




# Q1 FY09 Earnings Announcement

**February 18, 2009**



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# Forward looking statements

This presentation may contain forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett-Packard Company and its consolidated subsidiaries may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, earnings, tax provisions, cash flows, benefit obligations, share repurchases, acquisition synergies, currency exchange rates or other financial items; any statements of the plans, strategies, and objectives of management for future operations, including execution of cost reduction programs and restructuring and integration plans; any statements concerning the expected development, performance or market share relating to products or services; any statements regarding macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include macroeconomic and geopolitical trends and events; execution and performance of contracts by HP and its suppliers, customers and partners; the challenge of managing asset levels, including inventory; the difficulty of aligning expense levels with revenue changes; assumptions related to pension and other post-retirement costs; expectations and assumptions relating to the execution and timing of cost reduction programs and restructuring and integration plans; the possibility that the expected benefits of business combination transactions may not materialize as expected; the resolution of pending investigations, claims and disputes; and other risks that are described in HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2008 and HP's other filings with the Securities and Exchange Commission. As in prior periods, the financial information set forth in this release, including tax-related items, reflects estimates based on information available at this time. While HP believes these estimates to be meaningful, these amounts could differ materially from actual reported amounts in HP's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2009. In particular, determining HP's actual tax balances and provisions as of January 31, 2009 requires extensive internal and external review of tax data (including consolidating and reviewing the tax provisions of numerous domestic and foreign entities), which is being completed in the ordinary course of preparing HP's Form 10-Q. HP assumes no obligation and does not intend to update these forward-looking statements.

# 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.

# Q1 FY09 results overview

## Financial Summary

- Net revenue of \$28.8B, growth of \$333M, up 1% Y/Y; or 4% in constant currency
- Non-GAAP<sup>(1)</sup> diluted EPS of \$0.93; up 8% Y/Y
- GAAP diluted EPS of \$0.75; down 6% Y/Y
- Cash flow from operations of \$1.1B
- \$1.2B in share repurchases and \$193M in dividends

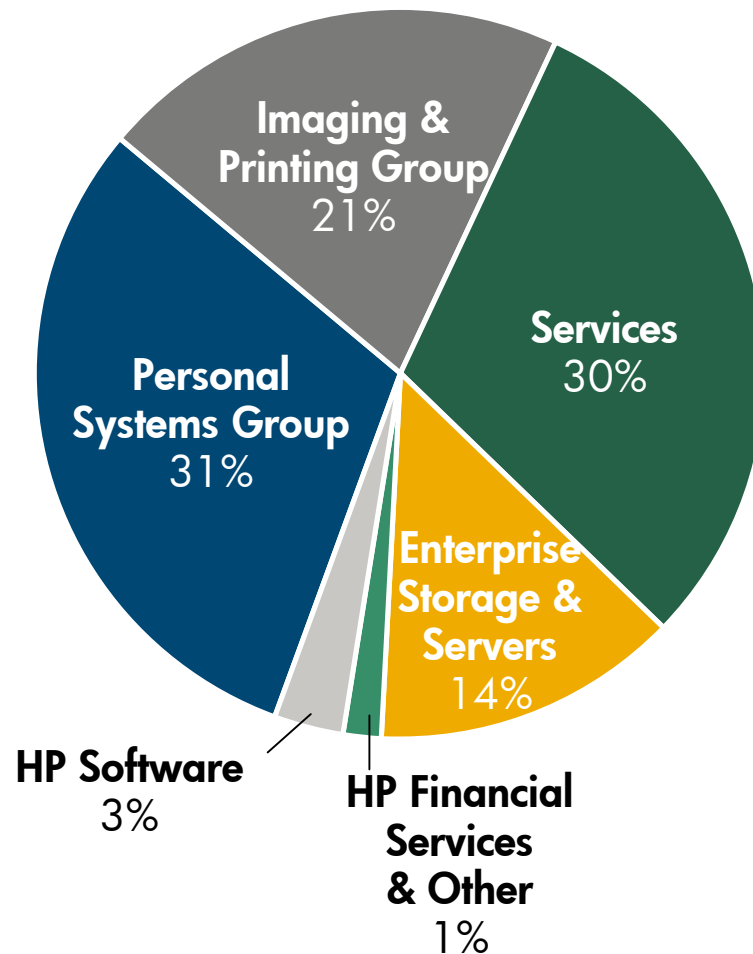
\$ in millions	Q1 Revenue	Growth Y/Y%	OP \$	OP % of rev	OP \$ Y/Y	OP % Y/Y
Imaging and Printing Group	\$5,981	(19%)	\$1,105	18.5%	(\$37)	3.0 pts
Personal Systems Group	\$8,787	(19%)	\$435	5.0%	(\$193)	(0.8 pts)
Enterprise Storage and Servers	\$3,948	(18%)	\$405	10.3%	(\$268)	(3.7 pts)
HP Software	\$878	(7%)	\$140	15.9%	\$91	10.7 pts
Services	\$8,746	116%	\$1,123	12.8%	\$624	0.5 pts
HP Financial Services	\$636	(1%)	\$41	6.4%	(\$2)	(0.3 pts)
<b>Total HP <sup>(2)</sup></b>	<b>\$28,800</b>	<b>1%</b>	<b>\$3,106 <sup>(1)</sup></b>	<b>10.8% <sup>(1)</sup></b>	<b>\$277<sup>(1)</sup></b>	<b>0.9 pts<sup>(1)</sup></b>

1. All non-GAAP numbers have been adjusted to exclude certain items. A reconciliation of specific adjustments to GAAP results for this quarter and prior periods is included on slide 17 and in the GAAP to non-GAAP slides that appear as part of the supplemental slides of this presentation. A description of HP's use of non-GAAP information is provided on slide 3 under "Use of non-GAAP Financial Information."

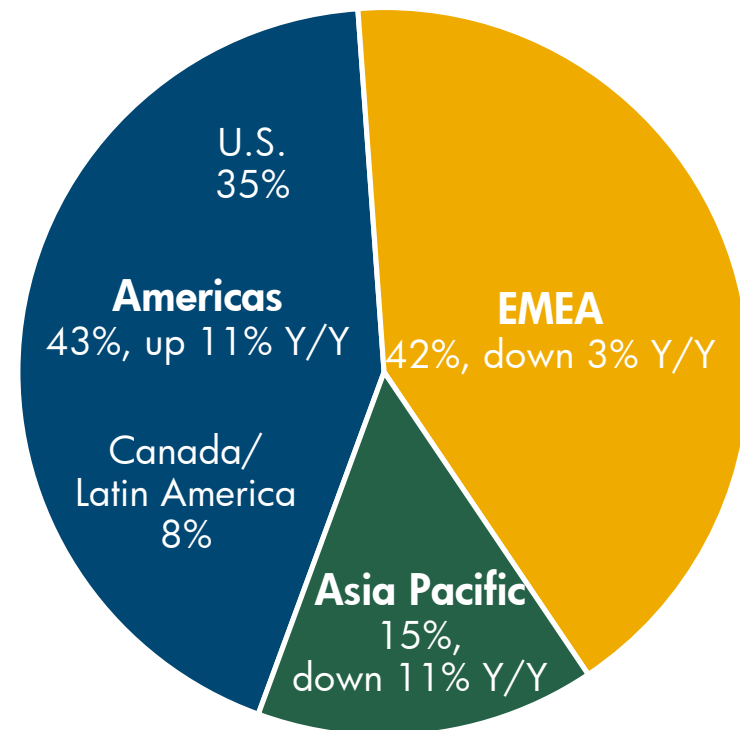
2. Includes Corporate Investments & Eliminations

