

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(Unaudited)
(In millions except per share amounts)

	Three months ended		
	July 31, 2008	April 30, 2008	July 31, 2007
Net revenue	\$ 28,032	\$ 28,262	\$ 25,377
Costs and expenses ^(a) :			
Cost of sales	21,253	21,261	19,164
Research and development	895	908	917
Selling, general and administrative	3,137	3,275	3,002
Amortization of purchased intangible assets	213	211	183
In-process research and development charges	-	13	-
Restructuring	5	4	(5)
Total costs and expenses	25,503	25,672	23,261
Earnings from operations	2,529	2,590	2,116
Interest and other, net	23	3	170
Earnings before taxes	2,552	2,593	2,286
Provision for taxes ^(b)	525	536	508
Net earnings	<u>\$ 2,027</u>	<u>\$ 2,057</u>	<u>\$ 1,778</u>
Net earnings per share:			
Basic	\$ 0.82	\$ 0.83	\$ 0.68
Diluted	\$ 0.80	\$ 0.80	\$ 0.66
Cash dividends declared per share	\$ 0.16	\$ -	\$ 0.16
Weighted-average shares used to compute net earnings per share:			
Basic	2,459	2,473	2,600
Diluted	2,533	2,557	2,697
(a) Stock-based compensation expense included under SFAS 123(R) was as follows:			
Cost of sales	\$ 34	\$ 36	\$ 34
Research and development	16	19	19
Selling, general and administrative	90	97	91
Total costs and expenses	\$ 140	\$ 152	\$ 144
(b) Tax benefit from stock-based compensation	\$ (38)	\$ (45)	\$ (36)

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(Unaudited)
(In millions except per share amounts)

	Nine months ended	
	July 31, 2008	July 31, 2007
Net revenue	\$ 84,761	\$ 75,993
Costs and expenses ^(a) :		
Cost of sales	64,013	57,583
Research and development	2,701	2,697
Selling, general and administrative	9,653	8,954
Amortization of purchased intangible assets	630	596
In-process research and development charges	13	186
Restructuring	19	407
Pension curtailments and pension settlements, net	-	(517)
Total costs and expenses	<u>77,029</u>	<u>69,906</u>
Earnings from operations	7,732	6,087
Interest and other, net	<u>98</u>	<u>391</u>
Earnings before taxes	7,830	6,478
Provision for taxes ^(b)	<u>1,613</u>	<u>1,378</u>
Net earnings	<u>\$ 6,217</u>	<u>\$ 5,100</u>
Net earnings per share:		
Basic	\$ 2.49	\$ 1.93
Diluted	\$ 2.41	\$ 1.87
Cash dividends declared per share	\$ 0.32	\$ 0.32
Weighted-average shares used to compute net earnings per share:		
Basic	2,497	2,648
Diluted	2,577	2,734
(a) Stock-based compensation expense included under SFAS 123(R) was as follows:		
Cost of sales	\$ 106	\$ 121
Research and development	55	56
Selling, general and administrative	<u>288</u>	<u>284</u>
Total costs and expenses	\$ 449	\$ 461
(b) Tax benefit from stock-based compensation	\$ (130)	\$ (128)

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,
OPERATING MARGIN AND EARNINGS PER SHARE
(Unaudited)
(In millions except per share amounts)

