



HP Q4 FY05 Earnings Announcement

November 17, 2005

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Forward-looking statements

These materials 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 HP 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, charges, earnings, or other financial items; any statements of the plans, strategies, and objectives of management for future operations, including execution of any restructuring plans; any statements concerning the expected development, performance or market share relating to products or services; 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 suppliers, customers and partners; employee management issues; 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; and other risks that are described from time to time in HP's Securities and Exchange Commission reports, including but not limited to the risks described in HP's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2005 and other reports filed after HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2004. As in prior years, the financial information set forth in this release, including tax-related items, are 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 10-K. In particular, determining HP's actual tax balances and provisions as of October 31, 2005 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 terms

To supplement HP's consolidated condensed financial statements presented on a GAAP basis, HP uses non-GAAP additional measures of operating results, net earnings and earnings per share adjusted to exclude certain costs, expenses, gains or losses it believes appropriate to enhance an overall understanding of HP's past financial performance and also its prospects for the future. These adjustments to HP's GAAP results are made with the intent of providing both management and investors a more complete understanding of the underlying operational results and trends and HP's marketplace performance. For example, the non-GAAP results are an indication of HP's baseline performance before gains, losses or other charges that are considered by management to be outside of HP's core business segment operational results. In addition, these non-GAAP results are among the primary indicators management uses as a basis for planning and forecasting future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net earnings or diluted earnings per share prepared in accordance with generally accepted accounting principles in the United States.

Earnings highlights

- **Delivered solid operational results**
- **Revenue up 7% Y/Y; Non-GAAP EPS up 24%**
- **Balanced revenue growth across all regions and segments**
 - \$6.8 billion in revenue growth in FY05
- **Improved margins in key businesses**
 - Q4 ESS operating margins of 9.1%
 - Fourth year of profit improvement in PSG; 2.5% operating profit in FY05
 - Achieved profitability in Software; 8.7% operating profit in Q4 FY05
- **Cost management**
 - Grew quarterly revenue \$1.5 billion Y/Y with a \$140 million increase in Non-GAAP OPEX
- **Generated strong cash flow**
 - Cash flow from operations of \$1.9 billion in Q4; \$8.0 billion in FY05
 - Free cash flow of \$6.6 billion in FY05
- **Returned \$1.4 billion to shareholders in share repurchases, and \$229 million in dividends in Q4**

Results overview

Q4 FY05

- Revenue of \$22.9 billion, up 7% Y/Y; revenue up 6% Y/Y in local currency
- Non-GAAP operating profit of \$1.7 billion, \$0.51 earnings per share
- GAAP operating profit of \$0.2 billion, \$0.14 earnings per share
- Strong cash flow from operations of \$1.9 billion, free cash flow of \$1.4 billion

FY05

- Revenue of \$86.7 billion, up 8% Y/Y; revenue up 6% Y/Y in local currency
- Margin expansion in key businesses
- Strong cash flow from operations of \$8 billion, free cash flow of \$6.6 billion
- Returned \$3.5 billion to shareholders in share repurchases; \$926 million in dividends

Q4 FY05⁽¹⁾

\$ in millions	Revenue	Y/Y %	Operating profit ⁽¹⁾	OP % of rev
ESS	\$4,471	10%	\$405	9.1%
Services	\$3,900	6%	\$322	8.3%
Software	\$311	11%	\$27	8.7%
PSG	\$7,113	9%	\$200	2.8%
IPG	\$6,785	4%	\$896	13.2%
HPFS	\$514	3%	\$52	10.1%
Total HP	\$22,913	7%	\$1,736	7.6%

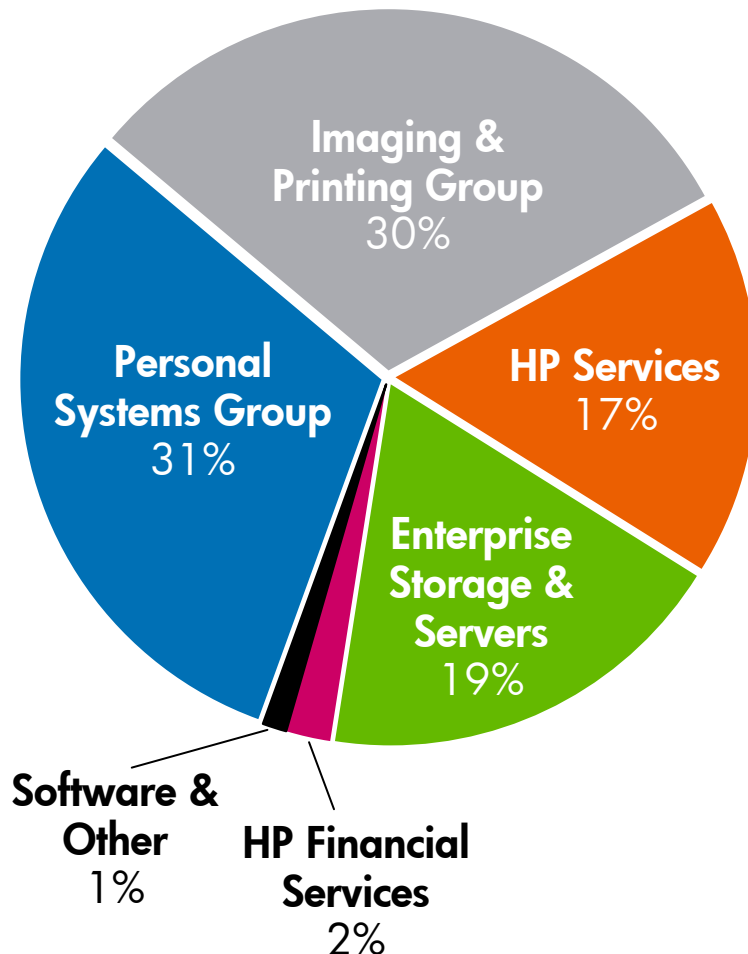
FY05⁽¹⁾

\$ in millions	Revenue	Y/Y %	Operating profit ⁽¹⁾	OP % of rev
ESS	\$16,701	11%	\$810	4.9%
Services	\$15,536	12%	\$1,151	7.4%
Software	\$1,077	15%	\$(59)	(5.5%)
PSG	\$26,741	9%	\$657	2.5%
IPG	\$25,155	4%	\$3,413	13.6%
HPFS	\$2,102	11%	\$213	10.1%
Total HP	\$86,696	8%	\$5,582	6.4%

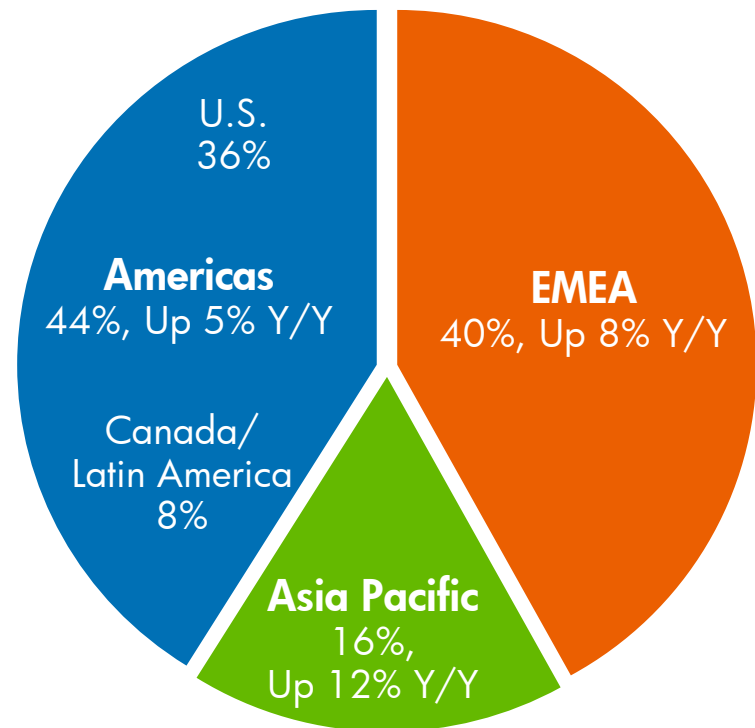
1. All non-GAAP numbers have been adjusted to exclude certain items. A reconciliation of specific adjustments to GAAP results for this quarter and prior periods is included in the GAAP to non-GAAP slides, included in supplemental slides of this presentation. A description of HP's use of non-GAAP information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

Q4 FY05 revenue

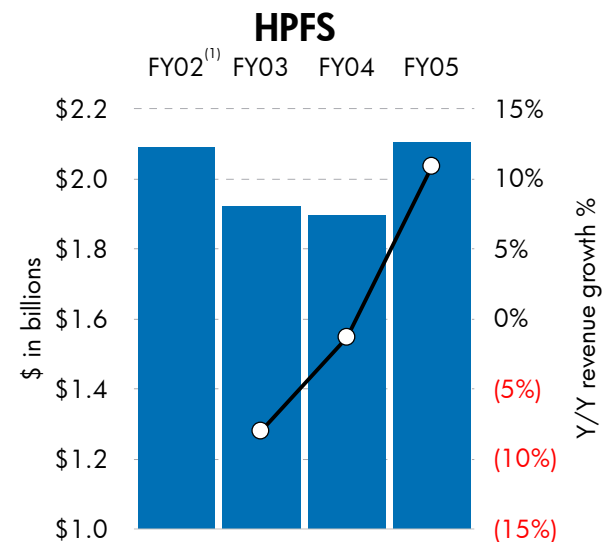
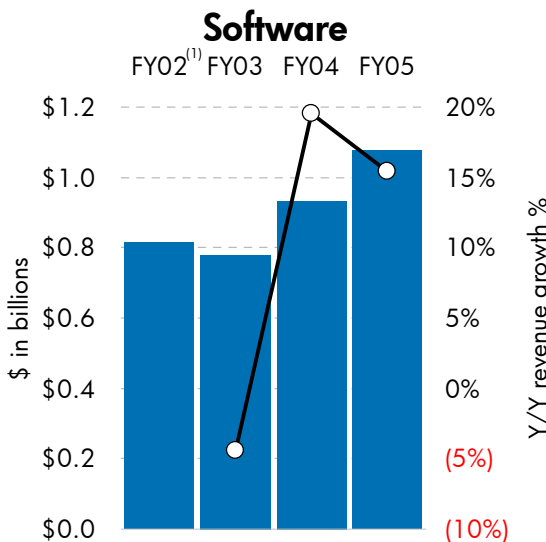
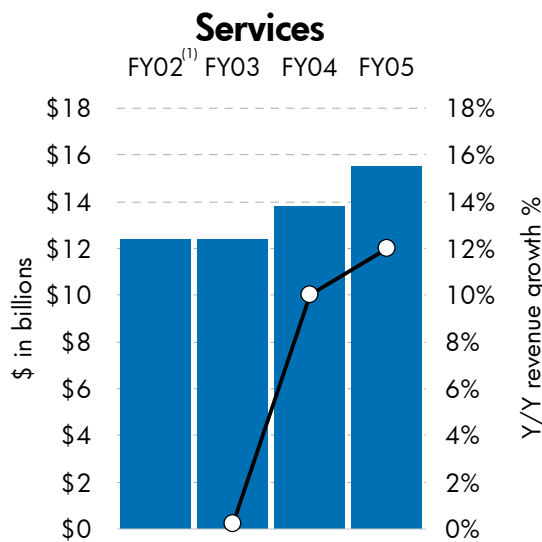
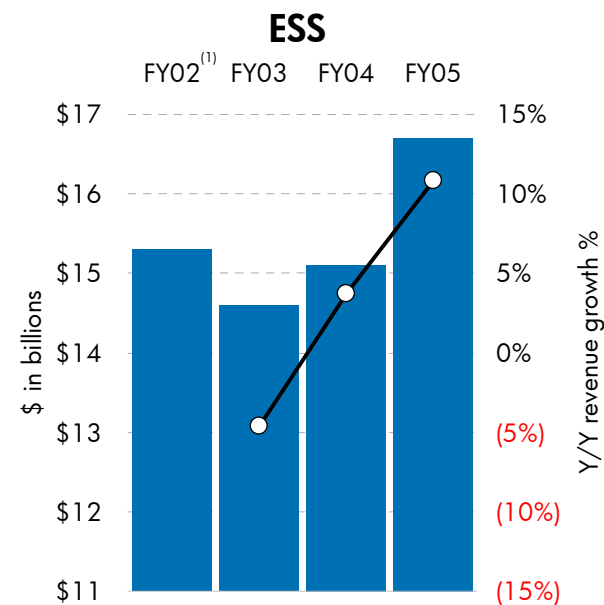
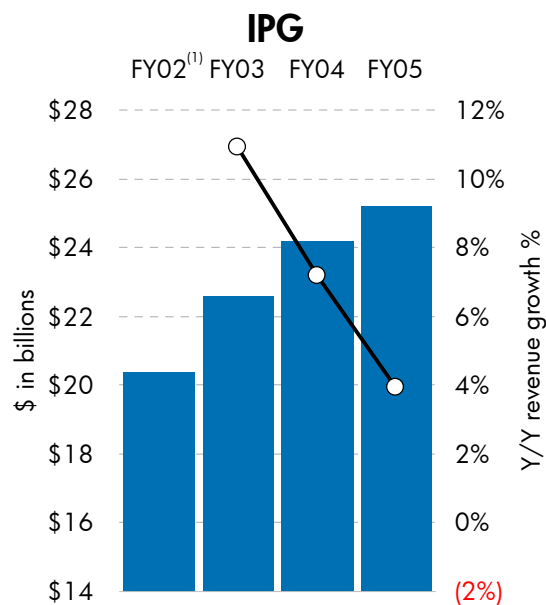
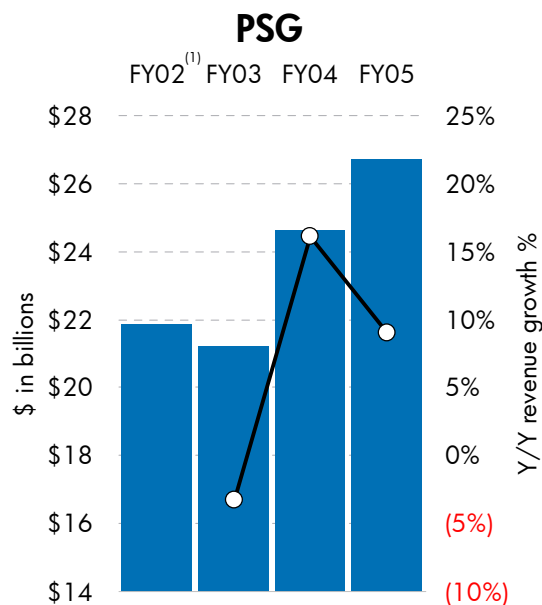
Revenue by segment



