



# Q4 FY06 Earnings Announcement

**November 16, 2006**



<http://investor.hp.com>

# 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; expectations and assumptions relating to the execution and timing of workforce restructuring programs; 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 Annual Report on Form 10-K for the fiscal year ended October 31, 2005, HP's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2006 and other reports filed after that report. 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 Annual Report on Form 10-K for the fiscal year ended October 31, 2006. In particular, determining HP's actual tax balances and provisions as of October 31, 2006 and for the fiscal year then ended requires extensive internal and external review of tax data (including consolidating and reviewing the tax provisions of numerous domestic and foreign entities), which is being completed in the ordinary course of preparing HP's Form 10-K. HP assumes no obligation and does not intend to update these forward-looking statements.

# Use of non-GAAP financial information

HP has included non-GAAP financial measures in this presentation to supplement HP's consolidated condensed financial statements presented on a GAAP basis. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this presentation.

HP's management uses non-GAAP operating expense, non-GAAP OI&E, non-GAAP operating profit, non-GAAP net income, non-GAAP diluted earnings per share, and HP's non-GAAP tax rate to evaluate and forecast HP's performance before gains, losses or other charges that are considered by HP's management to be outside of HP's core business segment operating results. Gross cash, net cash and free cash flow are liquidity measures that provide useful information to management about the amount of cash available for investment in HP's businesses, funding strategic acquisitions, repurchasing stock and other purposes.

These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of HP's results as reported under GAAP. For example, items such as restructuring charges that are excluded from non-GAAP operating expense, non-GAAP operating profit, non-GAAP net income, non-GAAP diluted earnings per share and HP's non-GAAP tax rate and items such as gains or losses on investments that are excluded from non-GAAP net income and non-GAAP diluted earnings per share can have a material impact on cash flows. HP may not be able to liquidate the long-term investments included in gross cash immediately, which may limit the usefulness of gross cash as a liquidity measure. In addition, free cash flow does not represent the total increase or decrease in the cash balance for the period. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies.

We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of each non-GAAP financial measure to the most directly comparable GAAP measure, and we encourage investors to review carefully those reconciliations.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency to the information used by HP's management in its financial and operational decision-making and allows investors to see HP's results "through the eyes" of management. We further believe that providing this information better enables investors to understand HP's operating performance and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance.

# Results overview

Q4 FY06

FY06

## Financials Highlights

- Net revenue of \$24.6B, growth of \$1.6B, up 7% Y/Y; or 6% in constant currency
- Non-GAAP diluted EPS of \$0.68; up from \$0.51 in Q4 FY05
- GAAP diluted EPS of \$0.60; up from \$0.14 in Q4 FY05
- Cash flow from operations of \$3.2B
- \$1.4B<sup>(2)</sup> in share repurchases, and \$219M in dividends

- Net revenue of \$91.7B, growth of \$5B, up 6% Y/Y; or 7% in constant currency
- Non-GAAP diluted EPS of \$2.38; up from \$1.62 in FY05
- GAAP diluted EPS of \$2.18; up from \$0.82 in FY05
- Cash flow from operations of \$11.4B
- \$7.2B<sup>(3)</sup> in share repurchases, and \$894M in dividends

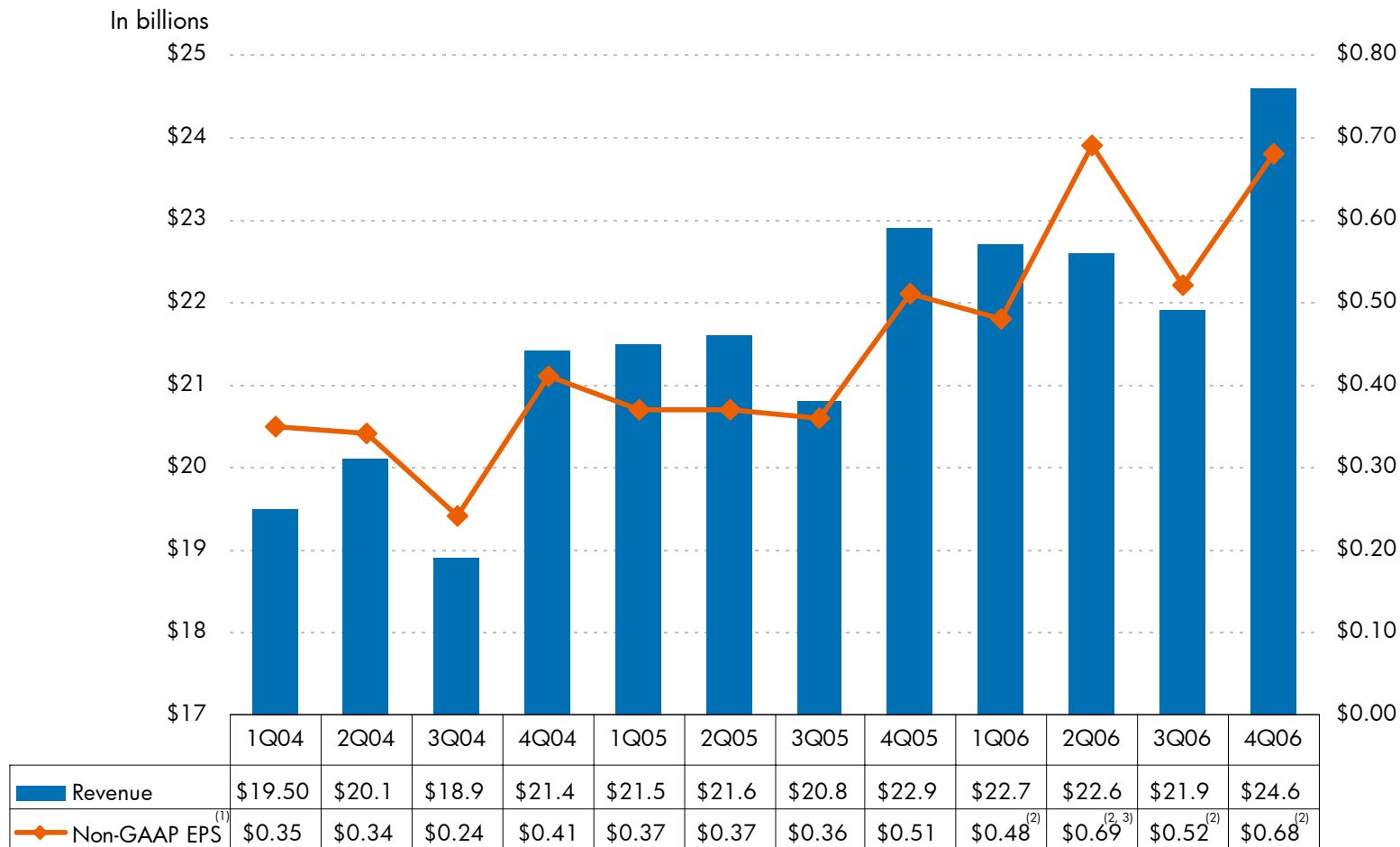
\$ in millions	Q4 Revenue	Growth Y/Y%	OP \$	OP % of rev	OP \$ Y/Y	OP % Y/Y	FY06 Revenue	Growth Y/Y%	OP \$	OP % of rev	OP \$ Y/Y	OP % Y/Y
Imaging and Printing Group	\$7,283	7%	\$1,080	14.8%	\$184	1.6 pts	\$26,786	6%	\$3,978	14.9%	\$565	1.3 pts
Personal Systems Group	\$7,823	10%	\$336	4.3%	\$136	1.5 pts	\$29,166	9%	\$1,152	3.9%	\$495	1.4 pts
Enterprise Storage and Servers	\$4,670	4%	\$502	10.7%	\$98	1.7 pts	\$17,308	4%	\$1,446	8.4%	\$646	3.6 pts
Software	\$349	14%	\$60	17.2%	\$32	8.0 pts	\$1,301	23%	\$85	6.5%	\$134	11.1 pts
Services	\$4,080	5%	\$505	12.4%	\$183	4.1 pts	\$15,617	1%	\$1,507	9.6%	\$356	2.2 pts
HP Financial Services	\$545	6%	\$35	6.4%	(\$17)	(3.7 pts)	\$2,078	(1%)	\$147	7.1%	(\$66)	(3.0 pts)
<b>Total HP</b>	<b>\$24,555</b>	<b>7%</b>	<b>\$2,206<sup>(1)</sup></b>	<b>9.0%</b>	<b>\$470</b>	<b>1.4 pts</b>	<b>\$91,658</b>	<b>6%</b>	<b>\$7,374<sup>(1)</sup></b>	<b>8.0%</b>	<b>\$1,792</b>	<b>1.6 pts</b>

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."

2. Q4 FY06 open market repurchases totaled \$1.0 billion. An additional 13 million shares were repurchased under the Q1 FY06 Prepaid Variable Share Purchase Program for an approximate value of \$431 million.

3. In FY06, open market repurchases totaled \$6.1 billion. An additional 34 million shares were repurchased under the Prepaid Variable Share Purchase Program for a value of \$1.09 billion.

# Revenue & EPS performance



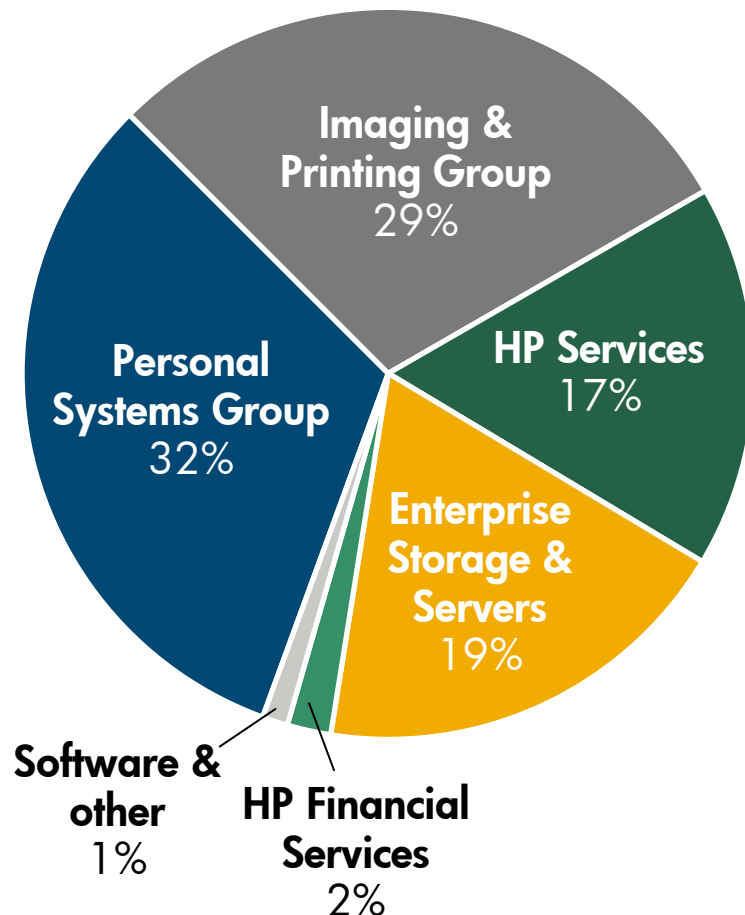
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2. Prior periods do not include the effects of stock-based compensation, which are included in FY06.

