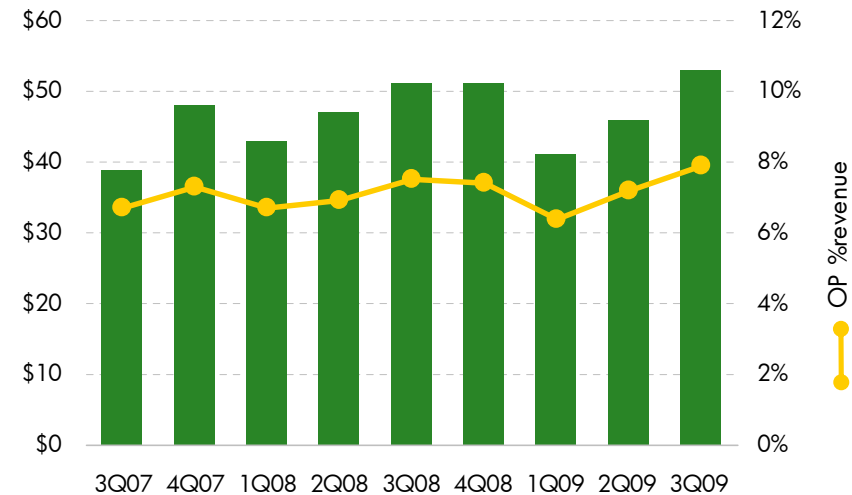
In millions

Revenue

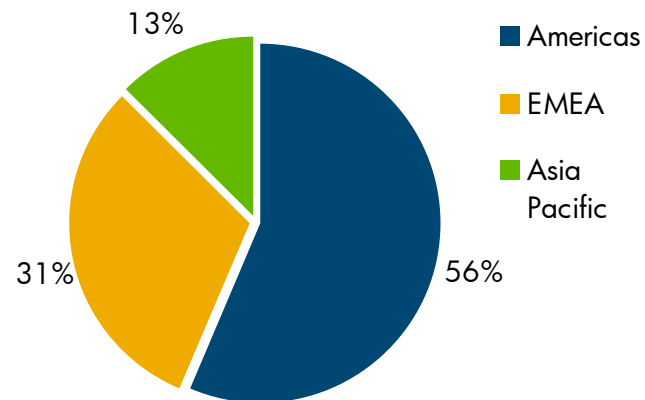


In millions

Operating profit



Q3 FY09 revenue by region



- HPFS revenue of \$670M, down 1% Y/Y
- Operating profit of \$53M; 7.9% of revenue
- Financing volume up 12% Y/Y
- Net portfolio assets \$9.2B, up 6% Y/Y

HPFS supplemental data

In millions	Q3 FY09	Q3 FY08	Q2 FY09
Depreciation⁽¹⁾	\$297	\$285	\$272
Net capital expenditures⁽¹⁾	\$463	\$395	\$363
Sequential increase (decrease) in net financing receivables⁽²⁾	\$400	(\$23)	\$178

1. Depreciation and net capital expenditures are shown net of inter-company eliminations. Prior period net capital expenditures have been adjusted to more accurately reflect financing-related activity.
2. Prior period net financing receivables have been adjusted to more accurately reflect financing-related activity.

Non-GAAP⁽¹⁾ financial information

In millions except
per share amounts

	Q3 FY09		Q2 FY09		Q3 FY08⁽²⁾	
Revenue	\$27,451	100%	\$27,351	100%	\$28,032	100%
Cost of sales	20,936	76.3%	20,919	76.5%	21,197	75.6%
Total OpEx	3,541	12.9%	3,596	13.1%	4,088	14.6%
Operating profit	2,974	10.8%	2,836	10.4%	2,747	9.8%
Interest & other, net	(177)		(180)		23	
Pre-tax earnings	2,797	10.2%	2,656	9.7%	2,770	9.9%
Income tax	587		558		582	
Net Earnings	2,210	8.1%	2,098	7.7%	2,188	7.8%
EPS	\$0.91		\$0.86		\$0.86	

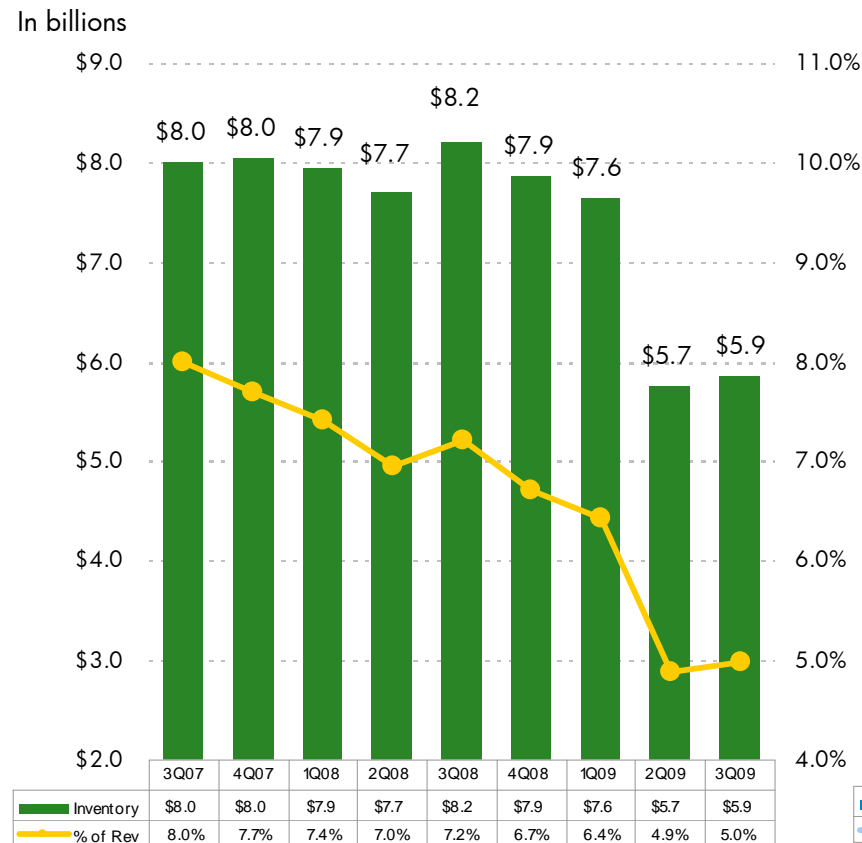
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2. FY 08 has been restated to conform to fiscal year 2009 presentation.