Revenue by region

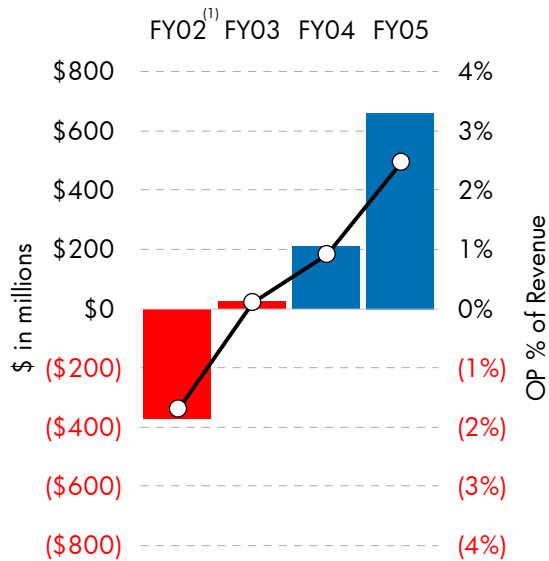


Revenue trends

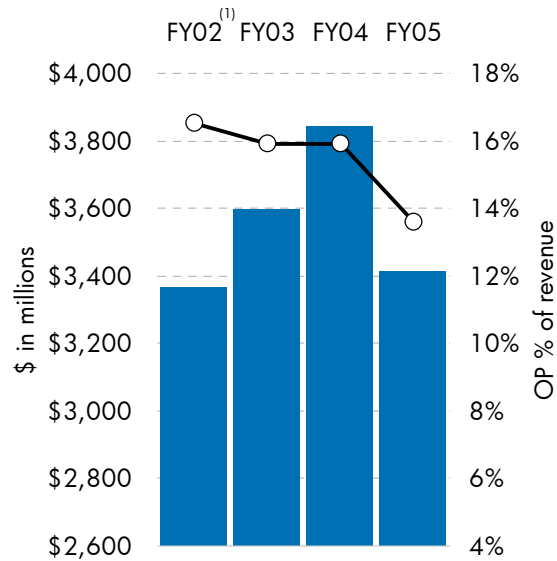


Operating profit trends

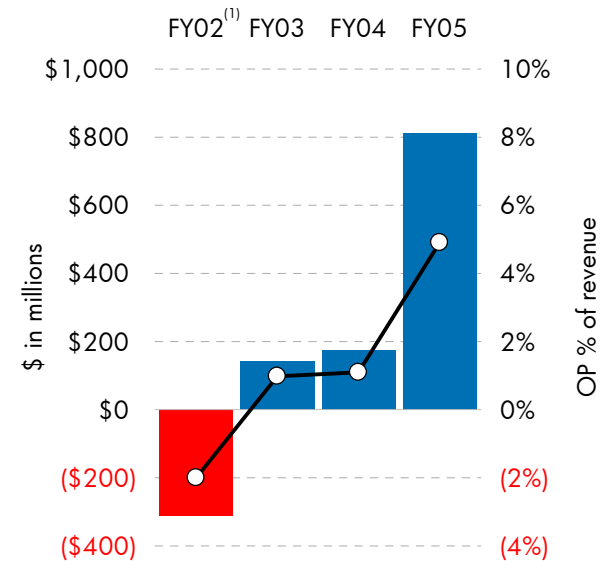
PSG



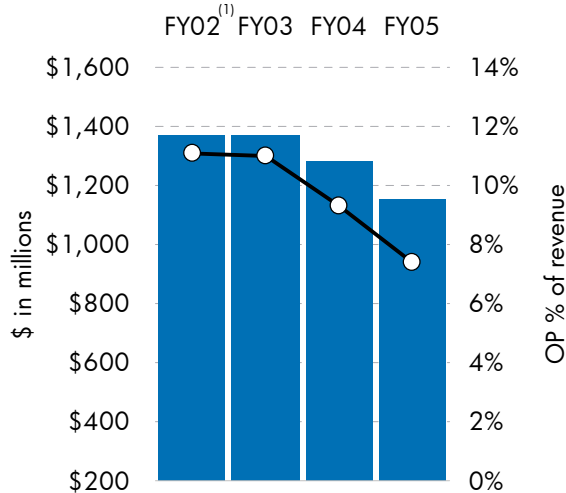
IPG



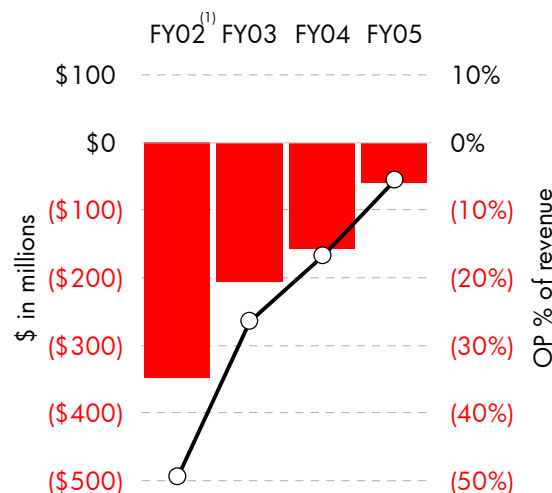
ESS



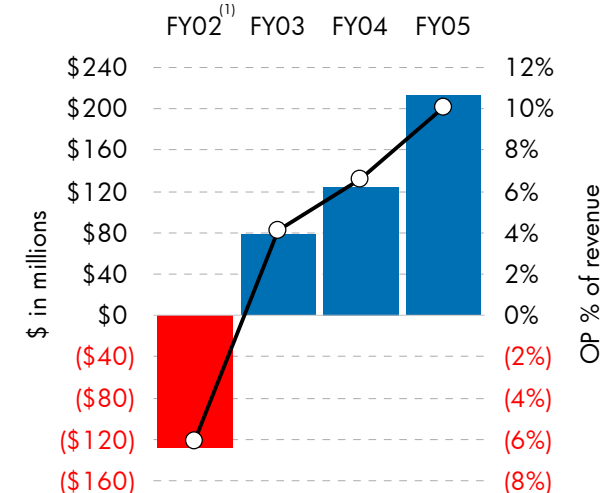
Services



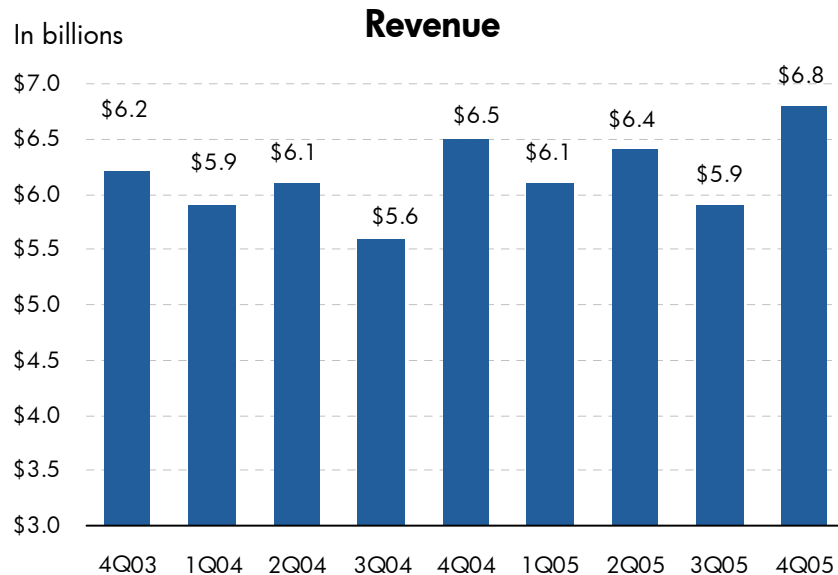
Software



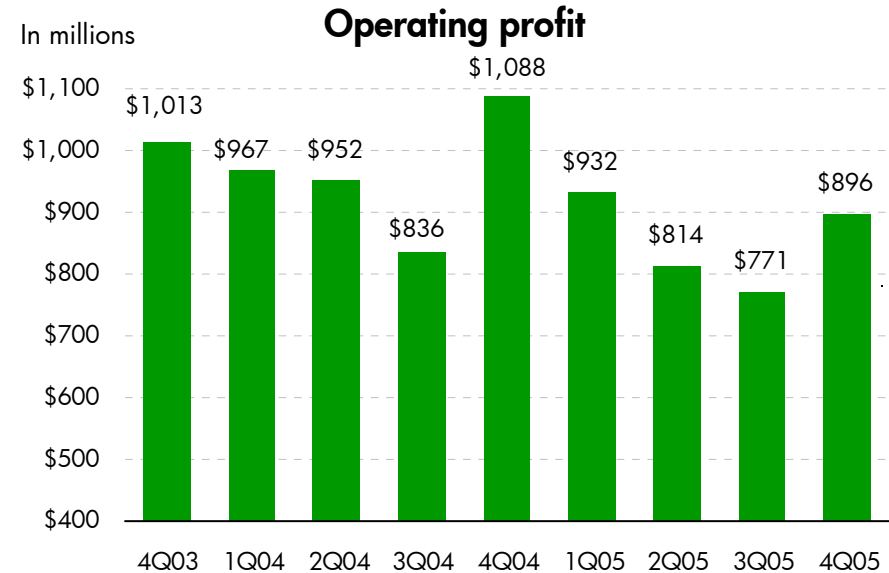
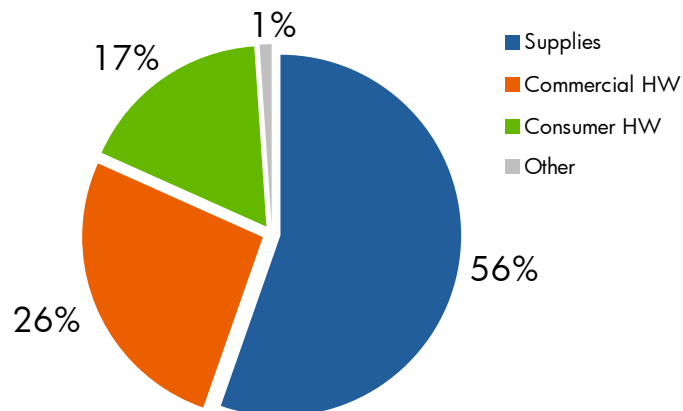
HPFS



