

HP Securities Analyst Meeting

**Supplemental slides
December 11, 2007**



Forward-looking statements

This presentation contains 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, tax provisions, earnings, cash flows, benefit obligations, share repurchases or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the execution of cost reduction programs and restructuring plans; any statements concerning expected development, performance or market share relating to products or services; any statements regarding future economic conditions or 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; the execution and performance of contracts by customers, suppliers 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 plans; the outcome of pending legislation and accounting pronouncements; the resolution of pending investigations, claims and disputes; and other risks that are described in HP's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2007 and other reports filed after HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2006. As in prior years, the financial information set forth in these materials, 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 Form 10-K for the fiscal year ended October 31, 2007. In particular, determining HP's actual tax balances and provisions as of October 31, 2007 and for the fiscal year then ended 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-K. 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.

FY07 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re-structuring charges	In-process R&D	Pension Curt.	Non-GAAP
Revenue	104,286					104,286
Cost of sales	78,887					78,887
Total OpEx	16,680	(783)	(387)	(190)	517	15,837
Operating profit	8,719	783	387	190	(517)	9,562
Interest & other, net	444					444
G/L on investments ⁽¹⁾	14					14
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

1. Beginning in fiscal 2007, HP no longer excludes gains or losses on investments when calculating financial measures presented on a non-GAAP basis.

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

FY04 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re-structuring charges	Acq. related charges	In-process R&D	(G)/L Invest.	Non-GAAP
Revenue	79,905						79,905
Cost of Sales	60,811						60,811
Total OpEx	14,867	(603)	(114)	(54)	(37)		14,059
Operating profit	4,227	603	114	54	37		5,035
Interest & other, net	39					(4)	35
Settlement	(70)						(70)
Pre-tax earnings	4,196	603	114	54	37	(4)	5,000
Income tax	699	175	38	14	10	(3)	933
Tax rate	17%						19%
EPS	\$1.15						\$1.33