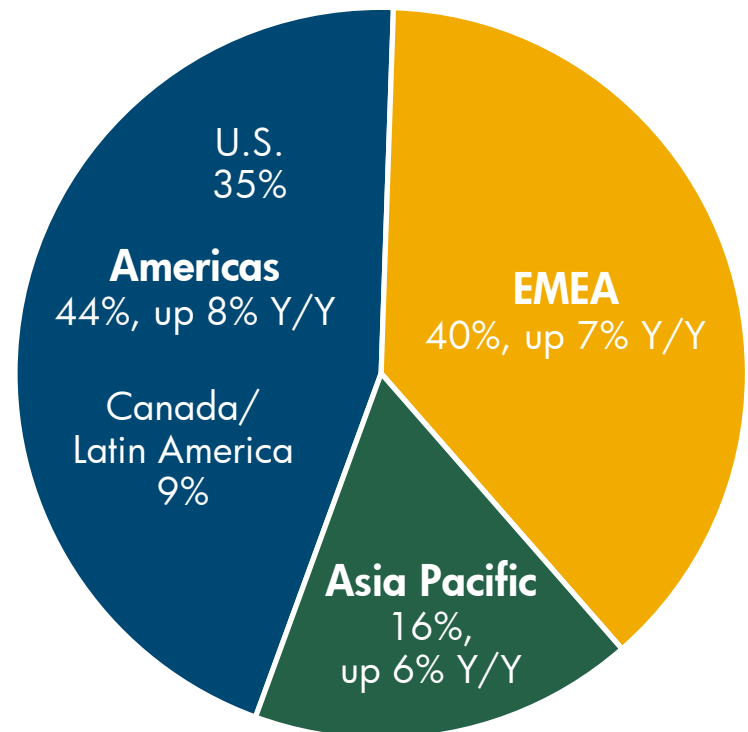
3. On June 6, 2006, HP upwardly revised Q2 FY06 earnings following the signing of a settlement agreement by the Internal Revenue Service resolving federal income tax matters for HP's 1996 through 1998 tax years. Non-GAAP EPS for Q2 FY06 was previously reported as \$0.54. Notification from the IRS on June 1 prior to the filing of HP's Q2 FY06 Form 10-Q required this revision to HP's reported Q2 FY06 results.

# Q4 FY06 revenue

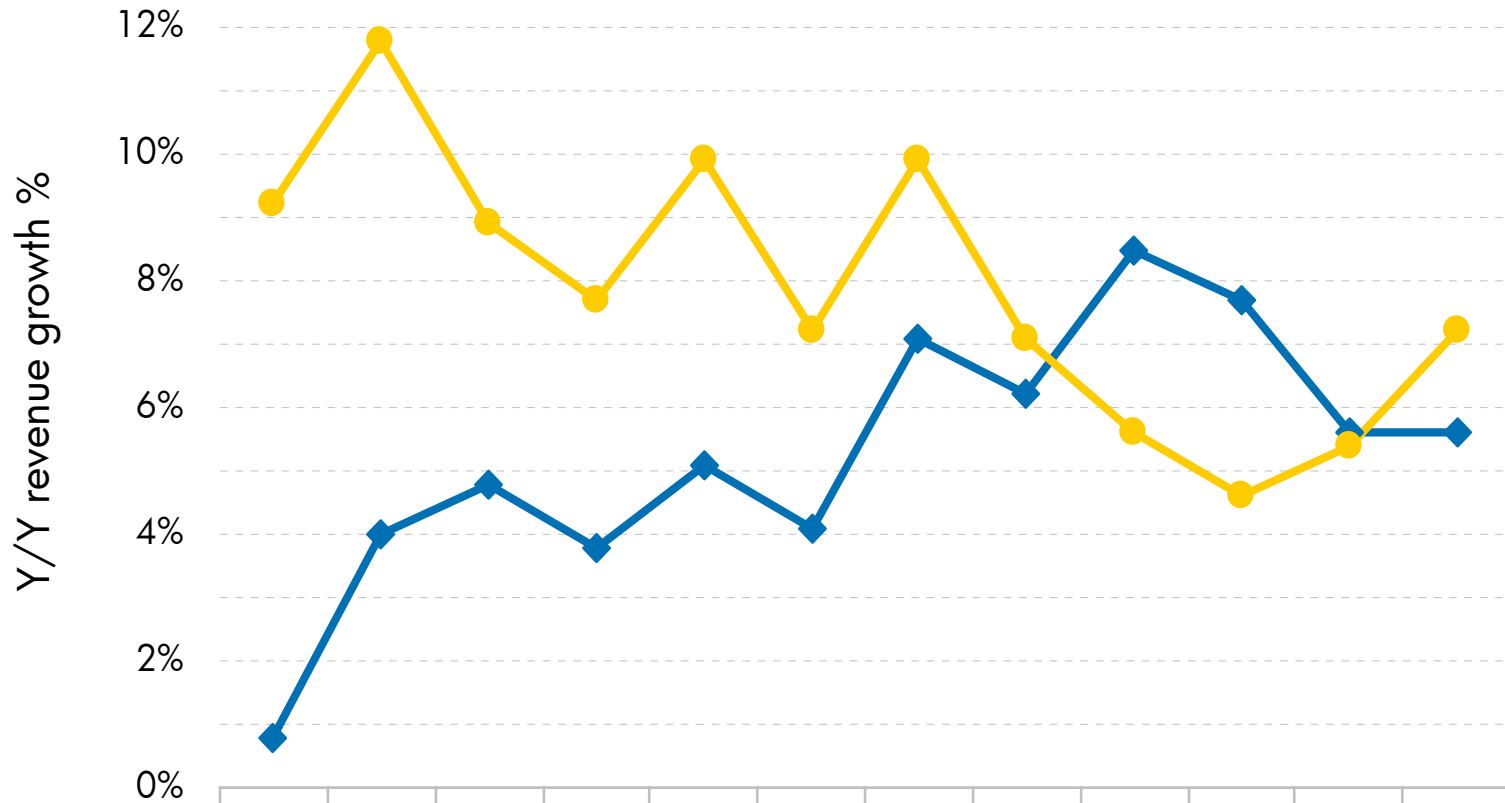
By segment



By region



# Revenue growth

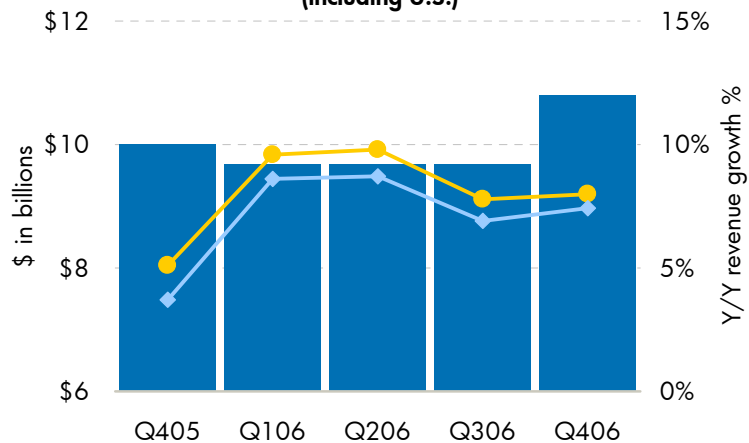


	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06
Constant currency	0.8%	4.0%	4.8%	3.8%	5.1%	4.1%	7.1%	6.2%	8.5%	7.7%	5.6%	5.6%
As reported	9.2%	11.8%	8.9%	7.7%	9.9%	7.2%	9.9%	7.1%	5.6%	4.6%	5.4%	7.2%

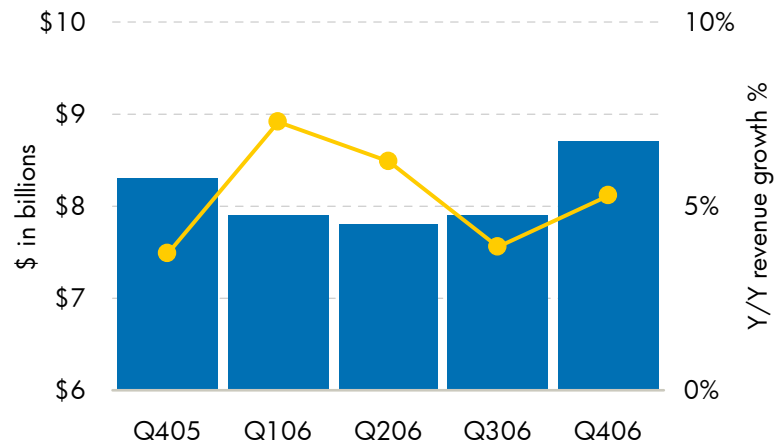


# Regional revenue trends

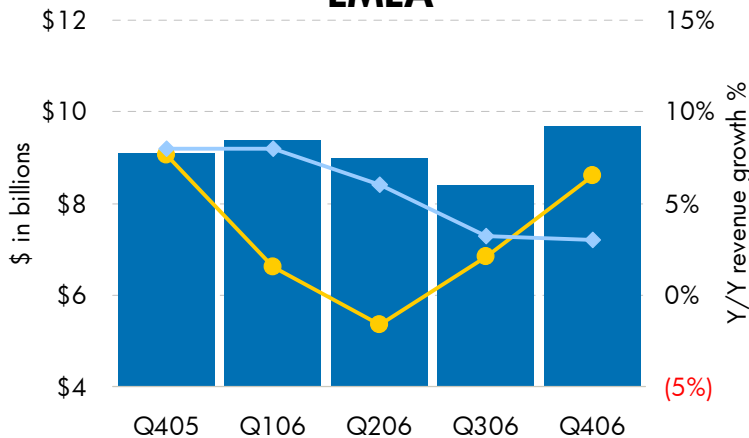
**Americas**  
(including U.S.)