Imaging and Printing Group

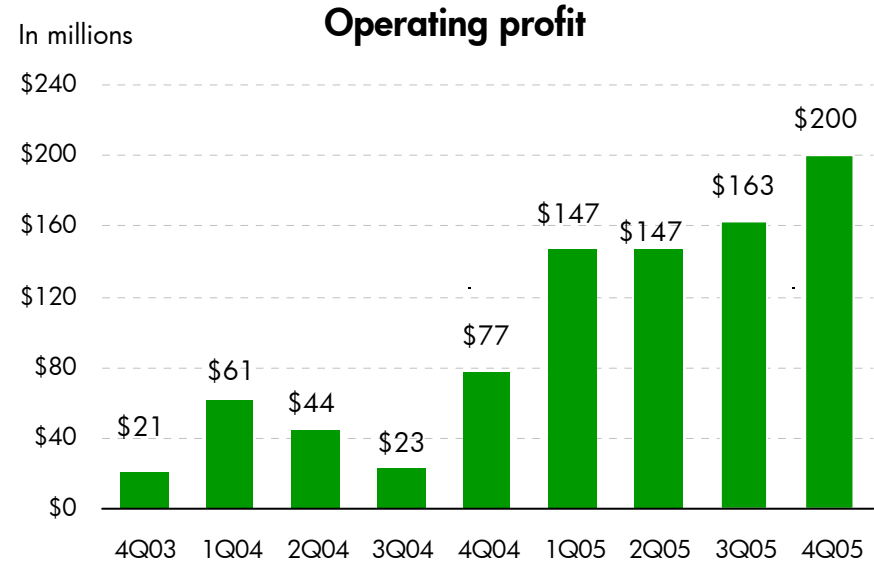
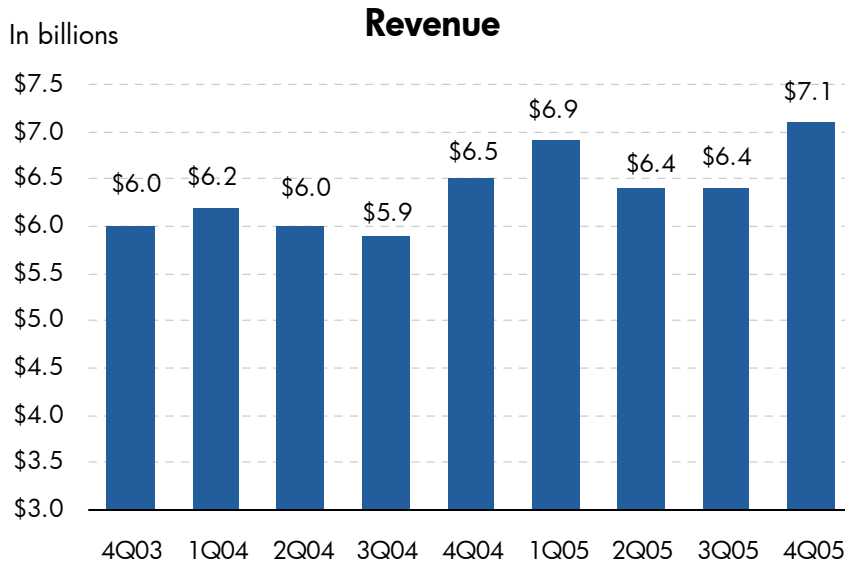


Q4 FY05 revenue by GBU

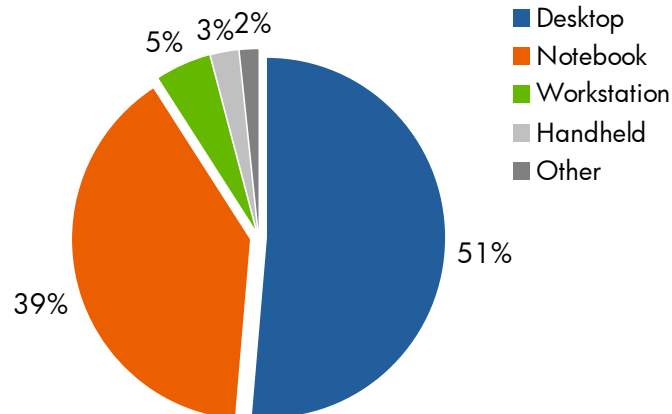


- IPG revenue of \$6.8B; up 4% Y/Y
- Operating profit of \$896M; 13.2% of revenue
- Total printer hardware units up 8% Y/Y
- Consumer printer hardware units grew 6% Y/Y
- Commercial printer hardware units up 16% Y/Y
- Color LaserJet units up 41% Y/Y
- Enterprise MFP units up 83% Y/Y
- Indigo digital press page volume up 43% Y/Y
- Supplies revenue grew 7% Y/Y
- Completed acquisition of Scitex Vision (Nov 1)

Personal Systems Group

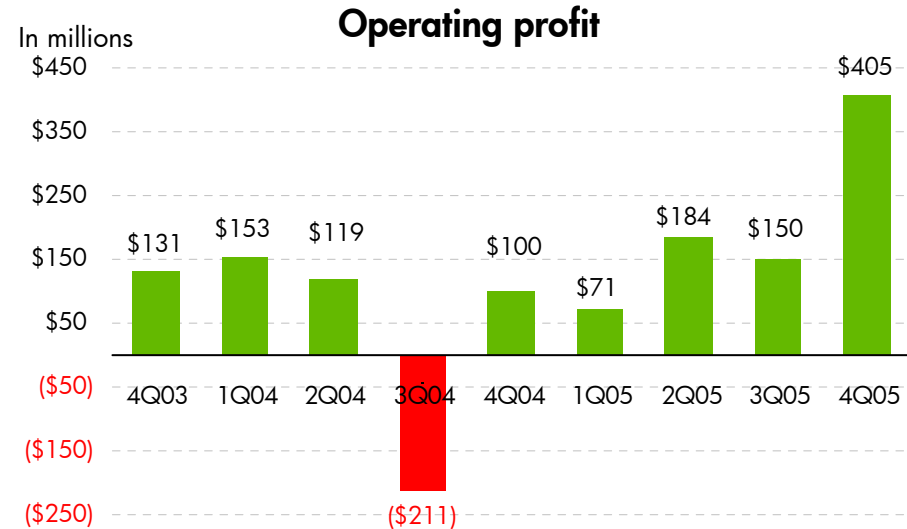
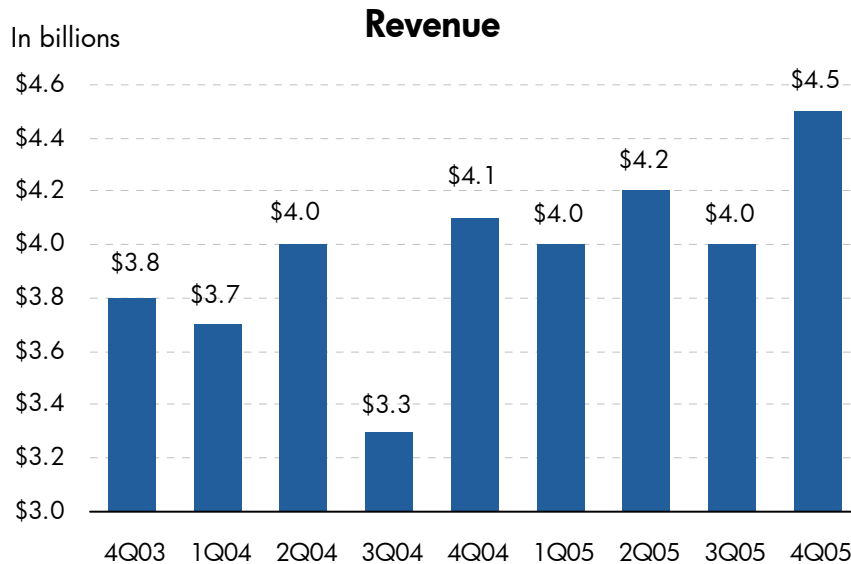


Q4 FY05 revenue by GBU

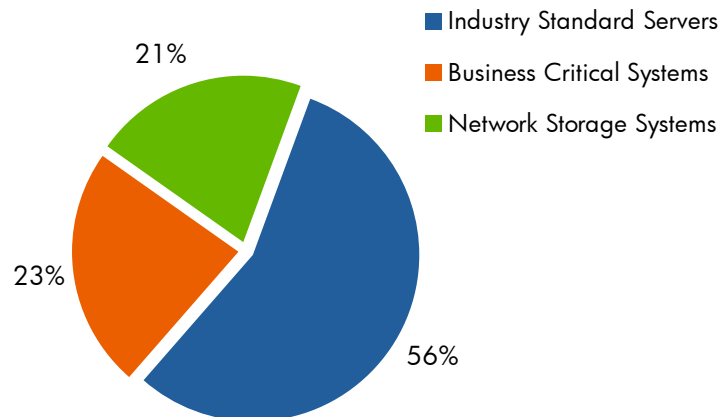


- PSG revenue of \$7.1B; up 9% Y/Y
- Operating profit of \$200M; 2.8% of revenue
- Total units up 13% Y/Y;
Consumer notebook units up 48% Y/Y
- Desktop revenue up 1% Y/Y; units up 9%
Notebook revenue up 23% Y/Y; units up 42%
- Consumer client revenue up 14% Y/Y;
Commercial client revenue up 8% Y/Y

