HEWLETT-PACKARD COMPANY AND SUBSIDIARIES CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS (Unaudited)

	Three months ended			
	January 31, 2009	October 31, 2008 ^(c)	January 31, 2008 ^(c)	
Net revenue	\$ 28,800	\$ 33,603	\$ 28,467	
Costs and expenses (a):				
Cost of sales	22,069	25,853	21,444	
Research and development	732	842	898	
Selling, general and administrative	2,893	3,506	3,296	
Amortization of purchased intangible assets	412	337	206	
In-process research and development charges	6	32	-	
Restructuring charges	146	251	10	
Acquisition-related charges	48	41	_	
Total costs and expenses	26,306	30,862	25,854	
Earnings from operations	2,494	2,741	2,613	
Interest and other, net	(232)	(98)	72	
Earnings before taxes	2,262	2,643	2,685	
Provision for taxes ^(b)	408	531	552	
Net earnings	<u>\$ 1,854</u>	\$ 2,112	<u>\$ 2,133</u>	
Net earnings per share:				
Basic	\$ 0.77	\$ 0.87	\$ 0.83	
Diluted	\$ 0.75	\$ 0.84	\$ 0.80	
Cash dividends declared per share	\$ 0.16	\$ -	\$ 0.16	
Weighted-average shares used to compute net earnings	per share:			
Basic	2,410	2,440	2,560	
Diluted	2,464	2,516	2,655	
(a) Stock-based compensation expense included under S	SFAS 123(R) was	as follows:		
Cost of sales	\$ 52	\$ 46	\$ 36	
Research and development	17	17	20	
Selling, general and administrative	85	94	101	
Acquisition-related charges	6			
Total costs and expenses	\$ 160	\$ 157	\$ 157	
(b) Tax benefit from stock-based compensation	\$ (48)	\$ (37)	\$ (47)	

⁽c) Certain pursuit-related costs previously reported as Cost of sales have been realigned retroactively to Selling, general and administrative expenses due to the organizational realignments occurring within HP's service offerings portfolio.



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS, OPERATING MARGIN AND EARNINGS PER SHARE (Unaudited)

	Three months ended January 31, 2009	Diluted earnings per share	m e Octo	Three onths ended ober 31, 2008	Diluted earnings per share		Three months ended uary 31, 2008	Diluted earnings per share
GAAP net earnings	\$ 1,854	\$ 0.75	\$	2,112	\$ 0.84	\$	2,133	\$ 0.80
Non-GAAP adjustments: Amortization of purchased intangible assets	412	0.17		337	0.13		206	0.08
In-process research and	112	0.17		331	0.13		200	0.00
development charges	6	-		32	0.01		-	-
Restructuring charges	146	0.06		251	0.10		10	-
Acquisition-related charges	48	0.02		41	0.02		-	-
Adjustments for taxes	(181)	(0.07)		(179)	(0.07)	_	(58)	(0.02)
Non-GAAP net earnings	\$ 2,285	\$ 0.93	<u>\$</u>	2,594	\$ 1.03	\$	2,291	\$ 0.86
GAAP earnings from operations	\$ 2,494		\$	2,741		\$	2,613	
Non-GAAP adjustments:								
Amortization of purchased intangible assets	412			337			206	
In-process research and								
development charges	6			32			1.0	
Restructuring charges Acquisition-related charges	146 48			251 41			10	
Non-GAAP earnings	40			41				
ž	¢ 2.106		^	2 400		ć	0 000	
from operations	\$ 3,106		<u> </u>	3,402		<u>\$</u>	2,829	
GAAP operating margin	9%			8%			9%	
Non-GAAP adjustments	<u>2</u> %		<u>2</u> %		<u>1%</u>	<u>1</u> %		
Non-GAAP operating margin	<u>11%</u>			<u>10%</u>			<u>10%</u>	



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES CONSOLIDATED CONDENSED BALANCE SHEETS (In millions)