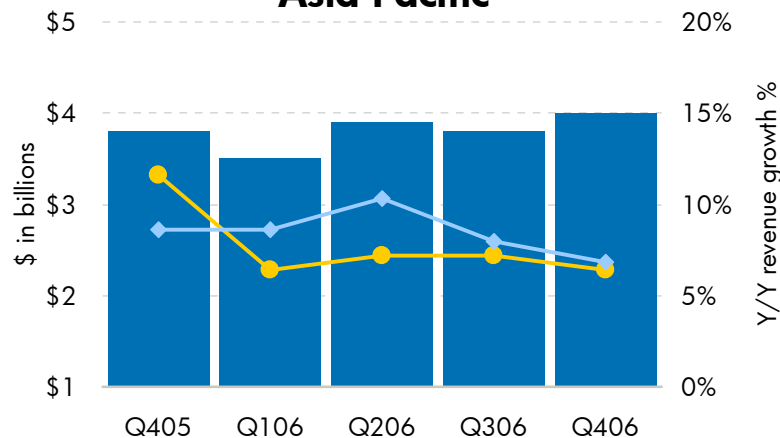
**United States**



**EMEA**



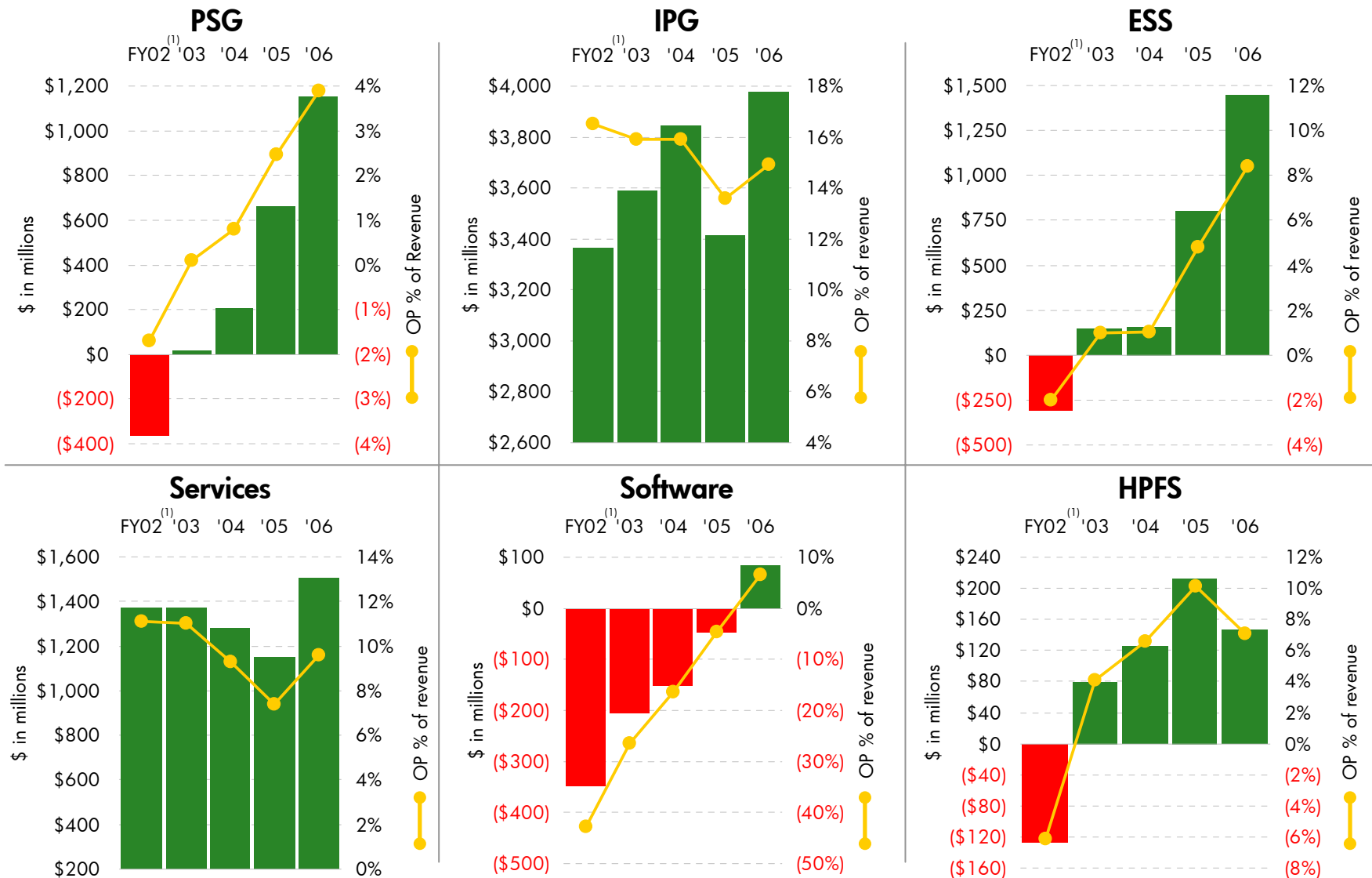
**Asia Pacific**



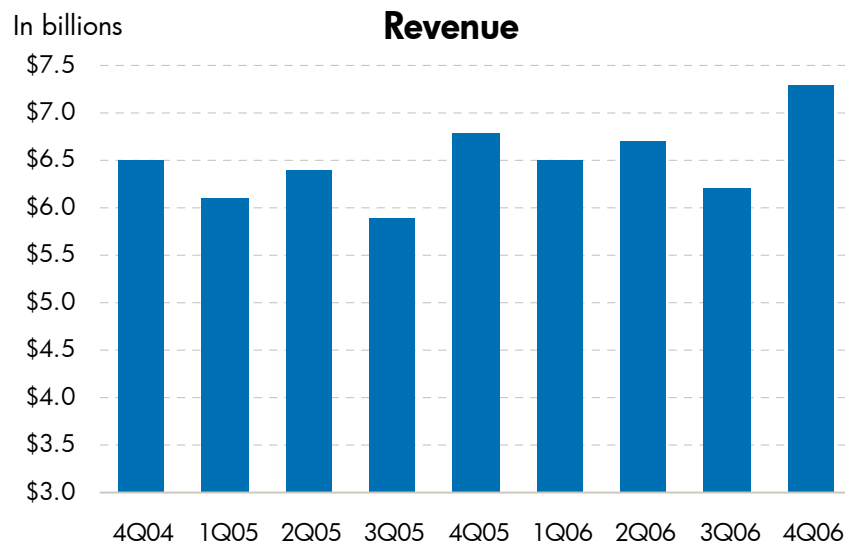
—●— Y/Y revenue growth %  
—◆— Y/Y constant currency revenue growth %



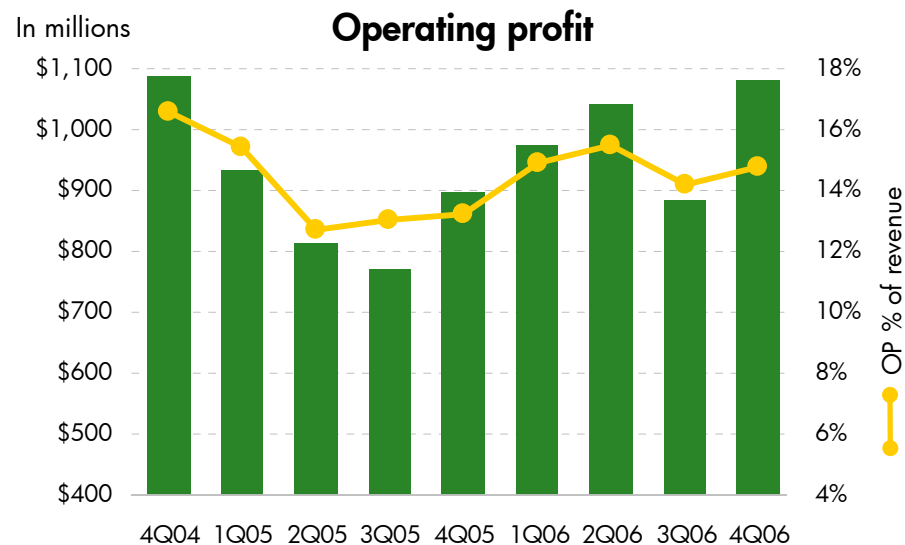
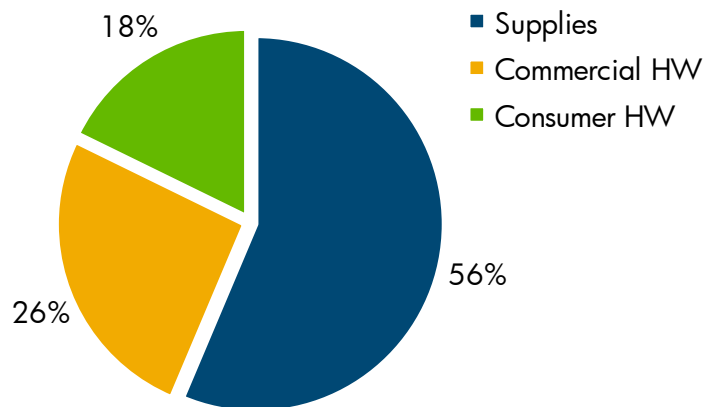
# Segment operating profit trends



# Imaging and Printing Group (IPG)



**Q4 FY06 revenue by business**

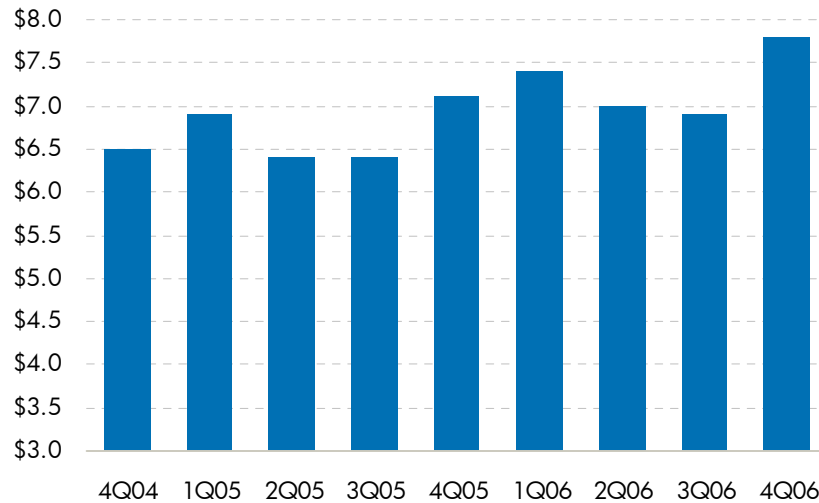


- IPG revenue of \$7.3B; up 7% Y/Y
- Operating profit of \$1.1B; 14.8% of revenue
- Total printer hardware units up 17% Y/Y;  
Consumer printer hardware units up 16%;  
Commercial printer hardware units up 20%
- Color LaserJet units up 40% Y/Y
- Printer-based MFPs units up 160% Y/Y
- Indigo digital press page volume up 41% Y/Y
- Supplies revenue up 9% Y/Y

