



HP Securities Analyst Meeting

Mark Hurd
CEO and President
December 13, 2005

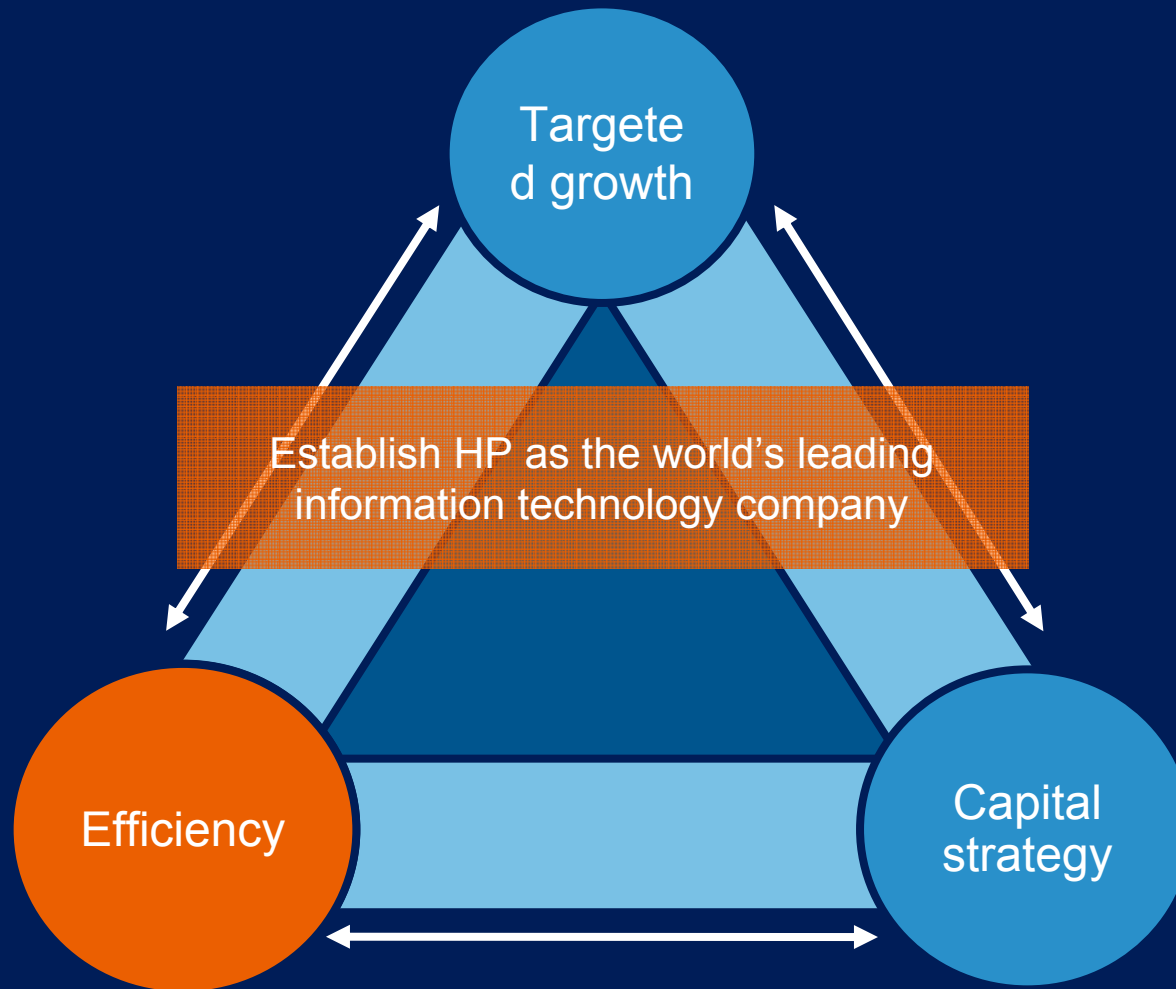
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First impressions: April – May 2005

Investors	Customers & Partners	Employees	Operational	Financial
<ul style="list-style-type: none"> • Results inconsistent • Stock volatile • Portfolio value unproven • Undervalued 	<ul style="list-style-type: none"> • Innovative products & services • Strong brand presence • Desire to see HP win • Doing business difficult • Sales and go-to-market models unclear 	<ul style="list-style-type: none"> • Innovative • Talented people • Morale mixed • Strong desire to win 	<ul style="list-style-type: none"> • Matrix organization complex • Analytics better than execution • More technology than expected • Significant scale advantage 	<ul style="list-style-type: none"> • Solid revenue growth • Gross margin erosion • Uncompetitive expense structure • Strong balance sheet & cash flow