	Three months ended July 31, 2008	Diluted earnings per share	Three months ended April 30, 2008	Diluted earnings per share	Three months ended July 31, 2007	Diluted earnings per share
GAAP net earnings	\$ 2,027	\$ 0.80	\$ 2,057	\$ 0.80	\$ 1,778	\$ 0.66
Non-GAAP adjustments:						
Amortization of purchased intangible assets	213	0.08	211	0.08	183	0.07
In-process research and development charges	-	-	13	0.01	-	-
Restructuring	5	-	4	-	(5)	-
Pension curtailments and pension settlements, net	-	-	-	-	-	-
Adjustments for taxes	<u>(57)</u>	<u>(0.02)</u>	<u>(56)</u>	<u>(0.02)</u>	<u>(44)</u>	<u>(0.02)</u>
Non-GAAP net earnings	<u>\$ 2,188</u>	<u>\$ 0.86</u>	<u>\$ 2,229</u>	<u>\$ 0.87</u>	<u>\$ 1,912</u>	<u>\$ 0.71</u>
GAAP earnings from operations	\$ 2,529		\$ 2,590		\$ 2,116	
Non-GAAP adjustments:						
Amortization of purchased intangible assets	213		211		183	
In-process research and development charges	-		13		-	
Restructuring	5		4		(5)	
Pension curtailments and pension settlements, net	<u>-</u>		<u>-</u>		<u>-</u>	
Non-GAAP earnings from operations	<u>\$ 2,747</u>		<u>\$ 2,818</u>		<u>\$ 2,294</u>	
GAAP operating margin	9%		9%		8%	
Non-GAAP adjustments	<u>1%</u>		<u>1%</u>		<u>1%</u>	
Non-GAAP operating margin	<u>10%</u>		<u>10%</u>		<u>9%</u>	

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,
OPERATING MARGIN AND EARNINGS PER SHARE
(Unaudited)
(In millions except per share amounts)

	Nine months ended July 31, 2008	Diluted earnings per share	Nine months ended July 31, 2007	Diluted earnings per share
GAAP net earnings	\$ 6,217	\$ 2.41	\$ 5,100	\$ 1.87
Non-GAAP adjustments:				
Amortization of purchased intangible assets	630	0.24	596	0.22
In-process research and development charges	13	0.01	186	0.07
Restructuring	19	0.01	407	0.15
Pension curtailments and pension settlements, net	-	-	(517)	(0.19)
Adjustments for taxes	<u>(171)</u>	<u>(0.07)</u>	<u>(114)</u>	<u>(0.05)</u>
Non-GAAP net earnings	<u>\$ 6,708</u>	<u>\$ 2.60</u>	<u>\$ 5,658</u>	<u>\$ 2.07</u>
GAAP earnings from operations	\$ 7,732		\$ 6,087	
Non-GAAP adjustments:				
Amortization of purchased intangible assets	630		596	
In-process research and development charges	13		186	
Restructuring	19		407	
Pension curtailments and pension settlements, net	<u>-</u>		<u>(517)</u>	
Non-GAAP earnings from operations	<u>\$ 8,394</u>		<u>\$ 6,759</u>	
GAAP operating margin	9%		8%	
Non-GAAP adjustments	<u>1%</u>		<u>1%</u>	
Non-GAAP operating margin	<u>10%</u>		<u>9%</u>	

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

	July 31, 2008	October 31, 2007
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,783	\$ 11,293
Short-term investments	64	152
Accounts receivable	13,754	13,420
Financing receivables	2,594	2,507
Inventory	8,160	8,033
Other current assets	<u>11,681</u>	<u>11,997</u>
Total current assets	<u>51,036</u>	<u>47,402</u>
Property, plant and equipment	7,971	7,798
Long-term financing receivables and other assets	10,306	7,647
Goodwill and purchased intangible assets	<u>26,581</u>	<u>25,852</u>
Total assets	<u><u>\$ 95,894</u></u>	<u><u>\$ 88,699</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	\$ 3,591	\$ 3,186
Accounts payable	14,021	11,787
Employee compensation and benefits	3,206	3,465
Taxes on earnings	806	1,891
Deferred revenue	5,664	5,025
Other accrued liabilities	<u>14,612</u>	<u>13,906</u>
Total current liabilities	<u>41,900</u>	<u>39,260</u>
Long-term debt	6,628	4,997
Other liabilities	8,871	5,916
Stockholders' equity	<u>38,495</u>	<u>38,526</u>
Total liabilities and stockholders' equity	<u><u>\$ 95,894</u></u>	<u><u>\$ 88,699</u></u>