# Personal Systems Group (PSG)

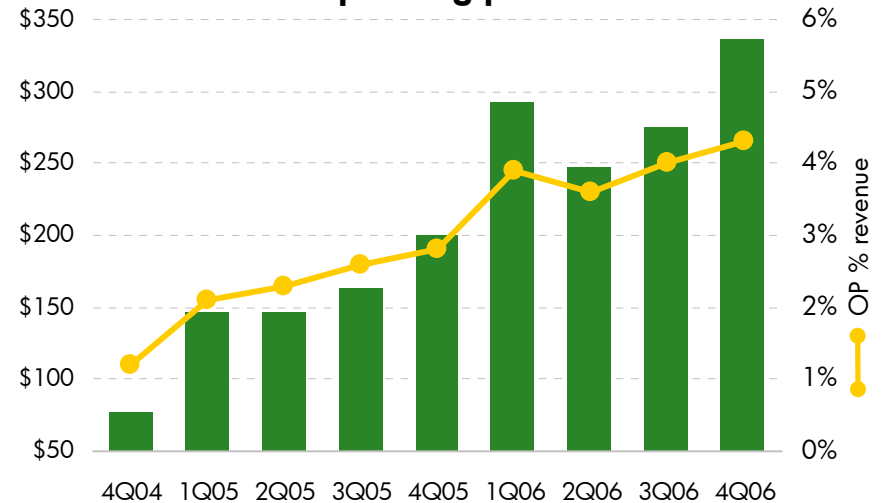
In billions

**Revenue**

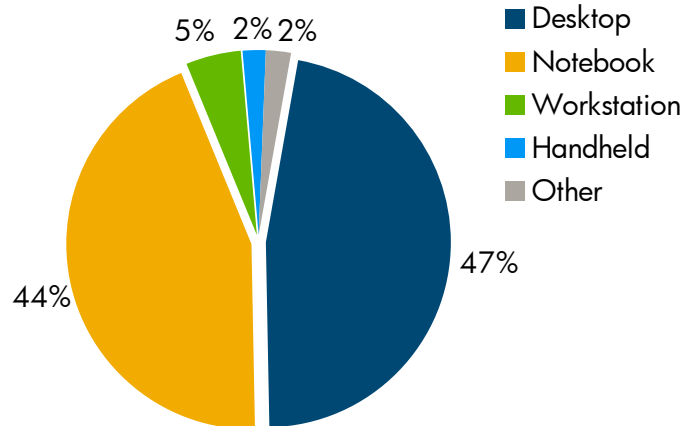


In millions

**Operating profit**



**Q4 FY06 revenue by business**

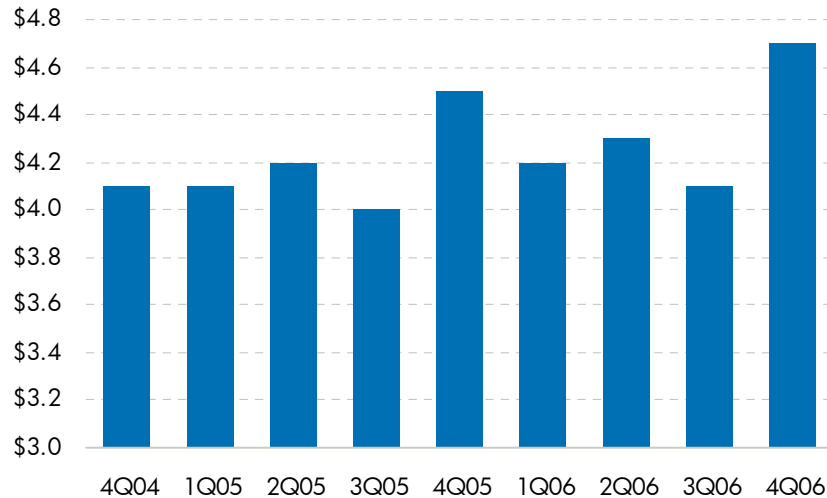


- PSG revenue of \$7.8B; up 10% Y/Y
- Operating profit of \$336M; 4.3% of revenue
- Total units up 16% Y/Y
- Desktop revenue flat Y/Y; units up 6%
- Notebook revenue up 24% Y/Y; units up 42%
- Consumer client revenue up 19% Y/Y;
- Commercial client revenue up 4% Y/Y

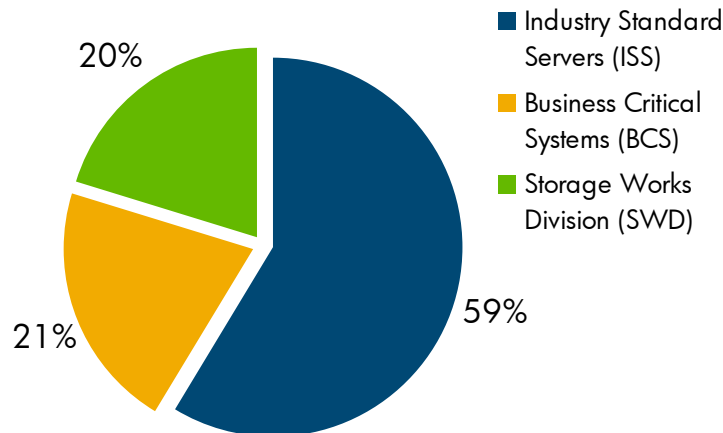
# Enterprise Storage and Servers (ESS)

In billions

**Revenue**

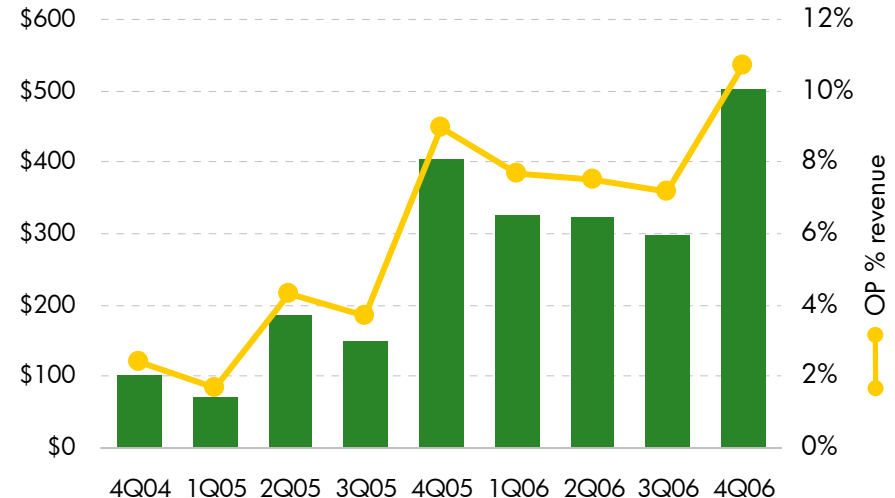


**Q4 FY06 revenue by business**



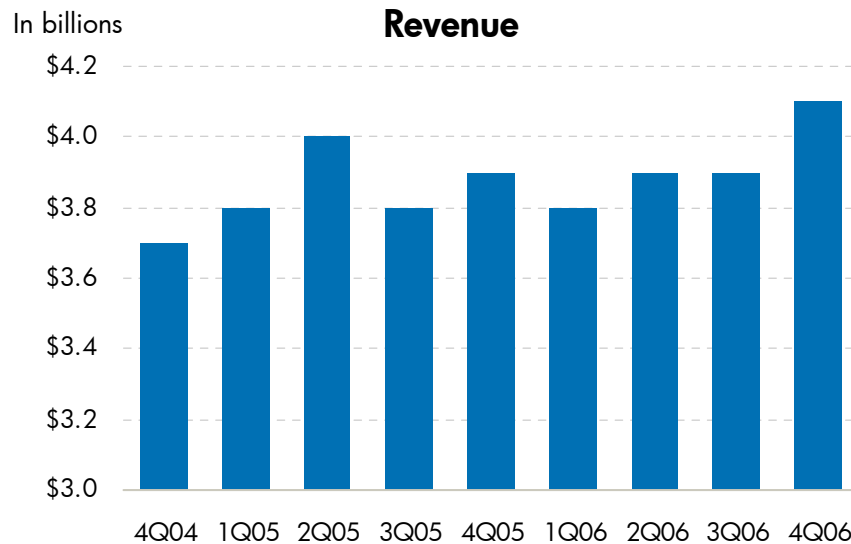
In millions

**Operating profit**

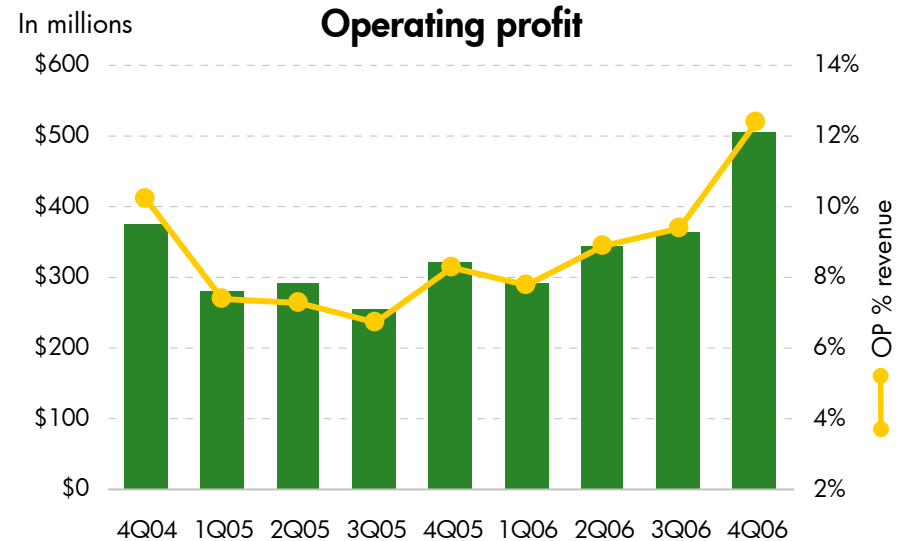
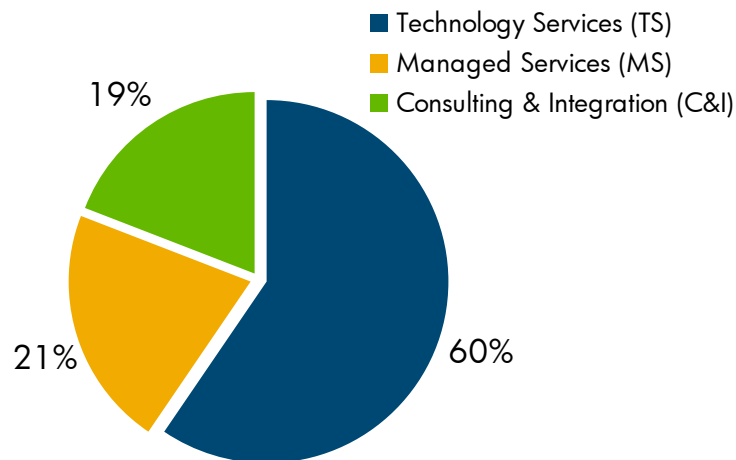