Q3 FY09 GAAP to non-GAAP bridge

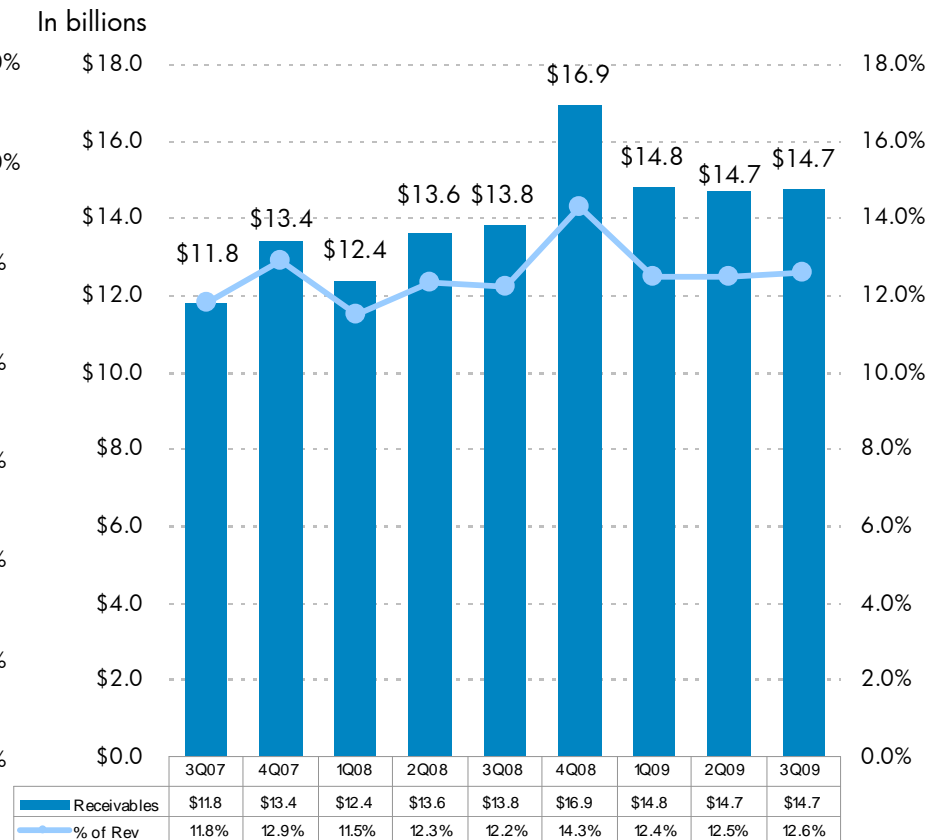
In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	Acquisition related charges	Non-GAAP
Revenue	27,451				27,451
Cost of sales	20,936				20,936
Total OpEx	4,341	(379)	(362)	(59)	3,541
Operating profit	2,174	379	362	59	2,974
Interest & other, net	(177)				(177)
Pre-tax earnings	1,997	379	362	59	2,797
Income tax	355	105	108	19	587
Tax rate	17.8%				21.0%
Net earnings	1,642				2,210
EPS	\$0.67				\$0.91