	January 31, 2009	October 31, 2008
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11 , 189	\$ 10,153
Short-term investments	66	93
Accounts receivable	14,769	16,928
Financing receivables	2,316	2,314
Inventory	7 , 629	7,879
Other current assets	12,912	14,361
Total current assets	48,881	51,728
Property, plant and equipment	10,774	10,838
Long-term financing receivables and other assets	10,111	10,468
Goodwill and purchased intangible assets	39,868	40,297
Total assets	<u>\$ 109,634</u>	\$ 113,331
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	\$ 10,199	\$ 10 , 176
Accounts payable	11,231	14,138
Employee compensation and benefits	2,951	4,159
Taxes on earnings	699	869
Deferred revenue	6 , 591	6,287
Other accrued liabilities	15,316	17,310
Total current liabilities	46,987	52,939
Long-term debt	10,259	7,676
Other liabilities	12,801	13,774
Stockholders' equity	<u>39,587</u>	38,942
Total liabilities and stockholders' equity	<u>\$ 109,634</u>	<u>\$ 113,331</u>



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Unaudited) (In millions)

Sanuary Sanuary 31, 31, 31, 31, 310, 310, 300,		Three mon	ths ended
Cash flows from operating activities: 2009 2008 Net earnings \$ 1,854 \$ 2,133 Adjustments to reconcile net earnings to net cash provided by operating activities: 1,214 749 Depreciation and amortization 1,214 749 Stock-based compensation expense 154 157 Provision for bad debt and inventory 168 78 In-process research and development charges 6 - Restructuring charges 146 10 Acquisition-related charges 48 - Deferred taxes on earnings (63) 361 Excess tax benefit from stock-based compensation (13) (63) Other, net (17) 6 Changes in assets and liabilities: (200) (31) Accounts and financing receivables 1,780 1,007 Inventory 156 54 Accounts and financing receivables 1,780 1,007 Inventory 156 54 Accounts and financing receivables 1,780 1,007 Inventory		January	January
Net earnings		· ·	
Net earnings \$ 1,854 \$ 2,133 Adjustments to reconcile net earnings to net cash provided by operating activities: 1,214 749 Depreciation and amortization 1,214 749 Stock-based compensation expense 154 157 Provision for bad debt and inventory 168 78 In-process research and development charges 6 - Restructuring charges 48 - Acquisition-related charges 48 - Deferred taxes on earnings (63) 361 Excess tax benefit from stock-based compensation (13) (88) Other, net (17) 6 Changes in assets and liabilities: . 1,780 1,007 Inventory 156 54 Accounts payable (2,889) (659) Taxes on earnings 300 (92) 489 (659) 1,26 54 Accounts payable (2,889) (659) 1,26 54 46 100 1,26 3,187 Taxes on earnings 300 (92)		2009	2008
Adjustments to reconcile net earnings to net cash provided by operating activities: Depreciation and amortization 1,214 749 Stock-based compensation expense 154 157 Provision for bad debt and inventory 168 78 In-process research and development charges 6 - Restructuring charges 146 10 Acquisition-related charges 48 - Deferred taxes on earnings (63) 361 Excess tax benefit from stock-based compensation (13) (88) Other, net (17) 6 Changes in assets and liabilities: Accounts and financing receivables 1,780 1,007 Inventory 156 54 Accounts payable (2,889) (659) Taxes on earnings (209) (31) Other assets and liabilities (1,509) (498) Net cash provided by operating activities 1,126 3,187 Cash flows from investing activities: Investment in property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment 152 88 Furchases of available-for-sale securities and other investments 46 106 Payments made in connection with business acquisitions, net (20) (345) (264) Net cash used in investing activities: Issuance of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under	Cash flows from operating activities:		
Depreciation and amortization 1,214 749	Net earnings	\$ 1,854	\$ 2,133
Stock-based compensation expense 154 157			
Provision for bad debt and inventory 168 78	Depreciation and amortization	1,214	749
In-process research and development charges 6 6 6 6 6 6 6 6 6	Stock-based compensation expense	154	157
Restructuring charges	Provision for bad debt and inventory	168	78
Acquisition-related charges 48	In-process research and development charges	6	-
Deferred taxes on earnings (63) 361 Excess tax benefit from stock-based compensation (13) (88) Other, net (17) (6 Other, net (17) (6 Other, net (17) (6 Other, net (17) (6 Other, net (17) (17) (17) Changes in assets and liabilities: (1780 1,007 Inventory 156 54 Accounts payable (2,889) (659) Taxes on earnings (209) (31) Other assets and liabilities (1,509) (498) Net cash provided by operating activities (1,509) (498) Net cash provided by operating activities (1,509) (498) Net cash provided by operating activities (1,509) (498) Proceeds from investing activities: (828) (611) Proceeds from sale of property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment (828) (611) Proceeds from sale of available-for-sale securities (20) Maturities and sales of available-for-sale securities (20) Maturities and sales of available-for-sale securities (20) Maturities and sales of available-for-sale securities (20) Appends and other investments (20) (20) (20) Payments made in connection with business (345) (264) (264) Net cash used in investing activities (345) (264)	Restructuring charges	146	10
Excess tax benefit from stock-based compensation (13) (88) Other, net (17) 6 Changes in assets and liabilities: Accounts and financing receivables 1,780 1,007 Inventory 156 54 Accounts payable (2,889) (659) Taxes on earnings 300 (92) Restructuring (209) (31) Other assets and liabilities (1,509) (498) Net cash provided by operating activities 1,126 3,187 Cash flows from investing activities: Investment in property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment 152 88 Purchases of available-for-sale securities and other investments - (20) Maturities and sales of available-for-sale securities acquisitions, net (345) (264) Net cash used in investing activities: Issuance (repayment) of commercial paper and notes payable, net (899) Issuance of debt (999) Issuance of debt (999) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock 290 554 Repurchase of common stock 290 554 Repurchase of common stock 290 5	Acquisition-related charges	48	_