# Q1 FY09 revenue

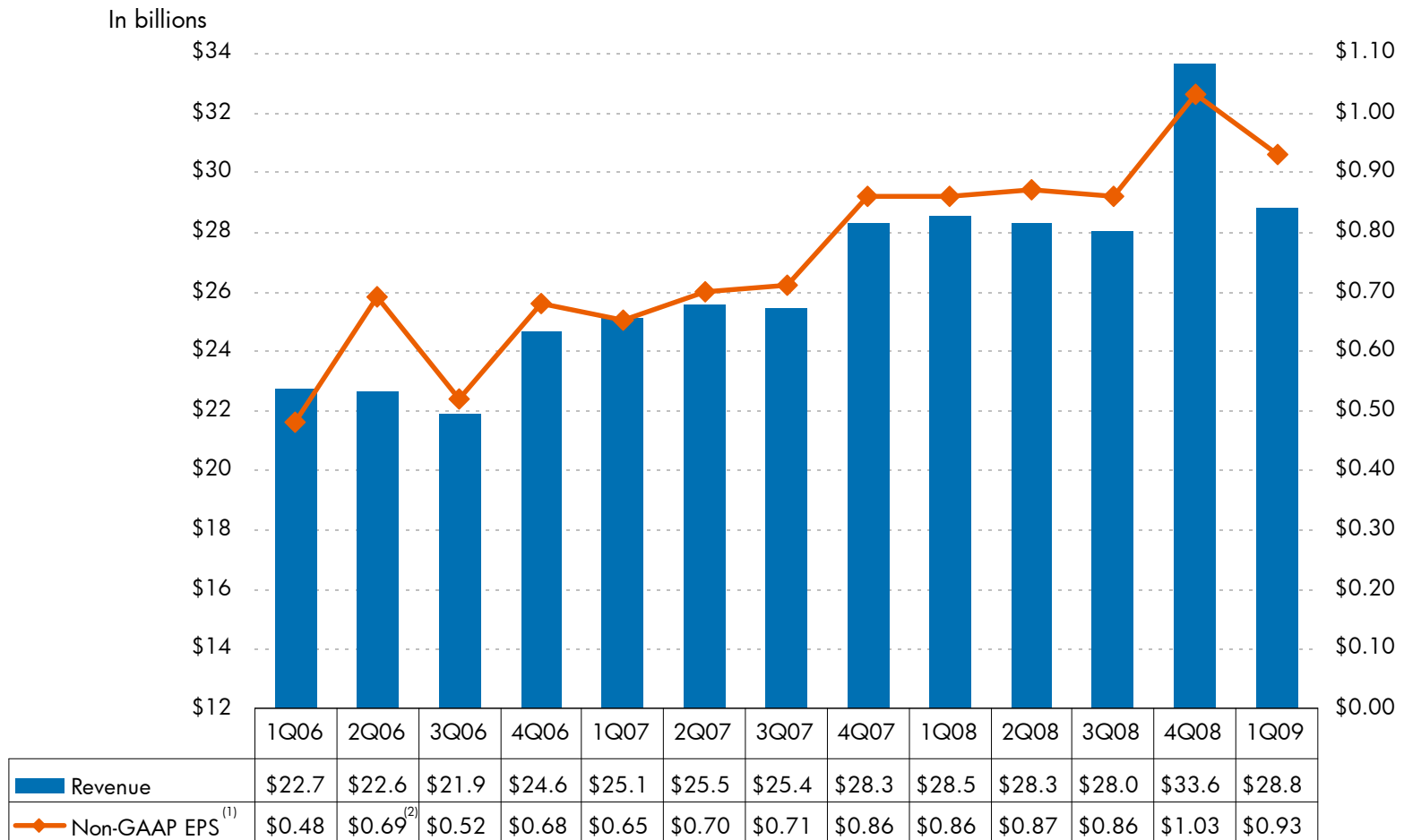
By segment



By region



# Revenue & EPS performance

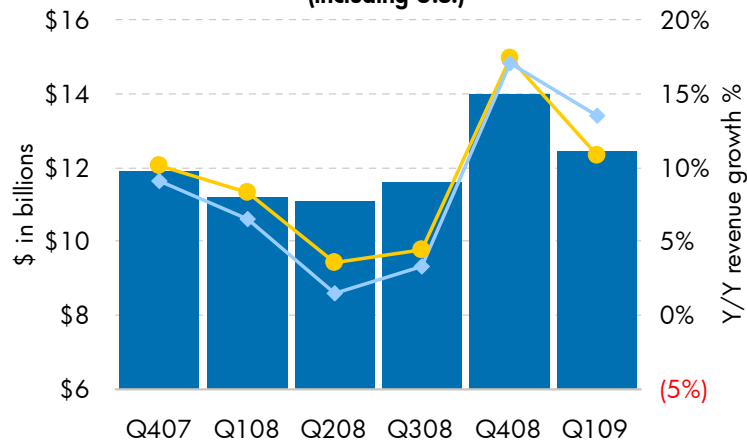


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2. On June 6, 2006, HP upwardly revised Q2 FY06 earnings following the signing of a settlement agreement by the Internal Revenue Service resolving federal income tax matters for HP's 1996 through 1998 tax years. Non-GAAP EPS for Q2 FY06 was previously reported as \$0.54. Notification from the IRS on June 1 prior to the filing of HP's Q2 FY06 Form 10-Q required this revision to HP's reported Q2 FY06 results.

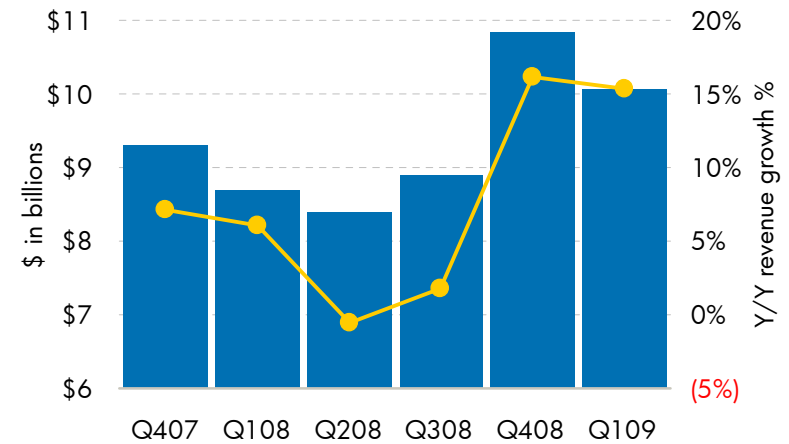


# Regional revenue trends

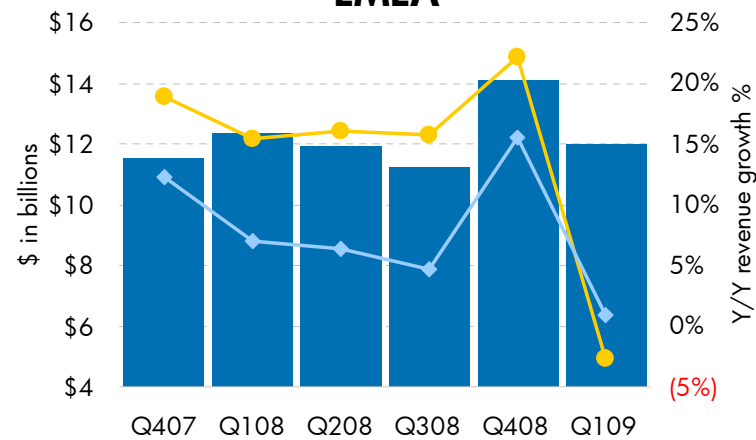
**Americas**  
(including U.S.)



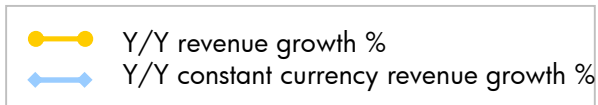
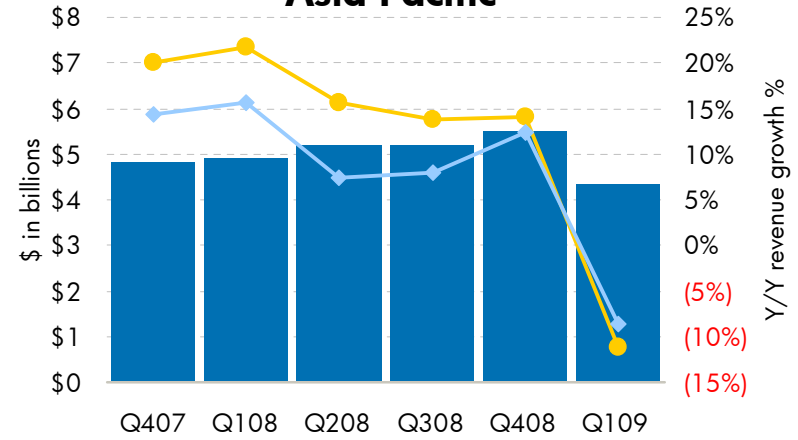
**United States**