Inventory and accounts receivable

Inventory

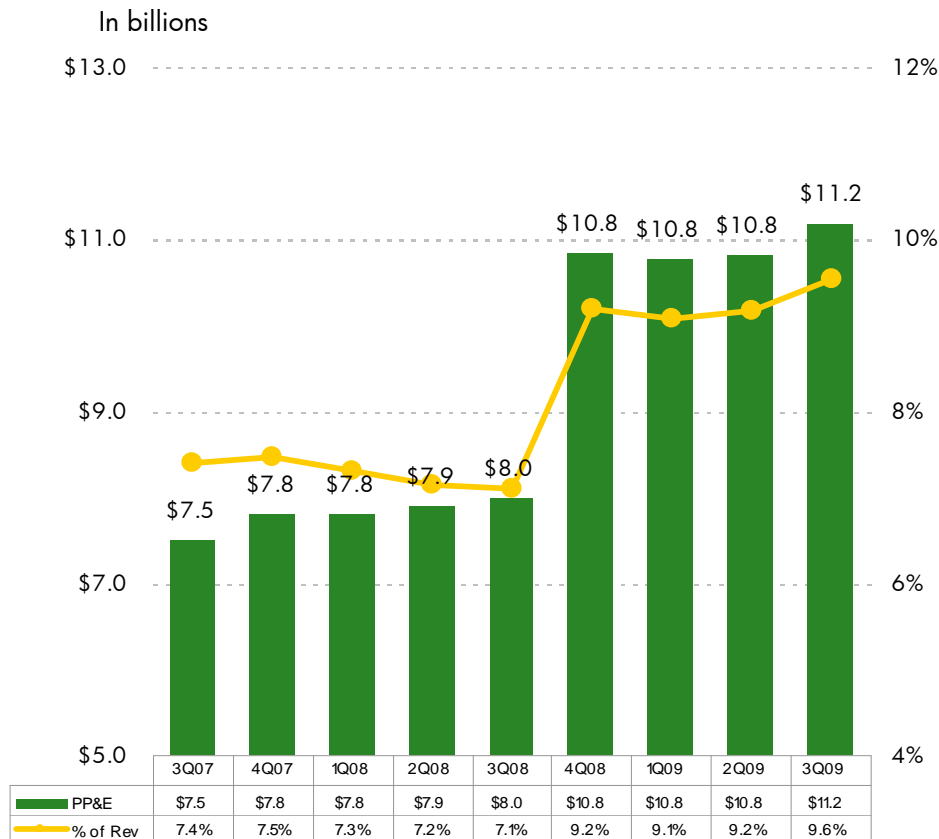


Accounts receivable

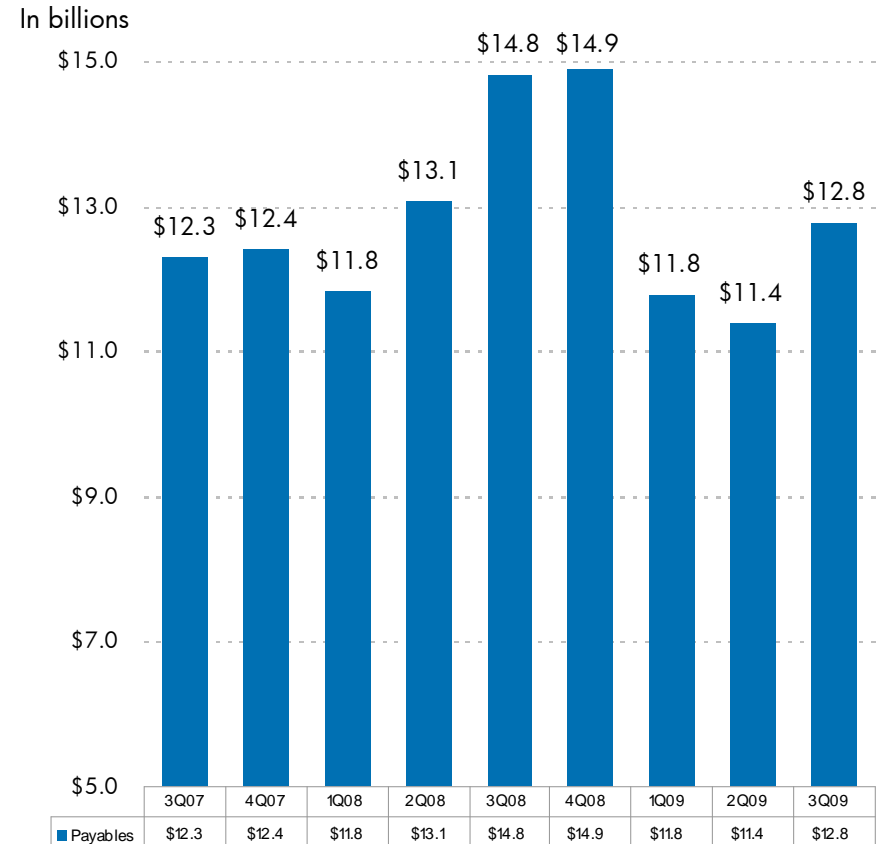


PP&E and accounts payable

Net PP&E

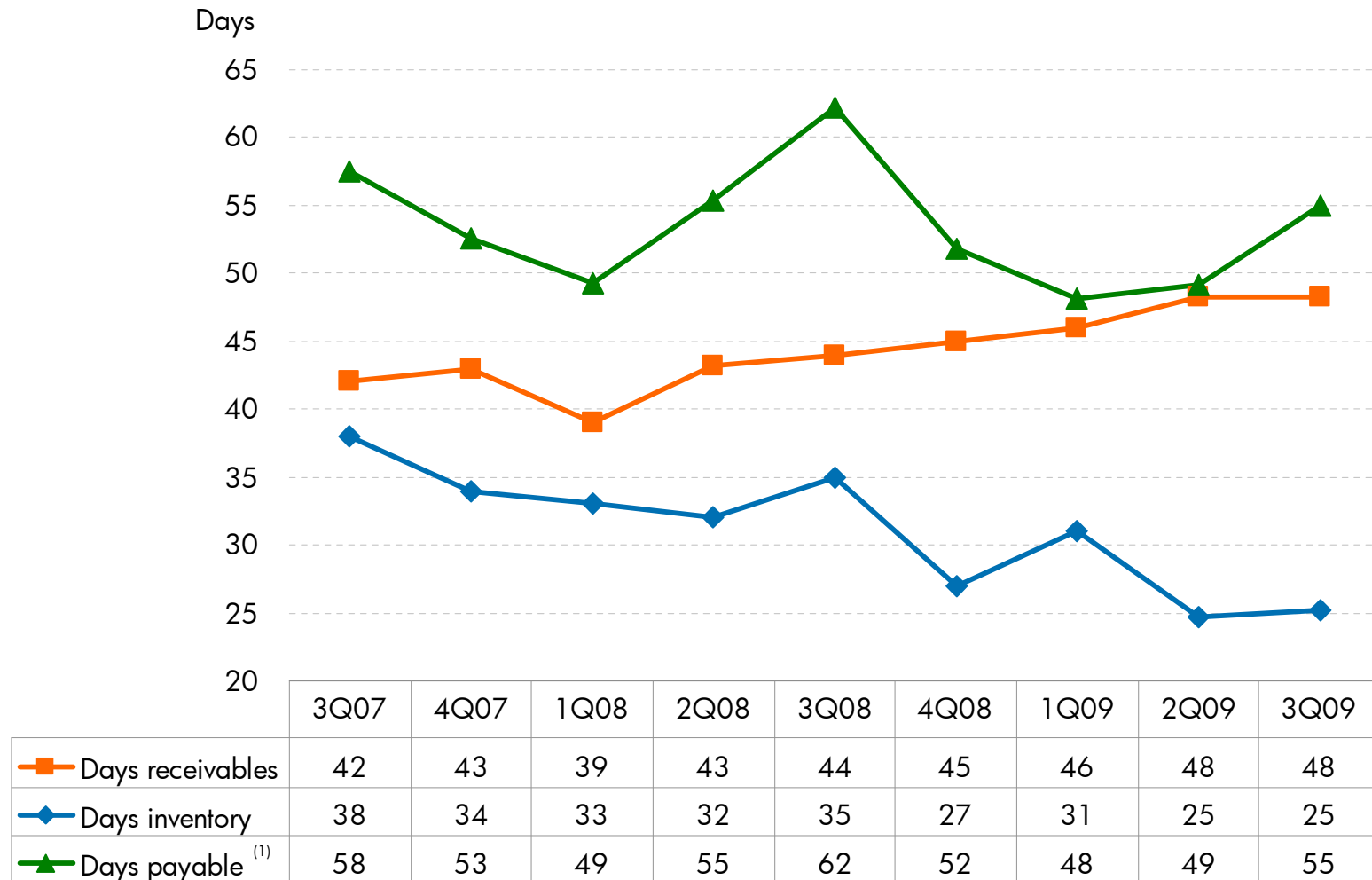


Accounts payable⁽¹⁾



1. In Q209 we reclassified certain activity within Other accrued liabilities to Accounts payable as this better represents the nature of the activity. All prior periods have been revised to conform to current presentation.