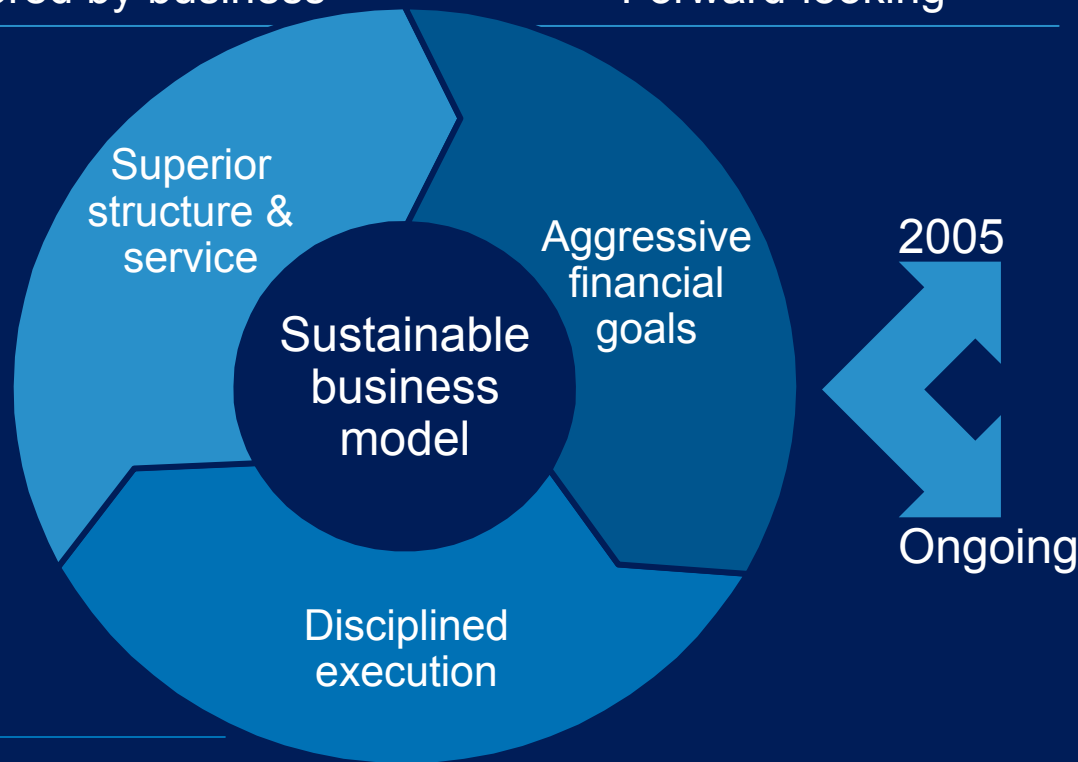
Operating framework



Efficiency framework

- Customer-centric
- Winning capabilities
- Tailored by business

- Granular benchmarks
Top-down, bottom-up
- Forward-looking



- Clear ownership
- Structured process
- Rigorous performance management

Establish baseline

- Cross-company effort
- Step-change improvements
- Create accountability

Maintain efficiency

- Zero-based budgets, everything questioned
- New skills, mindsets
- Balanced cost and capability tradeoffs
- “No excuses” – honest dialogues

Simplifying IT

Today

- Servers: 21,700
- Storage: 4,000 TB
- Datamarts: 762
- Data centers: 85+ in 29 countries
- HP IT sites: 100+, in 53 countries
- Applications: 3,500
- Active projects: 1,240