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

	Three months ended July 31, 2008	Nine months ended July 31, 2008
Cash flows from operating activities:		
Net earnings	\$ 2,027	\$ 6,217
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	759	2,268
Stock-based compensation expense	140	449
Provision for bad debt and inventory	111	296
In-process research and development charges	-	13
Restructuring	5	19
Deferred taxes on earnings	177	1,163
Excess tax benefit from stock-based compensation	(50)	(213)
Other, net	(2)	(25)
Changes in assets and liabilities:		
Accounts and financing receivables	(239)	(437)
Inventory	(541)	(255)
Accounts payable	1,590	2,148
Taxes on earnings	101	(269)
Restructuring	(14)	(69)
Other assets and liabilities	(701)	10
Net cash provided by operating activities	<u>3,363</u>	<u>11,315</u>
Cash flows from investing activities:		
Investment in property, plant and equipment	(651)	(1,966)
Proceeds from sale of property, plant and equipment	78	271
Purchases of available-for-sale securities and other investments	(8)	(86)
Maturities and sales of available-for-sale securities and other investments	21	212
Payments made in connection with business acquisitions, net	(213)	(1,478)
Net cash used in investing activities	<u>(773)</u>	<u>(3,047)</u>
Cash flows from financing activities:		
Issuance (repayment) of commercial paper and notes payable, net	1,877	(21)
Issuance of debt	36	3,054
Payment of debt	(43)	(1,051)
Issuance of common stock under employee stock plans	430	1,347
Repurchase of common stock	(1,551)	(7,720)
Excess tax benefit from stock-based compensation	50	213
Dividends	(197)	(600)
Net cash provided by (used in) financing activities	<u>602</u>	<u>(4,778)</u>
Increase in cash and cash equivalents	3,192	3,490
Cash and cash equivalents at beginning of period	<u>11,591</u>	<u>11,293</u>
Cash and cash equivalents at end of period	<u>\$ 14,783</u>	<u>\$ 14,783</u>

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
SEGMENT INFORMATION
(Unaudited)
(In millions)

	Three months ended		
	July 31, 2008	April 30, 2008	July 31, 2007 ^(a)
Net revenue:			
Enterprise Storage and Servers	\$ 4,741	\$ 4,780	\$ 4,516
HP Services	4,753	4,627	4,165
HP Software	<u>781</u>	<u>727</u>	<u>606</u>
Technology Solutions Group	<u>10,275</u>	<u>10,134</u>	<u>9,287</u>
Personal Systems Group	10,254	10,071	8,894
Imaging and Printing Group	6,979	7,591	6,751
HP Financial Services	680	685	582
Corporate Investments	<u>271</u>	<u>230</u>	<u>220</u>
Total Segments	28,459	28,711	25,734
Eliminations of intersegment net revenue and other	<u>(427)</u>	<u>(449)</u>	<u>(357)</u>
Total HP Consolidated	<u>\$ 28,032</u>	<u>\$ 28,262</u>	<u>\$ 25,377</u>
Earnings (Loss) from operations:			
Enterprise Storage and Servers	\$ 544	\$ 655	\$ 507
HP Services	574	508	417
HP Software	<u>122</u>	<u>93</u>	<u>51</u>
Technology Solutions Group	<u>1,240</u>	<u>1,256</u>	<u>975</u>
Personal Systems Group	587	544	519
Imaging and Printing Group	1,048	1,230	981
HP Financial Services	51	47	39
Corporate Investments	<u>26</u>	<u>6</u>	<u>(5)</u>
Total Segments	2,952	3,083	2,509
Corporate and unallocated costs and eliminations	(85)	(134)	(101)
Unallocated costs related to stock-based compensation expense	(120)	(131)	(114)
Amortization of purchased intangible assets	(213)	(211)	(183)
In-process research and development charges	-	(13)	-
Restructuring	(5)	(4)	5
Pension curtailments and pension settlements, net	-	-	-
Interest and other, net	<u>23</u>	<u>3</u>	<u>170</u>
Total HP Consolidated Earnings Before Taxes	<u>\$ 2,552</u>	<u>\$ 2,593</u>	<u>\$ 2,286</u>

(a) Certain fiscal 2008 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2007, the reclassifications resulted in the transfer of revenue and operating profit among the Enterprise Storage and Servers, HP Services and HP Software segments within the Technology Solutions Group. There was no impact on the previously reported financial results for the other segments.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
SEGMENT INFORMATION
(Unaudited)
(In millions)