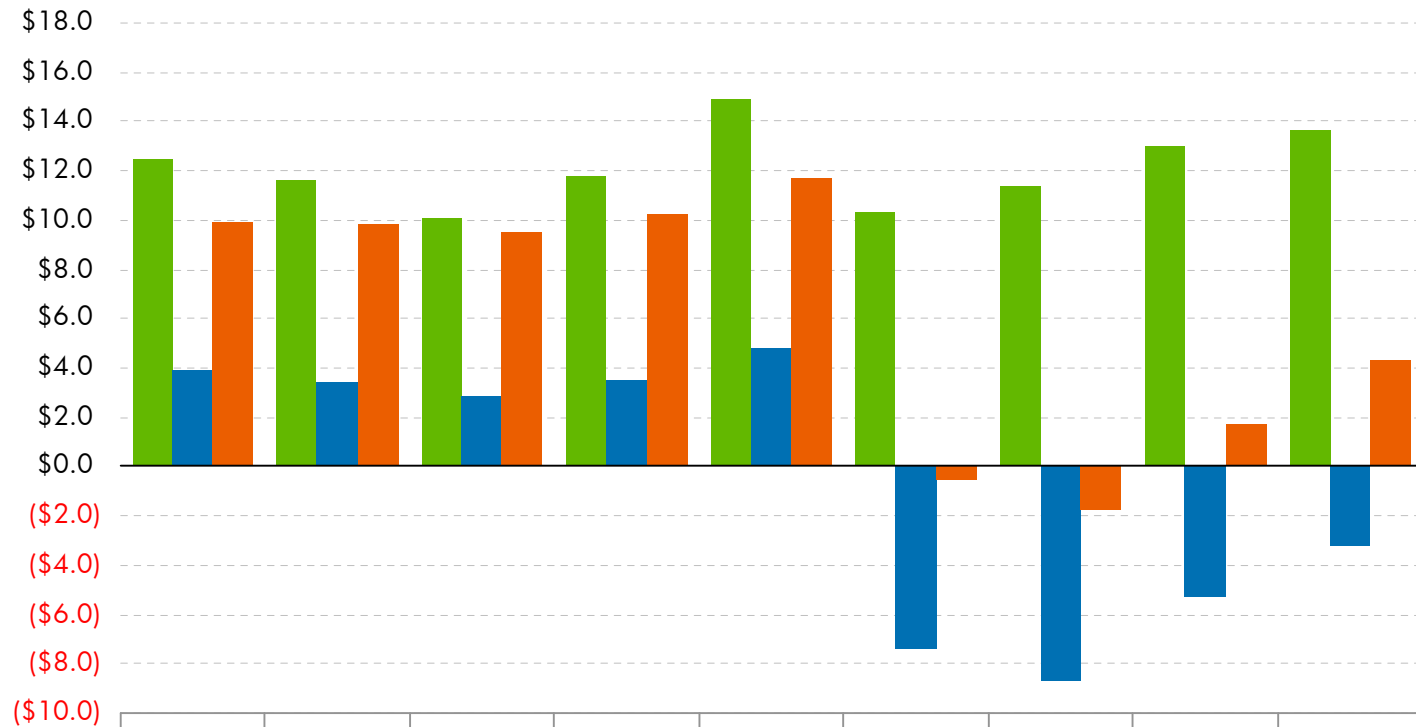
Working capital metrics



1. In Q209 we reclassified certain activity within Other accrued liabilities to Accounts payable. As a result of that reclassification, days payable for prior periods have been revised to conform to the current presentation.

Gross cash and net cash

In billions

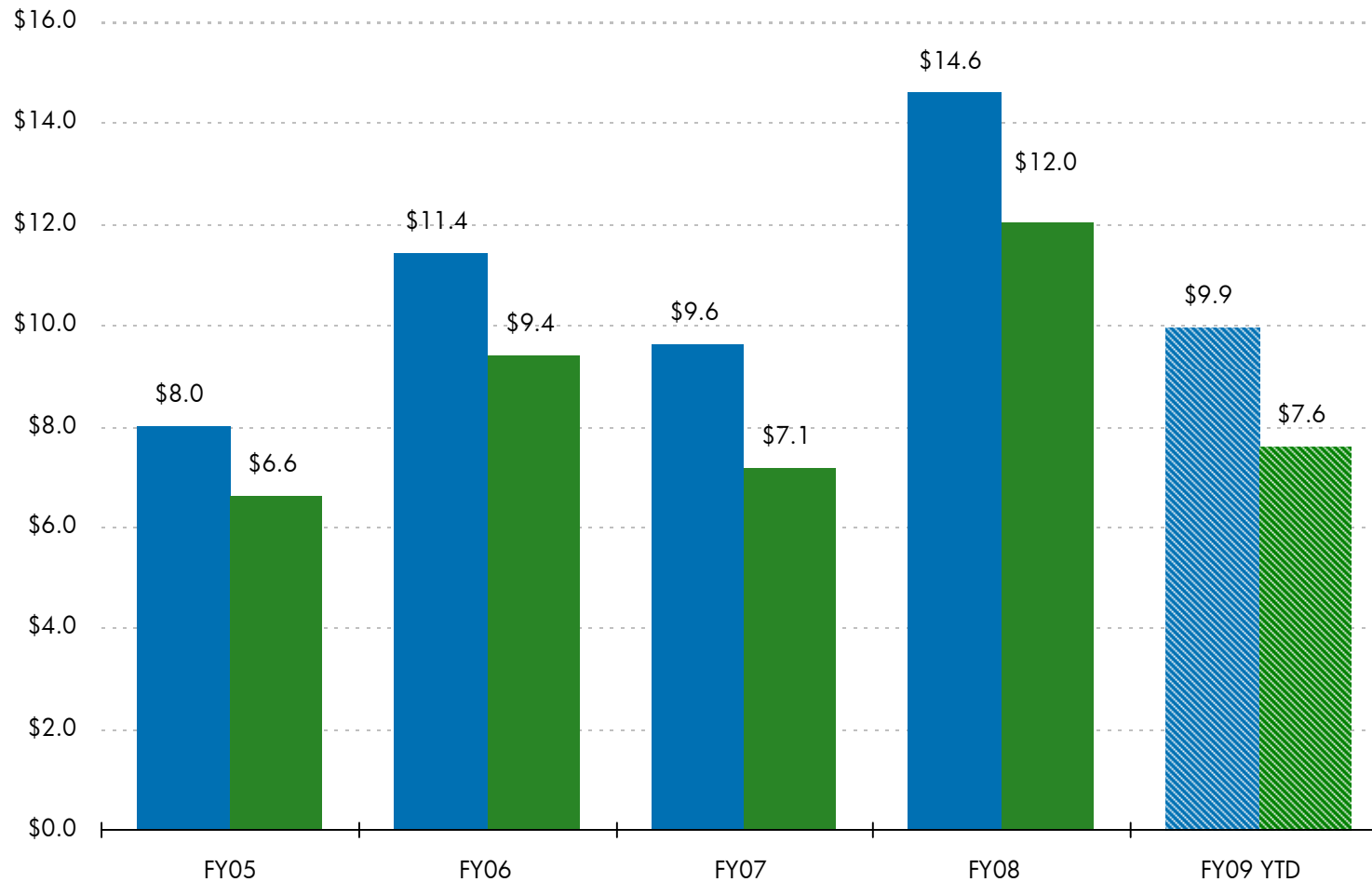


	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
■ Gross cash ⁽¹⁾	\$12.5	\$11.6	\$10.1	\$11.8	\$14.9	\$10.3	\$11.3	\$13.0	\$13.7
■ Net cash ⁽²⁾	\$3.9	\$3.4	\$2.9	\$3.5	\$4.8	(\$7.4)	(\$8.7)	(\$5.3)	(\$3.2)
■ Net cash excl. HPFS Debt ⁽³⁾	\$9.9 ⁽⁴⁾	\$9.8 ⁽⁴⁾	\$9.5 ⁽⁴⁾	\$10.2 ⁽⁴⁾	\$11.7 ⁽⁴⁾	(\$0.5) ⁽⁴⁾	(\$1.8)	\$1.8	\$4.3