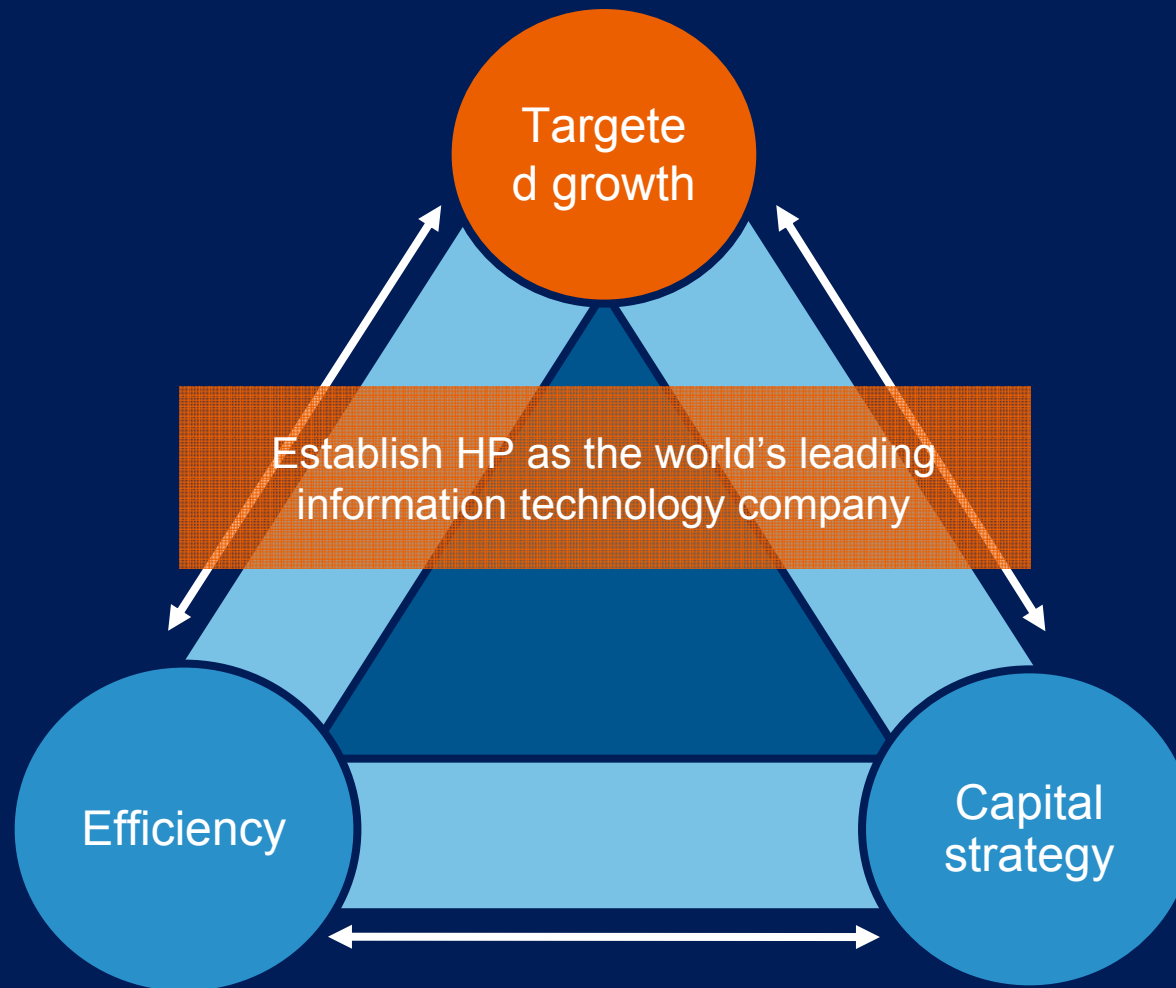
Target

- Portfolio mgmt: ~500 active projects
- IT demography: ~25 HP IT core sites
- IT effectiveness: 80% development, 20% support
- Global data centers: 6
- Enterprise data warehouse: 1
- Cost structure: best-in-class levels