- ESS revenue of \$4.7B, up 4% Y/Y
- Operating profit of \$502M; 10.7% of revenue
- ISS revenue up 9% Y/Y; blade revenue up 38%
- BCS revenue down 4% Y/Y; Integrity revenue up 77% Y/Y; 45% of BCS revenue
- Storage revenue up 1% Y/Y; mid-range storage arrays (EVA) up 11% offset by 3% decline high-end storage (XP) and declines in tape

# HP Services (HPS)



**Q4 FY06 revenue by business**

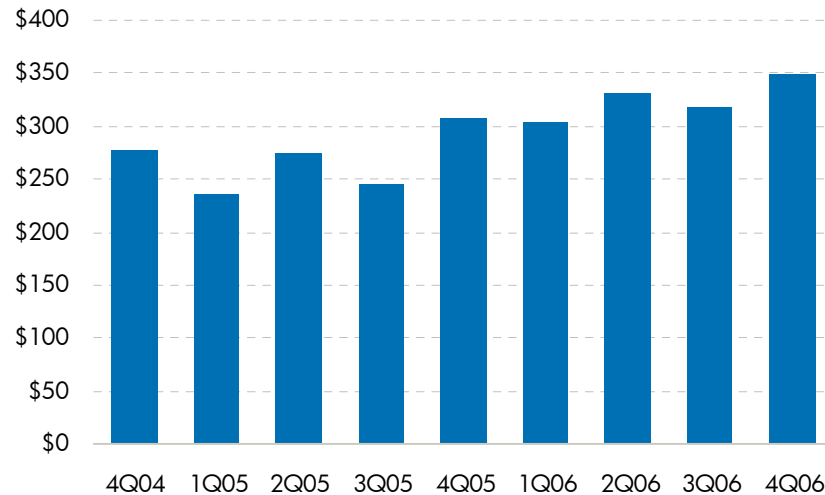


- HPS revenue of \$4.1B, up 5% Y/Y
- Operating profit of \$505M; 12.4% of revenue
- MS revenue up 16% Y/Y
- C&I revenue up 7% Y/Y
- TS revenue flat Y/Y

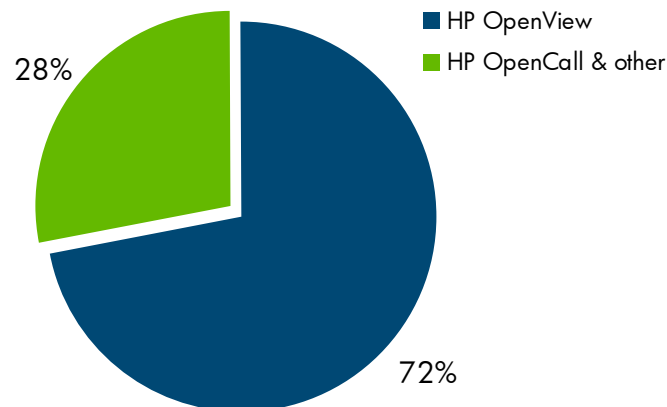
# Software

In millions

## Revenue

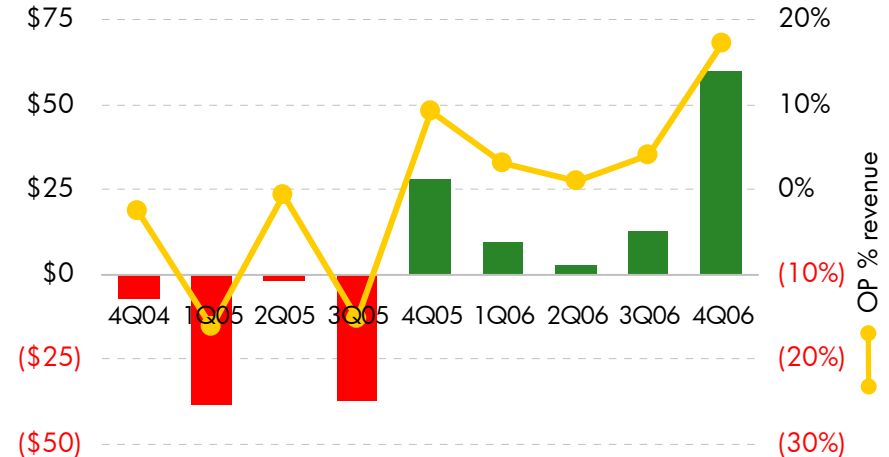


## Q4 FY06 revenue by business



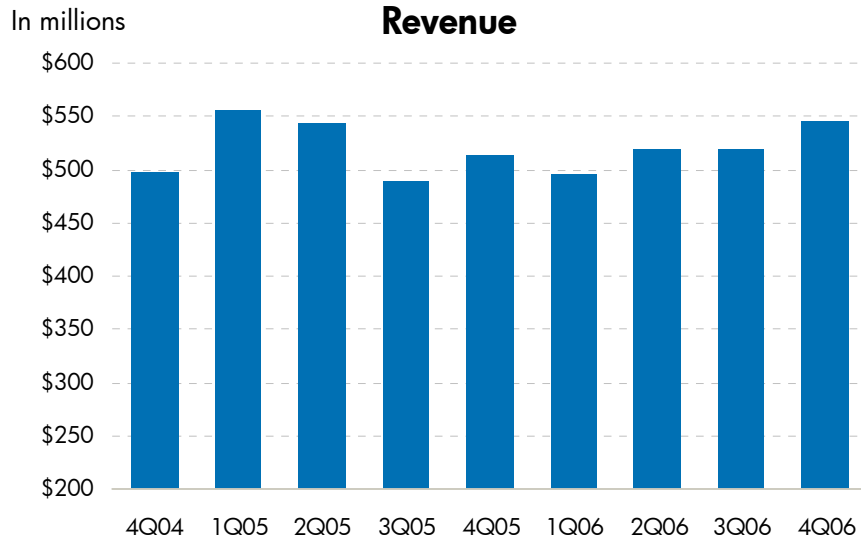
In millions

## Operating profit

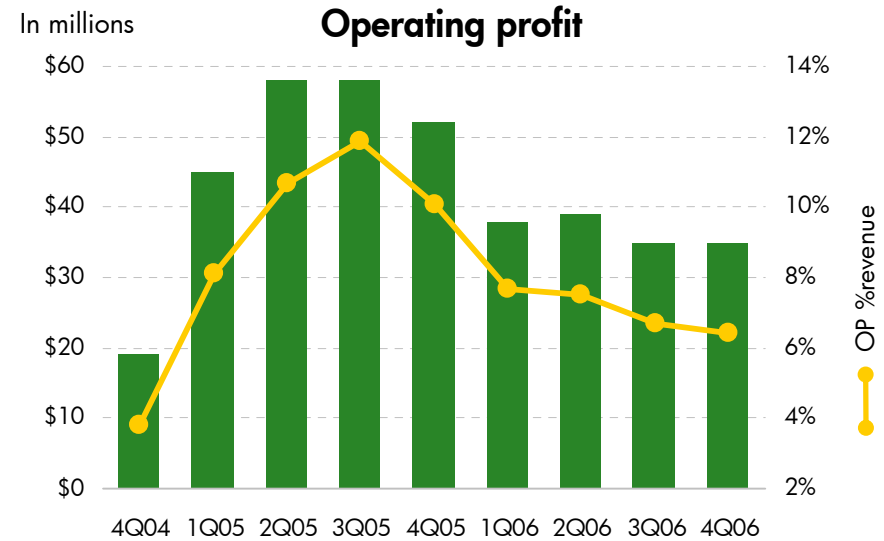
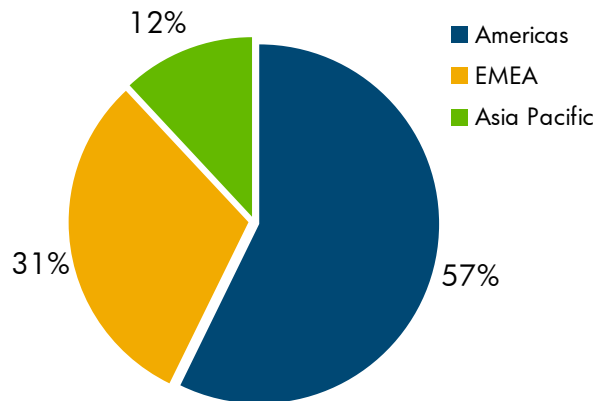


- Software revenue of \$349M, up 14% Y/Y
- Operating profit of \$60M; 17.2% of revenue
- HP OpenView revenue grew 28% Y/Y
- HP OpenCall revenue declined 11% Y/Y
- Acquisition of Mercury closed on November 6 for \$4.5B
- Q1 FY07 operating margin will be impacted by the write-down of deferred revenue and other integration costs associated with Mercury

# HP Financial Services (HPFS)



**Q4 FY06 revenue by region**



- HPFS revenue of \$545M, up 6% Y/Y
- Operating profit of \$35M; 6.4% of revenue
- Financing volume up 1% Y/Y
- Net portfolio assets \$7.2B, up 4% Y/Y
- Q4 FY05 operating margin reflects the release of certain accounts receivable reserves