1. Includes cash and cash equivalents, short-term investments, and certain liquid long-term investments
2. Net cash is defined as gross cash less total company debt including the effect of hedging
3. Net cash excl HPFS debt = HP net cash plus HPFS net debt
4. Prior periods have been restated to conform to current presentation

Cash flow

In billions

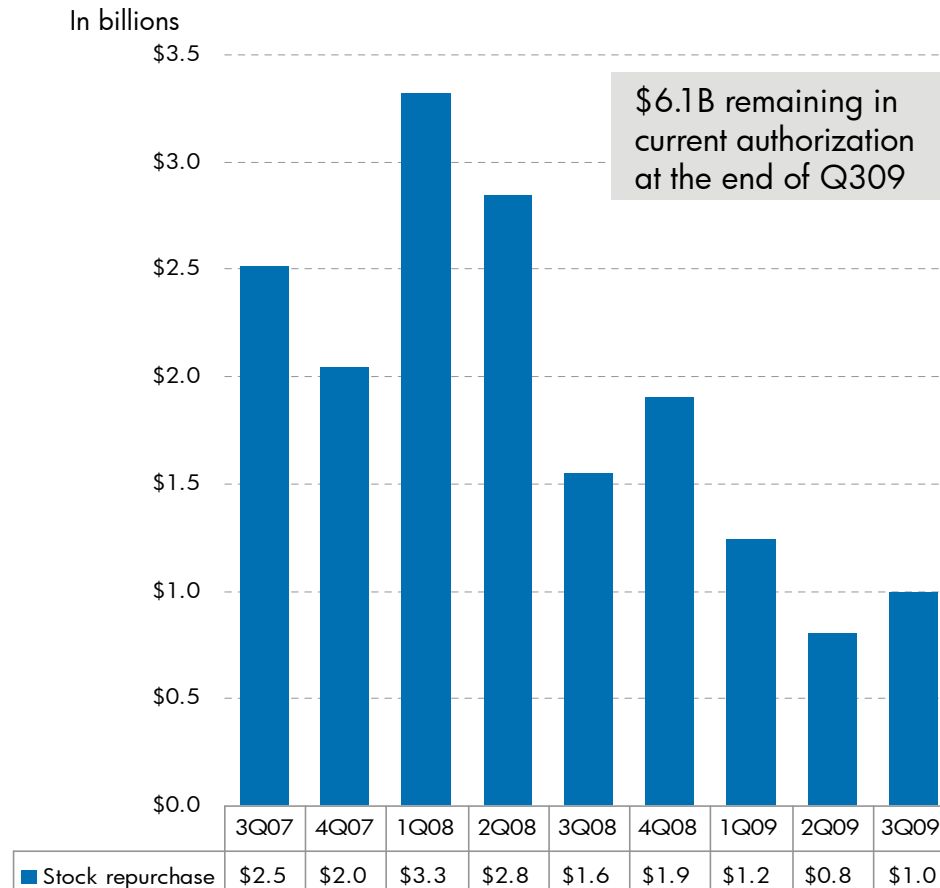


■ Cash flow from operations ■ Free cash flow

1. Free cash flow = cash flow from operations less net capital expenditures

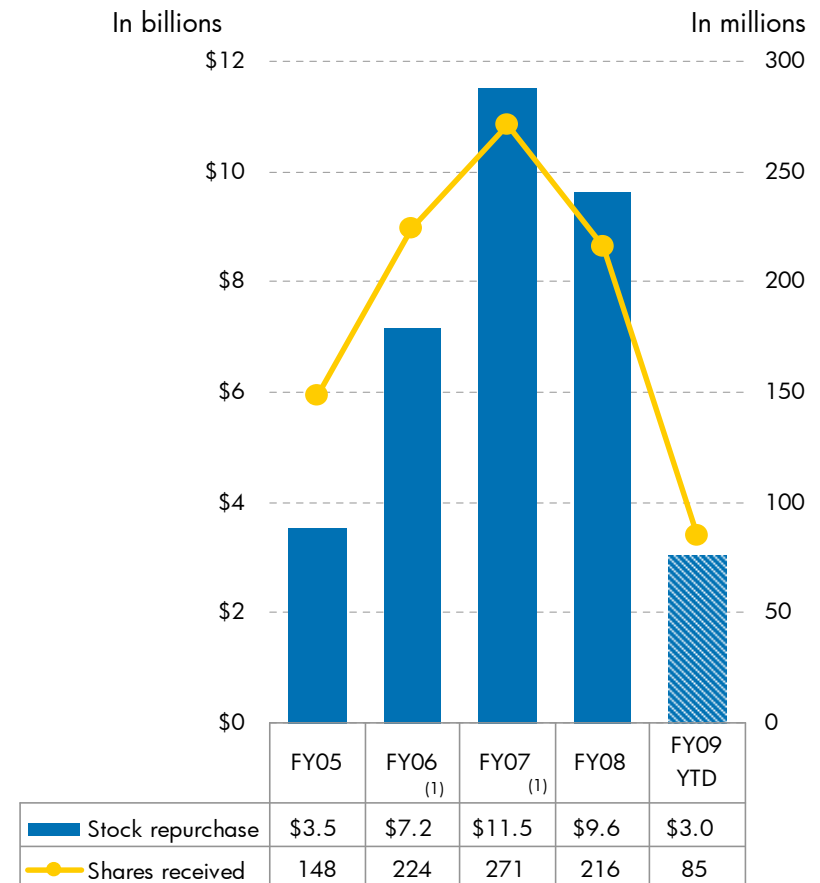
Stock repurchase

Quarterly trends



1. In Q1 FY06, HP entered into a prepaid variable share purchase program. \$1.7 billion in cash was used in Q1 FY06 to fully fund this plan. See our Form 10-Q for the period ended January 31, 2006 for more information. HP completed all repurchases under this plan in March 2007 and received a total of 53M shares

FY05 – FY09



Outlook

Q4 FY09 guidance

Revenue	Up approximately 8% sequentially
GAAP EPS	Approximately \$0.97
Non-GAAP EPS ⁽¹⁾	Approximately \$1.12

Full year FY09 guidance

Revenue	Down approximately 4% Y/Y
GAAP EPS	Approximately \$3.10
Non-GAAP EPS ⁽²⁾	Approximately \$3.82

1. Q4 FY09 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.15 per share, related primarily to the amortization of purchased intangible assets, restructuring charges and acquisition-related charges.
2. Full year FY09 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.72 per share, related primarily to the amortization of purchased intangible assets, restructuring charges and acquisition-related charges.

Supplemental slides



EDS Acquisition

HP completed its acquisition of Electronic Data Systems Corporation on August 26, 2008. Results of, and comparisons to, the three and nine months ended July 31, 2008 do not include the results of operations of EDS for those prior periods.

Q2 FY09 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	Acquisition related charges	Non-GAAP
Revenue	27,351				27,351
Cost of sales	20,919				20,919
Total OpEx	4,145	(380)	(94)	(75)	3,596
Operating profit	2,287	380	94	75	2,836
Interest & other, net	(180)				(180)
Pre-tax earnings	2,107	380	94	75	2,656
Income tax	391	112	31	24	558
Tax rate	18.6%				21.0%
Net earnings	1,716				2,098
