

# HP Q3 FY11 Earnings Announcement

August 18, 2011

<http://www.hp.com/investor/home>



# FORWARD LOOKING STATEMENTS

This presentation may contain forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the financial 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, earnings, earnings per share, tax provisions, cash flows, benefit obligations, share repurchases, currency exchange rates, the impact of acquisitions or other financial items; any statements of the plans, strategies and objectives of management for future operations, including execution of cost reduction programs and restructuring plans; any statements concerning the expected development, performance or market share relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the impact of macroeconomic and geopolitical trends and events; the competitive pressures faced by HP's businesses; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by HP and its suppliers, customers and partners; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; risks associated with business combination, divestiture and investment transactions; the hiring and retention of key employees; assumptions related to pension and other post-retirement costs; expectations and assumptions relating to the execution and timing of cost reduction programs and restructuring and integration plans; the resolution of pending investigations, claims and disputes; and other risks that are described in HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2010 and HP's other filings with the Securities and Exchange Commission, including HP's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2011. As in prior periods, the financial information set forth in this presentation, including tax-related items, reflects 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 Form 10-Q for the fiscal quarter ended July 31, 2011. In particular, determining HP's actual tax balances and provisions as of July 31, 2011 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-Q. 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 earnings, 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. Items such as amortization of purchased intangible assets, though not directly affecting HP's cash position, represent the loss in value of intangible assets over time. The expense associated with this loss in value is not included in non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted earnings per share and HP's non-GAAP tax rate and therefore does not reflect the full economic effect of the loss in value of those intangible assets. In addition, items such as restructuring charges that are excluded from non-GAAP operating expense, non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted earnings per share and HP's non-GAAP tax rate can have a material impact on cash flows and earnings per share. 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.



# Q3 HIGHLIGHTS

- ❑ **Embarking on company transformation to create long-term shareholder value**
  - ❑ Moving HP into higher value, higher margin growth categories
  - ❑ Sharpening HP's focus to improve execution and enhance commercial and enterprise offerings
  - ❑ Increasing investments in innovation, intellectual property, and higher value software and solutions
- ❑ **Announcing intent to acquire Autonomy to accelerate expansion into Enterprise Information Management, positioning HP as leader in large and growing space**
  - ❑ Autonomy provides full spectrum of mission-critical enterprise applications, including pan-enterprise search, customer interaction solutions, information governance, end-to-end eDiscovery, records management, archiving, business process management, web content management, web optimization, rich media management and video and audio analysis
  - ❑ Complements HP's existing technology portfolio and enterprise strategy, including offerings from ESSN, software, services, and IPG
  - ❑ Increases HP's business mix of higher value, higher margin software
- ❑ **Evaluating strategic alternatives for PSG**
  - ❑ Exploring possible separation of world's leading manufacturing of PCs through spin-off or other transaction
- ❑ **Mixed Q3 performance and revised FY11 guidance demonstrate softer market and accelerating secular trends**
  - ❑ Revenue of \$31.2 billion, up 1% Y/Y (down 2% in constant currency)
  - ❑ Gross margin of 23.3%, down 70 basis points Y/Y
  - ❑ Non-GAAP Operating margin of 9.8%, down 140 basis points Y/Y
  - ❑ Non-GAAP EPS of \$1.10, up 2% Y/Y
- ❑ **Continue to demonstrate strength and share gains in commercial and enterprise businesses**
  - ❑ Converged infrastructure winning in the datacenter with ESSN revenue up 7% Y/Y; expected share gains in ISS and networking; 3PAR growth accelerating, achieving triple digit revenue growth Y/Y on a normalized basis
  - ❑ Software achieved another strong quarter with 20% revenue growth Y/Y
  - ❑ Solid IPG growth in graphics and managed print services, offset by the Japan impact on laser
- ❑ **Services transformation continues and will be a multi-quarter journey**
  - ❑ Services revenue growth of 4% (down 2 points in constant currency) with a 13.5% operating margin
  - ❑ Continue to make investments to drive higher value services and tighten how we engage with customers
- ❑ **Making investments consistent with long-term strategy, and tracking milestones to ensure effective return**
  - ❑ Gaining momentum with cloud initiatives; strong customer interest in HP Cloud System
  - ❑ Shutting down operations around webOS devices; exploring strategic alternatives to optimize value of software platform



# Q3 FY11 RESULTS OVERVIEW

## Financial Summary

- Net revenue of \$31.2B, up 1% Y/Y, down 2% Y/Y in constant currency
- Non-GAAP<sup>(1)</sup> diluted EPS of \$1.10, up 2% Y/Y
- GAAP diluted EPS of \$0.93, up 24% Y/Y
- Cash flow from operations of \$3.2B
- \$4.6B in share repurchases and \$248M in dividends

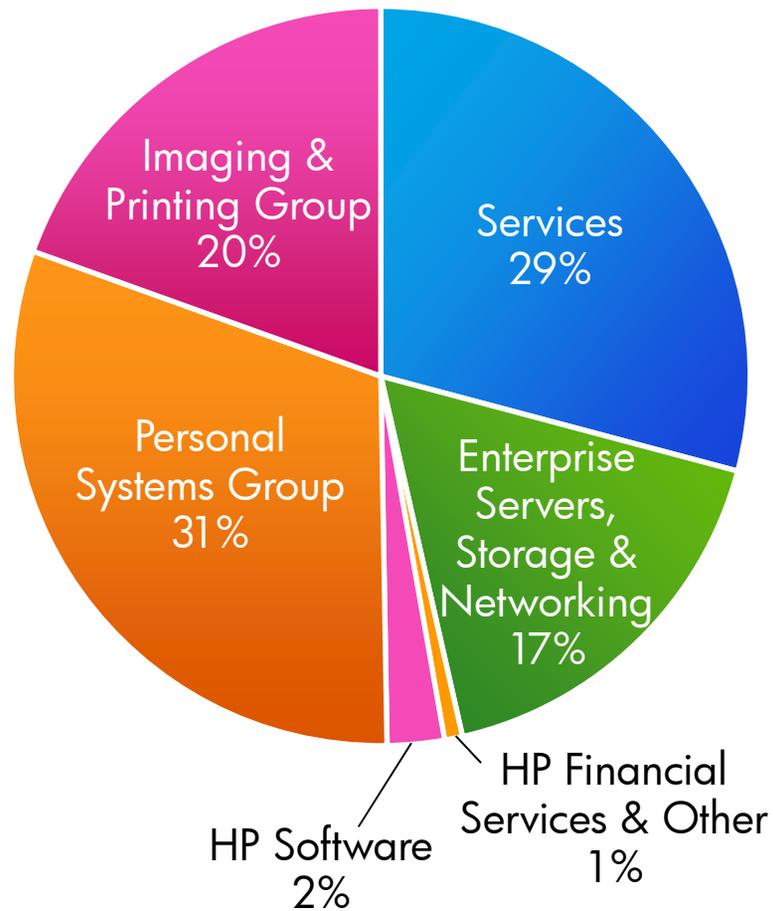
\$ in millions	Q3 Revenue	Growth Y/Y%	OP \$	OP % of rev	OP \$ Y/Y	OP % Y/Y
Services	\$9,089	4%	\$1,225	13.5%	(\$156)	(2.2) pts
Enterprise Servers, Storage and Networking	\$5,396	7%	\$699	13.0%	(\$7)	(1.1) pts
HP Software	\$780	20%	\$151	19.4%	(\$31)	(8.6) pts
Personal Systems Group	\$9,592	(3%)	\$567	5.9%	\$98	1.2 pts
Imaging and Printing Group	\$6,087	(1%)	\$892	14.7%	(\$148)	(2.2) pts
HP Financial Services	\$932	22%	\$88	9.4%	\$16	0.0 pts
<b>Total HP<sup>(2)</sup></b>	<b>\$31,189</b>	<b>1%</b>	<b>\$3,046<sup>(1)</sup></b>	<b>9.8%<sup>(1)</sup></b>	<b>(\$385)<sup>(1)</sup></b>	<b>(1.4) pts<sup>(1)</sup></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 on slide 17 and in the GAAP to non-GAAP slides that appear as part of the 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. Includes Corporate Investments & Eliminations