Other, net (17) 6 Changes in assets and liabilities:	Deferred taxes on earnings	(63)	361
Changes in assets and liabilities: Accounts and financing receivables 1,780 1,007 Inventory 156 54 Accounts payable (2,889) (659) Taxes on earnings 300 (92) Restructuring (209) (31) Other assets and liabilities (1,509) (498) Net cash provided by operating activities 1,126 3,187 Cash flows from investing activities: Proceeds from sale of property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment 152 88 Purchases of available-for-sale securities - (20) Maturities and sales of available-for-sale securities and other investments 46 106 Payments made in connection with business acquisitions, net (345) (264) Net cash used in investing activities (345) (264) Cash flows from financing activities: Issuance (repayment) of commercial paper	Excess tax benefit from stock-based compensation	(13)	(88)
Accounts and financing receivables	Other, net	(17)	6
Inventory	Changes in assets and liabilities:		
Accounts payable (2,889) (659) Taxes on earnings 300 (92) Restructuring (209) (31) Other assets and liabilities (1,509) (498) Net cash provided by operating activities 1,126 3,187 Cash flows from investing activities: Investment in property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment 152 88 Purchases of available-for-sale securities and other investments - (20) Maturities and sales of available-for-sale securities acquisitions, net (345) (264) Net cash used in investing activities: Issuance (repayment) of commercial paper and notes payable, net (701) Cash flows from financing activities: Issuance of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)	Accounts and financing receivables	1,780	1,007
Taxes on earnings 300 (92) Restructuring (209) (31) Other assets and liabilities (1,509) (498) Net cash provided by operating activities 1,126 3,187 Cash flows from investing activities: Investment in property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment 152 88 Purchases of available-for-sale securities and other investments - (20) Maturities and sales of available-for-sale securities acquisitions, net 46 106 Payments made in connection with business acquisitions, net (345) (264) Net cash used in investing activities (975) (701) Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net 57 (899) Issuance of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 13 88 Dividends (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)	Inventory	156	54
Restructuring (209) (31) Other assets and liabilities (1,509) (498) Net cash provided by operating activities 1,126 3,187 Cash flows from investing activities: Investment in property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment 152 88 Purchases of available-for-sale securities and other investments - (20) Maturities and sales of available-for-sale securities acquisitions, net (345) (264) Net cash used in investing activities (975) (701) Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net 57 (899) Issuance of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)	Accounts payable	(2,889)	(659)
Other assets and liabilities (1,509) (498) Net cash provided by operating activities 1,126 3,187 Cash flows from investing activities: Investment in property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment 152 88 Purchases of available-for-sale securities and other investments - (20) Maturities and sales of available-for-sale securities acquisitions, net 46 106 Payments made in connection with business acquisitions, net (345) (264) Net cash used in investing activities (975) (701) Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net 57 (899) Issuance of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 13 88 Dividends (1933) (206) Net cash provided by (used in) financing activities 885 (3,876)	Taxes on earnings	300	(92)
Net cash provided by operating activities 1,126 3,187 Cash flows from investing activities: Investment in property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment 152 88 Purchases of available-for-sale securities and other investments - (20) Maturities and sales of available-for-sale securities and other investments 46 106 Payments made in connection with business acquisitions, net (345) (264) Net cash used in investing activities (975) (701) Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net 57 (899) Issuance of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock under employee stock plans 299 554 Repurchase of common stock (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)	Restructuring	(209)	(31)
Cash flows from investing activities: Investment in property, plant and equipment Proceeds from sale of property, plant and equipment Purchases of available-for-sale securities and other investments Attrities and sales of available-for-sale securities and other investments At 6 106 Payments made in connection with business acquisitions, net Acquisitions, net Acquisitions, net Acquisities: Issuance (repayment) of commercial paper and notes payable, net Issuance of debt Acquisitions	Other assets and liabilities	(1,509)	(498)
Investment in property, plant and equipment (828) (611) Proceeds from sale of property, plant and equipment 152 88 Purchases of available-for-sale securities and other investments - (20) Maturities and sales of available-for-sale securities and other investments 46 106 Payments made in connection with business acquisitions, net (345) (264) Net cash used in investing activities (975) (701) Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net 57 (899) Issuance of debt 2,016 16 Payment of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)	Net cash provided by operating activities	1,126	3,187