EPS	\$0.70				\$0.86

Q1 FY09 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Acquisition related charges	Non-GAAP
Revenue	28,800					28,800
Cost of sales	22,069					22,069
Total OpEx	4,237	(412)	(146)	(6)	(48)	3,625
Operating profit	2,494	412	146	6	48	3,106
Interest & other, net	(232)					(232)
Pre-tax earnings	2,262	412	146	6	48	2,874
Income tax	408	117	47	-	17	589
Tax rate	18.0%					20.5%
Net earnings	1,854					2,285
EPS	\$0.75					\$0.93

FY08 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Acquisition related charges	Non-GAAP
Revenue	118,364					118,364
Cost of sales	89,699					89,699
Total OpEx	18,192	(967)	(270)	(45)	(41)	16,869
Operating profit	10,473	967	270	45	41	11,796
Interest & other, net	0					0
Pre-tax earnings	10,473	967	270	45	41	11,796
Income tax	2,144	262	74	-	14	2,494
Tax rate	20.5%					21.1%
Net earnings	8,329					9,302
EPS	\$3.25					\$3.62

This table has been restated to conform to fiscal year 2009 presentation

Q4 FY08 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Acquisition related charges	Non-GAAP
Revenue	33,603					33,603
Cost of sales	25,853					25,853
Total OpEx	5,009	(337)	(251)	(32)	(41)	4,348
Operating profit	2,741	337	251	32	41	3,402
Interest & other, net	(98)					(98)
Pre-tax earnings	2,643	337	251	32	41	3,304
Income tax	531	96	69	-	14	710
Tax rate	20.1%					21.5%
Net earnings	2,112					2,594
EPS	\$0.84					\$1.03

This table has been restated to conform to fiscal year 2009 presentation

Q3 FY08 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Non-GAAP
Revenue	28,032				28,032
Cost of sales	21,197				21,197
Total OpEx	4,306	(213)	(5)	-	4,088
Operating profit	2,529	213	5	-	2,747
Interest & other, net	23				23
Pre-tax earnings	2,552	213	5	-	2,770
Income tax	525	56	1		582
Tax rate	20.6%				21.0%
Net earnings	2,027				2,188
EPS	\$0.80				\$0.86

This table has been restated to conform to fiscal year 2009 presentation

Q2 FY08 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Non-GAAP
Revenue	28,262				28,262
Cost of sales	21,205				21,205
Total OpEx	4,467	(211)	(4)	(13)	4,239
Operating profit	2,590	211	4	13	2,818
Interest & other, net	3				3
Pre-tax earnings	2,593	211	4	13	2,821
Income tax	536	55	1		592
Tax rate	20.7%				21.0%
Net earnings	2,057				2,229
EPS	\$0.80				\$0.87