# HPFS supplemental data

In millions

	Q4 FY06	Q4 FY05	Q3 FY06
<b>Depreciation<sup>(1)</sup></b>	\$215	\$173	\$219
<b>Net capital expenditures<sup>(1)</sup></b>	\$282	\$252	\$256
<b>Increase (decrease) in net financing receivables</b>	-	(\$42)	(\$61)

1. Depreciation and net capital expenditures are shown net of inter-company eliminations

# Non-GAAP financial information

In millions except per share amounts	Q4 FY06		Q4 FY05 <sup>(1)</sup>		Q3 FY06	
Revenue	\$24,555		\$22,913		\$21,890	
Cost of sales	18,593	75.7%	17,532	76.5%	16,472	75.2%
Total OpEx	3,756	15.3%	3,645	15.9%	3,750	17.2%
Operating profit	2,206	9.0%	1,736	7.6%	1,668	7.6%
Settlement	—		3		—	
Interest & other, net	190		132		221	
Pre-tax earnings	2,396	9.8%	1,871	8.2%	1,889	8.6%
Income tax	491		375		406	
EPS	\$0.68		\$0.51		\$0.52	

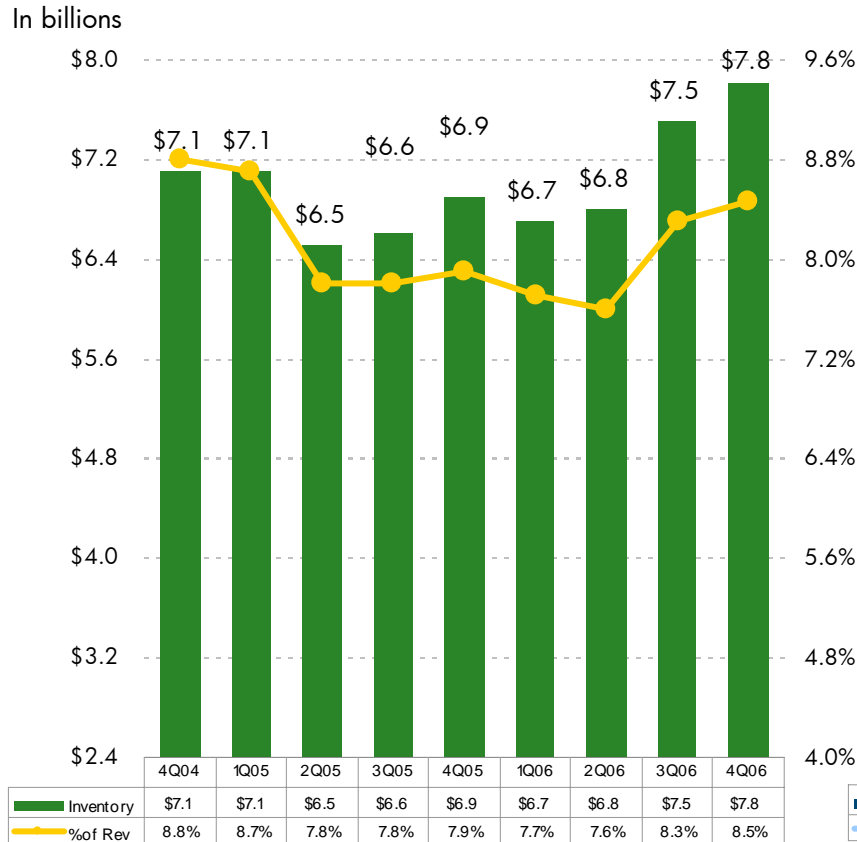
1. Prior periods do not include the effects of stock-based compensation, which are included in FY06 periods.

# Q4 FY06 GAAP to non-GAAP bridge

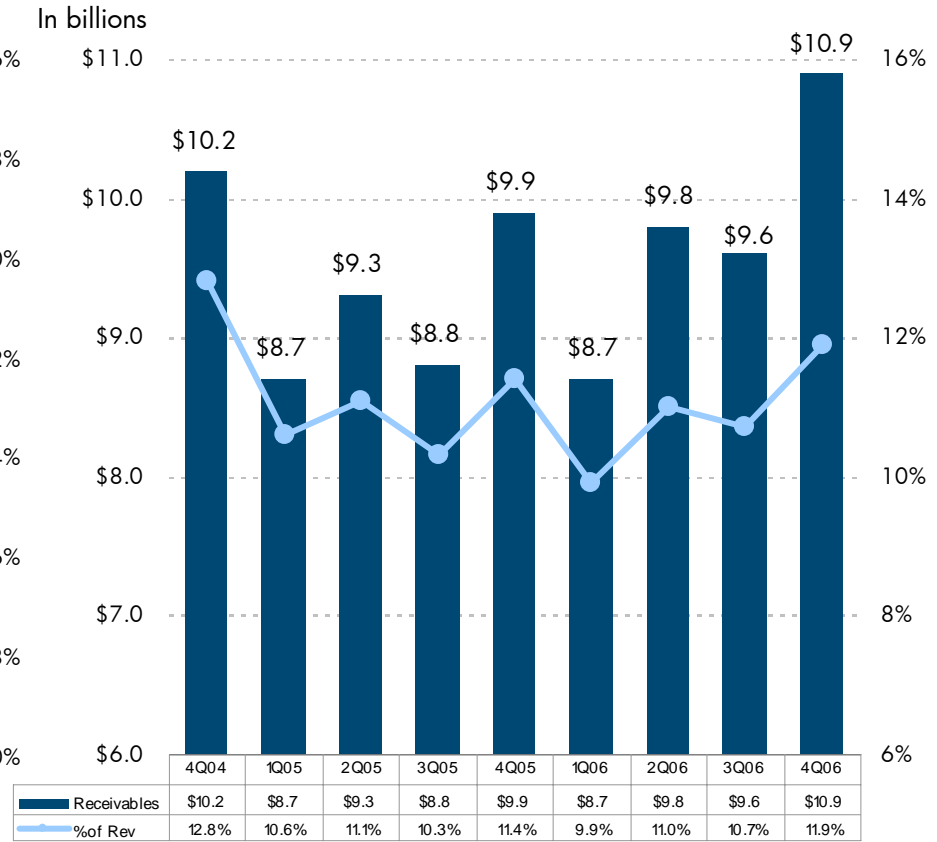
In millions except per share amounts	<b>GAAP</b>	Amort. of Intangibles	Re- structuring	In-process R&D	(G)/L Invest.	Pension curtail- ment	<b>Non-GAAP</b>
Revenue	<b>24,555</b>						<b>24,555</b>
Cost of sales	<b>18,593</b>						<b>18,593</b>
Total OpEx	<b>4,061</b>	(153)	(152)				<b>3,756</b>
Operating profit	<b>1,901</b>	153	152				<b>2,206</b>
Settlement	—						—
Interest & other, net	<b>204</b>				(14)		<b>190</b>
Pre-tax earnings	<b>2,105</b>	153	152		(14)		<b>2,396</b>
Income tax	<b>408</b>	45	43		(5)		<b>491</b>
Tax rate	<b>19.4%</b>						<b>20.5%</b>
Net earnings	<b>1,697</b>						<b>1,905</b>
EPS	<b>\$0.60</b>						<b>\$0.68</b>