Proceeds from sale of property, plant and equipment Purchases of available-for-sale securities and other investments Maturities and sales of available-for-sale securities and other investments Payments made in connection with business acquisitions, net Net cash used in investing activities Issuance (repayment) of commercial paper and notes payable, net Issuance of debt Payment of debt Repurchase of common stock under employee stock plans Excess tax benefit from stock-based compensation Net cash provided by (used in) financing activities 88 152 88 - (20) (20) (345) (345) (264) (975) (701) (701) (899) 57 (899) 57 (899) 15 15 15 15 15 15 15 15 15 1	Cash flows from investing activities:		
Purchases of available-for-sale securities and other investments Maturities and sales of available-for-sale securities and other investments Payments made in connection with business acquisitions, net Net cash used in investing activities Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net Payment of debt Payment of debt Issuance of common stock under employee stock plans Excess tax benefit from stock-based compensation Net cash provided by (used in) financing activities 885 (200) (201) (202) (203) (204) (345) (264) (264) (264) (275) (701) (264) (275) (701) (264) (264) (275) (701) (264) (275) (701) (264) (276) (277) (289) (277) (289) (278) (2	Investment in property, plant and equipment	(828)	(611)
and other investments — (20) Maturities and sales of available-for-sale securities and other investments — 46 106 Payments made in connection with business acquisitions, net — (345) (264) Net cash used in investing activities — (975) (701) Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net — 57 (899) Issuance of debt — 2,016 16 Payment of debt — (69) (105) Issuance of common stock under employee stock plans — 299 554 Repurchase of common stock — (1,238) (3,324) Excess tax benefit from stock-based compensation — 13 88 Dividends — (193) (206) Net cash provided by (used in) financing activities — 885 (3,876)		152	88
Maturities and sales of available-for-sale securities and other investments 46 106 Payments made in connection with business acquisitions, net (345) (264) Net cash used in investing activities (975) (701) Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net 57 (899) Issuance of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock compensation 13 88 Dividends (193) (206) Net cash provided by (used in)financing activities 885 (3,876)		_	(20)
Payments made in connection with business acquisitions, net (345) (264) Net cash used in investing activities (975) (701) Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net 57 (899) Issuance of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)			(20)
Acquisitions, net (345) (264) Net cash used in investing activities (975) (701) Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net 57 (899) Issuance of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)	securities and other investments	46	106
Net cash used in investing activities (975) (701) Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net (899) Issuance of debt (69) (105) Issuance of common stock under employee stock plans (999) (105) Issuance of common stock under employee stock plans (1,238) (3,324) Excess tax benefit from stock-based compensation (193) (206) Net cash provided by (used in) financing activities (885) (3,876)		(0.45)	(0.54)
Cash flows from financing activities: Issuance (repayment) of commercial paper and notes payable, net Issuance of debt Issuance of debt Issuance of common stock under employee stock plans Repurchase of common stock Excess tax benefit from stock-based compensation Dividends Net cash provided by (used in) financing activities Cash flows from financing activities 57 (899) (105) (69) (105)	acquisitions, net	(345)	(264)
Issuance (repayment) of commercial paper and notes payable, net 57 (899) Issuance of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)	Net cash used in investing activities	(975)	<u>(701</u>)
Issuance (repayment) of commercial paper and notes payable, net 57 (899) Issuance of debt 2,016 16 Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)	Cash flows from financing activities:		
Issuance of debt Payment of debt (69) (105) Issuance of common stock under employee stock plans Repurchase of common stock (1,238) Excess tax benefit from stock-based compensation Dividends Net cash provided by (used in)financing activities 2,016 (69) (105) 889 (1,238) (3,324) (3,324) (206) (193) (206)	-		
Payment of debt (69) (105) Issuance of common stock under employee stock plans 299 554 Repurchase of common stock (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)	and notes payable, net	57	(899)
Issuance of common stock under employee stock plans 299 554 Repurchase of common stock (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in) financing activities 885 (3,876)	Issuance of debt	2,016	16
Repurchase of common stock (1,238) (3,324) Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in)financing activities 885 (3,876)	Payment of debt		
Excess tax benefit from stock-based compensation 13 88 Dividends (193) (206) Net cash provided by (used in)financing activities 885 (3,876)			
Dividends (193) (206) Net cash provided by (used in)financing activities 885 (3,876)			
Net cash provided by (used in)financing activities 885 (3,876)			
	Dividends	(193)	(206)
Increase (decrease) in cash and cash equivalents 1,036 (1,390)	Net cash provided by (used in)financing activities	885	(3,876)
1,000 (1,000)	Increase (decrease) in cash and cash equivalents	1.036	(1.390)
Cash and cash equivalents at beginning of period10,15311,293	-		
Cash and cash equivalents at end of period \$\frac{\\$11,189}{\}\$\$ \$\frac{\\$9,903}{\}			