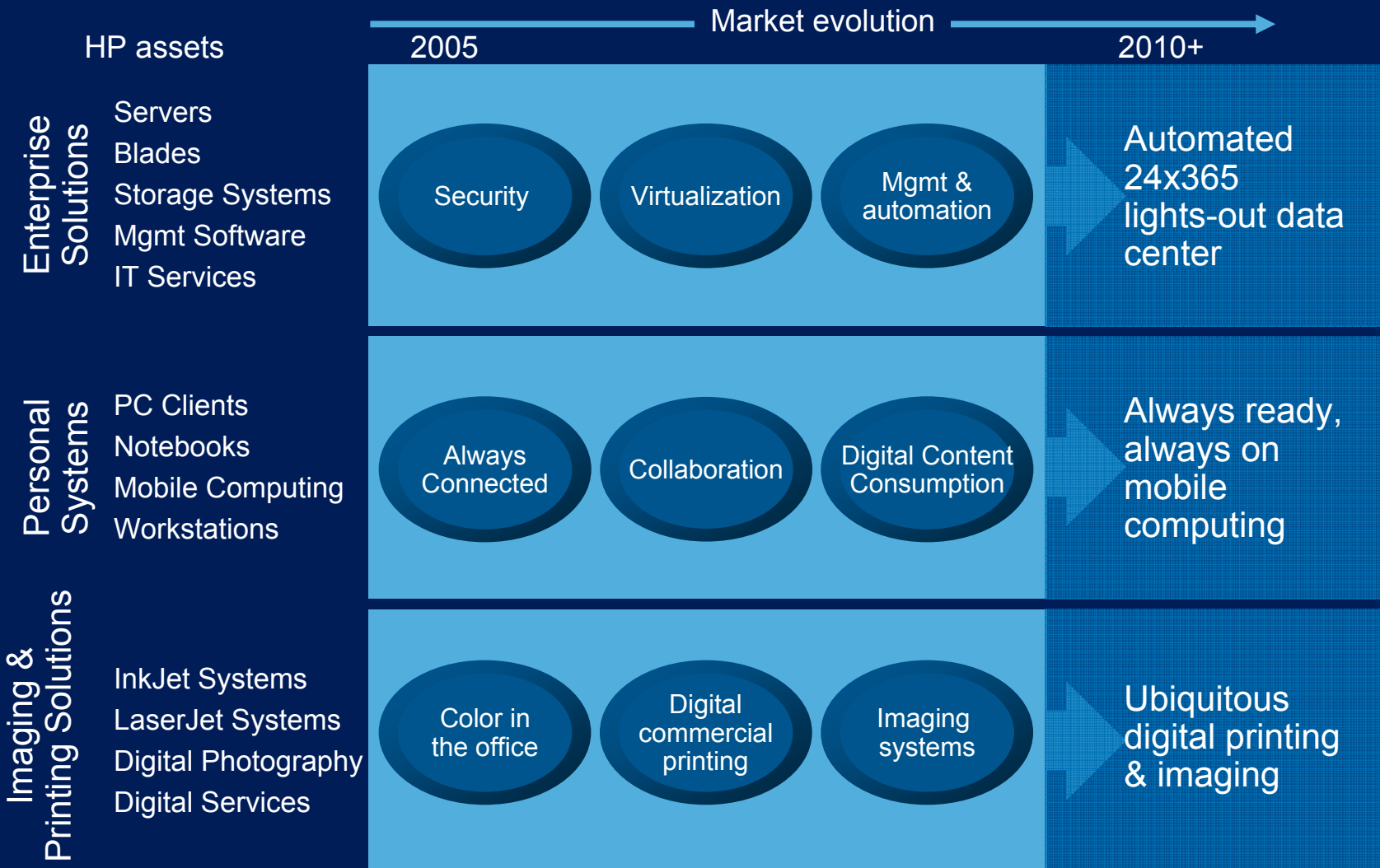
HP's next generation data center

- Optimizing IT spend and streamlining business processes
- Leveraging our portfolio and services to maximize effectiveness
- Implementing an enterprise data warehouse to capitalize on customer data

Operating framework



Market trends



Growth framework

- Imaging and printing
- Management software
- Storage management
- Mobility
- Security