Enterprise Storage and Servers

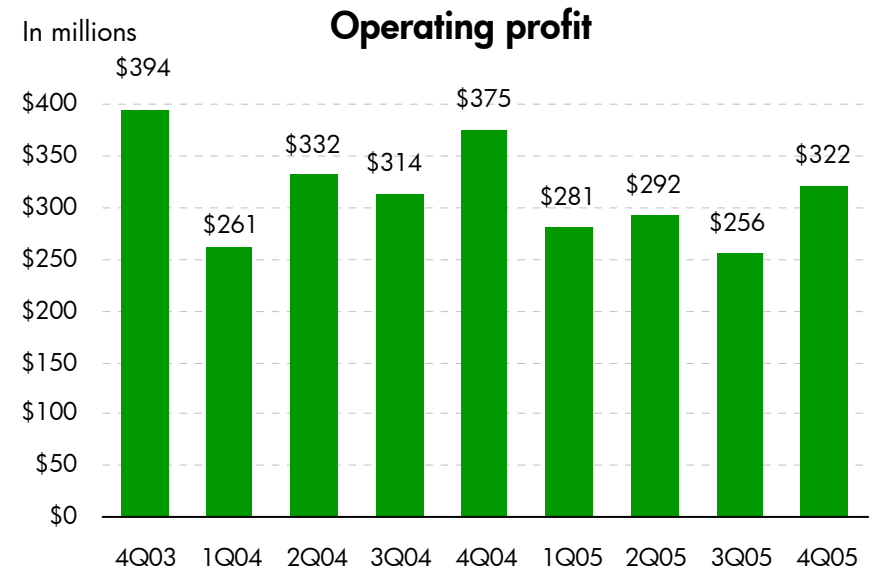
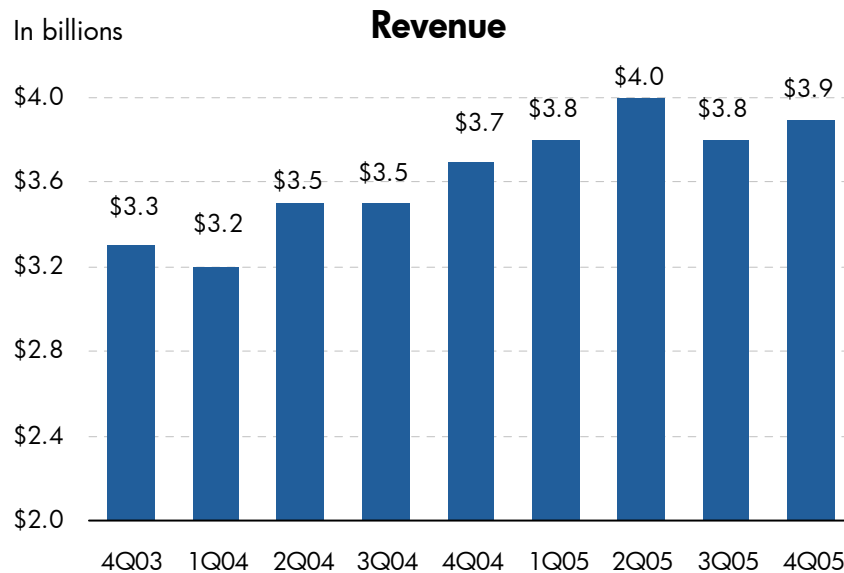


Q4 FY05 revenue by GBU

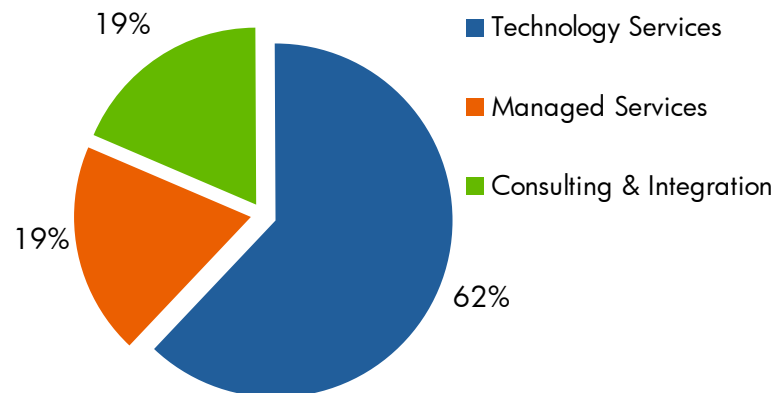


- ESS revenue of \$4.5B, up 10% Y/Y
- Operating profit of \$405M; 9.1% of revenue
- ISS revenue up 12% Y/Y; blade revenue up 65%
- BCS revenue down 1% Y/Y; HP-UX up 1%
- Integrity revenue up 70% Y/Y; 25% of BCS revenue
- NSS revenue up 17% Y/Y; mid-range storage arrays (EVA) up 44%; high-end storage (XP) up 32%

HP Services

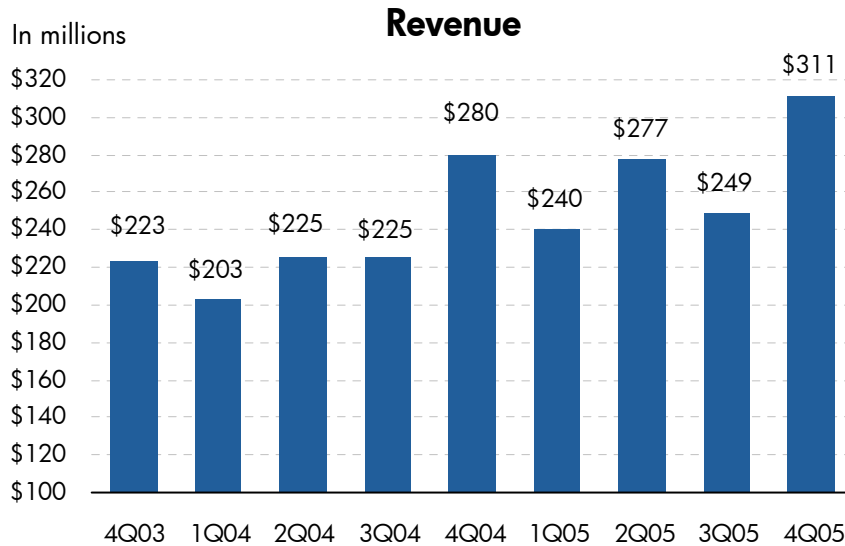


Q4 FY05 revenue by GBU

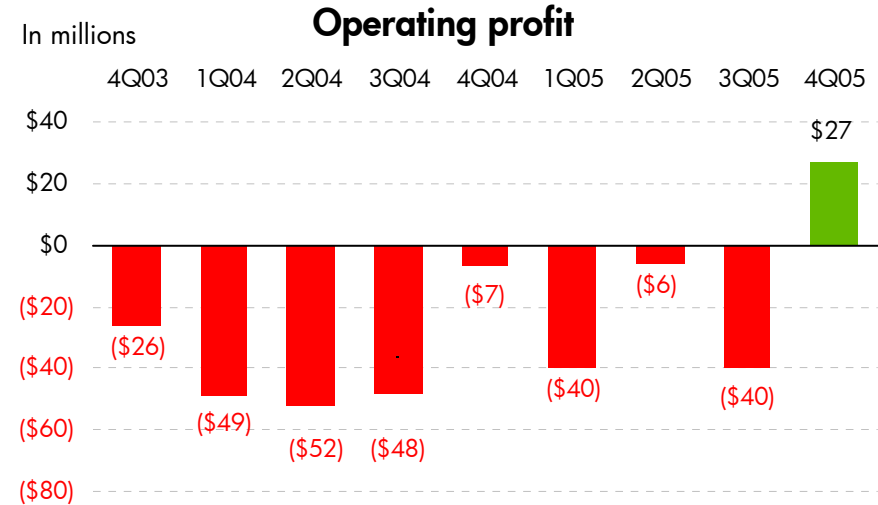
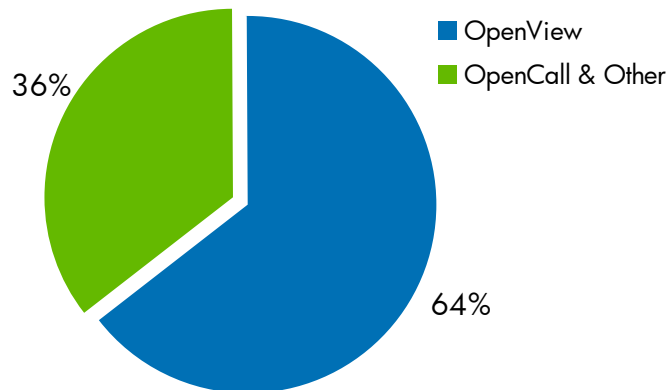


- HPS revenue grew 6% Y/Y
- Operating profit of \$322M; 8.3% of revenue
- TS revenue up 4% Y/Y
- MS revenue up 9% Y/Y
- C&I revenue up 11% Y/Y

Software

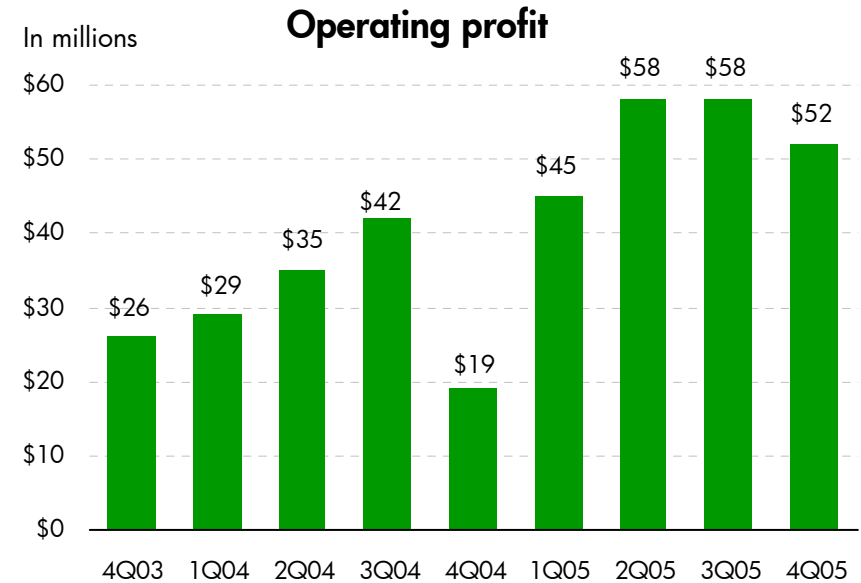
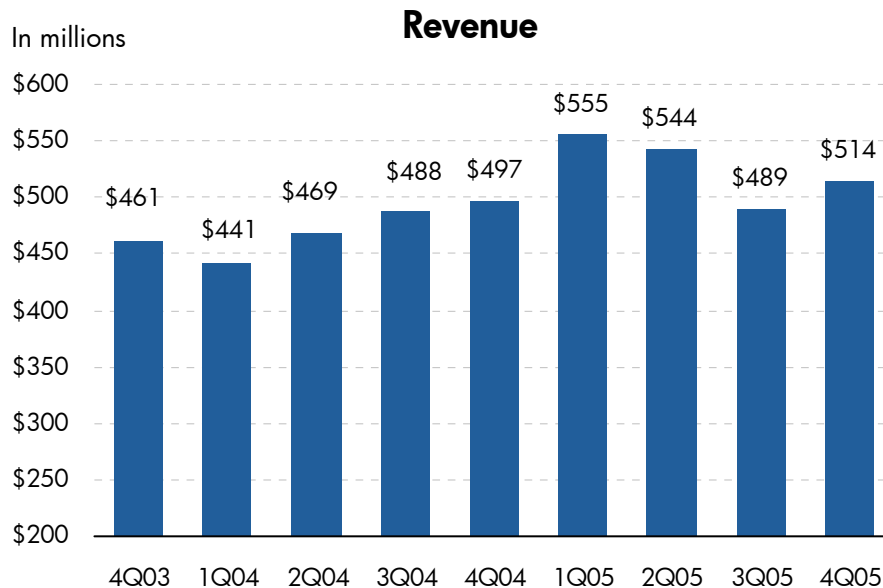


Q4 FY05 revenue by GBU

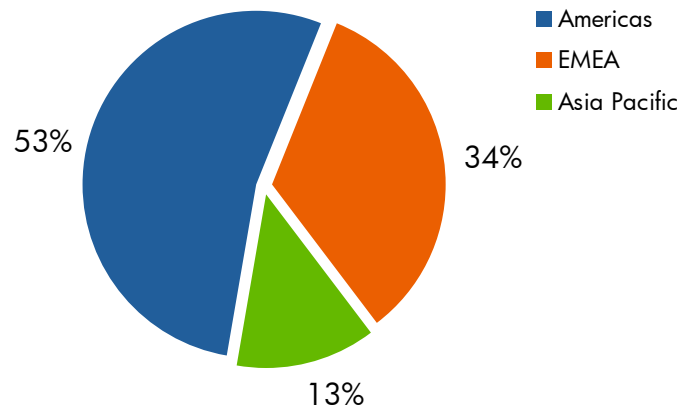


- Software revenue grew 11% Y/Y
- HP OpenView revenue grew 16% Y/Y
- HP OpenCall revenue grew 3% Y/Y
- Reported first quarterly profit