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES SEGMENT INFORMATION (Unaudited)

(In millions)

	Three months ended			
	January 31, 2009	October 31, 2008 ^(a)	January 31, 2008 ^(a)	
Net revenue:				
Enterprise Storage and Servers	\$ 3 , 948	\$ 5 , 059	\$ 4,820	
Services	8,746	8,277	4,052	
HP Software	878	1,148	947	
Technology Solutions Group	13,572	14,484	9,819	
Personal Systems Group	8,787	11,179	10,791	
Imaging and Printing Group	5,981	7,572	7,357	
HP Financial Services	636	691	642	
Corporate Investments	196	246	218	
Total Segments	29,172	34,172	28,827	
Eliminations of intersegment	•		•	
net revenue and other	(372)	(569)	(360)	
Total HP Consolidated	\$ 28,800	\$ 33,603	\$ 28,467	
Earnings from operations:				
Enterprise Storage and Servers	\$ 405	\$ 705	\$ 673	
Services	1,123	945	499	
HP Software	140	211	49	
Technology Solutions Group	1,668	1,861	1,221	
Personal Systems Group	435	616	628	
Imaging and Printing Group	1,105	1,155	1,142	
HP Financial Services	41	51	43	
Corporate Investments	(19)	9	8	
Total Segments	3,230	3,692	3,042	
Corporate and unallocated				
costs and eliminations	24	(153)	(89)	
Unallocated costs related to stock-based compensation expense	(148)	(137)	(124)	
Amortization of purchased intangible assets	(412)	(337)	(206)	
<pre>In-process research and development charges</pre>	(6)	(32)	_	
Restructuring charges	(146)	(251)	(10)	
Acquisition-related charges	(48)	(41)	(±0)	
-			72	
Interest and other, net	(232)	(98)	12	
Total HP Consolidated Earnings Before Taxes	\$ 2,262	\$ 2,643	\$ 2,685	

⁽a) Certain fiscal 2009 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2008, the reclassifications resulted in the transfer of revenue and operating profit among the Services, HP Software and Imaging and Printing Group financial reporting segments. In addition, certain previously allocated costs were reclassified to unallocated costs related to stock-based compensation expense. There was no impact on the previously reported financial results for the Enterprise Storage and Servers, Personal Systems Group, HP Financial Services and Corporate Investments segments.



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES SEGMENT / BUSINESS UNIT INFORMATION (Unaudited)

(In millions)