	Nine months ended July 31,	
	2008	2007 ^(a)
Net revenue:		
Enterprise Storage and Servers	\$ 14,341	\$ 13,531
HP Services	13,758	12,222
HP Software	<u>2,174</u>	<u>1,772</u>
Technology Solutions Group	<u>30,273</u>	<u>27,525</u>
Personal Systems Group	31,116	26,276
Imaging and Printing Group	21,882	20,911
HP Financial Services	2,007	1,679
Corporate Investments	<u>719</u>	<u>552</u>
Total Segments	85,997	76,943
Eliminations of intersegment net revenue and other	<u>(1,236)</u>	<u>(950)</u>
Total HP Consolidated	<u><u>\$ 84,761</u></u>	<u><u>\$ 75,993</u></u>
Earnings (Loss) from operations:		
Enterprise Storage and Servers	\$ 1,872	\$ 1,412
HP Services	1,571	1,272
HP Software	<u>266</u>	<u>76</u>
Technology Solutions Group	<u>3,709</u>	<u>2,760</u>
Personal Systems Group	1,759	1,350
Imaging and Printing Group	3,428	3,221
HP Financial Services	141	107
Corporate Investments	<u>40</u>	<u>(52)</u>
Total Segments	9,077	7,386
Corporate and unallocated costs and eliminations	(308)	(242)
Unallocated costs related to stock-based compensation expense	(375)	(385)
Amortization of purchased intangible assets	(630)	(596)
In-process research and development charges	(13)	(186)
Restructuring	(19)	(407)
Pension curtailments and pension settlements, net	-	517
Interest and other, net	<u>98</u>	<u>391</u>
Total HP Consolidated Earnings Before Taxes	<u><u>\$ 7,830</u></u>	<u><u>\$ 6,478</u></u>

(a) Certain fiscal 2008 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2007, the reclassifications resulted in the transfer of revenue and operating profit among the Enterprise Storage and Servers, HP Services and HP Software segments within the Technology Solutions Group. There was no impact on the previously reported financial results for the other segments.

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

	Three months ended		
	July 31, 2008	April 30, 2008	July 31, 2007 ^(a)
Net revenue:			
Industry standard servers	\$ 2,874	\$ 2,818	\$ 2,814
Business critical systems	829	919	811
Storage	<u>1,038</u>	<u>1,043</u>	<u>891</u>
Enterprise Storage and Servers	<u>4,741</u>	<u>4,780</u>	<u>4,516</u>
Technology services	2,394	2,331	2,128
Outsourcing services	1,456	1,370	1,239
Consulting and integration	<u>903</u>	<u>926</u>	<u>798</u>
HP Services	<u>4,753</u>	<u>4,627</u>	<u>4,165</u>
Business technology optimization ^(b)	642	593	487
Other ^(b)	<u>139</u>	<u>134</u>	<u>119</u>
HP Software	<u>781</u>	<u>727</u>	<u>606</u>
Technology Solutions Group	<u>10,275</u>	<u>10,134</u>	<u>9,287</u>
Notebooks	5,350	5,373	4,254
Desktops	4,158	3,921	3,933
Workstations	468	494	441
Handhelds	90	102	116
Other	<u>188</u>	<u>181</u>	<u>150</u>
Personal Systems Group	<u>10,254</u>	<u>10,071</u>	<u>8,894</u>
Commercial Hardware	1,567	1,811	1,658
Consumer Hardware	861	974	996
Supplies	4,551	4,812	4,097
Other	<u>-</u>	<u>(6)</u>	<u>-</u>
Imaging and Printing Group	<u>6,979</u>	<u>7,591</u>	<u>6,751</u>
HP Financial Services	680	685	582
Corporate Investments	<u>271</u>	<u>230</u>	<u>220</u>
Total Segments	<u>28,459</u>	<u>28,711</u>	<u>25,734</u>
Eliminations of intersegment net revenue and other	<u>(427)</u>	<u>(449)</u>	<u>(357)</u>
Total HP Consolidated	<u>\$ 28,032</u>	<u>\$ 28,262</u>	<u>\$ 25,377</u>

(a) Certain fiscal 2008 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2007, the reclassifications resulted in the transfer of revenue among Enterprise Storage and Servers, HP Services and HP Software segments within the Technology Solutions Group. In addition, revenue was transferred among the business units within the Imaging and Printing Group and among the business units within the Personal Systems Group, but there was no change to the previously reported revenue for either segment as a whole. There was no impact on the previously reported financial results for the HP Financial Services and Corporate Investments segments.