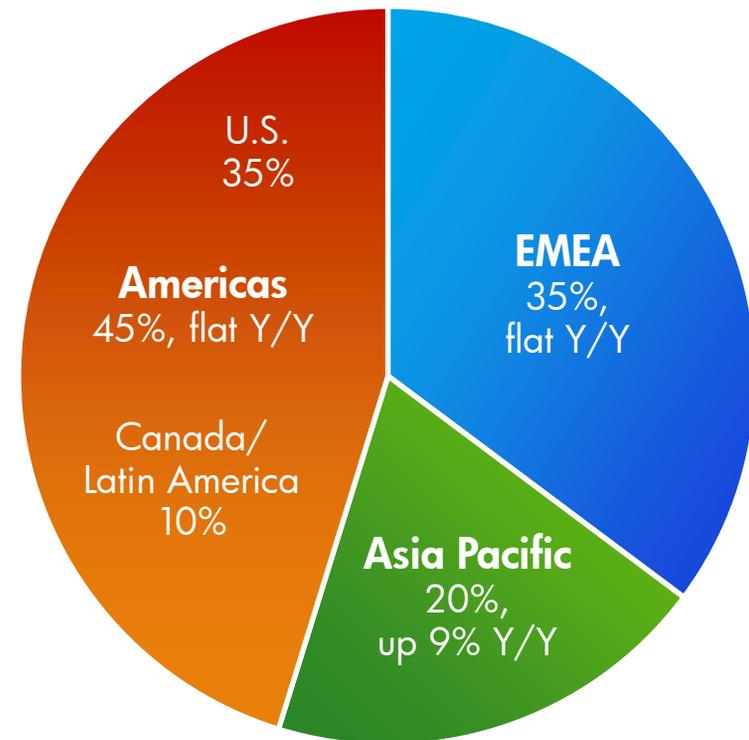


# Q3 FY11 REVENUE

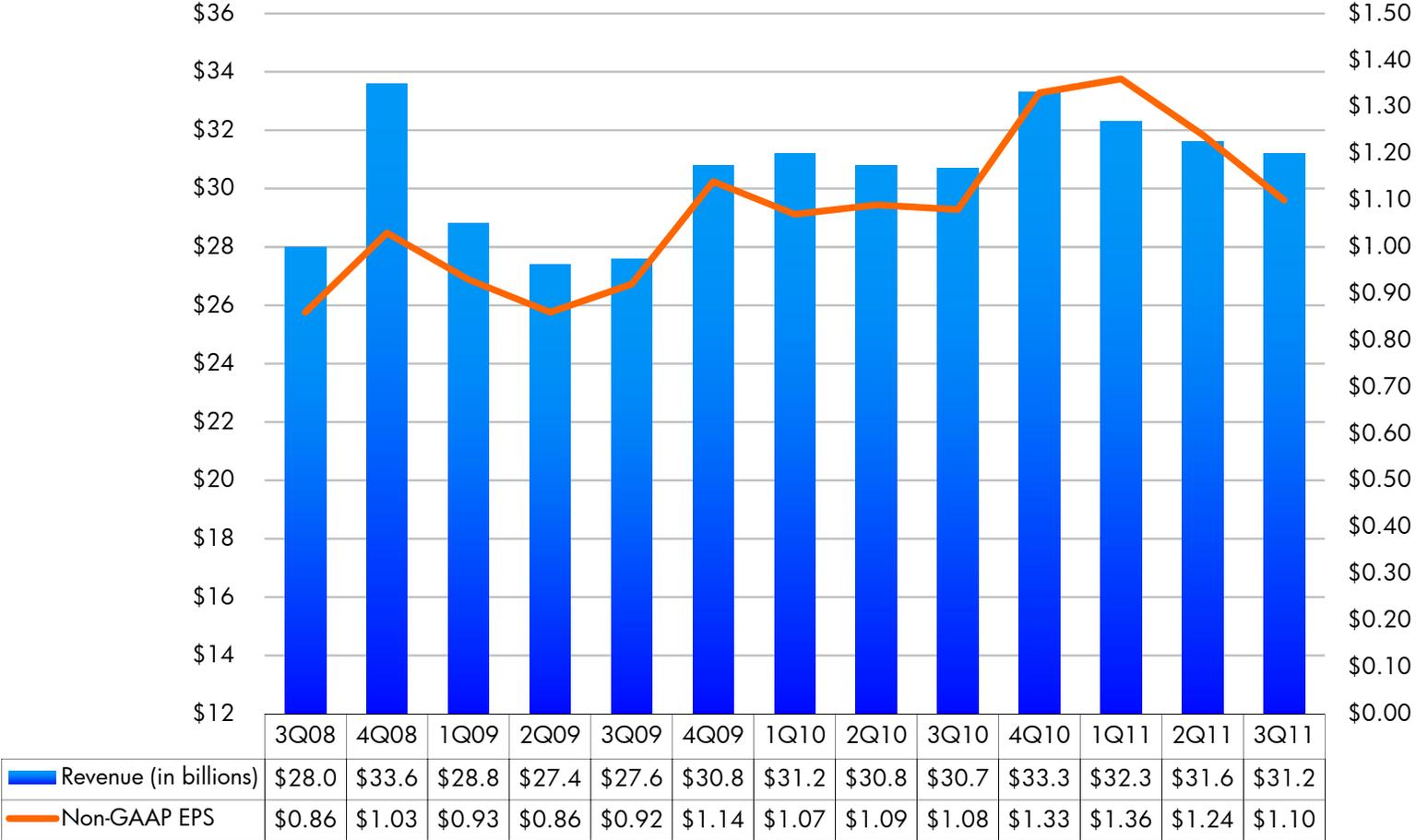
## By Segment



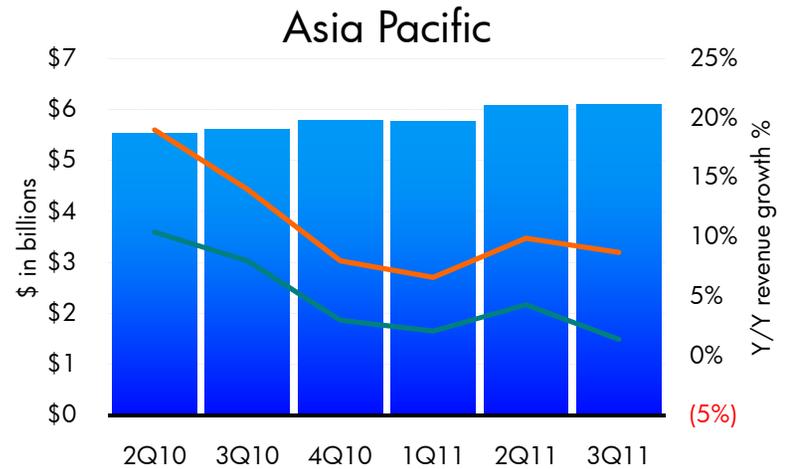