HP Financial Services



Q4 FY05 revenue by region



- HPFS revenue of \$514M, up 3% Y/Y
- Operating profit of \$52M; 10.1% of revenue
- Financing volume down 1% Y/Y
- Net portfolio assets \$6.9B, down 3% Y/Y

Q4 FY05 GAAP to non-GAAP bridge

All data in \$Ms except
per share amounts

4Q05	GAAP	Amort. of Intangibles	Re- structuring charges	In-process R&D	(G)/L Invest.	Pension curtail- ment	Non-GAAP
Revenue	\$22,913						\$22,913
Cost of sales	17,532						17,532
Total OpEx	5,149	(136)	(1,565)	(2)		199	3,645
Operating profit	232	136	1,565	2		(199)	1,736
Settlement	3						3
Interest & other, net	146				(14)		132
Pre-tax earnings	381	136	1,565	2	(14)	(199)	1,871
Income tax	(35)	40	429		(5)	(54)	375
Tax rate	(9%)						20%
Net earnings	\$416						\$1,496
EPS	\$0.14						\$0.51

P&L

Non-GAAP



All data in \$Ms except
per share amounts

	Q4 FY05		Q3 FY05		Q4 FY04 ⁽¹⁾	
	\$M	%	\$M	%	\$M	%
Revenue	\$22,913	100%	\$20,759	100%	\$21,389	100%
Cost of sales	\$17,532	76.5%	\$15,942	76.8%	\$16,393	76.6%
Total OpEx	\$3,645	15.9%	\$3,624	17.5%	\$3,505	16.4%
Operating profit	\$1,736	7.6%	\$1,193	5.7%	\$1,491	7.0%
Settlement	\$3		\$7			
Interest & other, net	\$132		\$119		\$2	
Pre-tax earnings	\$1,871	8.2%	\$1,319	6.4%	\$1,493	7.0%
Income tax	\$375		\$258		\$266	
EPS	\$0.51		\$0.36		\$0.41	

1. Certain reclassifications have been made to prior year amounts in order to conform to fiscal 2005 presentation

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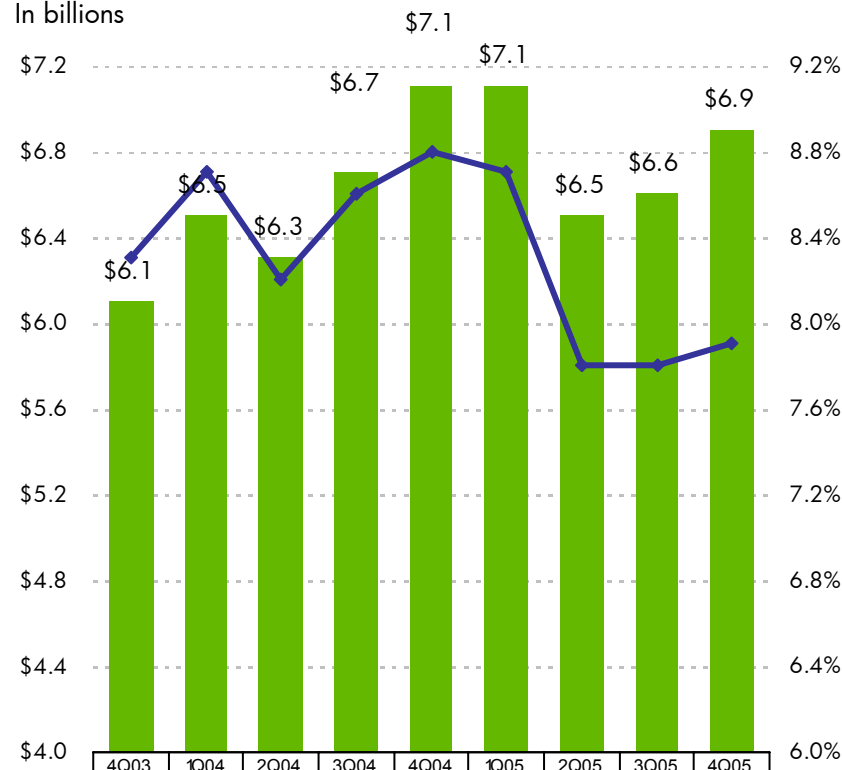
Balance sheet

Inventory and accounts receivable



Inventory

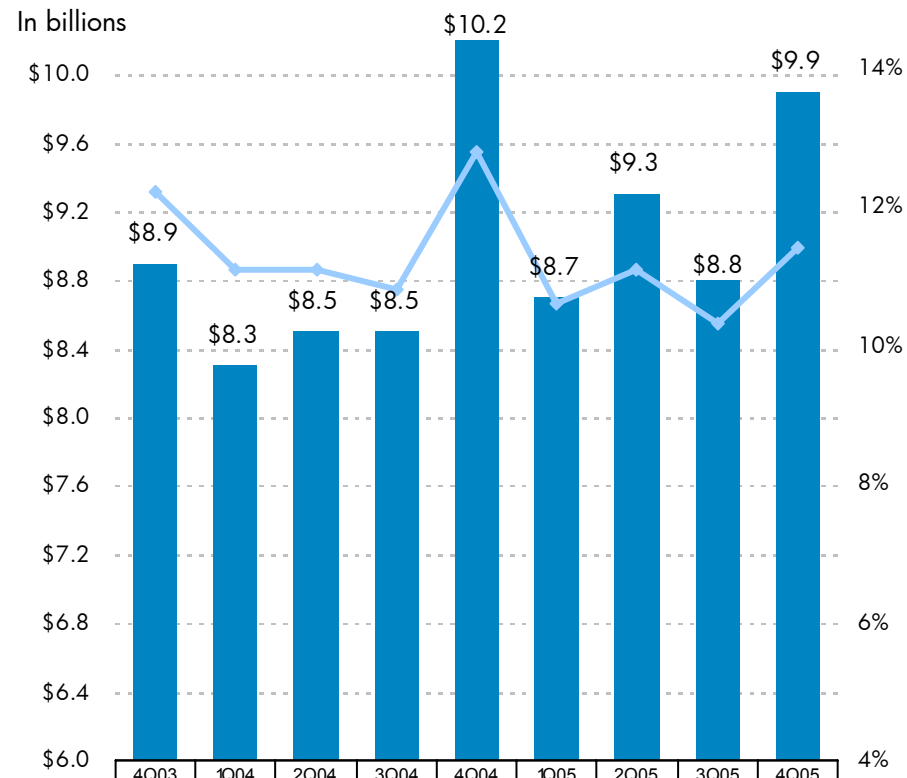
In billions



Inventory	\$6.1	\$6.5	\$6.3	\$6.7	\$7.1	\$7.1	\$6.5	\$6.6	\$6.9
% of Rev	8.3%	8.7%	8.2%	8.6%	8.8%	8.7%	7.8%	7.8%	7.9%

Accounts receivable

In billions



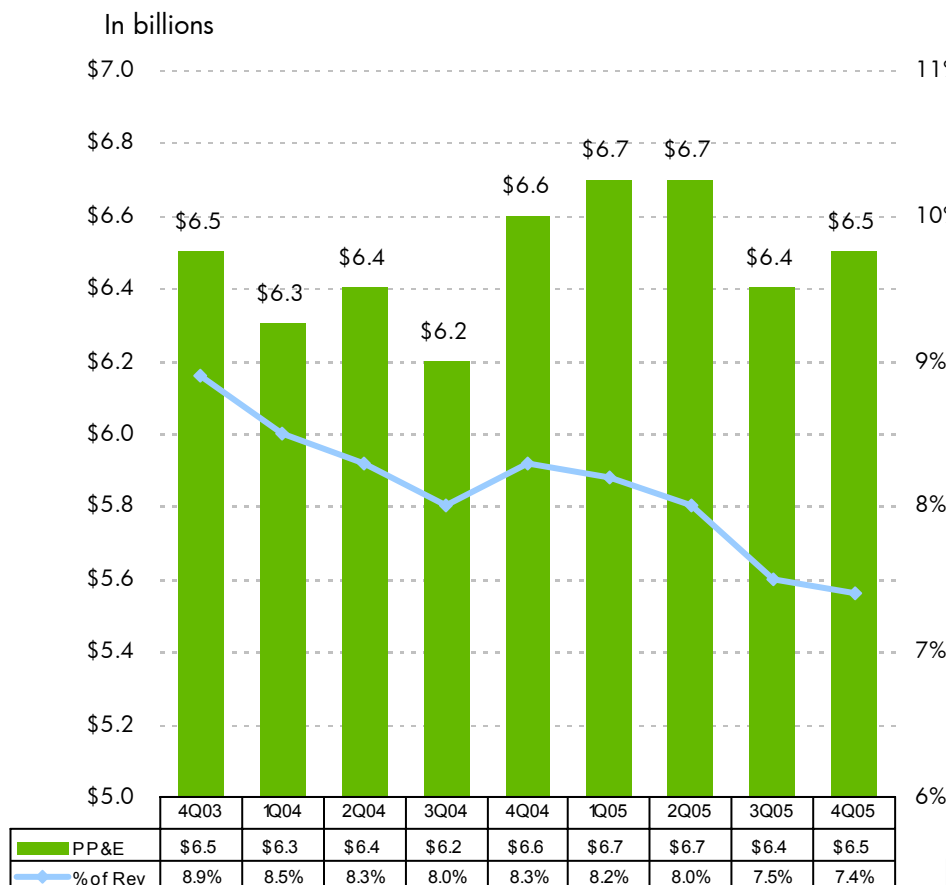
Receivables	\$8.9	\$8.3	\$8.5	\$8.5	\$10.2	\$8.7	\$9.3	\$8.8	\$9.9
% of Rev	12.2%	11.1%	11.1%	10.8%	12.8%	10.6%	11.1%	10.3%	11.4%