	Three months ended			
	January 31, 2009	October 31, 2008 ^(a)	January 31, 2008 ^(a)	
Net revenue:				
Industry standard servers	\$ 2,322	\$ 2 , 977	\$ 2 , 988	
Business critical systems	713	935	855	
Storage	913	1,147	977	
Enterprise Storage and Servers	3,948	5,059	4,820	
Technology services	2,451	2,657	2,458	
Infrastructure Technology Outsourcing	3,903	3,531	1,252	
Application Services	1,592	1,427	306	
Business Process Outsourcing	743	604	36	
Other	57	58		
Services (b)	8,746	8 , 277	4,052	
Business technology optimization	594	786	618	
Other	284	362	329	
HP Software	878	1,148	947	
Technology Solutions Group	13,572	14,484	9,819	
Notebooks	4,907	6,270	5,664	
Desktops	3,303	4,149	4,406	
Workstations	333	470	462	
Handhelds	57	79	89	
Other	187	211	170	
Personal Systems Group	8,787	<u> </u>	10,791	
Commercial Hardware	1,239	1,846	1,883	
Consumer Hardware	692	918	1,105	
Supplies	4,047	4,808	4,362	
Other	3	<u> </u>	7	
Imaging and Printing Group	5,981	7,572	7,357	
HP Financial Services	636	691	642	
Corporate Investments	196	246	218	
Total Segments	29,172	34,172	28,827	
Eliminations of intersegment net revenue				
and other	(372)	(569)	(360)	
Total HP Consolidated	\$ 28,800	\$ 33,603	\$ 28,467	

⁽a) Certain fiscal 2009 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2008, the reclassifications resulted in the transfer of revenue among the Services, HP Software and Imaging and Printing Group financial reporting segments. In addition, revenue was transferred among the business units within the Services, HP Software, Imaging and Printing Group, and Personal Systems Group segments. There was no impact on the previously reported financial results for the Enterprise Storage and Servers, HP Financial Services and Corporate Investments segments.

⁽b) Infrastructure Technology Outsourcing, Application Services, Business Process Outsourcing and Other business units were added to the Services business segment. In addition, Outsourcing Services, Consulting and Integration and EDS business units within Services were disintegrated in fiscal 2009.



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES CALCULATION OF NET EARNINGS PER SHARE (Unaudited)

	Three months ended			
	January 31, 2009	October 31, 2008	January 31, 2008	
Numerator:				
Net earnings	\$ 1,854	\$ 2,112	\$ 2,133	
Adjustment for interest expense on zero-coupon subordinated convertible notes, net of taxes			2	
Net earnings, adjusted	<u>\$ 1,854</u>	\$ 2,112	\$ 2,135	
Denominator: Weighted-average shares used to compute				
basic EPS	2,410	2,440	2,560	
Effect of dilutive securities:				
Dilution from employee stock plans	54	76	87	
Zero-coupon subordinated convertible notes			8	
Dilutive potential common shares	54	76	95	
Weighted-average shares used to compute diluted EPS	2,464	<u>2,516</u>	<u> 2,655 </u>	
Net earnings per share:				
Basic (a)	\$ 0.77	\$ 0.87	\$ 0.83	
Diluted ^(b)	\$ 0.75	\$ 0.84	\$ 0.80	

⁽a) HP's basic earnings per share was calculated based on net earnings and the weighted-average number of shares outstanding during the reporting period.



⁽b) The diluted earnings per share included additional dilution from potential issuance of common stock, such as stock issuable pursuant to exercise of stock options, vesting of restricted stock units and conversion of debt, except when such issuances would be anti-dilutive.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES CALCULATION OF NON-GAAP NET EARNINGS PER SHARE (Unaudited)

	Three months ended			
	January 31, 2009	October 31, 2008	January 31, 2008	
Numerator:				
Non-GAAP net earnings	\$ 2,285	\$ 2,594	\$ 2,291	
Adjustment for interest expense on zero- coupon subordinated convertible notes, net of taxes			2	
Non-GAAP net earnings, adjusted	\$ 2,285	\$ 2 , 594	\$ 2,293	
Denominator:				
Weighted-average shares used to compute basic EPS Effect of dilutive securities:	2,410	2,440	2,560	
Dilution from employee stock plans	54	76	87	
Zero-coupon subordinated convertible notes		<u>-</u> _	8	
Dilutive potential common shares	54	76	<u>95</u>	
Weighted-average shares used to compute diluted EPS	2,464	<u>2,516</u>	<u> 2,655</u>	
Non-GAAP net earnings per share:				
Basic ^(a)	\$ 0.95	\$ 1.06	\$ 0.89	
Diluted ^(b)	\$ 0.93	\$ 1.03	\$ 0.86	

⁽a) HP's basic earnings per share was calculated based on net earnings and the weighted-average number of shares outstanding during the reporting period.



⁽b) The diluted earnings per share included additional dilution from potential issuance of common stock, such as stock issuable pursuant to exercise of stock options, vesting of restricted stock units and conversion of debt, except when such issuances would be anti-dilutive.