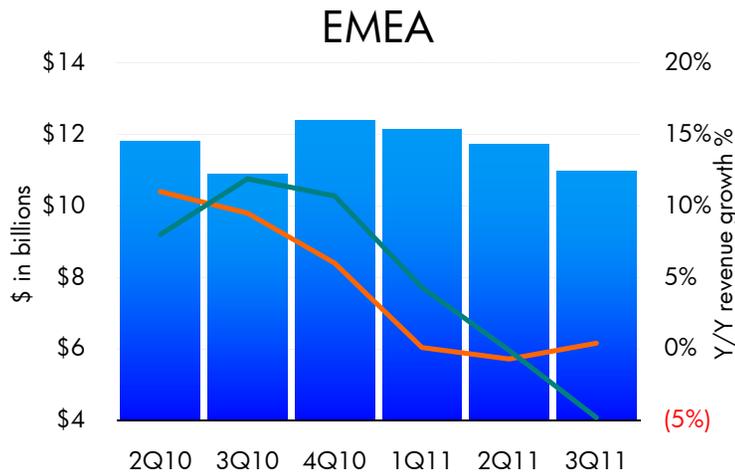
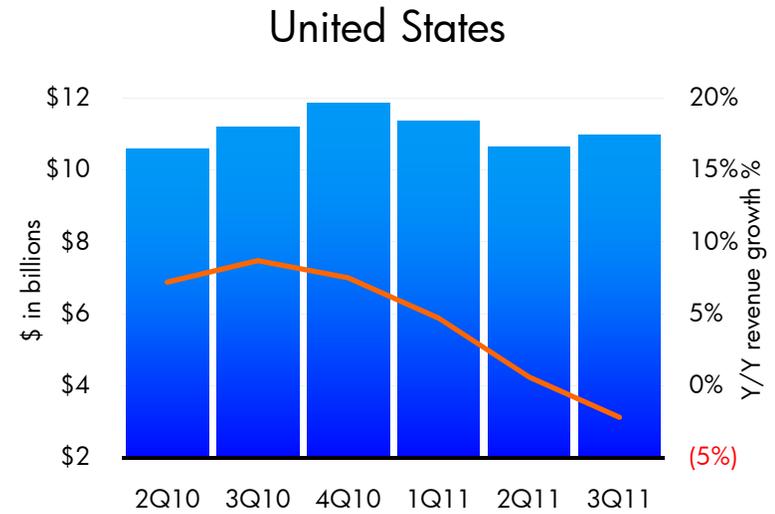
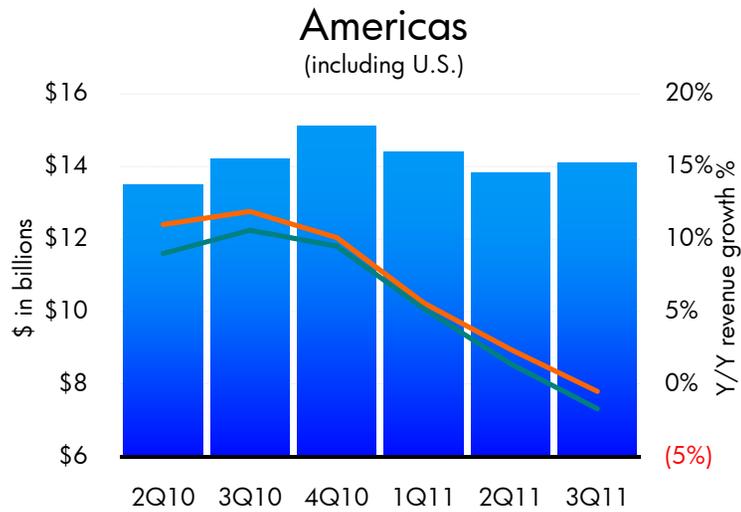
## By Region