Leverage our core portfolio

Market transformation

Portfolio exploitation

Consolidation

Grow in new & adjacent markets

Breakthrough innovation

Organic

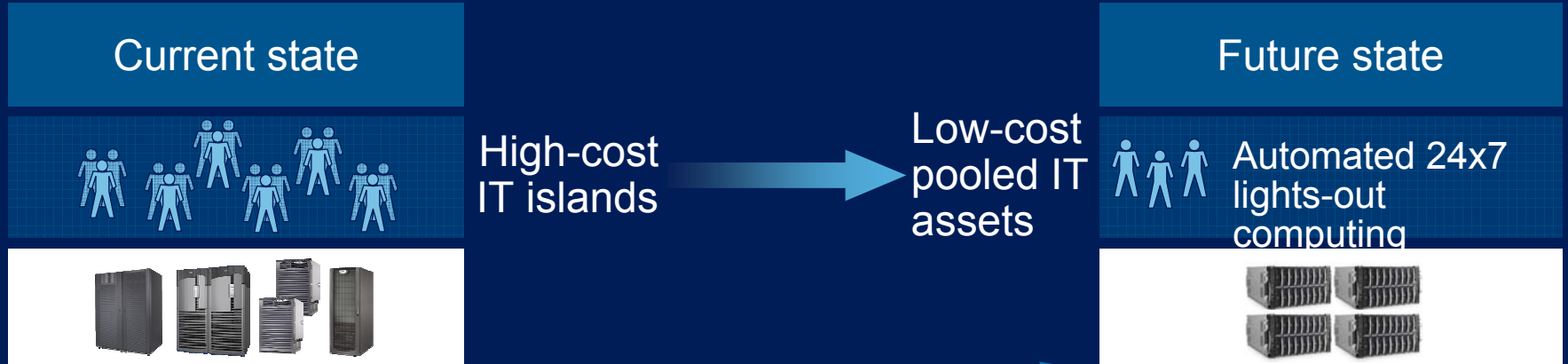
Inorganic

- Next-generation data center architecture
- Commercial/industrial printing

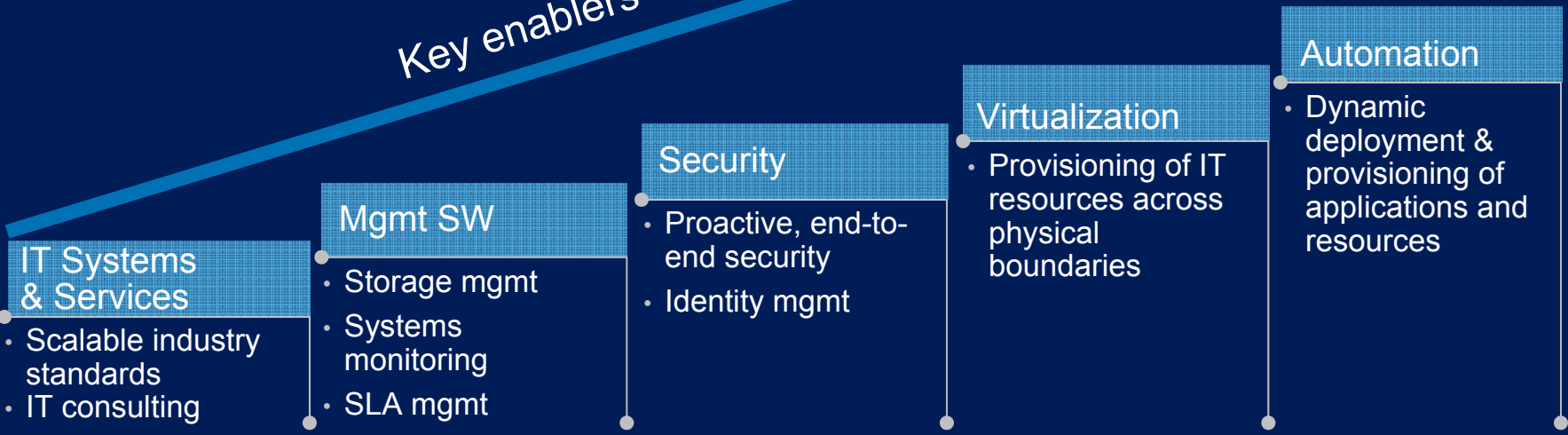
Next-generation data center architecture