# Inventory and accounts receivable

## Inventory

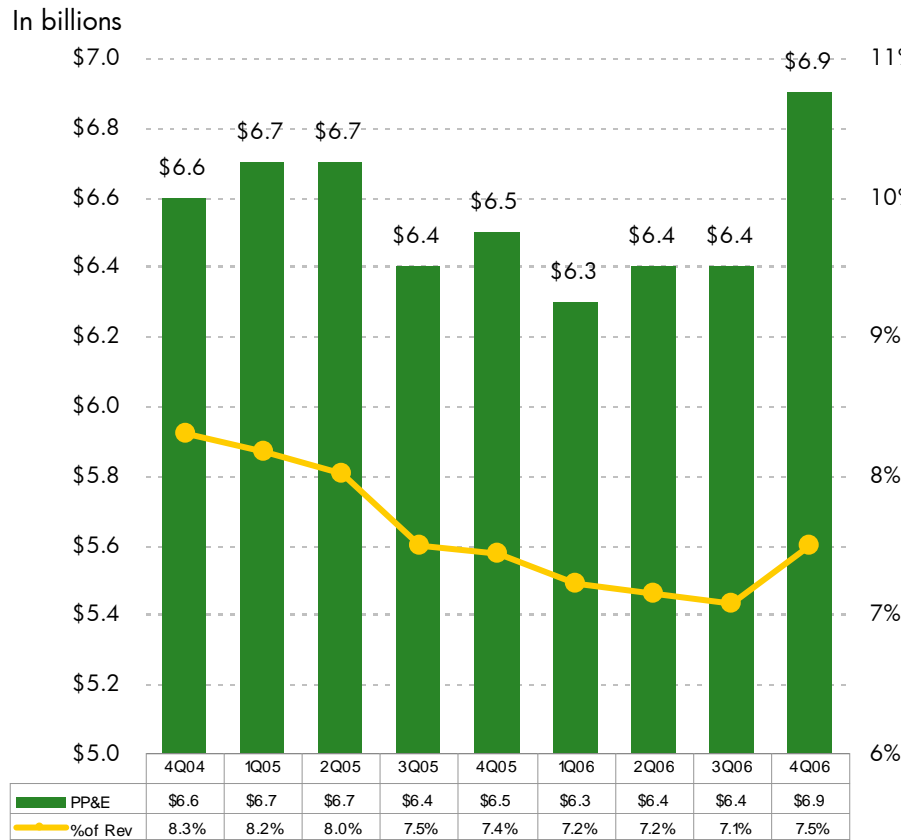


## Accounts receivable

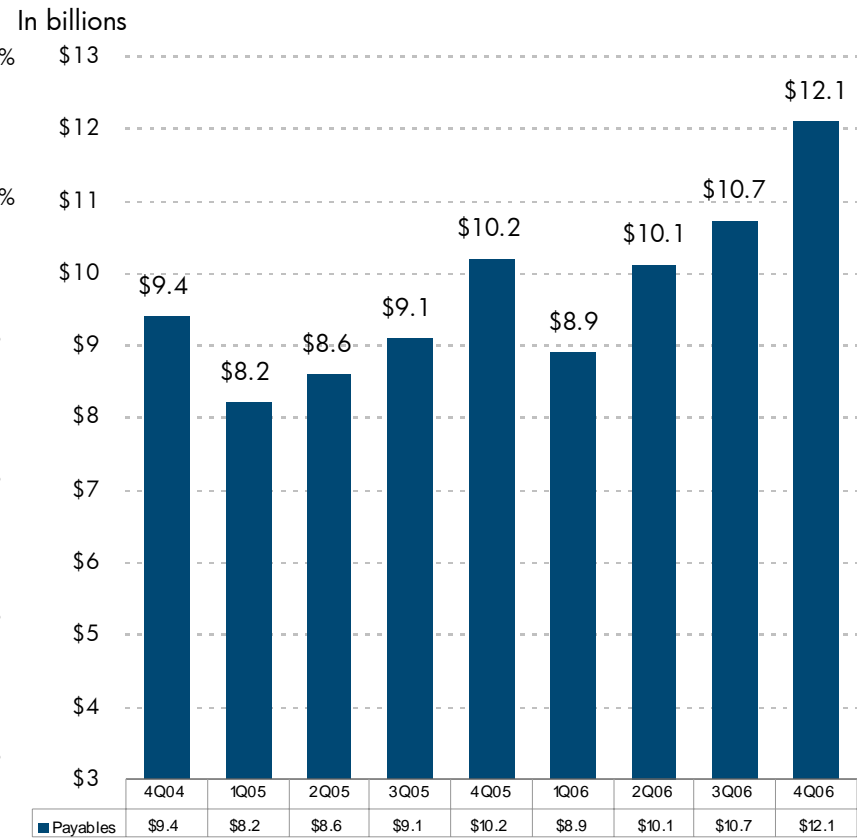


# PP&E and accounts payable

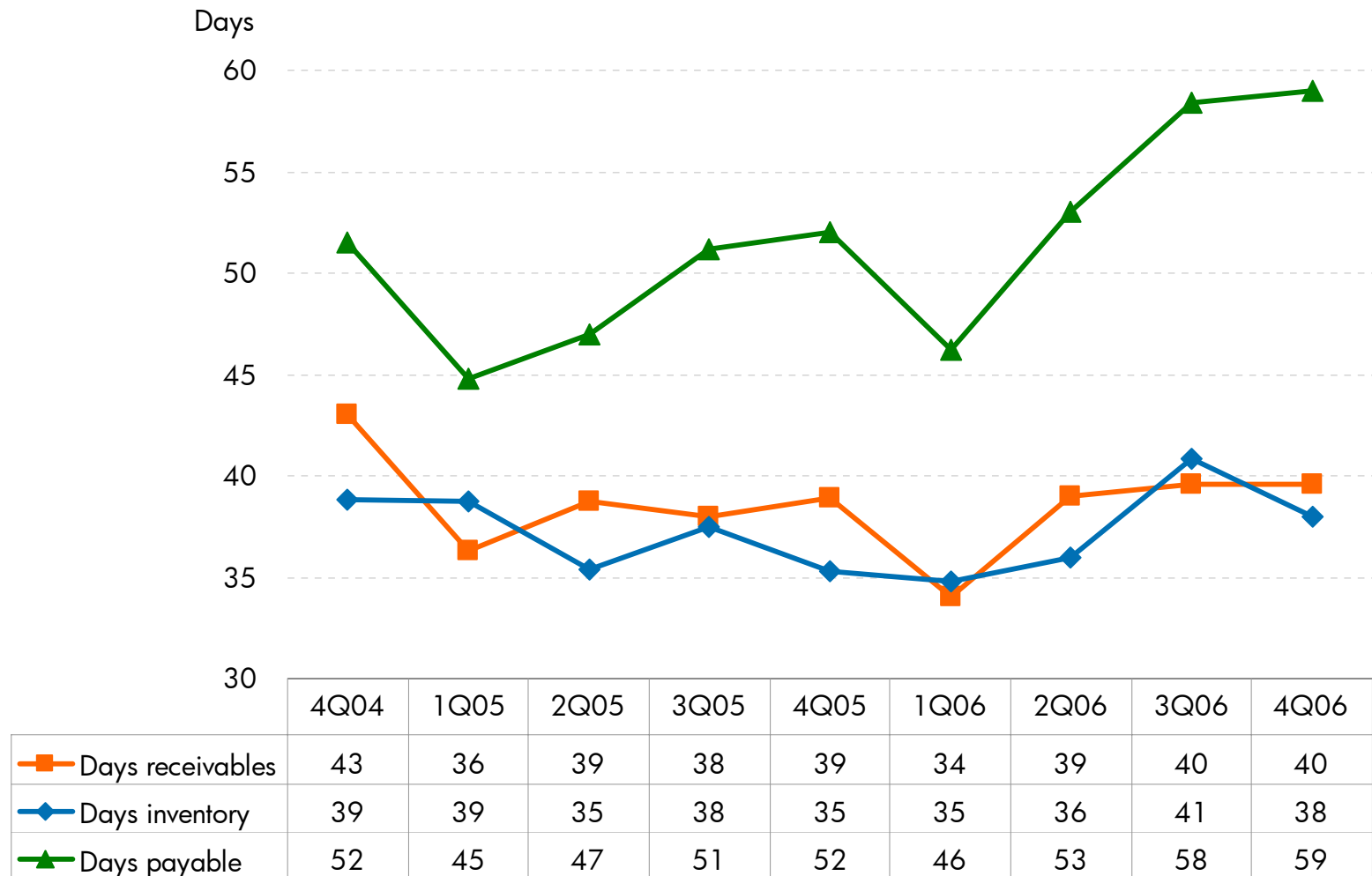
## Net PP&E



## Accounts payable

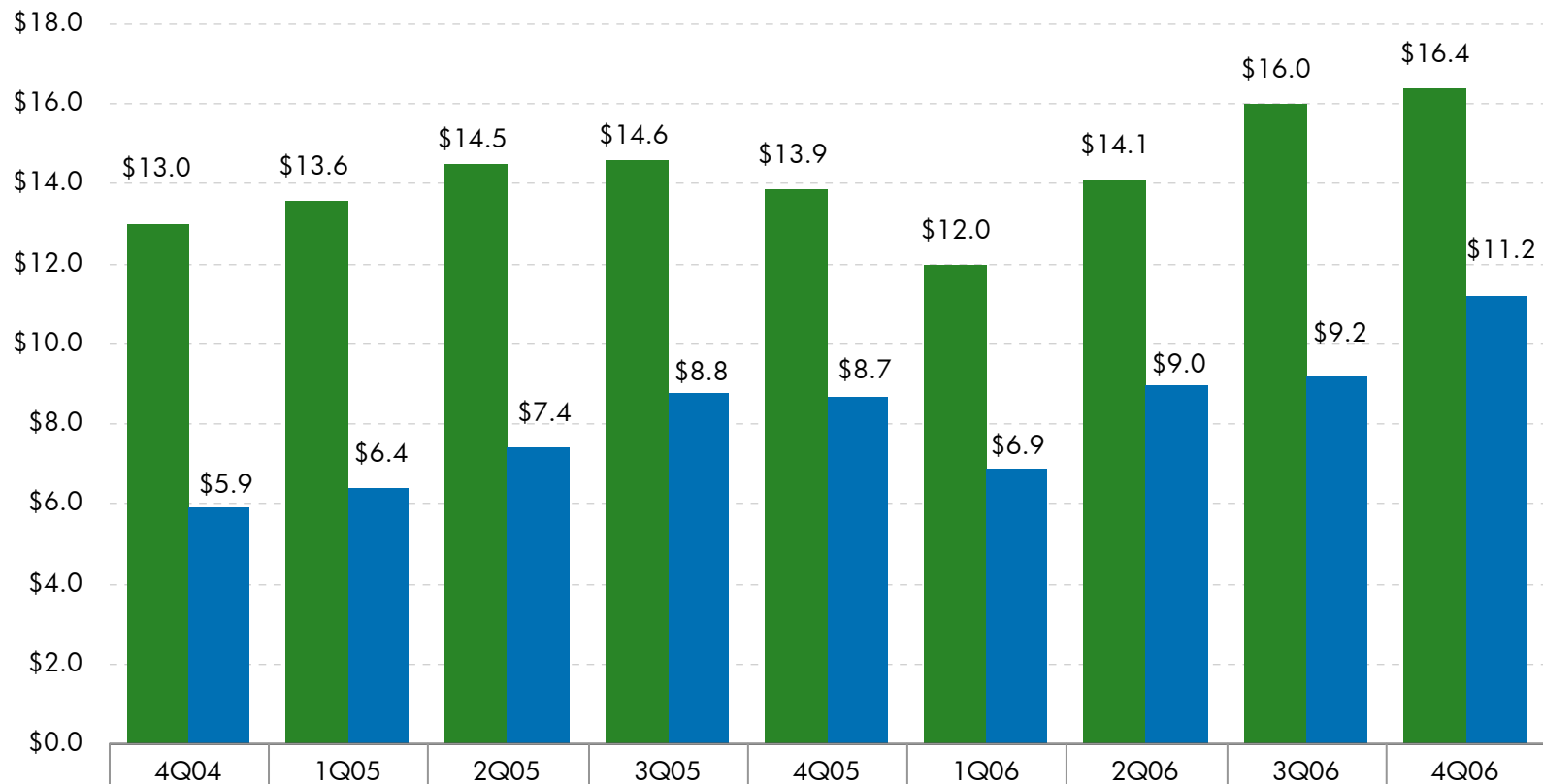


# Working capital metrics



# Gross cash and net cash

In billions



■ Gross cash<sup>(1)</sup>

■ Net cash<sup>(2)</sup>

\$13.0	\$13.6	\$14.5	\$14.6	\$13.9	\$12.0	\$14.1	\$16.0	\$16.4
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\$5.9	\$6.4	\$7.4	\$8.8	\$8.7	\$6.9	\$9.0	\$9.2	\$11.2
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1. Includes cash and cash equivalents, short-term investments, and certain liquid long-term investments

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





# Stock repurchase

## Quarterly trends

In millions  
\$3,000

\$2,500

\$2,000

\$1,500

\$1,000

\$500

\$0

4Q04 1Q05 2Q05 3Q05 4Q05 1Q06 2Q06 3Q06 4Q06

■ Stock repurchase	\$2,205	\$637	\$618	\$860	\$1,399	\$1,401	\$1,320	\$2,294	\$1,042
■ Prepaid plan <sup>(1)</sup>							\$232	\$430	\$431