# REVENUE & EPS PERFORMANCE



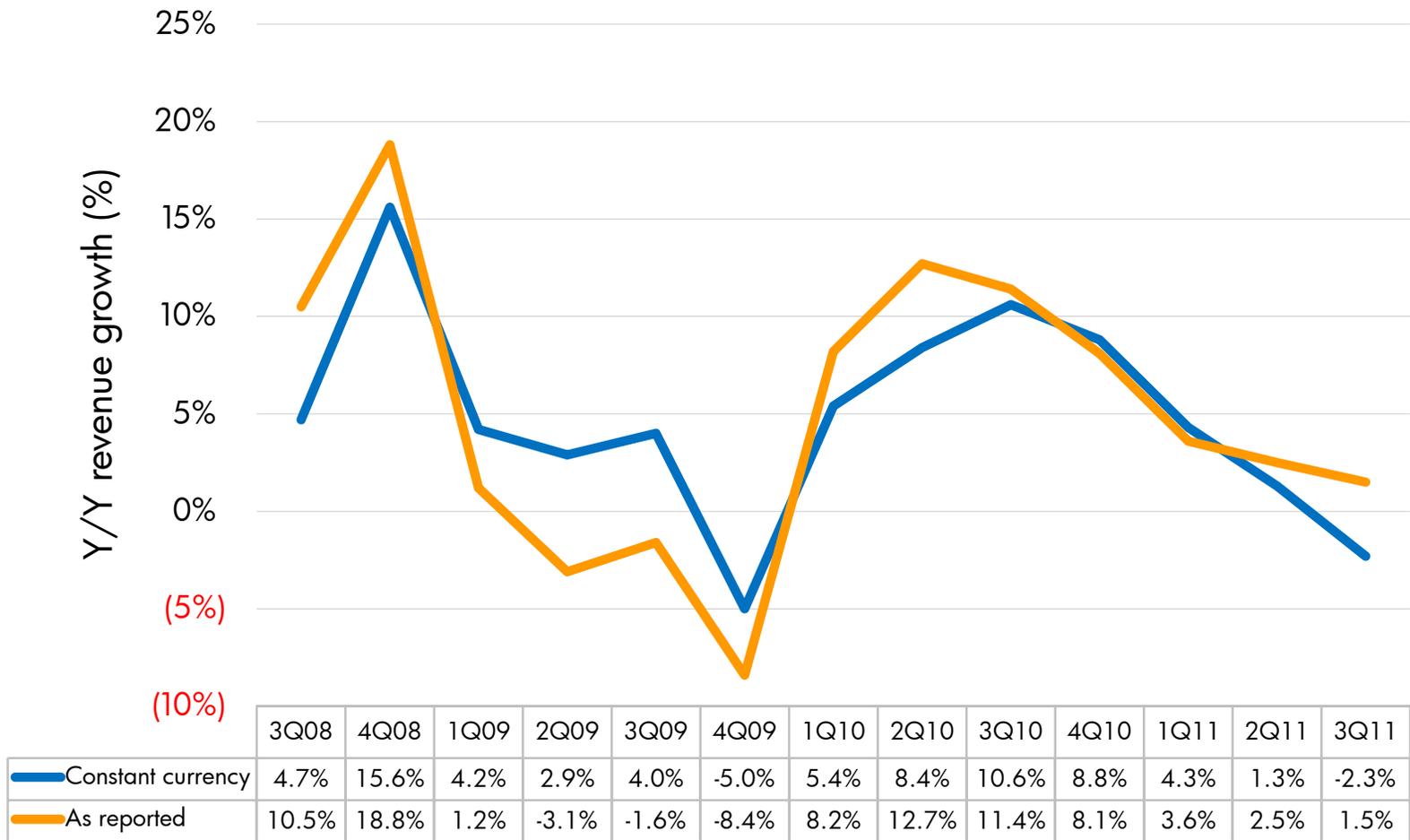
# REGIONAL REVENUE TRENDS



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



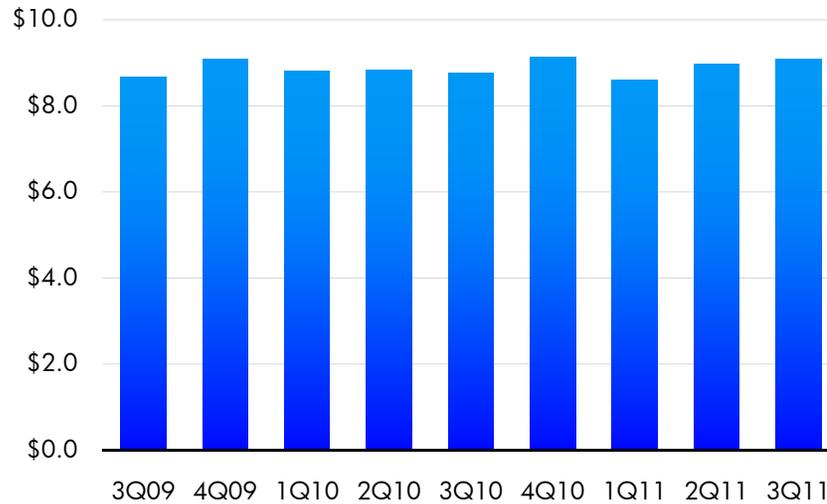
# REVENUE GROWTH



# SERVICES

In billions

## Revenue

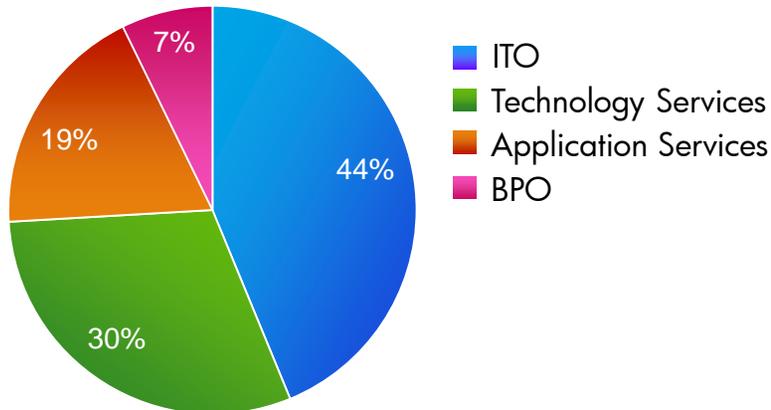


In millions

## Operating profit



### Q3 FY11 revenue by business

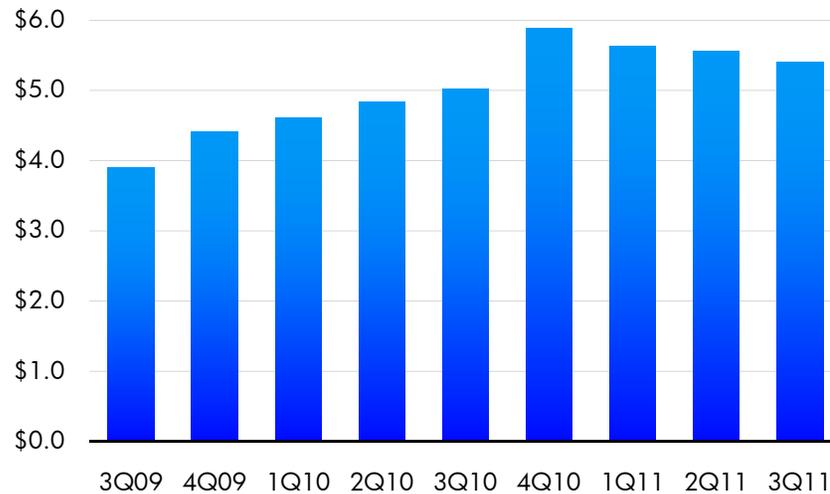


- Services revenue of \$9.1B, up 4% Y/Y
- Operating profit of \$1.2B, 13.5% of revenue
- ITO revenue up 5% Y/Y
- Technology Services revenue up 5% Y/Y
- Application Services revenue up 2% Y/Y
- BPO revenue down 9% Y/Y (down 2% Y/Y, excluding the ExcellerateHRO divestiture)