Balance sheet

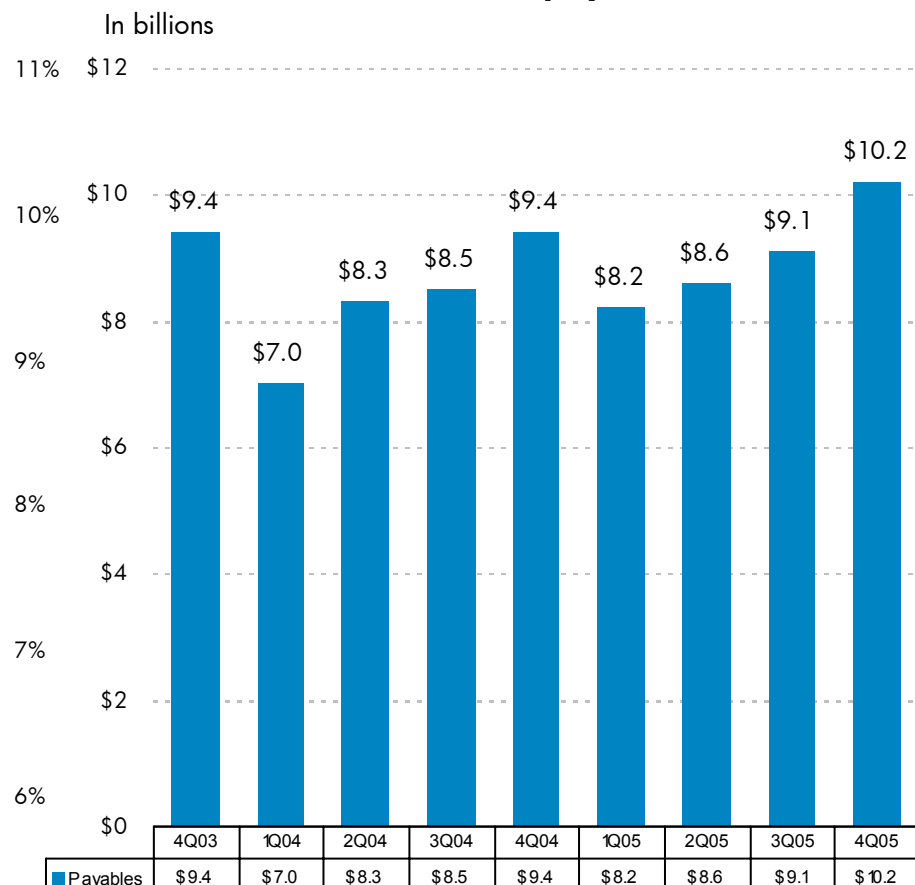
PP&E and accounts payable



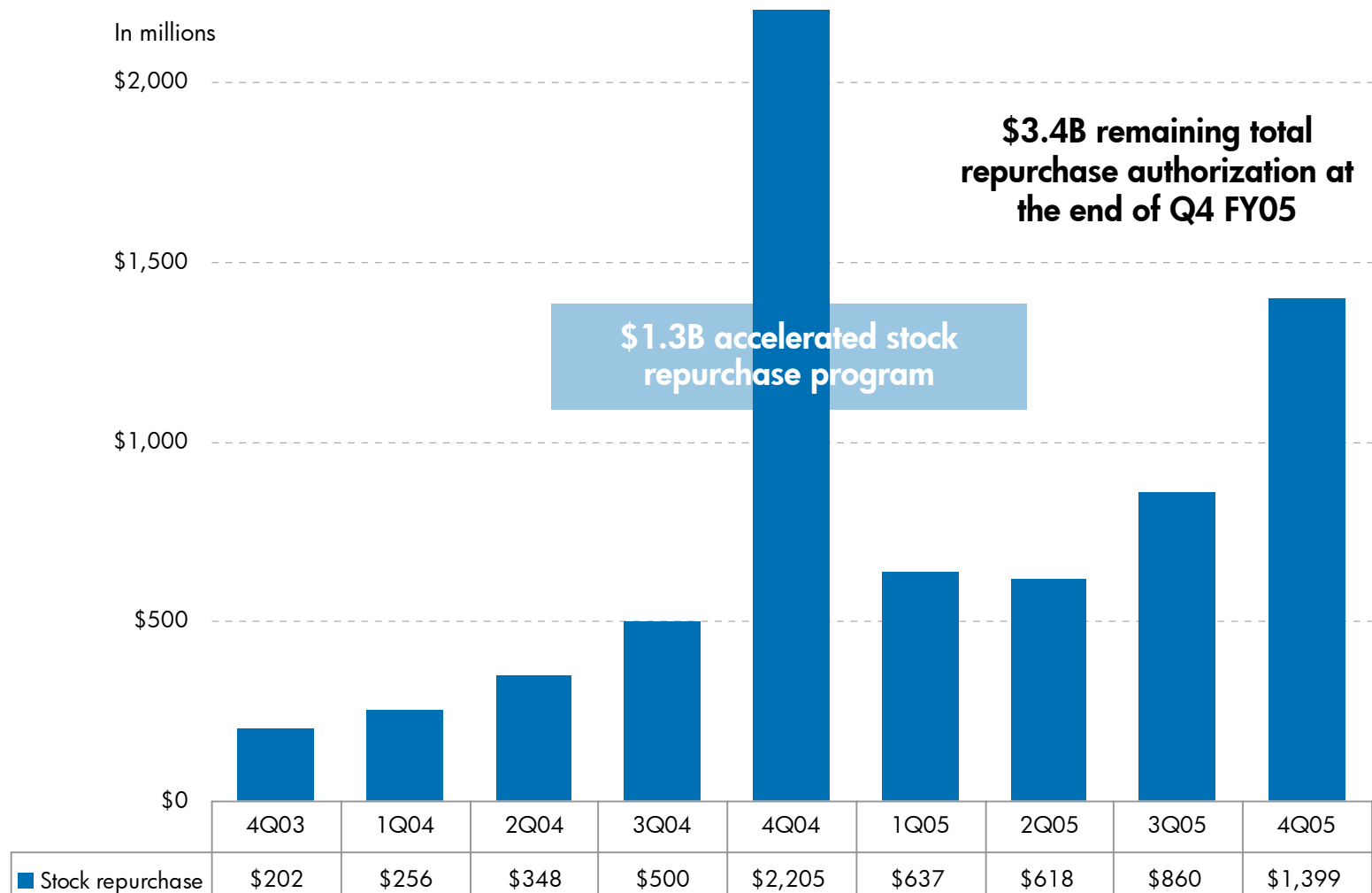
Net PP&E



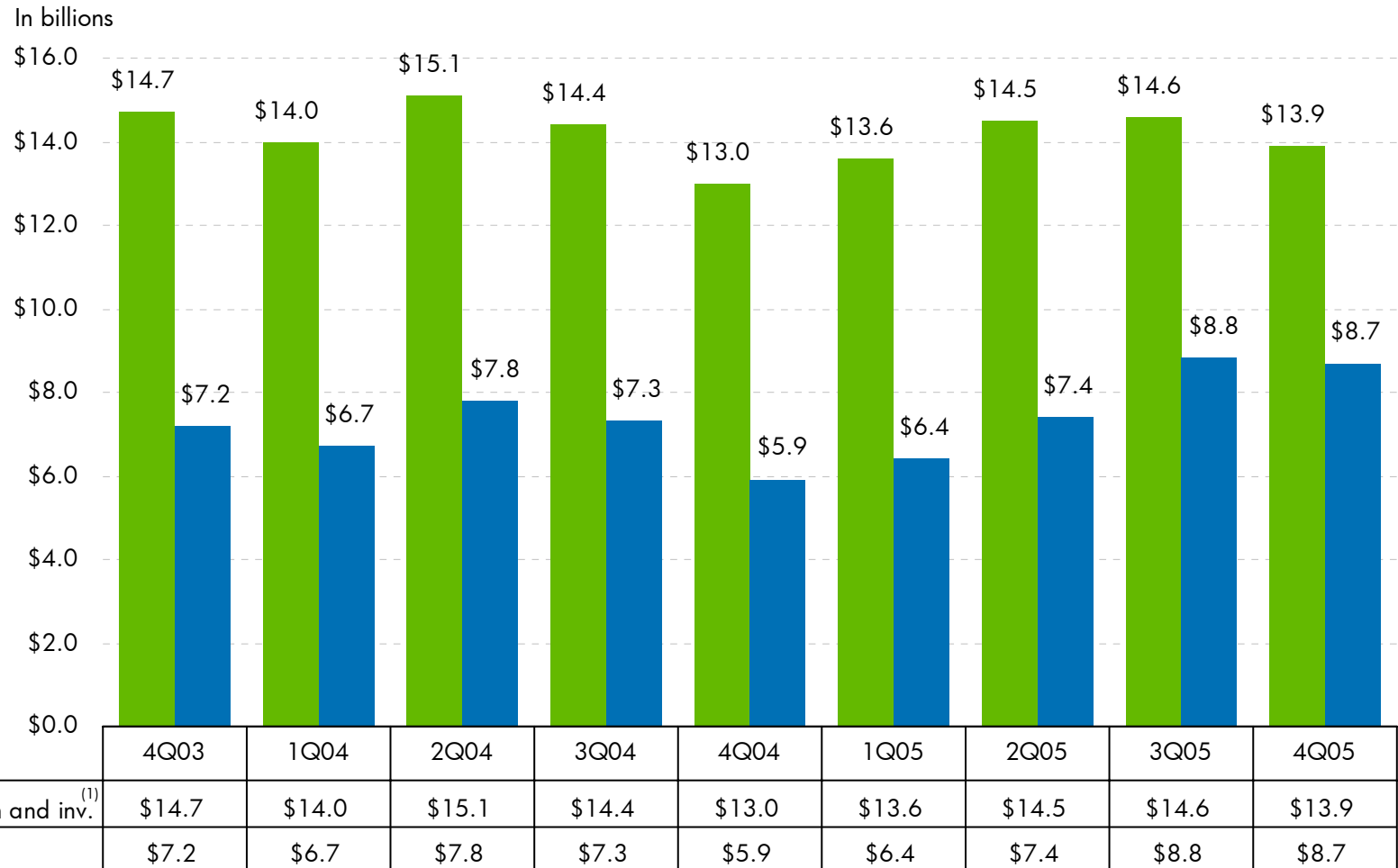
Accounts payable



Stock repurchase



Gross cash and investments

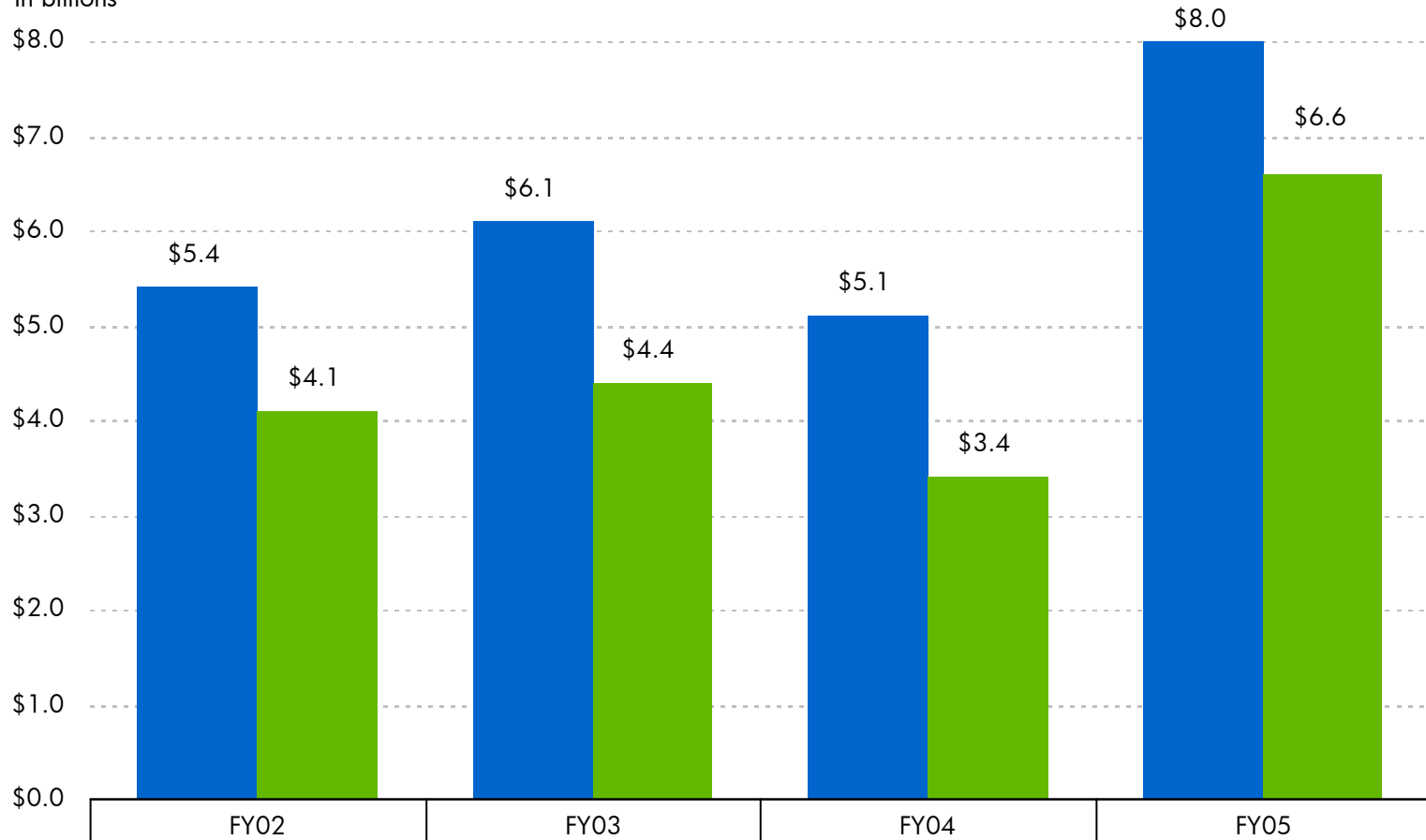


1. Includes cash and cash equivalents, short-term investments, and certain liquid long-term investments

2. Net cash is defined as gross cash and investments less total debt

Cash flow

In billions



Cash flow from Operations	FY02	FY03	FY04	FY05
	\$5.4	\$6.1	\$5.1	\$8.0
Free cash flow ⁽¹⁾	FY02	FY03	FY04	FY05
	\$4.1	\$4.4	\$3.4	\$6.6