## FY02 – FY06

- \$5.6B remaining in stock repurchase authorization
- \$1.4B in Q4 FY06 stock repurchase
  - \$1.0B, or 30M shares, in open market repurchases
  - \$431M, or 13M shares, under the prepaid variable share repurchase plan<sup>(1)</sup>
- Q404 includes \$1.3B accelerated stock repurchase program

In millions

\$7,500

\$6,000

\$4,500

\$3,000

\$1,500

\$0

FY02 FY03 FY04 FY05 FY06<sup>(1)</sup>

■ Stock repurchase	\$671	\$751	\$3,309	\$3,514	\$7,150
● Shares received	40	40	172	148	224

250

200

150

100

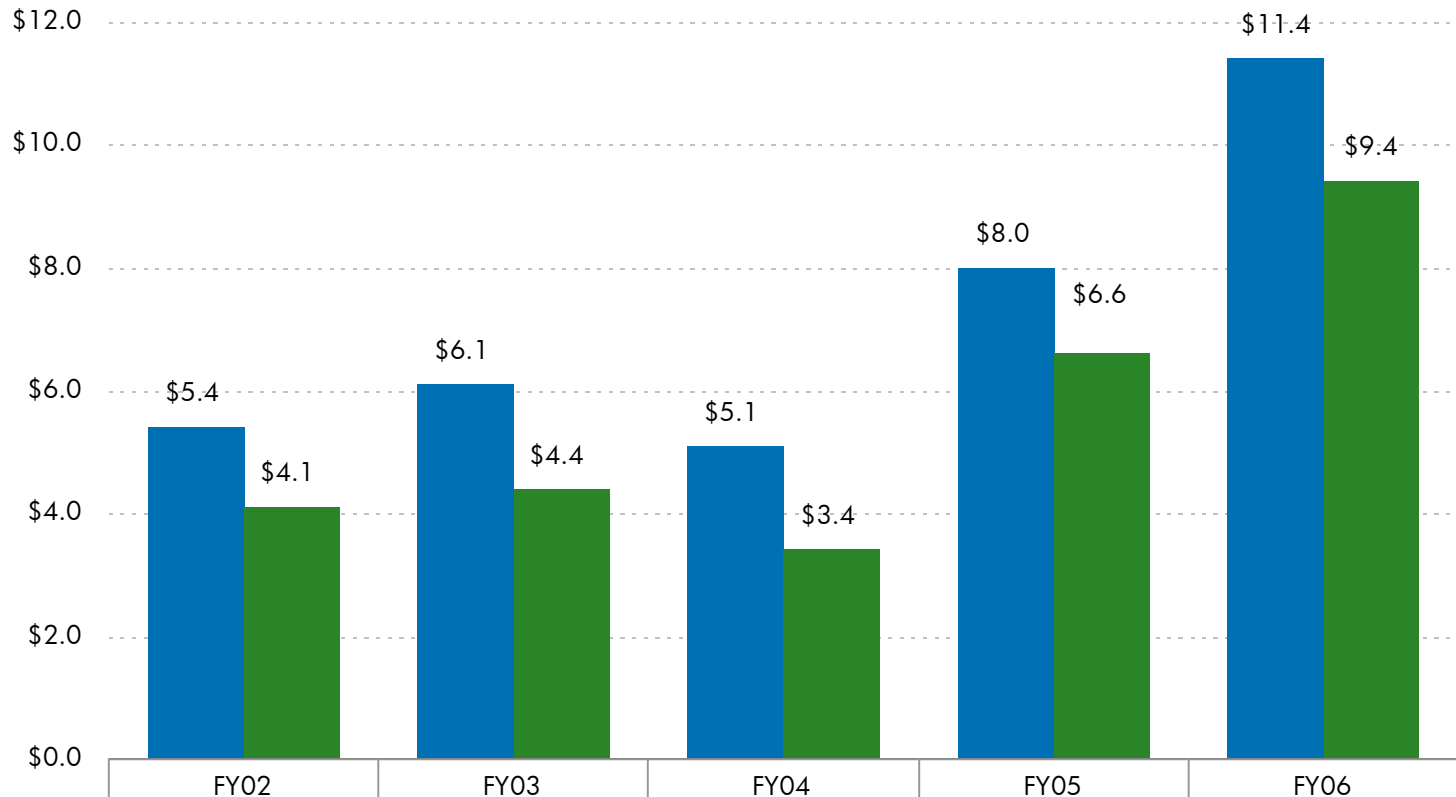
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1. In Q1 FY06, HP entered into a prepaid variable share repurchase plan. \$1.7 billion in cash was used in Q1 FY06 to fully fund this plan. See our Form 10-Q for the period ended January 31, 2006 for more information. In FY06, 33.6 million shares were received under the prepaid variable share repurchase plan for a value of \$1.09 billion.

# Cash flow

In billions



Cash flow from Operations	FY02	FY03	FY04	FY05	FY06
	\$5.4	\$6.1	\$5.1	\$8.0	\$11.4
Free cash flow <sup>(1)</sup>	FY02	FY03	FY04	FY05	FY06
	\$4.1	\$4.4	\$3.4	\$6.6	\$9.4

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



# Outlook

## Q1 FY07 guidance

Revenue	Approximately \$24.1 to \$24.3 billion
GAAP EPS <sup>(1)</sup>	\$0.55 – \$0.57
Non-GAAP EPS <sup>(1)</sup>	\$0.60 – \$0.62

## Full year FY07 guidance

Revenue	Approximately \$97.0 billion
GAAP EPS <sup>(2)</sup>	\$2.28 – \$2.33
Non-GAAP EPS <sup>(2)</sup>	\$2.48 – \$2.53

1. Q1 FY07 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.05 per share, related primarily to the amortization of purchased intangible assets. First quarter FY07 non-GAAP and GAAP diluted earnings per share estimates include \$0.04 of stock-based compensation expense.
2. Full year FY07 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.20 per share, related primarily to the amortization of purchased intangible assets. Full year FY07 non-GAAP and GAAP diluted earnings per share estimates include \$0.14 of stock-based compensation expense.

# Supplemental slides



# FY06 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring charges	In-process R&D	(G)/L Invest.	Pension curtail- ment	Non-GAAP
Revenue	91,658						91,658
Cost of sales	69,427						69,427
Total OpEx	15,671	(604)	(158)	(52)			14,857
Operating profit	6,560	604	158	52			7,374
Settlement	-						-
Interest & other, net	631				(25)		606
Pre-tax earnings	7,191	604	158	52	(25)		7,980
Income tax	993	175	45		(10)		1,203
Tax rate	13.8%						15.1%
Net earnings	6,198						6,777
EPS	\$2.18						\$2.38

# Q3 FY06 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	In-process R&D	(G)/L Invest.	Pension curtail- ment	Non-GAAP
Revenue	21,890						21,890
Cost of sales	16,472						16,472
Total OpEx	3,908	(153)	(5)				3,750
Operating profit	1,510	153	5				1,668
Settlement	—						—
Interest & other, net	228				(7)		221
Pre-tax earnings	1,738	153	5		(7)		1,889
Income tax	363	43	2		(2)		406
Tax rate	20.9%						21.5%
Net earnings	1,375						1,483
EPS	\$0.48						\$0.52

# Q2 FY06 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	In-process R&D	(G)/L Invest.	Pension curtail- ment	Non-GAAP
Revenue	22,554						22,554
Cost of sales	16,970						16,970
Total OpEx	3,927	(151)	14	(2)			3,788
Operating profit	1,657	151	(14)	2			1,796
Settlement	—						—
Interest & other, net	163				(6)		157
Pre-tax earnings	1,820	151	(14)	2	(6)		1,953
Income tax <sup>(1)</sup>	(79)	44	(4)		(4)		(43)
Tax rate <sup>(1)</sup>	NM						NM
Net earnings <sup>(1)</sup>	1,899						1,996
EPS <sup>(1)</sup>	\$0.66						\$0.69

1. On June 6, HP upwardly revised Q2 FY06 earnings following the signing of a settlement agreement by the Internal Revenue Service resolving federal income tax matters for HP's 1996 through 1998 tax years. GAAP and Non-GAAP EPS for Q2 FY06 were previously reported as \$0.51 and \$0.54, respectively. Notification from the IRS on June 1 prior to the filing of HP's Q2 FY06 Form 10-Q required this revision to HP's reported Q2 FY06 results.



# Q1 FY06 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring charges	In-process R&D	(G)/L Invest.	Pension curtail- ment	Non-GAAP
Revenue	22,659						22,659
Cost of sales	17,392						17,392
Total OpEx	3,775	(147)	(15)	(50)			3,563
Operating profit	1,492	147	15	50			1,704
Settlement	—						—
Interest & other, net	36				2		38
Pre-tax earnings	1,528	147	15	50	2		1,742
Income tax	301	43	4		1		349
Tax rate	20%						20%
Net earnings	1,227						1,393
EPS	\$0.42						\$0.48

# FY05 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring charges	In-process R&D	(G)/L Invest.	Pension curtail- ment	AJCA Adj	Non-GAAP
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

In millions except per share amounts	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

In millions except per share amounts	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

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring charges	Acq. related charges	In-process R&D	G/L Invest.	Non-GAAP
Revenue	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

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring charges	Acq. related charges	In-process R&D	G/L Invest.	Non-GAAP
Revenue	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 bridge<sup>(1)</sup>

In millions except per share amounts	<b>GAAP</b>	Amort. of Intangibles	Re- structuring charges	Acq. related charges	In-process R&D	G/L Invest.	<b>Non-GAAP</b>
Revenue	<b>21,389</b>						<b>21,389</b>
Cost of sales	<b>16,393</b>						<b>16,393</b>
Total OpEx	<b>3,707</b>	(165)	(13)	(24)			<b>3,505</b>
Operating profit	<b>1,289</b>	165	13	24			<b>1,491</b>
Interest & other, net	<b>1</b>					1	<b>2</b>
Pre-tax earnings	<b>1,290</b>	165	13	24		1	<b>1,493</b>
Income tax	<b>199</b>	49	4	4	10		<b>266</b>
Tax rate	<b>15%</b>						<b>18%</b>
Net earnings	<b>1,091</b>						<b>1,227</b>
EPS	<b>\$0.37</b>						<b>\$0.41</b>

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



# Q3 FY04 GAAP to non-GAAP bridge<sup>(1)</sup>

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

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

# Q2 FY04 GAAP to non-GAAP bridge<sup>(1)</sup>

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

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

# Q1 FY04 GAAP to non-GAAP bridge<sup>(1)</sup>

In millions except per share amounts	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

# 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. 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.