# ENTERPRISE SERVERS, STORAGE AND NETWORKING (ESSN)

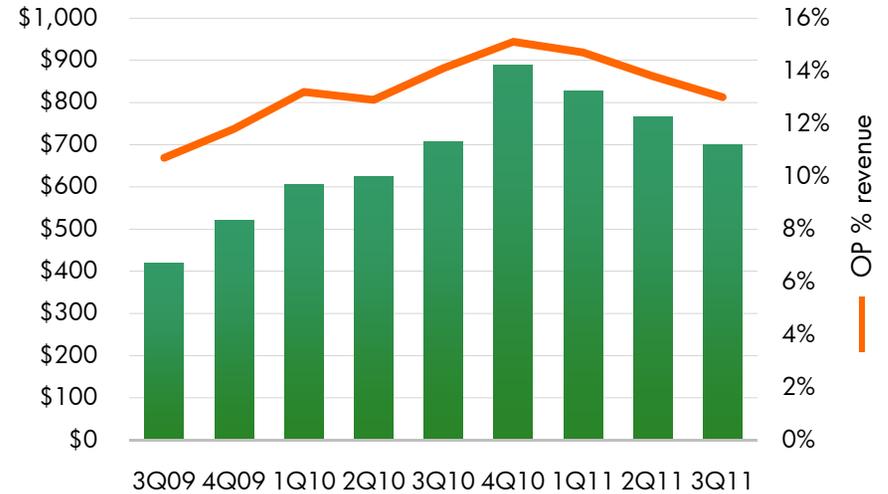
In billions

## Revenue

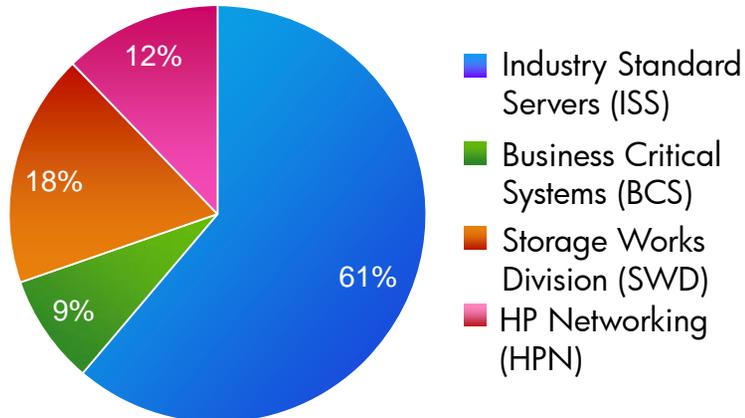


In millions

## Operating profit



## Q3 FY11 revenue by business

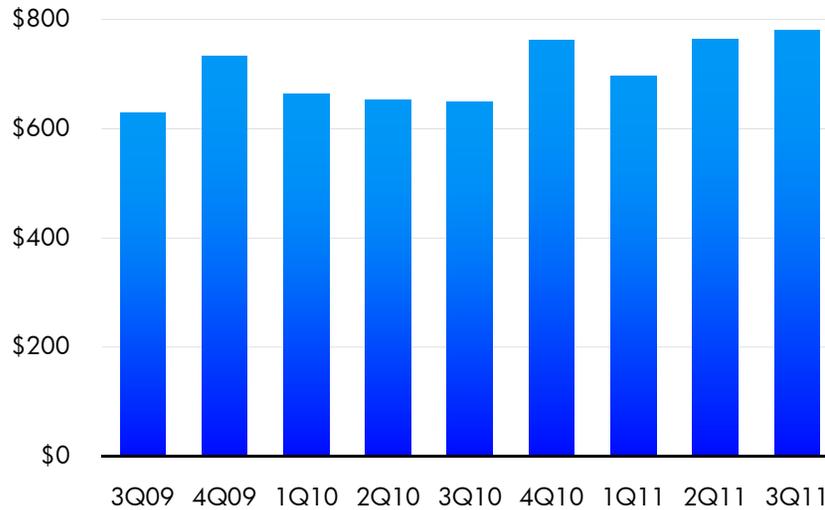


- ESSN revenue of \$5.4B, up 7% Y/Y
- Operating profit of \$699M, 13.0% of revenue
- ISS revenue up 9% Y/Y
- BCS revenue down 9% Y/Y
- Storage revenue up 8% Y/Y
- Networking revenue up 15% Y/Y
- ESS Blades revenue up 15% Y/Y