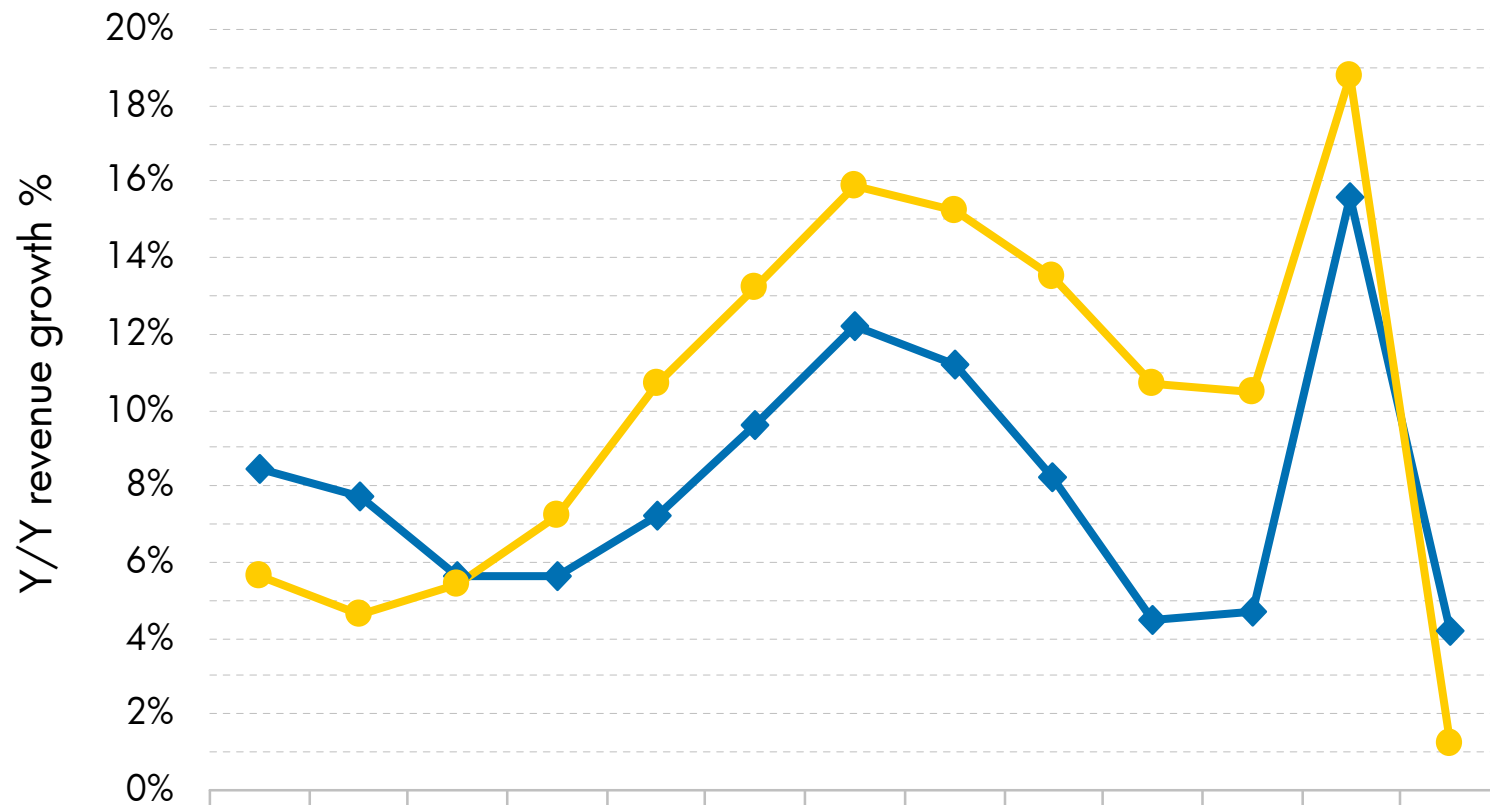
**EMEA**



**Asia Pacific**



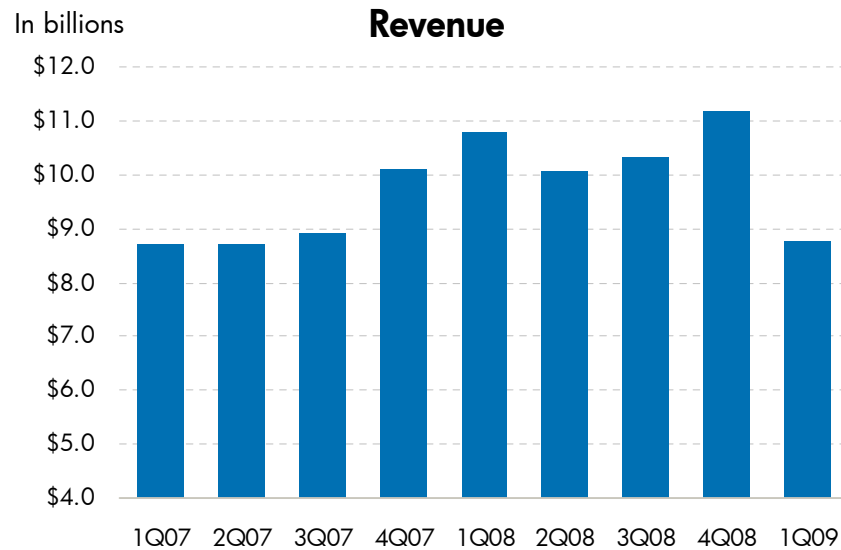
# Revenue growth



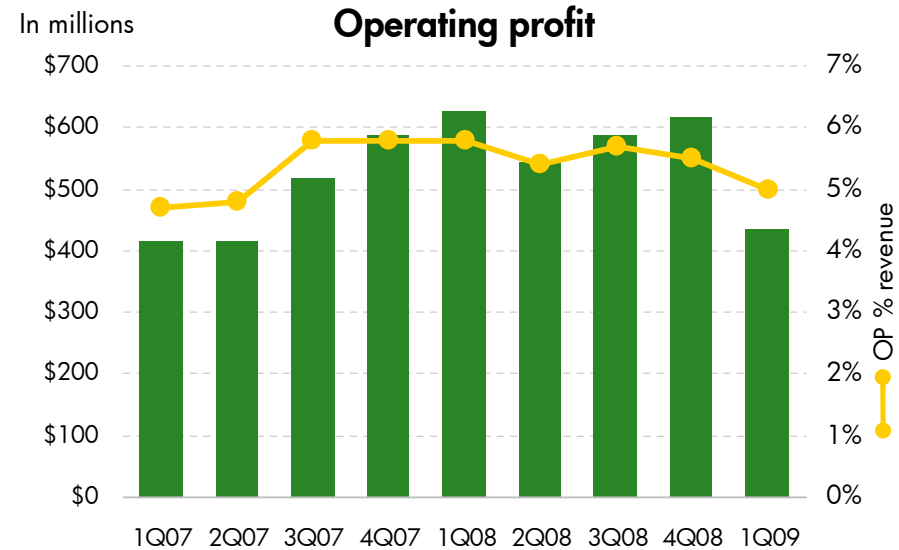
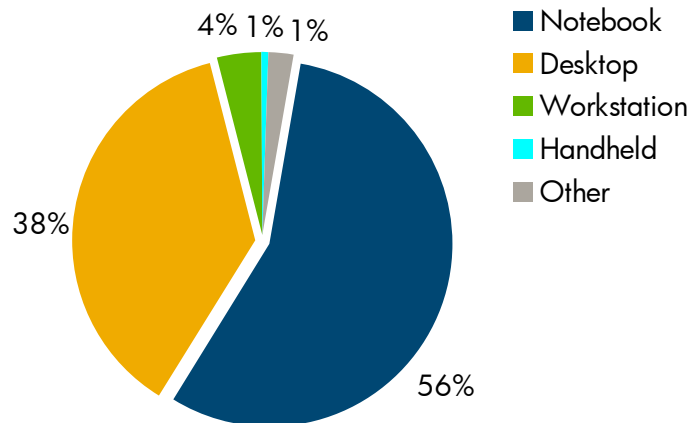
	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09
◆ Constant currency	8.5%	7.7%	5.6%	5.6%	7.2%	9.6%	12.2%	11.2%	8.2%	4.5%	4.7%	15.6%	4.2%
● As reported	5.6%	4.6%	5.4%	7.2%	10.7%	13.2%	15.9%	15.2%	13.5%	10.7%	10.5%	18.8%	1.2%



# Personal Systems Group (PSG)

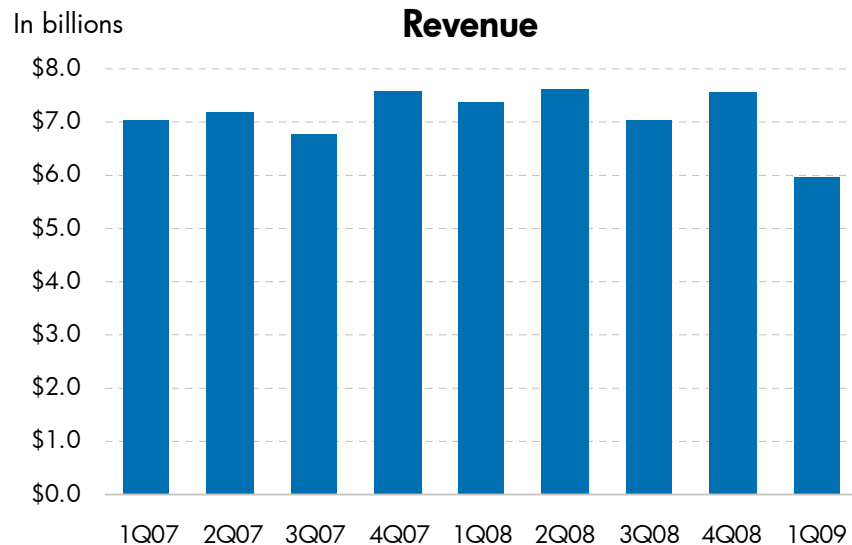


Q1 FY09 revenue by business

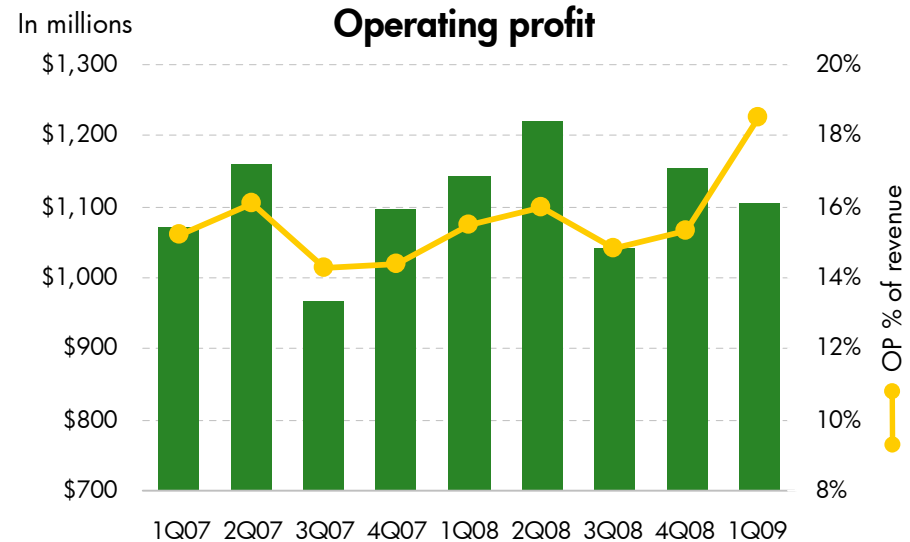
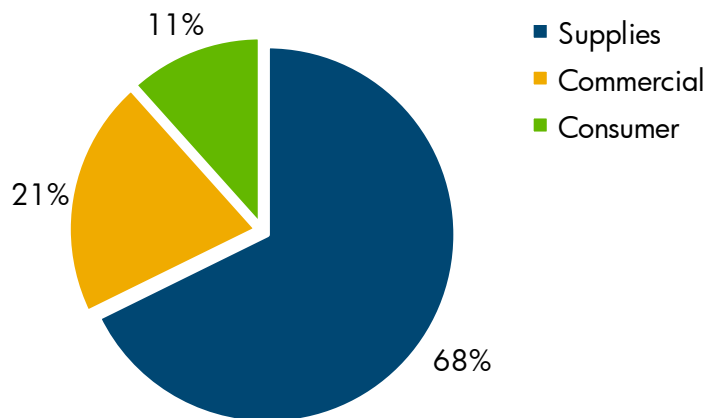


- PSG revenue of \$8.8B; down 19% Y/Y
- Operating profit of \$435M; 5.0% of revenue
- Total units down 4% Y/Y
- Notebook revenue down 13%; units up 8% Y/Y
- Desktop revenue down 25%; units down 15% Y/Y
- Consumer client revenue down 18% Y/Y; Commercial client revenue down 19% Y/Y

# Imaging and Printing Group (IPG)

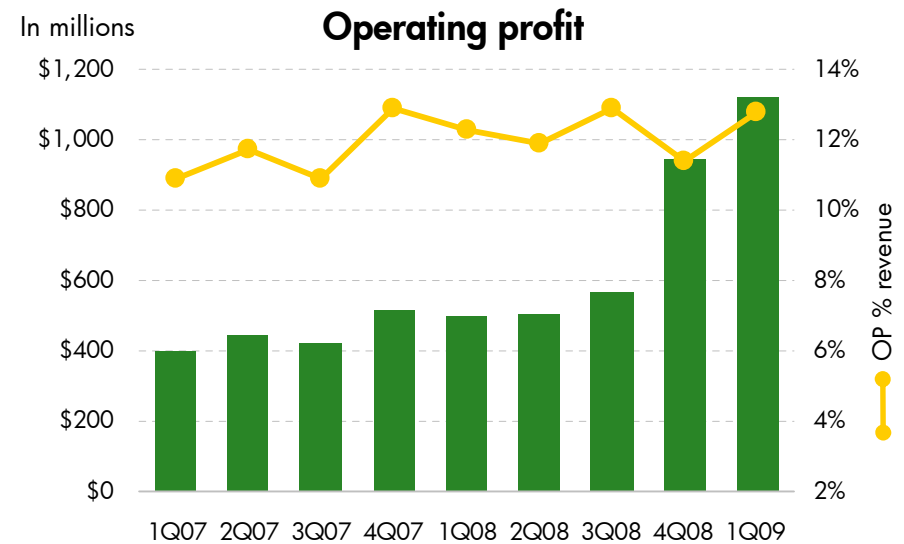
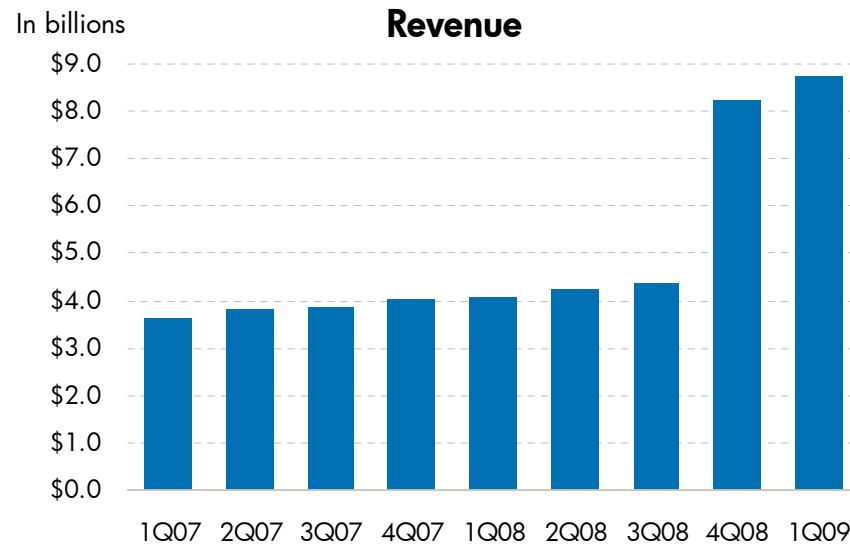