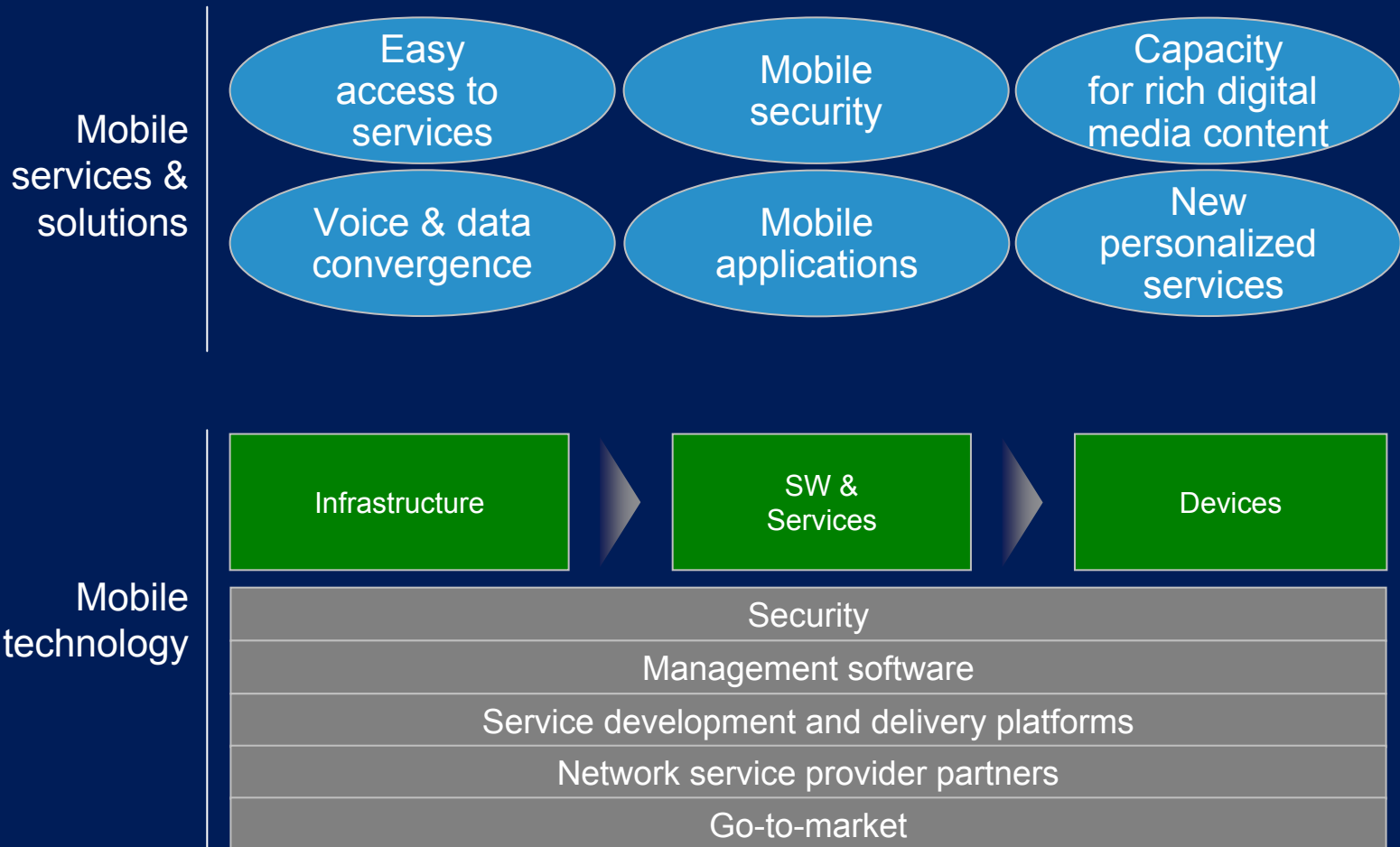
Advancing the Adaptive Enterprise



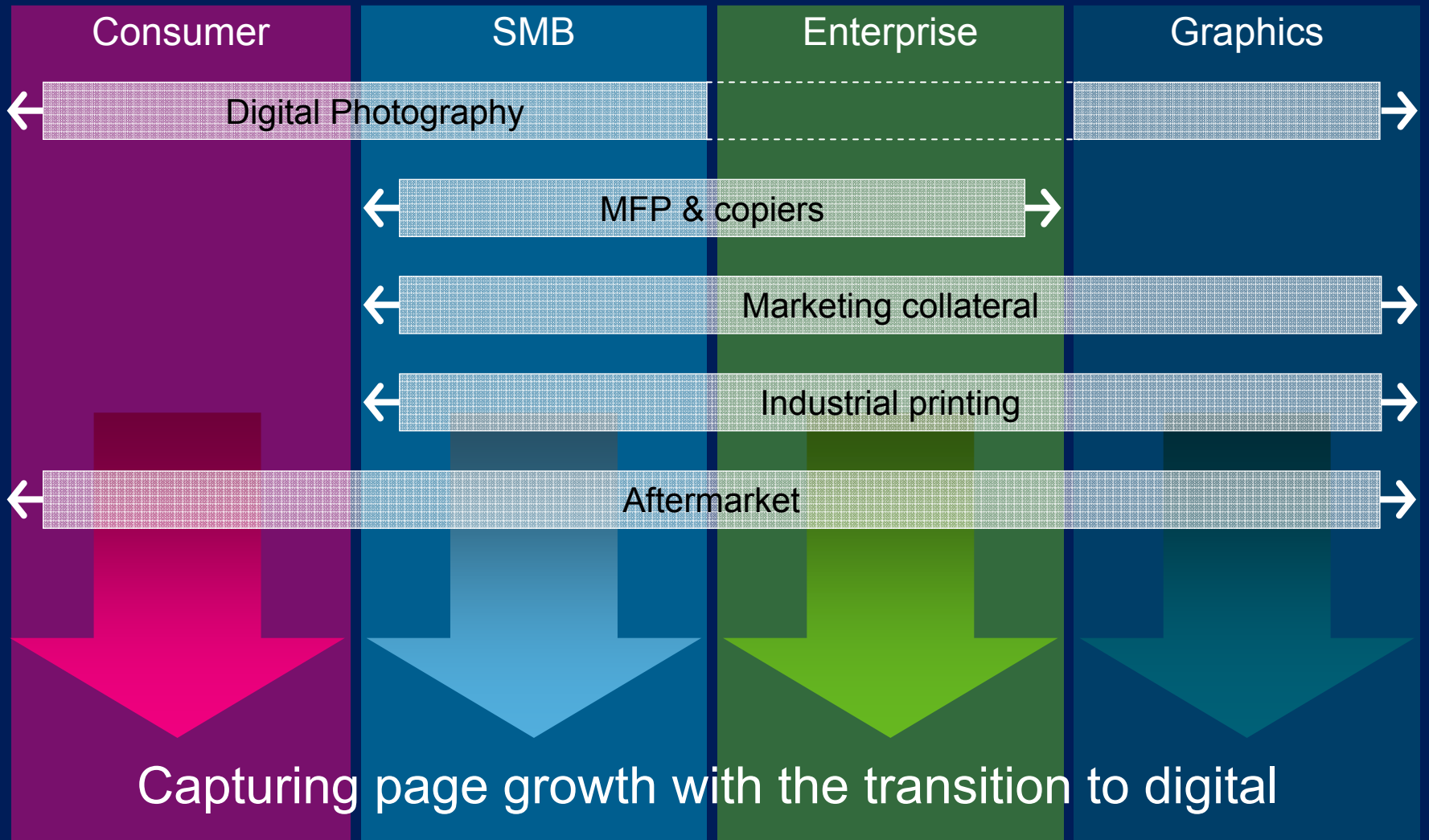
Key enablers



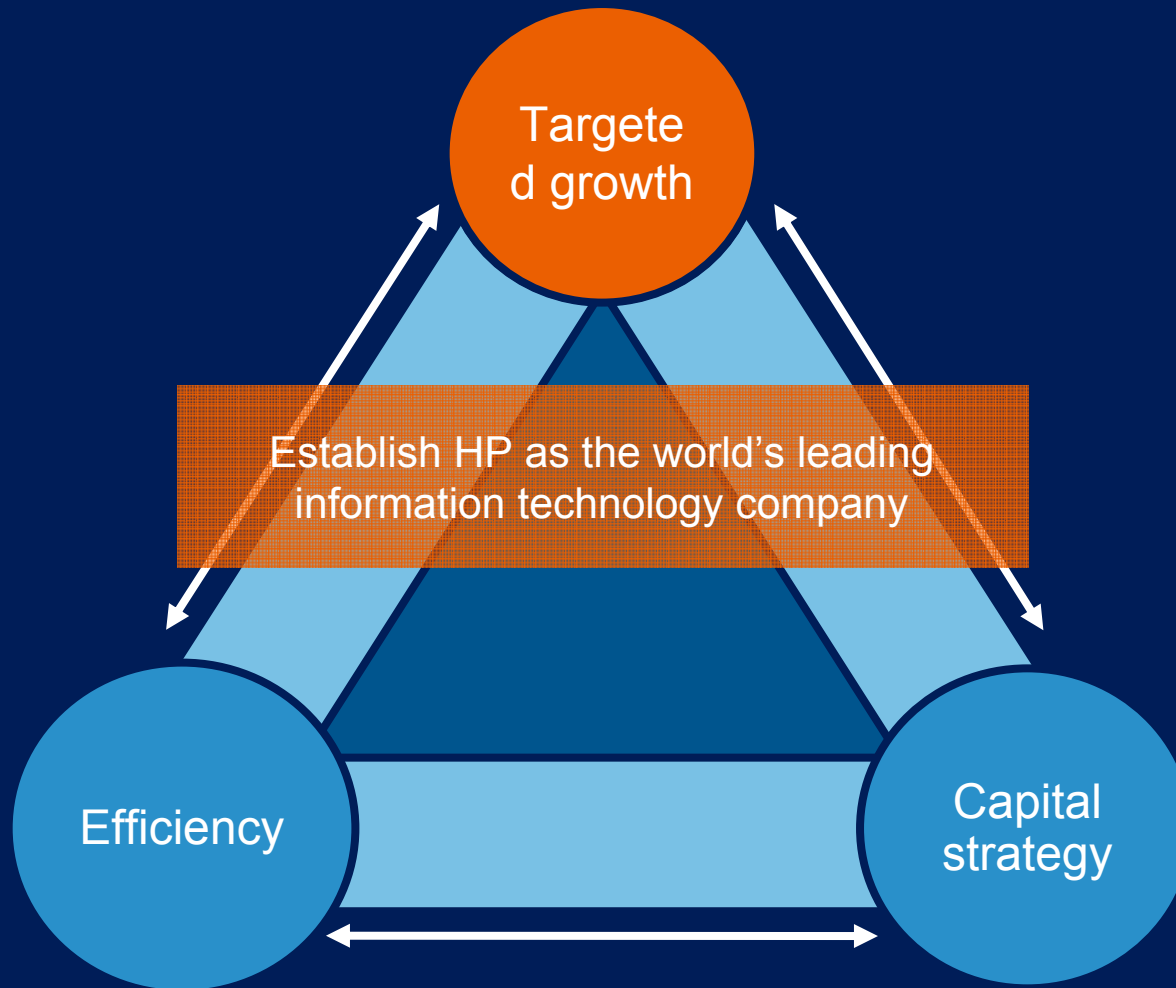
Always ready, always on mobile computing



Ubiquitous printing and imaging



Operating framework



Go to market

Reduce complexity
by driving end-to-
end alignment