# HP SOFTWARE

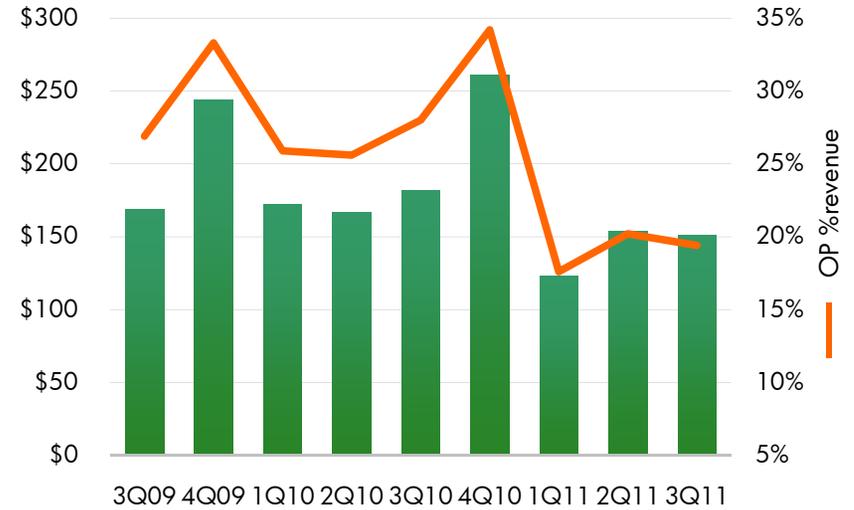
In millions

## Revenue

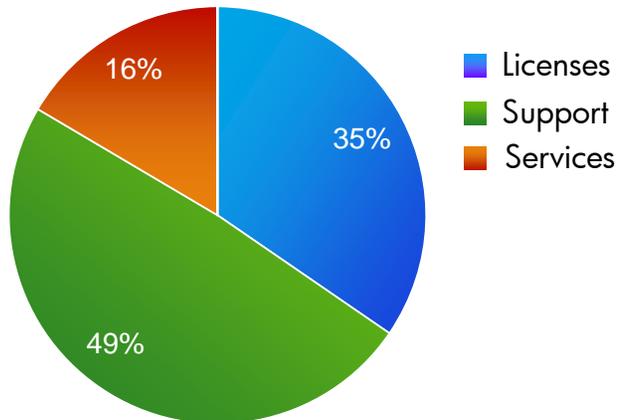


In millions

## Operating profit

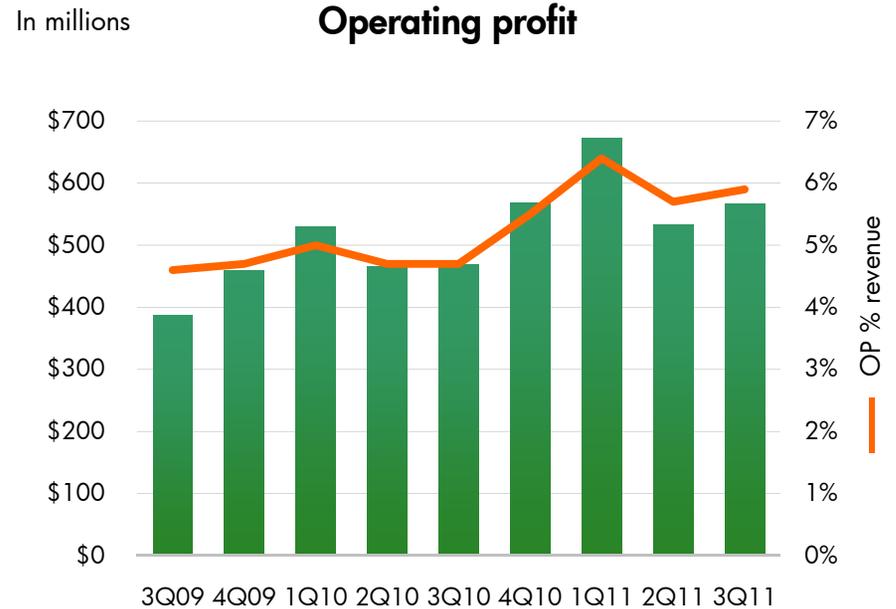
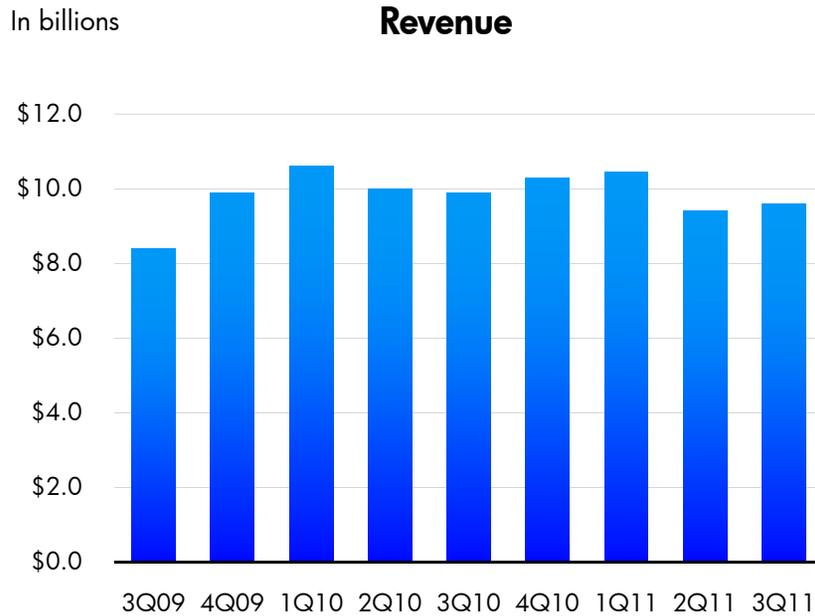


### Q3 FY11 revenue by type

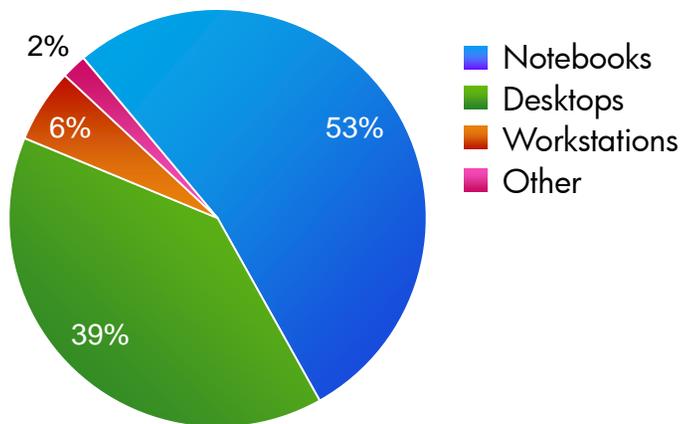


- Software revenue of \$780M, up 20% Y/Y
- Operating profit of \$151M, 19.4% of revenue
- Licenses revenue up 29% Y/Y
- Support revenue up 12% Y/Y
- Services revenue up 30% Y/Y