This table has been restated to conform to fiscal year 2009 presentation

Q1 FY08 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	Non-GAAP
Revenue	28,467			28,467
Cost of sales	21,444			21,444
Total OpEx	4,410	(206)	(10)	4,194
Operating profit	2,613	206	10	2,829
Interest & other, net	72			72
Pre-tax earnings	2,685	206	10	2,901
Income tax	552	55	3	610
Tax rate	20.6%			21.0%
Net earnings	2,133			2,291
EPS	\$0.80			\$0.86

This table has been restated to conform to fiscal year 2009 presentation

FY07 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring charges	In-process R&D	Pension Curtail.	Non-GAAP
Revenue	104,286					104,286
Cost of sales	78,683					78,683
Total OpEx	16,884	(783)	(387)	(190)	517	16,041
Operating profit	8,719	783	387	190	(517)	9,562
Interest & other, net	458					458
Pre-tax earnings	9,177	783	387	190	(517)	10,020
Income tax	1,913	197	136		(180)	2,066
Tax rate	20.8%					20.6%
Net earnings	7,264					7,954
EPS	\$2.68					\$2.93

This table has been restated to conform to fiscal year 2009 presentation

Q4 FY07 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	In-process R&D	Non-GAAP
Revenue	28,293				28,293
Cost of sales	21,250				21,250
Total OpEx	4,411	(187)	20	(4)	4,240
Operating profit	2,632	187	(20)	4	2,803
Interest & other, net	67				67
Pre-tax earnings	2,699	187	(20)	4	2,870
Income tax	535	46	(7)		574
Tax rate	19.8%				20.0%
Net earnings	2,164				2,296
EPS	\$0.81				\$0.86

This table has been restated to conform to fiscal year 2009 presentation

Q3 FY07 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	In-process R&D	Non-GAAP
Revenue	25,377				25,377
Cost of sales	19,112				19,112
Total OpEx	4,149	(183)	5		3,971
Operating profit	2,116	183	(5)		2,294
Interest & other, net	170				170
Pre-tax earnings	2,286	183	(5)		2,464
Income tax	508	48	(4)		552
Tax rate	22.2%				22.4%
Net earnings	1,778				1,912
EPS	\$0.66				\$0.71

This table has been restated to conform to fiscal year 2009 presentation

Q2 FY07 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	In-process R&D	Pension curtail- ment	Non-GAAP
Revenue	25,534					25,534
Cost of sales	19,233					19,233
Total OpEx	4,173	(212)	(453)	(19)	508	3,997
Operating profit	2,128	212	453	19	(508)	2,304
Interest & other, net	100					100
Pre-tax earnings	2,228	212	453	19	(508)	2,404
Income tax	453	53	155	–	(177)	484
Tax rate	20.3%					20.1%
Net earnings	1,775					1,920
EPS	\$0.65					\$0.70

This table has been restated to conform to fiscal year 2009 presentation

Q1 FY07 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	In-process R&D	Pension curtail- ment	Non-GAAP
Revenue	25,082					25,082
Cost of sales	19,088					19,088
Total OpEx	4,151	(201)	41	(167)	9	3,833
Operating profit	1,843	201	(41)	167	(9)	2,161
Interest & other, net	121					121
Pre-tax earnings	1,964	201	(41)	167	(9)	2,282
Income tax	417	50	(8)	–	(3)	456
Tax rate	21.2%					20%
Net earnings	1,547					1,826
EPS	\$0.55					\$0.65

This table has been restated to conform to fiscal year 2009 presentation

FY06 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring charges	In-process R&D	(G)/L Invest.	Non-GAAP
Revenue	91,658					91,658
Cost of sales	69,427					69,427
Total OpEx	15,671	(604)	(158)	(52)		14,857
Operating profit	6,560	604	158	52		7,374
Interest & other, net	631				(25)	606
Pre-tax earnings	7,191	604	158	52	(25)	7,980
Income tax	993	175	45		(10)	1,203
Tax rate	13.8%					15.1%
Net earnings	6,198					6,777
EPS	\$2.18					\$2.38

This table has not been restated to conform to fiscal year 2009 presentation

Q4 FY06 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	(G)/L Invest.	Non-GAAP
Revenue	24,555				24,555
Cost of sales	18,593				18,593
Total OpEx	4,061	(153)	(152)		3,756
Operating profit	1,901	153	152		2,206
Interest & other, net	204			(14)	190
Pre-tax earnings	2,105	153	152	(14)	2,396
Income tax	408	45	43	(5)	491
Tax rate	19.4%				20.5%
Net earnings	1,697				1,905
EPS	\$0.60				\$0.68

This table has not been restated to conform to fiscal year 2009 presentation

Q3 FY06 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	(G)/L Invest.	Non-GAAP
Revenue	21,890				21,890
Cost of sales	16,472				16,472
Total OpEx	3,908	(153)	(5)		3,750
Operating profit	1,510	153	5		1,668
Interest & other, net	228			(7)	221
Pre-tax earnings	1,738	153	5	(7)	1,889
Income tax	363	43	2	(2)	406
Tax rate	20.9%				21.5%
Net earnings	1,375				1,483
EPS	\$0.48				\$0.52

This table has not been restated to conform to fiscal year 2009 presentation