(b) The OpenView business unit was renamed as "Business Technology Optimization" and the OpenCall and Other business unit was renamed as "Other" effective in fiscal 2008. The renamed "Other" business unit includes primarily the OpenCall and Business Information Optimization products.

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

	Nine months ended July 31,	
	2008	2007 ^(a)
Net revenue:		
Industry standard servers	\$ 8,680	\$ 8,321
Business critical systems	2,603	2,519
Storage	<u>3,058</u>	<u>2,691</u>
Enterprise Storage and Servers	<u>14,341</u>	<u>13,531</u>
Technology services	6,966	6,310
Outsourcing services	4,129	3,568
Consulting and integration	<u>2,663</u>	<u>2,344</u>
HP Services	<u>13,758</u>	<u>12,222</u>
Business technology optimization ^(b)	1,783	1,384
Other ^(b)	<u>391</u>	<u>388</u>
HP Software	<u>2,174</u>	<u>1,772</u>
Technology Solutions Group	<u>30,273</u>	<u>27,525</u>
Notebooks	16,387	12,486
Desktops	12,480	11,667
Workstations	1,429	1,248
Handhelds	281	423
Other	<u>539</u>	<u>452</u>
Personal Systems Group	<u>31,116</u>	<u>26,276</u>
Commercial Hardware	5,104	4,983
Consumer Hardware	3,015	3,245
Supplies	13,762	12,683
Other	<u>1</u>	<u>-</u>
Imaging and Printing Group	<u>21,882</u>	<u>20,911</u>
HP Financial Services	2,007	1,679
Corporate Investments	<u>719</u>	<u>552</u>
Total Segments	<u>85,997</u>	<u>76,943</u>
Eliminations of intersegment net revenue and other	<u>(1,236)</u>	<u>(950)</u>
Total HP Consolidated	<u>\$ 84,761</u>	<u>\$ 75,993</u>

(a) Certain fiscal 2008 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2007, the reclassifications resulted in the transfer of revenue among Enterprise Storage and Servers, HP Services and HP Software segments within the Technology Solutions Group. In addition, revenue was transferred among the business units within the Imaging and Printing Group and among the business units within the Personal Systems Group, but there was no change to the previously reported revenue for either segment as a whole. There was no impact on the previously reported financial results for the HP Financial Services and Corporate Investments segments.

(b) The OpenView business unit was renamed as "Business Technology Optimization" and the OpenCall and Other business unit was renamed as "Other" effective in fiscal 2008. The renamed "Other" business unit includes primarily the OpenCall and Business Information Optimization products.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
CALCULATION OF NET EARNINGS PER SHARE
(Unaudited)
(In millions except per share amounts)

	Three months ended		
	July 31, 2008	April 30, 2008	July 31, 2007
Numerator:			
Net earnings	\$ 2,027	\$ 2,057	\$ 1,778
Adjustment for interest expense on zero-coupon subordinated convertible notes, net of taxes	<u>-</u>	<u>1</u>	<u>1</u>
Net earnings, adjusted	<u>\$ 2,027</u>	<u>\$ 2,058</u>	<u>\$ 1,779</u>
Denominator:			
Weighted-average shares used to compute basic EPS	2,459	2,473	2,600
Effect of dilutive securities:			
Dilution from employee stock plans	74	79	89
Zero-coupon subordinated convertible notes	<u>-</u>	<u>5</u>	<u>8</u>
Dilutive potential common shares	<u>74</u>	<u>84</u>	<u>97</u>
Weighted-average shares used to compute diluted EPS	<u>2,533</u>	<u>2,557</u>	<u>2,697</u>
Net earnings per share:			
Basic ^(a)	\$ 0.82	\$ 0.83	\$ 0.68
Diluted ^(b)	\$ 0.80	\$ 0.80	\$ 0.66