# PERSONAL SYSTEMS GROUP (PSG)

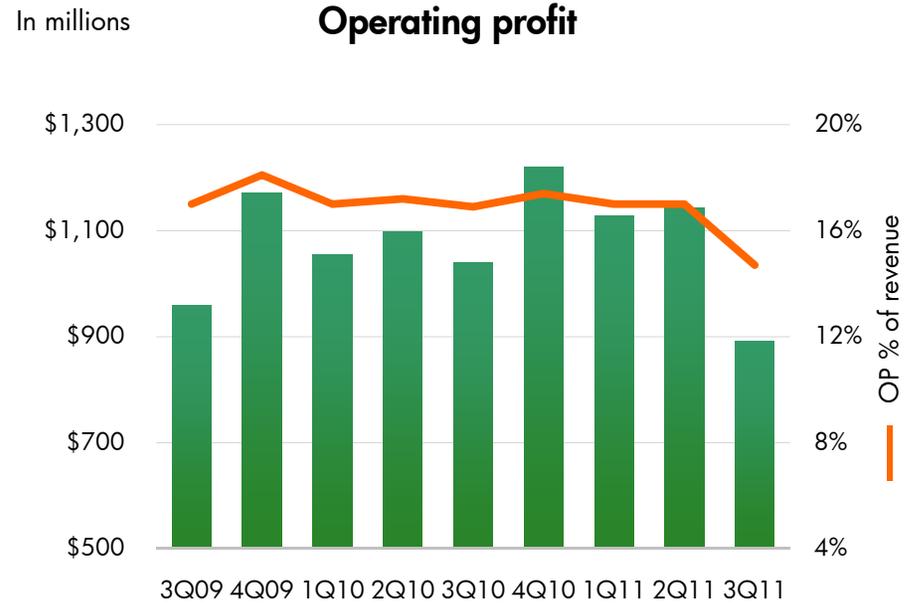
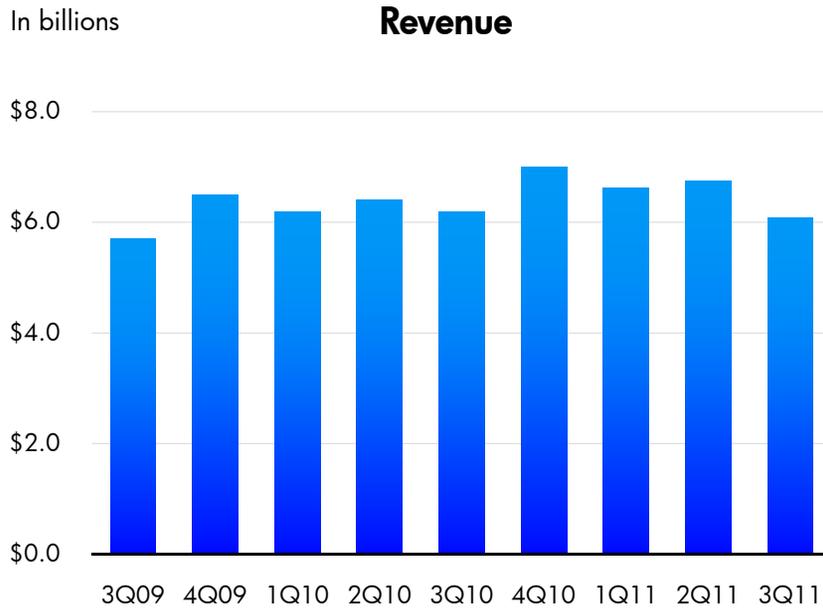


**Q3 FY11 revenue by business**

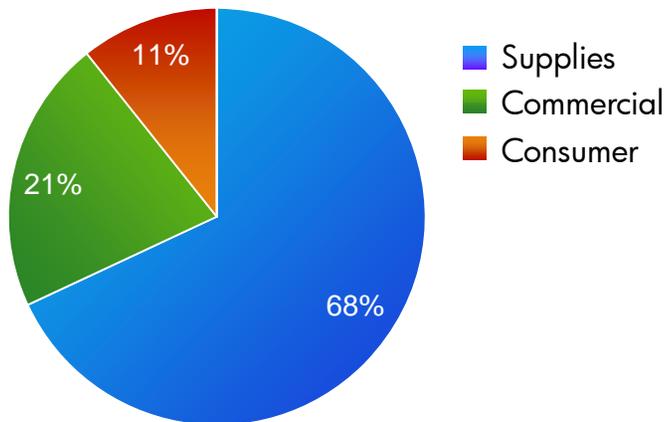


- PSG revenue of \$9.6B, down 3% Y/Y
- Operating profit of \$567M, 5.9% of revenue
- Total units flat Y/Y
- Notebook revenue down 4%, units flat Y/Y
- Desktop revenue down 4%, units up 1% Y/Y
- Consumer client revenue down 17% Y/Y, Commercial client revenue up 9% Y/Y

# IMAGING & PRINTING GROUP (IPG)



**Q3 FY11 revenue by business**

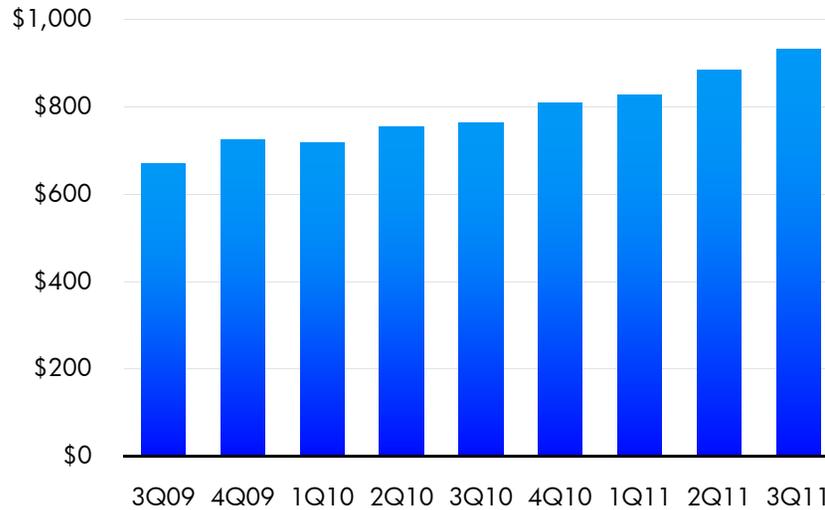


- IPG revenue of \$6.1B, down 1% Y/Y
- Operating profit of \$892M, 14.7% of revenue
- Supplies revenue flat Y/Y
- Total printer hardware units up 6% Y/Y, Consumer printer hardware units up 7% Y/Y, Commercial printer hardware units up 1% Y/Y
- Color LaserJet units down 21% Y/Y
- Printer-based MFP units up 32% Y/Y
- Indigo digital press page volume up 23% Y/Y