Q1 FY09 revenue by business

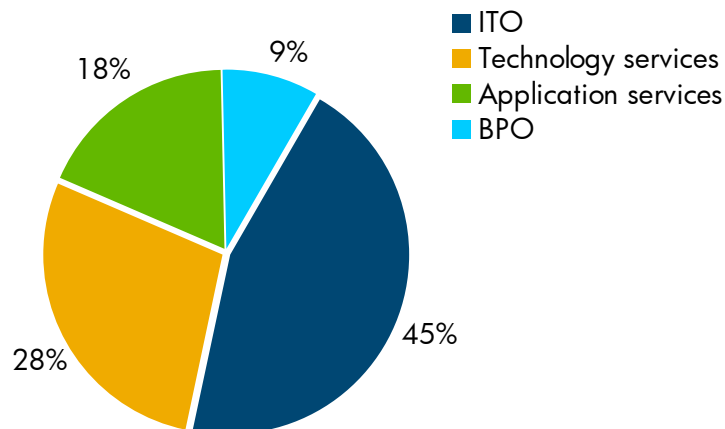


- IPG revenue of \$6.0B; down 19% Y/Y
- Operating profit of \$1,105M; 18.5% of revenue
- Supplies revenue down 7% Y/Y
- Total printer hardware units down 33% Y/Y; Consumer printer hardware units down 31% Y/Y; Commercial printer hardware units down 39% Y/Y
- Color LaserJet units down 37% Y/Y
- Printer-based MFP units down 10% Y/Y
- Indigo digital press page volume up 25% Y/Y

# Services

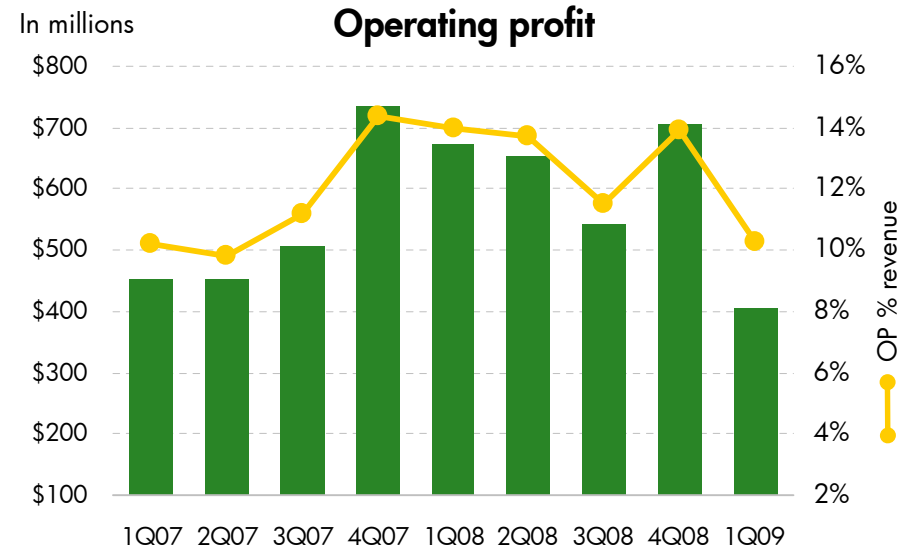
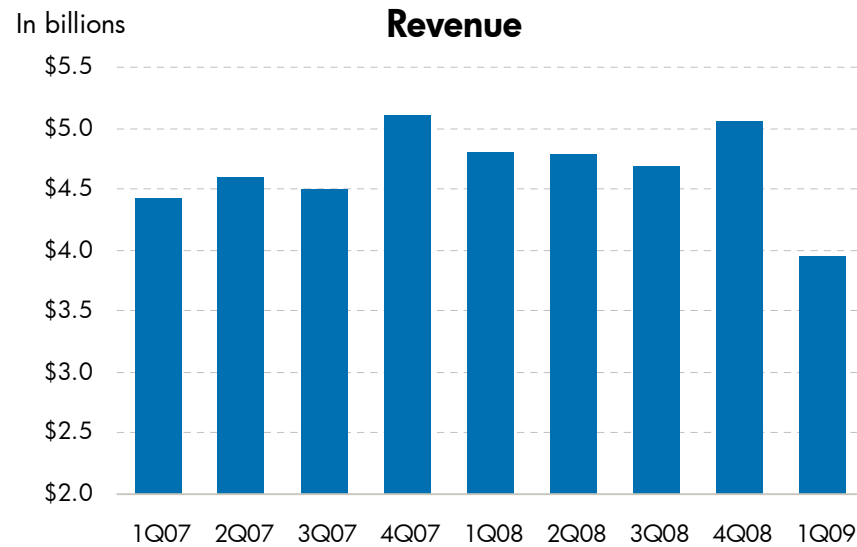


**Q1 FY09 revenue by business**

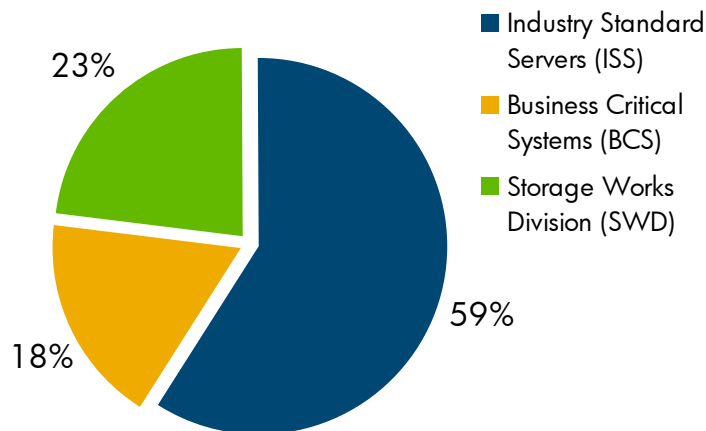


- Services revenue of \$8.7B, up 116% Y/Y
- Operating profit of \$1,123M; 12.8% of revenue
- ITO revenue of \$3.9B
- Technology services revenue of \$2.5B
- Application services revenue of \$1.6B
- BPO revenue of \$743M

# Enterprise Storage and Servers (ESS)

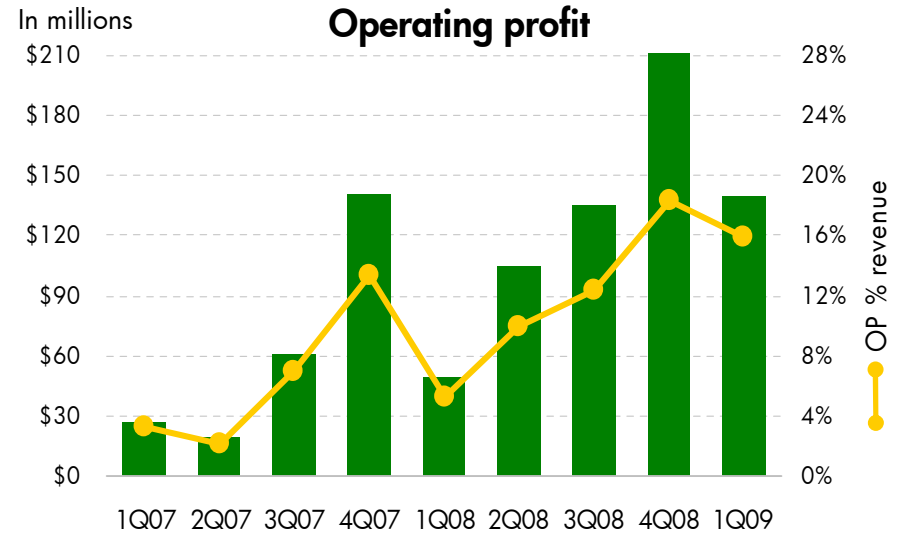
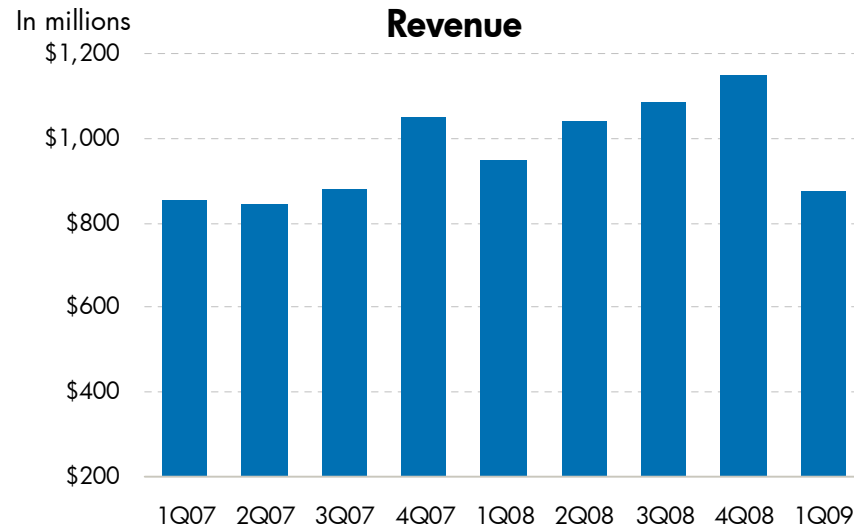


Q1 FY09 revenue by business

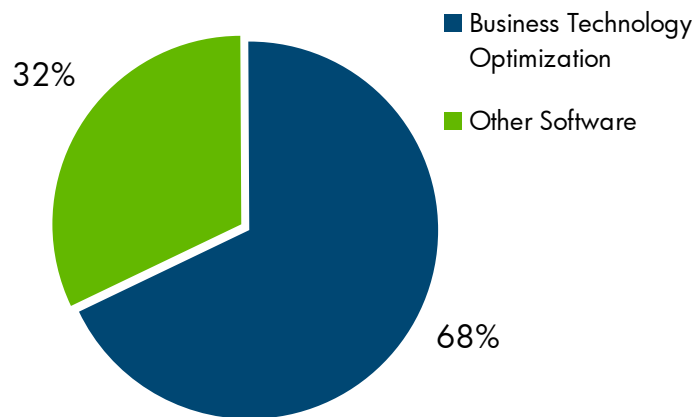


- ESS revenue of \$3.9B, down 18% Y/Y
- Operating profit of \$405M; 10.3% of revenue
- ISS revenue down 22% Y/Y
- BCS revenue down 17% Y/Y; Integrity revenue down 5% Y/Y, 86% of BCS revenue
- Storage revenue down 7% Y/Y; mid-range storage arrays (EVA) down 7%
- ESS Blades revenue up 4% Y/Y