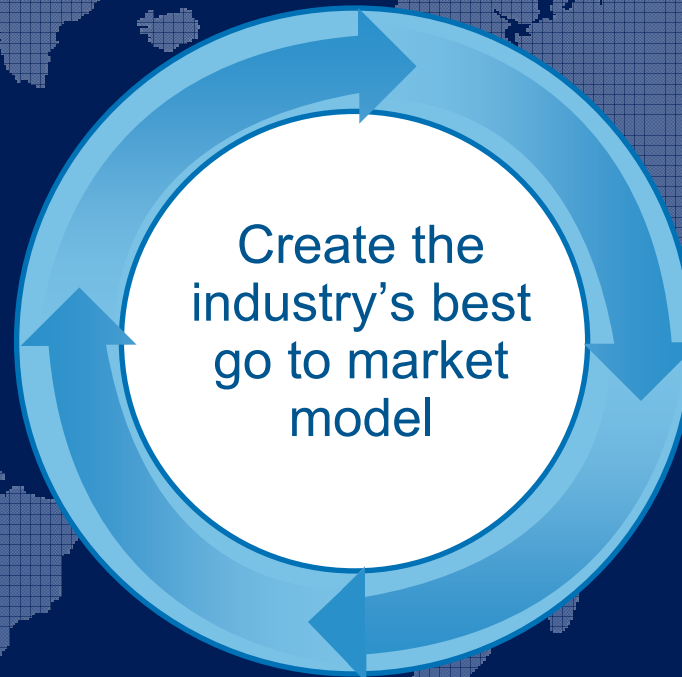
Build the best
sales force in the
industry

Increase customer
responsiveness by
delegating
authority

Leverage the
installed base and
portfolio

Enable the sales
force with tools &
training

Capitalize on
customer data



Partners

Why HP?

- Market trends play to HP's strengths
- Drive on growth strategies
 - Leveraging core portfolio
 - Growing in new and adjacent markets
 - Aligning capital effectively around growth plans
- Execute on cost structure initiatives
- Strong assets, talented people, great technology
- Build culture of execution and accountability

Closing comments

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