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

Stock-based compensation

- Prior to FY06, HP applied the intrinsic-value-based method prescribed in Accounting Principles Board Opinion No. 25 ("APB25"), "Accounting for Stock Issued to Employees," to account for employee stock-based compensation
- HP disclosed the pro-forma impact on EPS as if the fair value method required by Statement of Financial Accounting Standards No. 123 ("FAS123"), "Accounting for Stock-Based Compensation," had been applied to its stock-based compensation in the footnotes to previous 10-K and 10-Q filings
- In December 2004, SFAS No. 123 (revised 2004), "Share-Based Payment" ("FAS123R"), was issued which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. HP adopted FAS123R beginning November 1, 2005.
- In FY04 and FY05 total stock based compensation expense was approximately \$0.23 per share and \$0.19 per share, respectively of which approximately \$0.01 per share and \$0.03 per share were included in HP's reported results under APB25
- The incremental impact on EPS had FAS123 been applied for all stock-based compensation in FY04 and FY05 would have been \$0.22 and \$0.16 per share respectively
- HP estimates total stock-based compensation expense will be approximately \$0.13 per share for FY06 which HP will include in its reported results

Stock-based compensation trend

	FY04					FY05					FY06
Pre-tax Functionalized	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4 ⁽¹⁾	Total ⁽¹⁾	Estimate
COS - FAS123/123R ⁽²⁾	\$ 96	\$ 77	\$ 65	\$ 60	\$ 298	\$ 64	\$ 55	\$ 55	\$ 55	\$ 229	\$ 160
OPEX											
FAS 123/123R ⁽²⁾	\$ 213	\$ 170	\$ 145	\$ 132	\$ 660	\$ 142	\$ 121	\$ 124	\$ 121	\$ 508	\$ 360
APB25 ⁽³⁾	\$ (9)	\$ (10)	\$ (14)	\$ (15)	\$ (48)	\$ (16)	\$ (28)	\$ (29)	\$ (31)	\$ (104)	\$ -
Total Pre-tax Expense	\$ 300	\$ 237	\$ 196	\$ 177	\$ 910	\$ 190	\$ 148	\$ 150	\$ 145	\$ 633	\$ 520
EPS Impact: ⁽⁴⁾											
Included in EPS ⁽³⁾	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.13
Excluded from EPS	\$ 0.07	\$ 0.06	\$ 0.05	\$ 0.04	\$ 0.22	\$ 0.05	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.16	\$ -
Total Stock Comp	\$ 0.07	\$ 0.06	\$ 0.05	\$ 0.05	\$ 0.23	\$ 0.05	\$ 0.04	\$ 0.05	\$ 0.04	\$ 0.19	\$ 0.13

- (1) Q405 and FY05 are estimates and may differ from amounts reported in HP's fiscal 2005 form 10-K.
- (2) FY04 and FY05 are shown for comparability purposes and were calculated in accordance with FAS123. FY06 estimate calculated using FAS123R. Had FY04 and FY05 amounts been calculated using FAS123R, amounts may differ from those shown.
- (3) Under APB25 HP generally recognized compensation expense only when it granted options with a discounted exercise price or issued restricted stock. HP recognized any resulting compensation expense ratably over the associated service period, which is generally the option vesting term. Amount shown was included in HP's reported results for each period.
- (4) EPS reflects a historical effective tax rate ranging from 27% to 29%. Annual, quarterly and total amounts may not sum due to rounding. Amounts shown may differ from previously filed form 10-Qs and 10-Ks due to rounding. All amounts shown do not include stock-based compensation included in restructuring charges.

Outlook

Q1 FY06

- First quarter FY06 revenue is expected to be in the range of \$22.3B to \$22.6B.
- First quarter FY06 non-GAAP earnings per share is expected to be in the range of \$0.46 to \$0.48, excluding \$0.03 to \$0.04 of stock-based compensation expense; or \$0.42 to \$0.44 including stock-based compensation.⁽¹⁾

Full year FY06

- Full year FY06 revenue is expected to be in the range of \$89.5B to \$91.0B.
- Full year FY06 non-GAAP earnings per share is expected to be in the range of \$1.88 to \$1.95, excluding approximately \$0.13 of stock-based compensation expense; or \$1.75 to \$1.82, including stock-based compensation.⁽²⁾

1. For the quarter, this excludes after-tax costs of approximately \$0.04 per share, primarily related to the amortization of purchased intangible assets.

2. For the fiscal year, this excludes after-tax costs of approximately \$0.14 per share, primarily related to the amortization of purchased intangible assets.

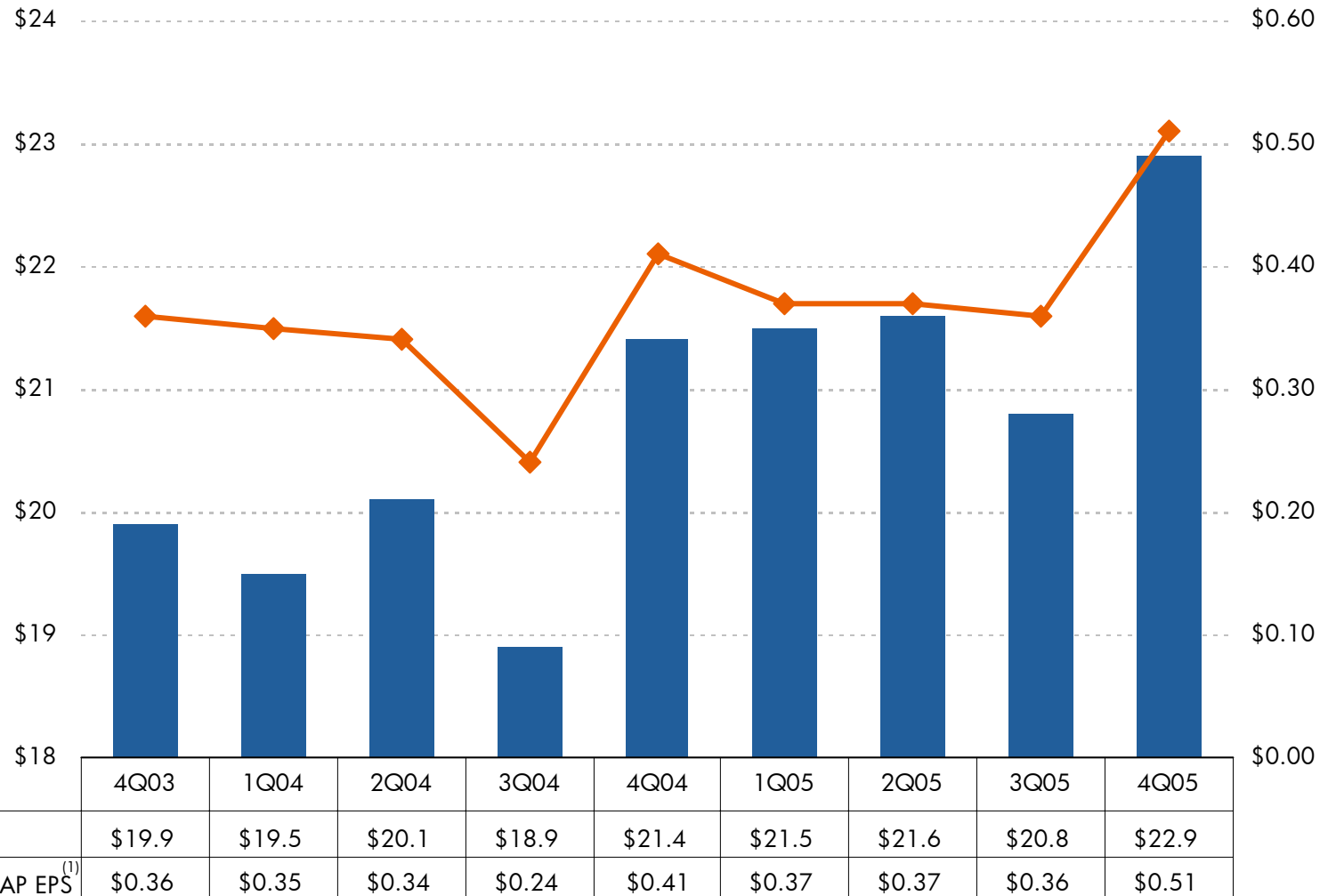


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Supplemental slides

Revenue & EPS performance

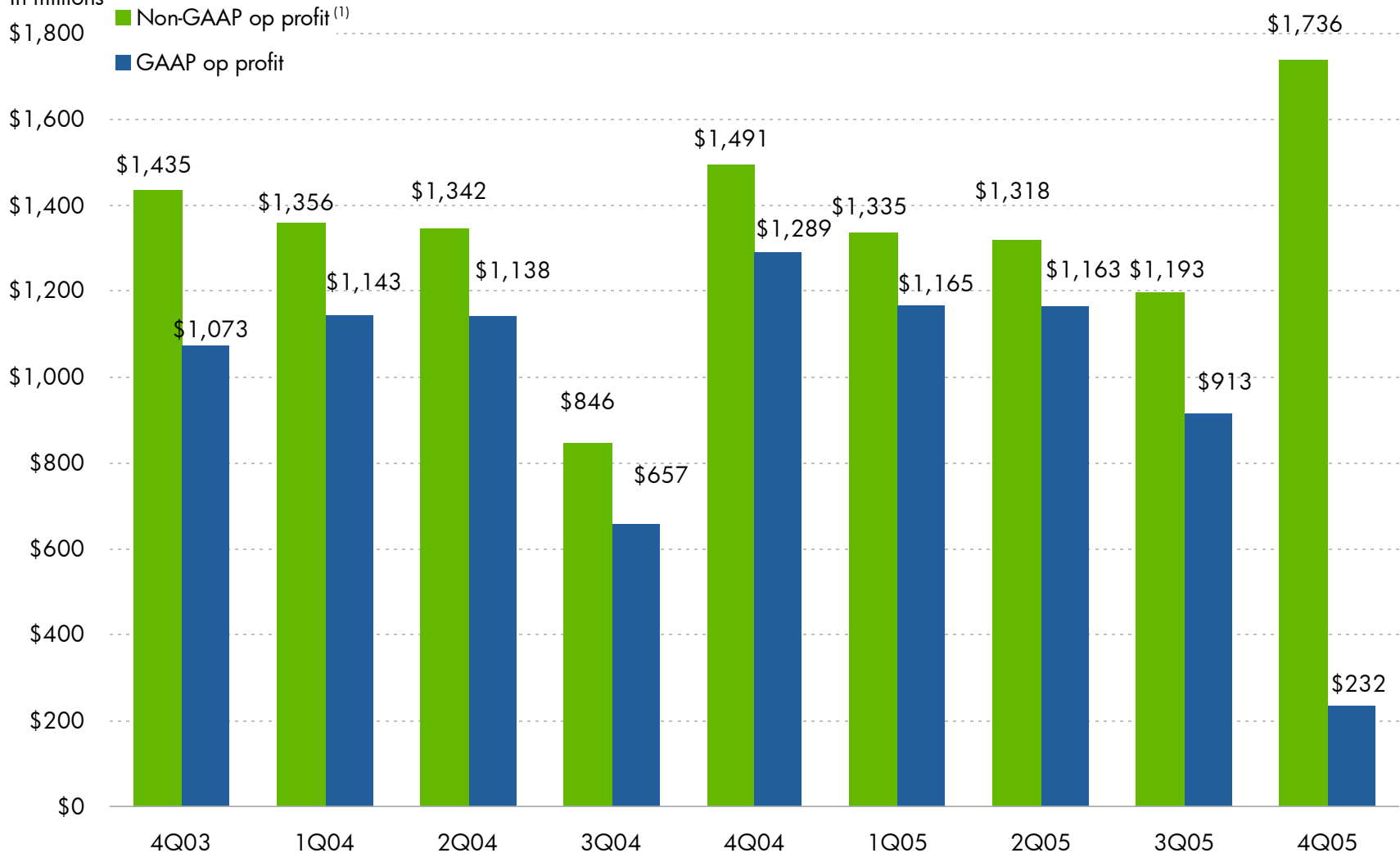
In billions



1. See GAAP to Non-GAAP bridge slides

Operating profit

In millions



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 in the GAAP to non-GAAP slides, included in 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."