# HP Software

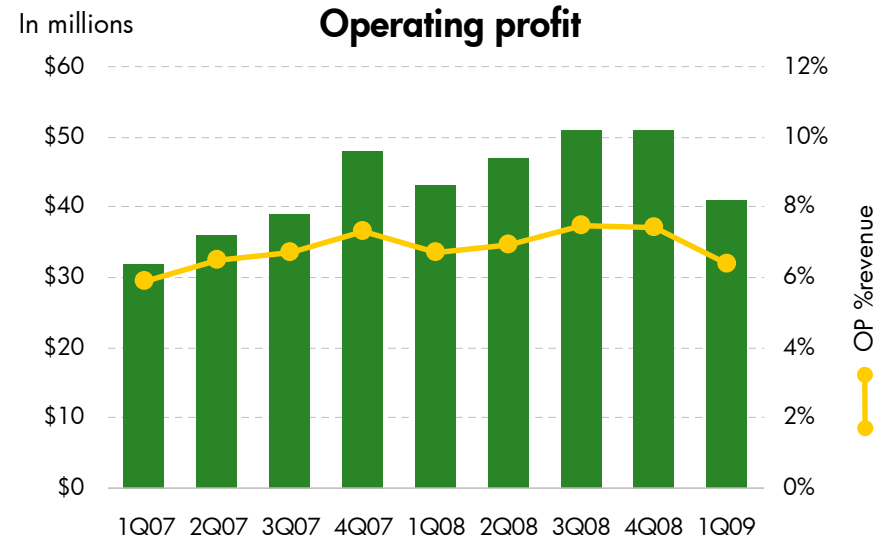
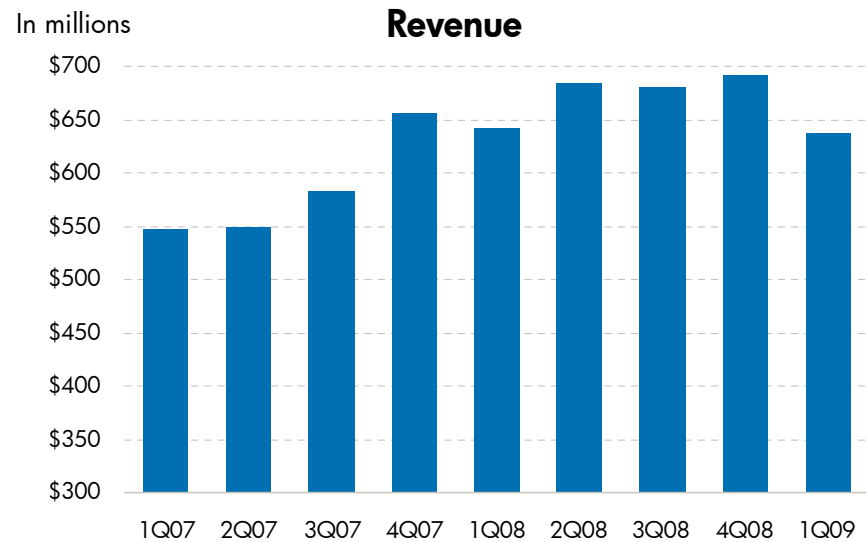


Q1 FY09 revenue by business

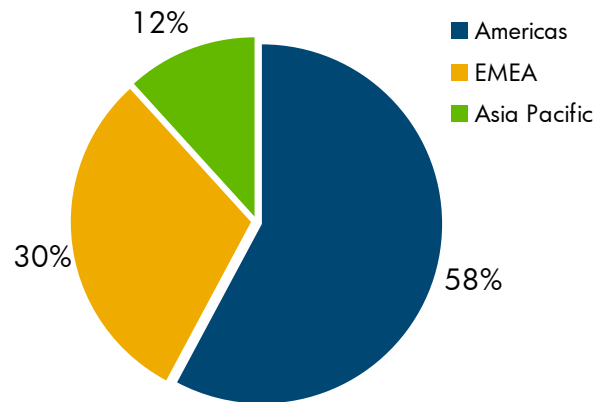


- Software revenue of \$878M, down 7% Y/Y
- Operating profit of \$140M; 15.9% of revenue
- Business Technology Optimization revenue down 4% Y/Y
- Other Software revenue down 14% Y/Y

# HP Financial Services (HPFS)



Q1 FY09 revenue by region



- HPFS revenue of \$636M, down 1% Y/Y
- Operating profit of \$41M; 6.4% of revenue
- Financing volume up 2% Y/Y
- Net portfolio assets \$8.2B, down 3% Y/Y

# HPFS supplemental data

In millions

	Q1 FY09	Q1 FY08	Q4 FY08
<b>Depreciation<sup>(1)</sup></b>	\$271	\$284	\$286
<b>Net capital expenditures<sup>(1)</sup></b>	\$264	\$301	\$438
<b>Sequential increase (decrease) in net financing receivables</b>	\$64	\$62	(\$333)

1. Depreciation and net capital expenditures are shown net of inter-company eliminations



# Non-GAAP<sup>(1)</sup> financial information

In millions except  
per share amounts

	Q1 FY09		Q4 FY08		Q1 FY08	
Revenue	\$28,800	100%	\$33,603	100%	\$28,467	100%
Cost of sales	22,069	76.6%	25,853	76.9%	21,444	75.3%
Total OpEx	3,625	12.6%	4,348	13.0%	4,194	14.8%
Operating profit	3,106	10.8%	3,402	10.1%	2,829	9.9%
Interest & other, net	(232)		(98)		72	
Pre-tax earnings	2,874	10.0%	3,304	9.8%	2,901	10.2%
Income tax	589		710		610	
EPS	\$0.93		\$1.03		\$0.86	

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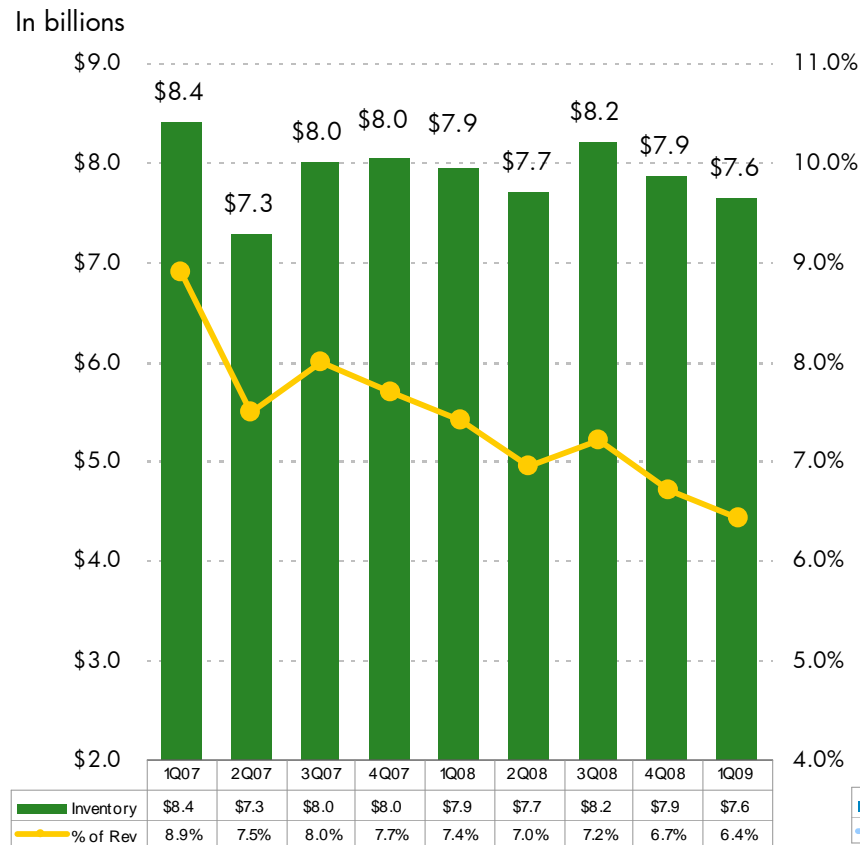
FY 08 has been restated to conform to fiscal year 2009 presentation.

# Q1 FY09 GAAP to non-GAAP bridge

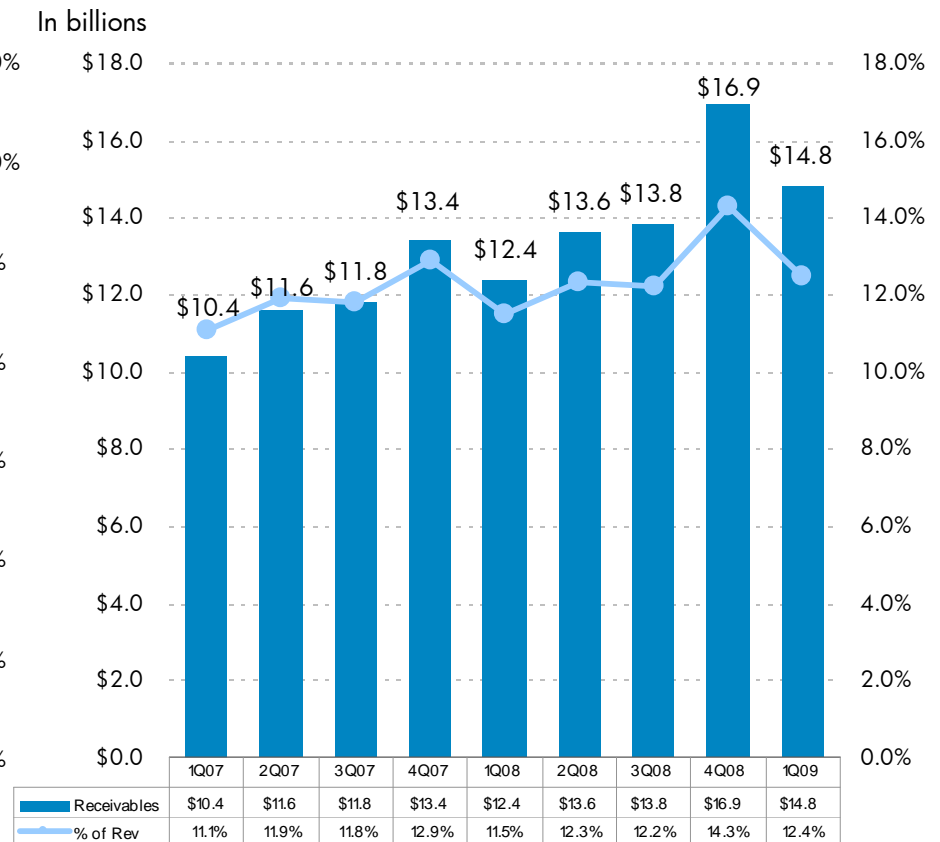
In millions except per share amounts	<b>GAAP</b>	Amort. of Intangibles	Re- Structuring	In-Process R&D	Acquisition related charges	<b>Non-GAAP</b>
Revenue	<b>28,800</b>					<b>28,800</b>
Cost of sales	<b>22,069</b>					<b>22,069</b>
Total OpEx	<b>4,237</b>	(412)	(146)	(6)	(48)	<b>3,625</b>
Operating profit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