(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 and conversion of debt, except when such issuances would be antidilutive.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
CALCULATION OF NET EARNINGS PER SHARE
(Unaudited)
(In millions except per share amounts)

	Nine months ended July 31,	
	2008	2007
Numerator:		
Net earnings	\$ 6,217	\$ 5,100
Adjustment for interest expense on zero-coupon subordinated convertible notes, net of taxes	<u>3</u>	<u>5</u>
Net earnings, adjusted	<u>\$ 6,220</u>	<u>\$ 5,105</u>
Denominator:		
Weighted-average shares used to compute basic EPS	2,497	2,648
Effect of dilutive securities:		
Dilution from employee stock plans	76	78
Zero-coupon subordinated convertible notes	<u>4</u>	<u>8</u>
Dilutive potential common shares	<u>80</u>	<u>86</u>
Weighted-average shares used to compute diluted EPS	<u>2,577</u>	<u>2,734</u>
Net earnings per share:		
Basic ^(a)	\$ 2.49	\$ 1.93
Diluted ^(b)	\$ 2.41	\$ 1.87

(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 and conversion of debt, except when such issuances would be antidilutive.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
CALCULATION OF NON-GAAP NET EARNINGS PER SHARE
(Unaudited)
(In millions except per share amounts)

	Three months ended		
	July 31, 2008	April 30, 2008	July 31, 2007
Numerator:			
Non-GAAP net earnings	\$ 2,188	\$ 2,229	\$ 1,912
Adjustment for interest expense on zero-coupon subordinated convertible notes, net of taxes	<u>-</u>	<u>1</u>	<u>1</u>
Non-GAAP net earnings, adjusted	<u>\$ 2,188</u>	<u>\$ 2,230</u>	<u>\$ 1,913</u>
Denominator:			
Weighted-average shares used to compute basic EPS	2,459	2,473	2,600
Effect of dilutive securities:			
Dilution from employee stock plans	74	79	89
Zero-coupon subordinated convertible notes	<u>-</u>	<u>5</u>	<u>8</u>
Dilutive potential common shares	<u>74</u>	<u>84</u>	<u>97</u>
Weighted-average shares used to compute diluted EPS	<u>2,533</u>	<u>2,557</u>	<u>2,697</u>
Non-GAAP net earnings per share:			
Basic ^(a)	\$ 0.89	\$ 0.90	\$ 0.74
Diluted ^(b)	\$ 0.86	\$ 0.87	\$ 0.71

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

(b) HP's diluted non-GAAP earnings per share included additional dilution from potential issuance of common stock, such as stock issuable pursuant to exercise of stock options and conversion of debt, except when such issuances would be antidilutive.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
CALCULATION OF NON-GAAP NET EARNINGS PER SHARE
(Unaudited)
(In millions except per share amounts)

	Nine months ended July 31,	
	2008	2007
Numerator:		
Non-GAAP net earnings	\$ 6,708	\$ 5,658
Adjustment for interest expense on zero-coupon subordinated convertible notes, net of taxes	<u>3</u>	<u>5</u>
Non-GAAP net earnings, adjusted	<u>\$ 6,711</u>	<u>\$ 5,663</u>
Denominator:		
Weighted-average shares used to compute basic EPS	2,497	2,648
Effect of dilutive securities:		
Dilution from employee stock plans	76	78
Zero-coupon subordinated convertible notes	<u>4</u>	<u>8</u>
Dilutive potential common shares	<u>80</u>	<u>86</u>
Weighted-average shares used to compute diluted EPS	<u>2,577</u>	<u>2,734</u>
Non-GAAP net earnings per share:		
Basic ^(a)	\$ 2.69	\$ 2.14
Diluted ^(b)	\$ 2.60	\$ 2.07

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

(b) HP's diluted non-GAAP earnings per share included additional dilution from potential issuance of common stock, such as stock issuable pursuant to exercise of stock options and conversion of debt, except when such issuances would be antidilutive.