FY05 GAAP to non-GAAP bridge

All data in \$Ms except
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Revenue	\$86,696							\$86,696
Cost of sales	66,440							66,440
Total OpEx	16,783	(622)	(1,684)	(2)		199		14,674
Operating profit	3,473	622	1,684	2		(199)		5,582
Settlement	(106)							(106)
Interest & other, net	176				13			189
Pre-tax earnings	3,543	622	1,684	2	13	(199)		5,665
Income tax	1,145	185	466		3	(54)	(788)	957
Tax rate	32%							17%
Net earnings	\$2,398							\$4,708
EPS	\$0.82							\$1.62

Q4 FY05 GAAP to non-GAAP bridge

All data in \$Ms except
per share amounts

4Q05	GAAP	Amort. of Intangibles	Re- structuring charges	In-process R&D	(G)/L Invest.	Pension curtail- ment	Non-GAAP
Revenue	\$22,913						\$22,913
Cost of sales	17,532						17,532
Total OpEx	5,149	(136)	(1,565)	(2)		199	3,645
Operating profit	232	136	1,565	2		(199)	1,736
Settlement	3						3
Interest & other, net	146				(14)		132
Pre-tax earnings	381	136	1,565	2	(14)	(199)	1,871
Income tax	(35)	40	429		(5)	(54)	375
Tax rate	(9%)						20%
Net earnings	\$416						\$1,496
EPS	\$0.14						\$0.51

Q3 FY05 GAAP to non-GAAP bridge

All data in \$Ms except
per share amounts

3Q05	GAAP	Amort. of Intangibles	Re- structuring charges	Acq. related charges	In-process R&D	G/L Invest.	AJCA Tax Adj.	Non- GAAP
Revenue	20,759							20,759
Cost of sales	15,942							15,942
Total OpEx	3,904	(168)	(112)					3,624
Operating profit	913	168	112					1,193
Settlement	7							7
Interest & other, net	113					6		119
Pre-tax earnings	1,033	168	112			6		1,319
Income tax	960	50	34			2	(788)	258
Tax rate	93%							20%
Net earnings	\$73							\$1,061
EPS	\$0.03							\$0.36

Q2 FY05 GAAP to non-GAAP bridge

All data in \$Ms except
per share amounts

2Q05	GAAP	Amort. of Intangibles	Re- structuring charges	Acq. related charges	In-process R&D	G/L Invest.	Non-GAAP
Revenue	21,570						21,570
Cost of sales	16,429						16,429
Total OpEx	3,978	(151)	(4)				3,823
Operating profit	1,163	151	4				1,318
Settlement	-						-
Interest & other, net	(84)					(3)	(87)
Pre-tax earnings	1,079	151	4			(3)	1,231
Income tax	113	46	1			(2)	158
Tax rate	10%						13%
Net earnings	\$966						\$1,073
EPS	\$0.33						\$0.37

Q1 FY05 GAAP to non-GAAP bridge

All data in \$Ms except
per share amounts

1Q05	GAAP	Amort. of Intangibles	Re- structuring charges	Acq. related charges	In-process R&D	G/L Invest.	Non-GAAP
Revenue	21,454						21,454
Cost of sales	16,537						16,537
Total OpEx	3,752	(167)	(3)				3,582
Operating profit	1,165	167	3				1,335
Settlement	(116)						(116)
Interest & other, net	1					24	25
Pre-tax earnings	1,050	167	3			24	1,244
Income tax	107	49	2			8	166
Tax rate	10%						13%
Net earnings	\$943						\$1,078
EPS	\$0.32						\$0.37

Q4 FY04 GAAP to non-GAAP bridge¹

All data in \$Ms except
per share amounts

4Q04	GAAP	Amort. of Intangibles	Re- structuring charges	Acq. related charges	In-process R&D	G/L Invest.	Non-GAAP
Revenue	21,389						21,389
Cost of sales	16,393						16,393
Total OpEx	3,707	(165)	(13)	(24)			3,505
Operating profit	1,289	165	13	24			1,491
Interest & other, net	1					1	2
Pre-tax earnings	1,290	165	13	24		1	1,493
Income tax	199	59	4	4			266
Tax rate	15%						18%
Net earnings	\$1,091						\$1,227
EPS	\$0.37						\$0.41

1. Certain reclassifications have been made to prior year amounts in order to conform to fiscal 2005 presentation

Q3 FY04 GAAP to non-GAAP bridge¹

All data in \$Ms except
per share amounts

3Q04	GAAP	Amort. of Intangibles	Re- structuring charges	Acq. related charges	In-process R&D	G/L Invest.	Non-GAAP
Revenue	18,889						18,889
Cost of sales	14,545						14,545
Total OpEx	3,687	(146)	(9)	(6)	(28)		3,498
Operating profit	657	146	9	6	28		846
Interest & other, net	21					(1)	20
Pre-tax earnings	678	146	9	6	28	(1)	866
Income tax	92	41	3	2			138
Tax rate	14%						16%
Net earnings	\$586						\$728
EPS	\$0.19						\$0.24

1. Certain reclassifications have been made to prior year amounts in order to conform to fiscal 2005 presentation

Q2 FY04 GAAP to non-GAAP bridge¹

All data in \$Ms except
per share amounts

2Q04	GAAP	Amort. of Intangibles	Re- structuring charges	Acq. related charges	In-process R&D	G/L Invest.	Non-GAAP
Revenue	20,113						20,113
Cost of sales	15,182						15,182
Total OpEx	3,793	(148)	(38)	(9)	(9)		3,589
Operating profit	1,138	148	38	9	9		1,342
Interest & other, net	(73)					5	(68)
Pre-tax earnings	1,065	148	38	9	9	5	1,274
Income tax	181	44	13	3		1	242
Tax rate	17%						19%
Net earnings	\$884						\$1,032
EPS	\$0.29						\$0.34

1. Certain reclassifications have been made to prior year amounts in order to conform to fiscal 2005 presentation

Q1 FY04 GAAP to non-GAAP bridge¹

All data in \$Ms except
per share amounts

1Q04	GAAP	Amort. of Intangibles	Re- structuring charges	Acq. related charges	G/L Invest.	Non-GAAP
Revenue	19,514					19,514
Cost of sales	14,691					14,691
Total OpEx	3,680	(144)	(54)	(15)		3,467
Operating profit	1,143	144	54	15		1,356
Interest & other, net	20				(9)	11
Pre-tax earnings	1,163	144	54	15	(9)	1,367
Income tax	227	42	17	5	(4)	287
Tax rate	20%					21%
Net earnings	\$936					1,080
EPS	\$0.30					\$0.35

1. Certain reclassifications have been made to prior year amounts in order to conform to fiscal 2005 presentation

Q4 FY03 GAAP to non-GAAP bridge¹

All data in \$Ms except
per share amounts
4Q03

	GAAP	Amort. of Intangibles	Re- structuring charges	Retent. bonus	Acq. related charges	IPRD	G/L Invest.	Non- GAAP
Revenue	19,853							19,853
Cost of sales	14,939							14,939
Total OpEx	3,841	(143)	(190)	(1)	(27)	(1)		3,479
Operating profit	1,073	143	190	1	27	1		1,435
Interest & other, net	(8)						(12)	(20)
Pre-tax earnings	1,065	143	190	1	27		(12)	1,415
Income tax	203	41	65		10		(7)	312
Tax rate	19.1%							22.0%
Net earnings	\$862							\$1,103
EPS	\$0.28							\$0.36

1. Certain reclassifications have been made to prior year amounts in order to conform to fiscal 2005 presentation

Q3 FY03 GAAP to non-GAAP bridge¹

All data in \$Ms except
per share amounts
3Q03

	GAAP	Amort. of intangibles	Re- structuring charges	Retent. bonus	Acq. related charges	G/L Invest.	Non- GAAP
Revenue	17,348						17,348
Cost of sales	12,945						12,945
Total OpEx	4,102	(141)	(376)	(11)	(29)		3,545
Operating profit	301	141	376	11	29		858
Interest & other, net	(14)					24	10
Pre-tax earnings	287	141	376	11	29	24	868
Income tax	(10)	31	126	4	10	7	168
Tax rate	(3.5%)						19.4%
Net earnings	\$297						\$700
EPS	\$0.10						\$0.23

1. Certain reclassifications have been made to prior year amounts in order to conform to fiscal 2005 presentation

Q2 FY03 GAAP to non-GAAP bridge¹

All data in \$Ms except
per share amounts
2Q03

	GAAP	Amort. of intangibles	Re- structuring charges	Retent. bonus	Acq. related charges	G/L Invest.	Accrued tax benefit	Non- GAAP
Revenue	17,983							17,983
Cost of sales	13,240							13,240
Total OpEx	4,100	(141)	(234)	(79)	(47)			3,599
Operating profit	643	141	234	79	47			1,144
Interest & other, net	(32)					12		(20)
Pre-tax earnings	611	141	234	79	47	12		1,124
Income tax	(48)	43	71	27	17	6	131	247
Tax rate	(8%)							22%
Net earnings	\$659							\$877
EPS	\$0.22							\$0.29

1. Certain reclassifications have been made to prior year amounts in order to conform to fiscal 2005 presentation

Q1 FY03 GAAP to non-GAAP bridge¹

All data in \$Ms except
per share amounts

1Q03	GAAP	Amort. of intangibles	Re- structuring charges	Retent. bonus	Acq. related charges	G/L Invest.	Accrued tax benefit	Non- GAAP
Revenue	17,877							17,877
Cost of sales	13,269							13,269
Total OpEx	3,729	(138)		(76)	(10)			3,505
Operating profit	879	138		76	10			1,103
Interest & other, net	46					5		51
Pre-tax earnings	925	138		76	10	5		1,154
Income tax	204	43		26	4			277
Tax rate	22%							24%
Net earnings	\$721							\$877
EPS	\$0.24							\$0.29

1. Certain reclassifications have been made to prior year amounts in order to conform to fiscal 2005 presentation

Combined company

In order to provide additional information relating to our operating results, we present certain consolidated and segment operating results as if HP and Compaq had been a combined company in fiscal 2002 and 2001. We have included this additional information in order to provide further insight into our operating results, prior period trends and current position. Due to different fiscal period ends for HP and Compaq, the results for the twelve months ended October 31, 2002 combine the results of HP for the twelve months ended October 31, 2002 and the historical quarterly results of Compaq for the six-month period ended March 31, 2002 and for the period May 3, 2002 (the acquisition date) to October 31, 2002. In addition, the results for the twelve months ended October 31, 2001 combine the results of HP for the twelve months ended October 31, 2001 and the historical quarterly results of Compaq for the four quarters ended September 30, 2001.