# Inventory and accounts receivable

## Inventory

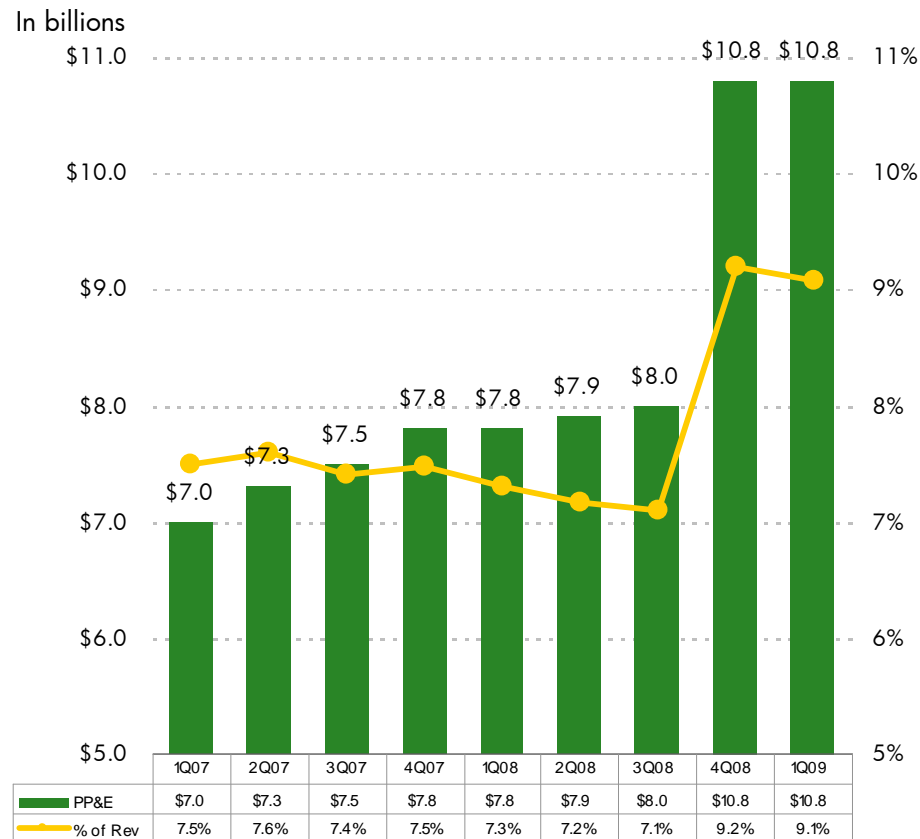


## Accounts receivable

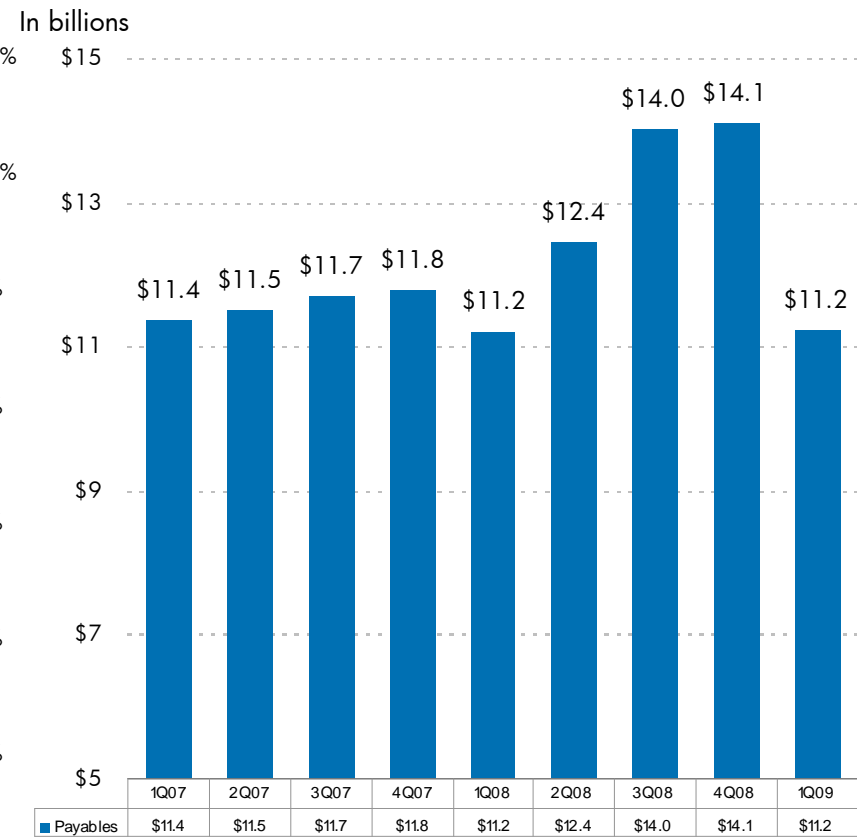


# PP&E and accounts payable

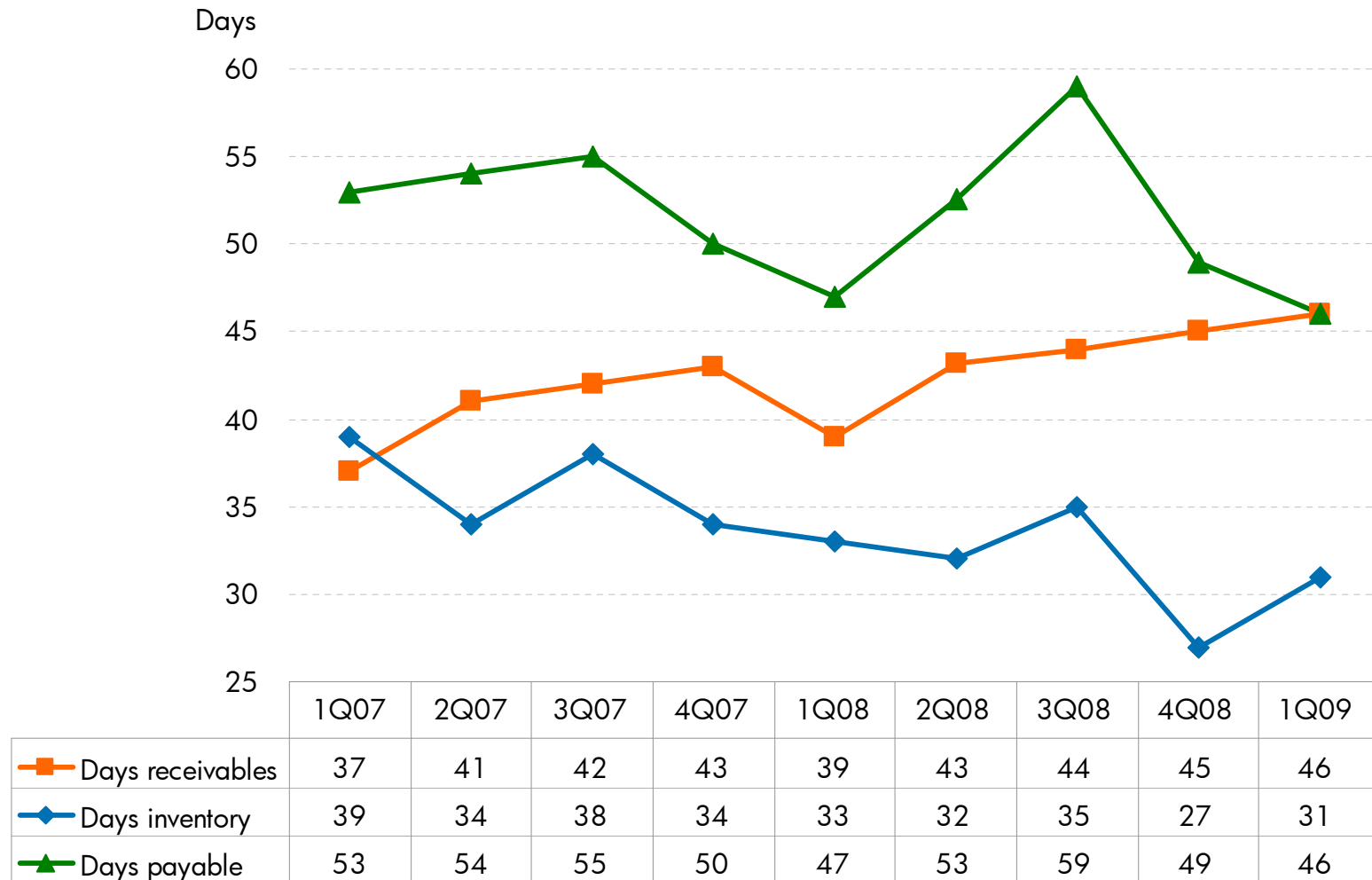
## Net PP&E



## Accounts payable

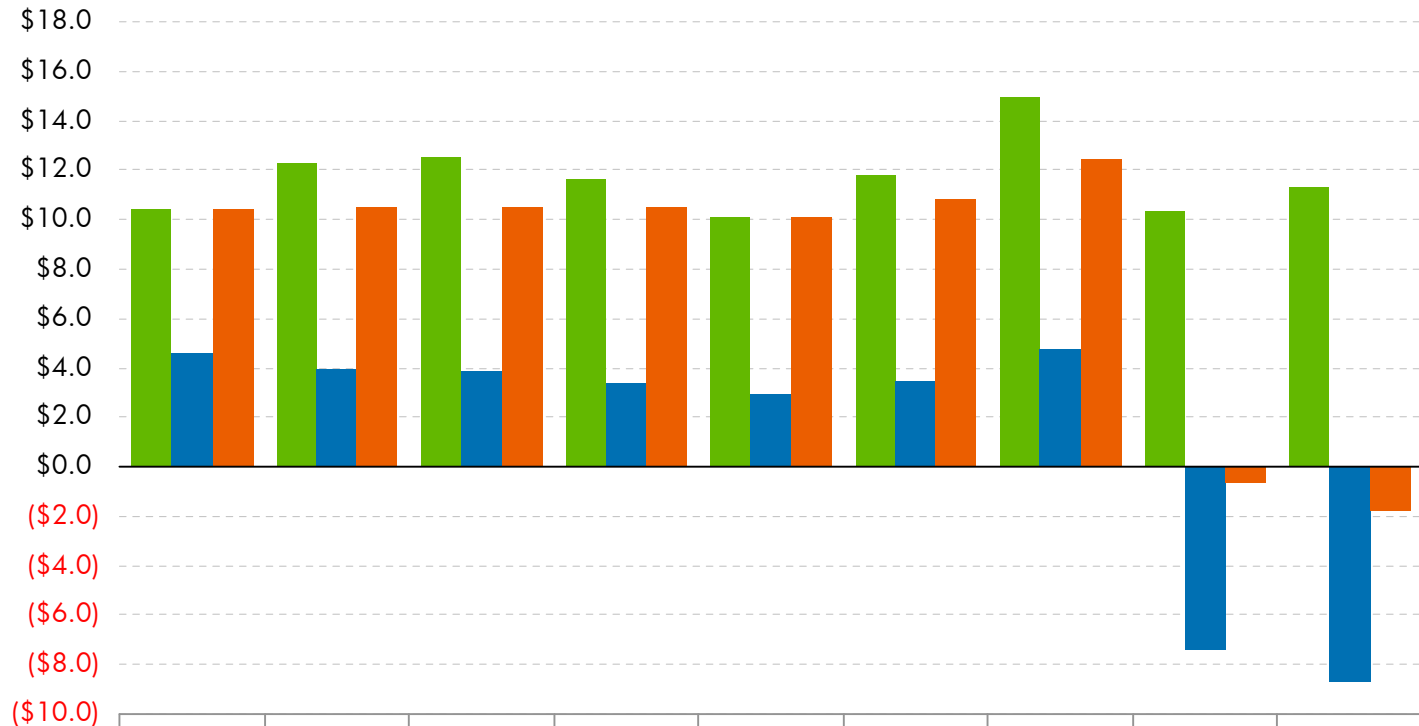


# Working capital metrics



# Gross cash and net cash

In billions



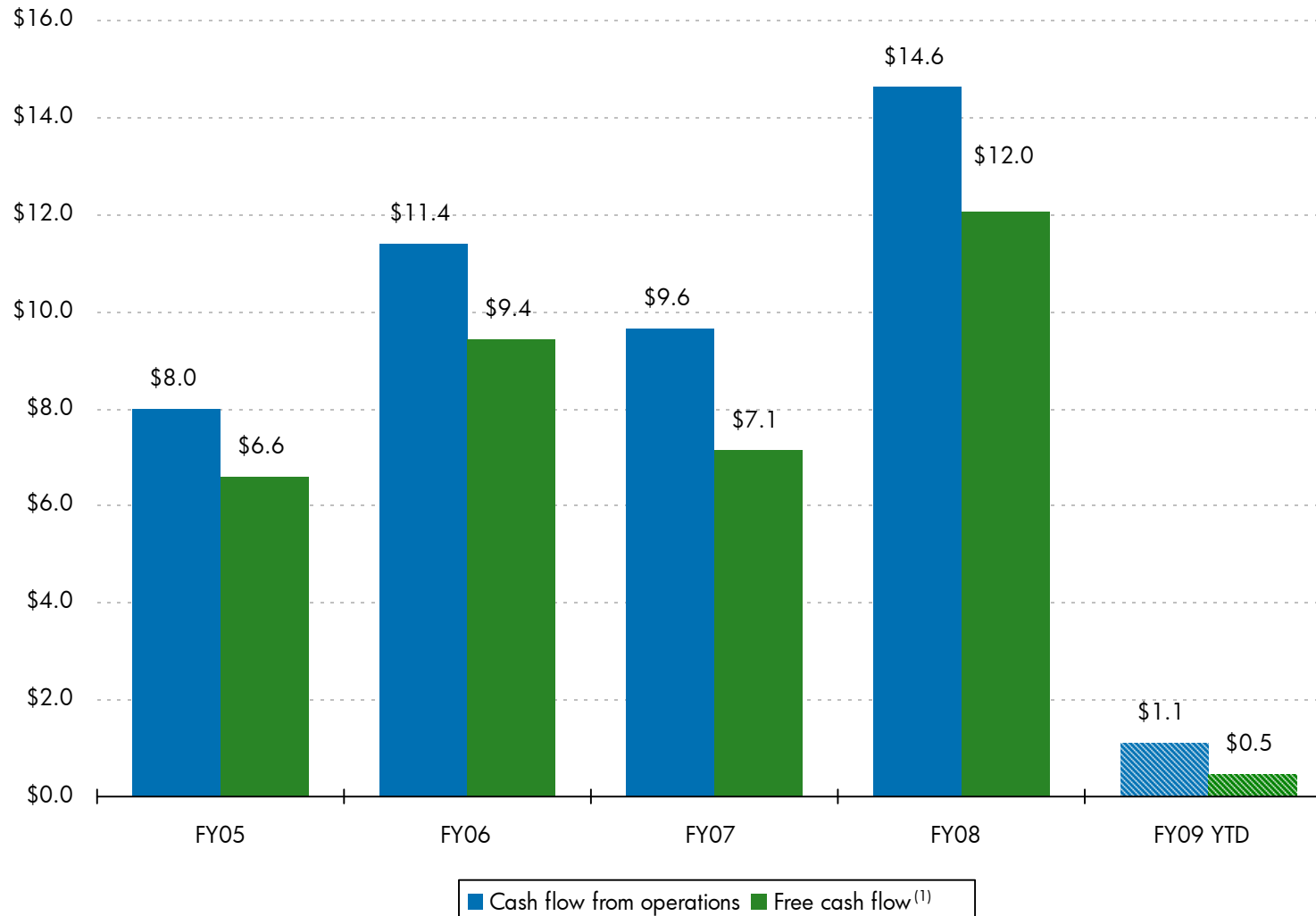
	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09
■ Gross cash <sup>(1)</sup>	\$10.4	\$12.3	\$12.5	\$11.6	\$10.1	\$11.8	\$14.9	\$10.3	\$11.3
■ Net cash <sup>(2)</sup>	\$4.6	\$4.0	\$3.9	\$3.4	\$2.9	\$3.5	\$4.8	(\$7.4)	(\$8.7)
■ Net cash excl. HPFS Debt <sup>(3)</sup>	\$10.4	\$10.5	\$10.5	\$10.5	\$10.1	\$10.8	\$12.4	(\$0.6)	(\$1.8)

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 excluding HPFS debt is calculated as net cash + lower of HP total company debt or HPFS debt



# Cash flow

In billions

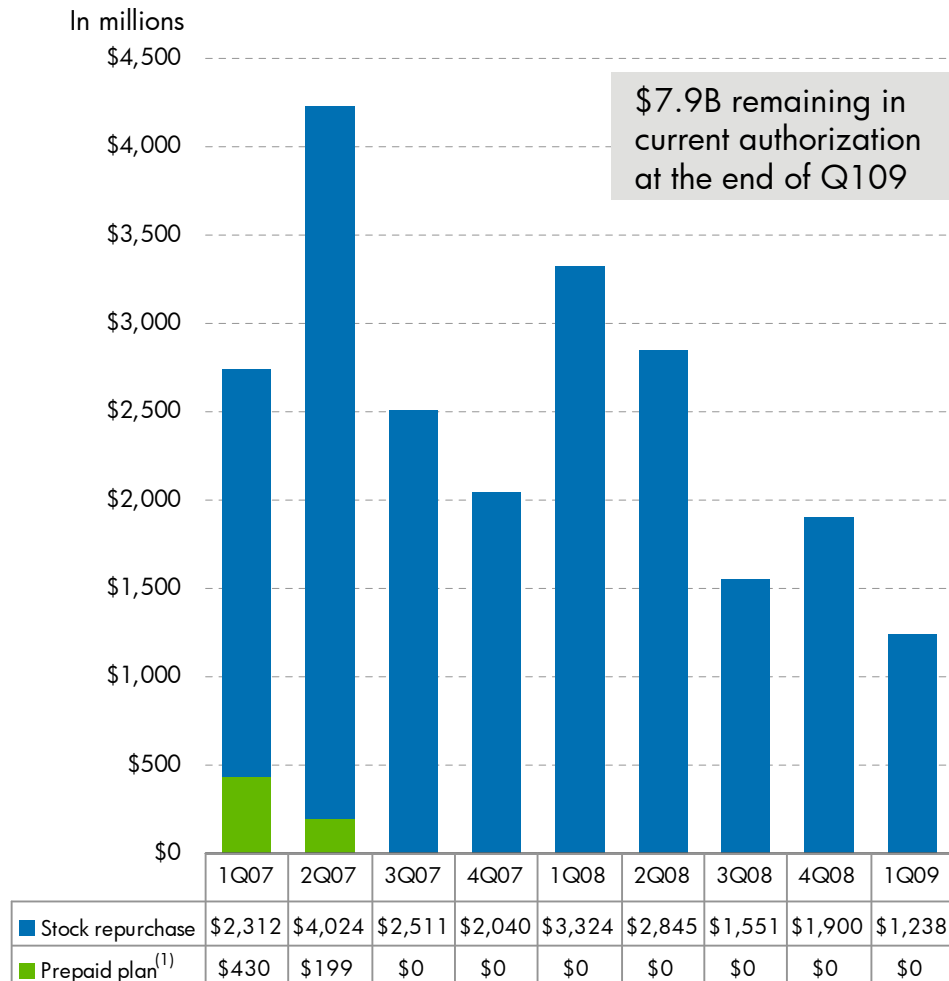


1. Free cash flow = cash flow from operations less net capital expenditures

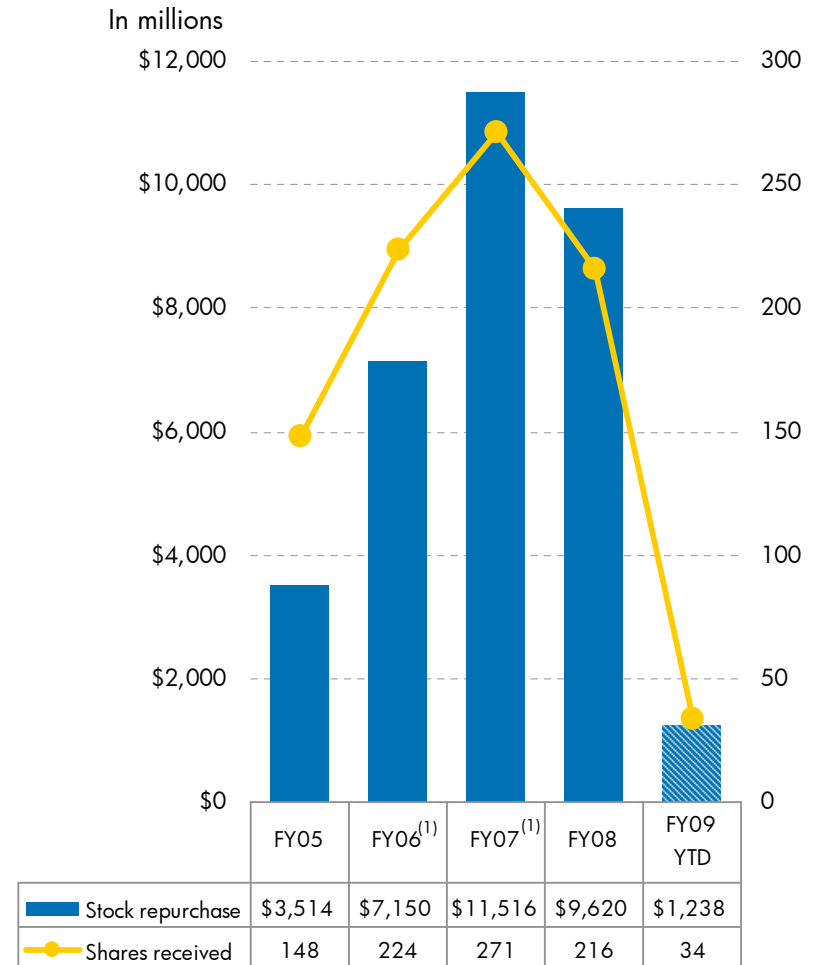


# Stock repurchase

## Quarterly trends



## FY05 – FY09



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

# FY09 Inter-segment restatement

In millions inc./ <i>(dec.)</i>	Segment	FY07			FY08		
		Revised Amount	Previously Reported	Variance	Revised Amount	Previously Reported	Variance
<b>Net Revenue</b>	Services	\$15,329	\$16,570	<i>(\$1,241)</i>	\$20,977	\$22,397	<i>(\$1,420)</i>
	Software	\$3,628	\$2,531	\$1,097	\$4,220	\$3,029	\$1,191
	IPG	\$28,609	\$28,465	\$144	\$29,614	\$29,385	\$229
	<b>Total</b>	<b>\$47,566</b>	<b>\$47,566</b>	<b>\$0</b>	<b>\$54,811</b>	<b>\$54,811</b>	<b>\$0</b>
<b>Operating Profit</b>	Services	\$1,782	\$1,787	<i>(\$5)</i>	\$2,518	\$2,491	\$27
	Software	\$248	\$221	\$27	\$499	\$461	\$38
	IPG	\$4,293	\$4,315	<i>(\$22)</i>	\$4,559	\$4,590	<i>(\$31)</i>
	Corp Elimination	<i>(\$946)</i>	<i>(\$946)</i>	\$0	<i>(\$973)</i>	<i>(\$939)</i>	<i>(\$34)</i>
	<b>Total</b>	<b>\$5,377</b>	<b>\$5,377</b>	<b>\$0</b>	<b>\$6,603</b>	<b>\$6,603</b>	<b>\$0</b>

HP has reflected certain fiscal 2009 organizational realignments on a backward-looking basis to provide improved visibility and comparability.

# FY09 Intra-segment reclassification

In millions inc./ <i>(dec.)</i>	Segment	FY07			FY08		
		Revised Amount	Previously Reported	Variance	Revised Amount	Previously Reported	Variance
<b>Net Revenue</b>	Commercial HW	\$7,371	\$6,863	\$508	\$7,422	\$6,799	\$623
	Consumer HW	\$4,220	\$4,496	<i>(\$276)</i>	\$3,720	\$3,998	<i>(\$278)</i>
	Supplies	\$17,018	\$17,106	<i>(\$88)</i>	\$18,471	\$18,587	<i>(\$116)</i>
	Other	\$0	\$0	\$0	\$1	\$1	\$0
	IPG	\$28,609	\$28,465	\$144	\$29,614	\$29,385	\$229
<b>Net Revenue</b>	Notebooks	\$17,650	\$17,650	\$0	\$22,657	\$22,657	\$0
	Desktops	\$15,889	\$15,889	\$0	\$16,643	\$16,626	\$17
	Workstations	\$1,721	\$1,721	\$0	\$1,885	\$1,902	<i>(\$17)</i>
	Handhelds	\$531	\$531	\$0	\$360	\$360	\$0
	Other	\$618	\$618	\$0	\$750	\$750	\$0
	PSG	\$36,409	\$36,409	\$0	\$42,295	\$42,295	\$0

HP has reflected certain fiscal 2009 organizational realignments on a backward-looking basis to provide improved visibility and comparability.

# FY09 Intra-segment reclassification

In millions inc./ <i>(dec.)</i>	Segment	FY07			FY08		
		Revised Amount	Previously Reported	Variance	Revised Amount	Previously Reported	Variance
<b>Net Revenue</b>	Technology Services	\$9,441	\$8,539	\$902	\$10,297	\$9,413	\$884
	Outsourcing services	\$0	\$4,839	<i>(\$4,839)</i>	\$0	\$5,597	<i>(\$5,597)</i>
	C&I	\$0	\$3,192	<i>(\$3,192)</i>	\$0	\$3,531	<i>(\$3,531)</i>
	EDS	\$0	\$0	\$0	\$0	\$3,856	<i>(\$3,856)</i>
	ITO	\$4,671	\$0	\$4,671	\$7,488	\$0	\$7,488
	Application Services	\$1,102	\$0	\$1,102	\$2,411	\$0	\$2,411
	BPO	\$115	\$0	\$115	\$723	\$0	\$723
	Other	\$0	\$0	\$0	\$58	\$0	\$58
	Services	\$15,329	\$16,570	<i>(\$1,241)</i>	\$20,977	\$22,397	<i>(\$1,420)</i>
<b>Net Revenue</b>	Business Technology Optimization	\$2,276	\$2,004	\$272	\$2,792	\$2,497	\$295
	Other Software	\$1,352	\$527	\$825	\$1,428	\$532	\$896
	HP Software	\$3,628	\$2,531	\$1,097	\$4,220	\$3,029	\$1,191

HP has reflected certain fiscal 2009 organizational realignments on a backward-looking basis to provide improved visibility and comparability.

# FY07 & FY08 Reclassification

In millions inc./ (dec.)	FY07			FY08		
	Revised Amount	Previously Reported	Variance	Revised Amount	Previously Reported	Variance
Revenue	\$104,286	\$104,286	\$0	\$118,364	\$118,364	\$0
Cost of Sales	\$78,683	\$78,887	(\$204)	\$89,699	\$89,921	(\$222)
R&D	\$3,611	\$3,611	\$0	\$3,543	\$3,543	\$0
SG&A	\$12,430	\$12,226	\$204	\$13,326	\$13,104	\$222
Amortization of Purchased intangibles	\$783	\$783	\$0	\$967	\$967	\$0
In process R&D	\$190	\$190	\$0	\$45	\$45	\$0
Restructuring charges	\$387	\$387	\$0	\$270	\$270	\$0
Acquisition related charges	\$0	\$0	\$0	\$41	\$41	\$0
Pension curtailment & settlement, net	(\$517)	(\$517)	\$0	\$0	\$0	\$0
<b>Total Cost</b>	<b>\$95,567</b>	<b>\$95,567</b>	<b>\$0</b>	<b>\$107,891</b>	<b>\$107,891</b>	<b>\$0</b>
Earnings from operations	\$8,719	\$8,719	\$0	\$10,473	\$10,473	\$0
Interest and other, net	\$458	\$458	\$0	\$0	\$0	\$0
Earnings before taxes	\$9,177	\$9,177	\$0	\$10,473	\$10,473	\$0
Provision for taxes	\$1,913	\$1,913	\$0	\$2,144	\$2,144	\$0
<b>Net earnings</b>	<b>\$7,264</b>	<b>\$7,264</b>	<b>\$0</b>	<b>\$8,329</b>	<b>\$8,329</b>	<b>\$0</b>

HP has reflected certain reclassifications of costs previously reported in costs of sales to SG&A on a backward-looking basis to provide improved visibility and comparability.

# Outlook

## Q2 FY09 guidance

Revenue	Declines approximately 2% to 3% Y/Y
GAAP EPS	\$0.70 - \$0.72
Non-GAAP EPS <sup>(1)</sup>	\$0.84 - \$0.86

## Full year FY09 guidance

Revenue	Declines approximately 2% to 5% Y/Y
GAAP EPS	\$3.19 – \$3.31
Non-GAAP EPS <sup>(2)</sup>	\$3.76 – \$3.88

HP's outlook for the second quarter of FY09 and the full year FY09 assumes that first quarter FY09 market conditions will persist. In addition, HP has assumed that currency exchange rates will have an unfavorable year-over-year impact on revenue of approximately 7 or 8 percentage points for the second quarter of FY09 and the full year FY09.

1. Q2 FY09 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.14 per share, related primarily to the amortization of purchased intangible assets and restructuring charges.
2. Full year FY09 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.57 per share, related primarily to the amortization of purchased intangible assets and restructuring charges.

# Supplemental slides





# FY08 GAAP to non-GAAP bridge

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

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

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

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

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

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

# FY07 GAAP to non-GAAP bridge

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

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

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

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

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

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

# FY06 GAAP to non-GAAP bridge

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

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

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

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

# Q2 FY06 GAAP to non-GAAP bridge

In millions except per share amounts	<b>GAAP</b>	Amort. of Intangibles	Re- structuring	In-process R&D	(G)/L Invest.	<b>Non-GAAP</b>
Revenue	<b>22,554</b>					<b>22,554</b>
Cost of sales	<b>16,970</b>					<b>16,970</b>
Total OpEx	<b>3,927</b>	(151)	14	(2)		<b>3,788</b>
Operating profit	<b>1,657</b>	151	(14)	2		<b>1,796</b>
Interest & other, net	<b>163</b>				(6)	<b>157</b>
Pre-tax earnings	<b>1,820</b>	151	(14)	2	(6)	<b>1,953</b>
Income tax <sup>(1)</sup>	<b>(79)</b>	44	(4)		(4)	<b>(43)</b>
Tax rate <sup>(1)</sup>	<b>NM</b>					<b>NM</b>
Net earnings <sup>(1)</sup>	<b>1,899</b>					<b>1,996</b>
EPS <sup>(1)</sup>	<b>\$0.66</b>					<b>\$0.69</b>

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

1. On June 6, HP upwardly revised Q2 FY06 earnings following the signing of a settlement agreement by the Internal Revenue Service resolving federal income tax matters for HP's 1996 through 1998 tax years. GAAP and Non-GAAP EPS for Q2 FY06 were previously reported as \$0.51 and \$0.54, respectively. Notification from the IRS on June 1 prior to the filing of HP's Q2 FY06 Form 10-Q required this revision to HP's reported Q2 FY06 results.

# Q1 FY06 GAAP to non-GAAP bridge

In millions except per share amounts	<b>GAAP</b>	Amort. of Intangibles	Re- structuring charges	In-process R&D	(G)/L Invest.	<b>Non-GAAP</b>
Revenue	<b>22,659</b>					<b>22,659</b>
Cost of sales	<b>17,392</b>					<b>17,392</b>
Total OpEx	<b>3,775</b>	(147)	(15)	(50)		<b>3,563</b>
Operating profit	<b>1,492</b>	147	15	50		<b>1,704</b>
Interest & other, net	<b>36</b>				2	<b>38</b>
Pre-tax earnings	<b>1,528</b>	147	15	50	2	<b>1,742</b>
Income tax	<b>301</b>	43	4		1	<b>349</b>
Tax rate	<b>20%</b>					<b>20%</b>
Net earnings	<b>1,227</b>					<b>1,393</b>
EPS	<b>\$0.42</b>					<b>\$0.48</b>

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





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