# HP FINANCIAL SERVICES (HPFS)

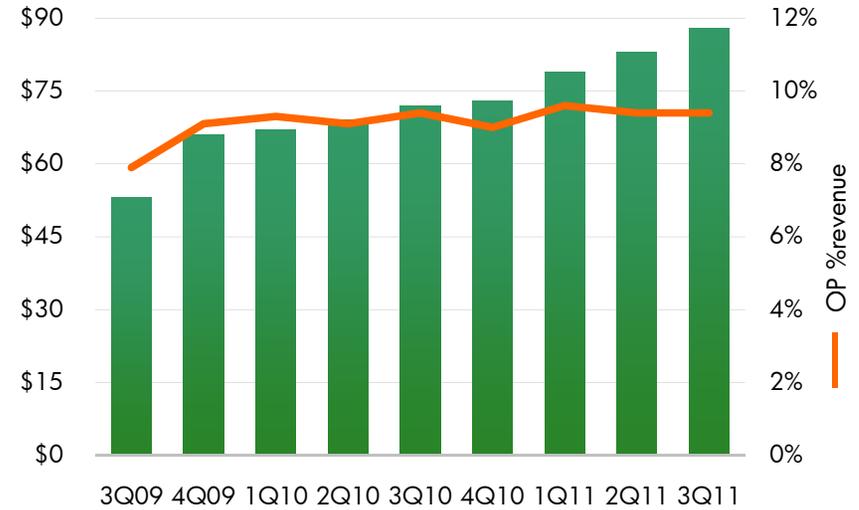
In millions

## Revenue

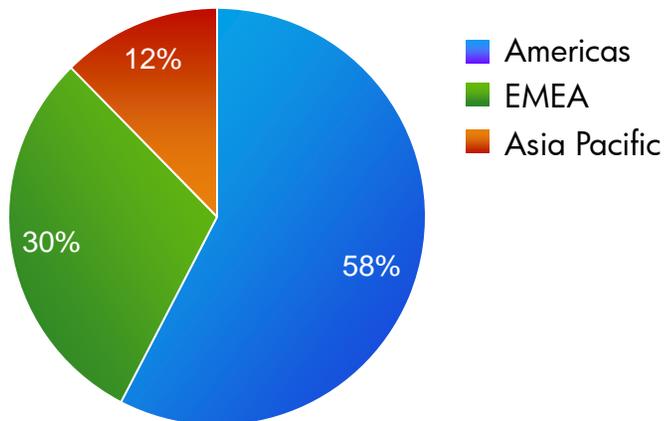


In millions

## Operating profit



### Q3 FY11 revenue by region



- HPFS revenue of \$932M, up 22% Y/Y
- Operating profit of \$88M, 9.4% of revenue
- Financing volume up 16% Y/Y
- Net portfolio assets of \$12.3B, up 17% Y/Y

# Non-GAAP<sup>(1)</sup> FINANCIAL INFORMATION

In millions except per share amounts	Q3 FY11		Q2 FY11		Q3 FY10	
Revenue	\$31,189	100%	\$31,632	100%	\$30,729	100%
Cost of sales	23,929	76.7%	23,860	75.4%	23,365	76.0%
Total OpEx	4,214	13.5%	4,212	13.3%	3,933	12.8%
Operating profit	3,046	9.8%	3,560	11.3%	3,431	11.2%
Interest & other, net	(121)		(76)		(134)	
Pre-tax earnings	2,925	9.4%	3,484	11.0%	3,297	10.7%
Income tax	643		767		722	
Net earnings	2,282	7.3%	2,717	8.6%	2,575	8.4%
EPS	\$1.10		\$1.24		\$1.08	

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 on slide 17 and in the GAAP to non-GAAP slides that appear as part of the 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."

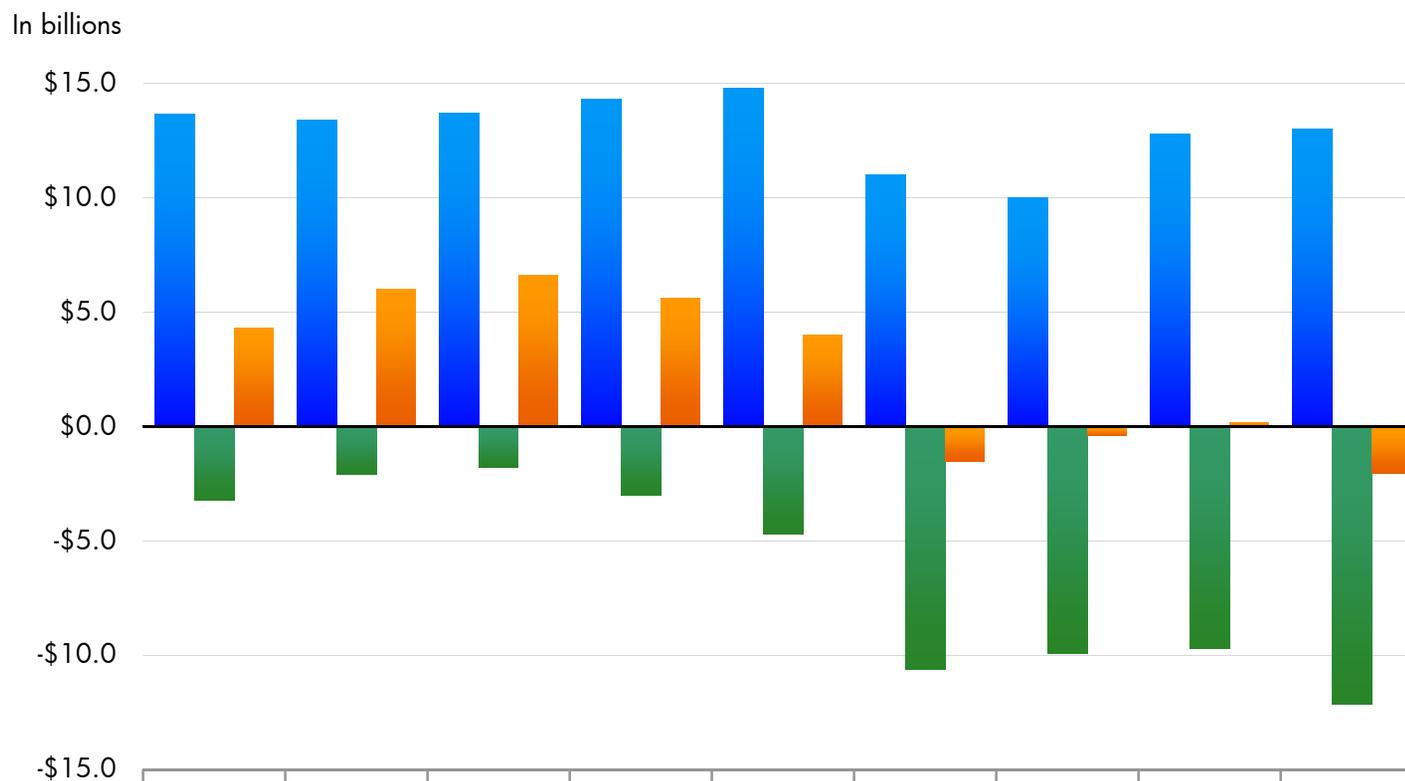


# Q3 FY11 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$31,189</b>				<b>\$31,189</b>
Cost of sales	<b>23,929</b>				<b>23,929</b>
Total OpEx	<b>4,740</b>	(358)	(150)	(18)	<b>4,214</b>
Operating profit	<b>2,520</b>	358	150	18	<b>3,046</b>
Interest & other, net	<b>(121)</b>				<b>(121)</b>
Pre-tax earnings	<b>2,399</b>	358	150	18	<b>2,925</b>
Income tax	<b>473</b>	108	56	6	<b>643</b>
Tax rate	<b>19.7%</b>				<b>22.0%</b>
Net earnings	<b>\$1,926</b>				<b>\$2,282</b>
EPS	<b>\$0.93</b>				<b>\$1.10</b>



# GROSS CASH & NET CASH



■ Gross cash <sup>(1)</sup>

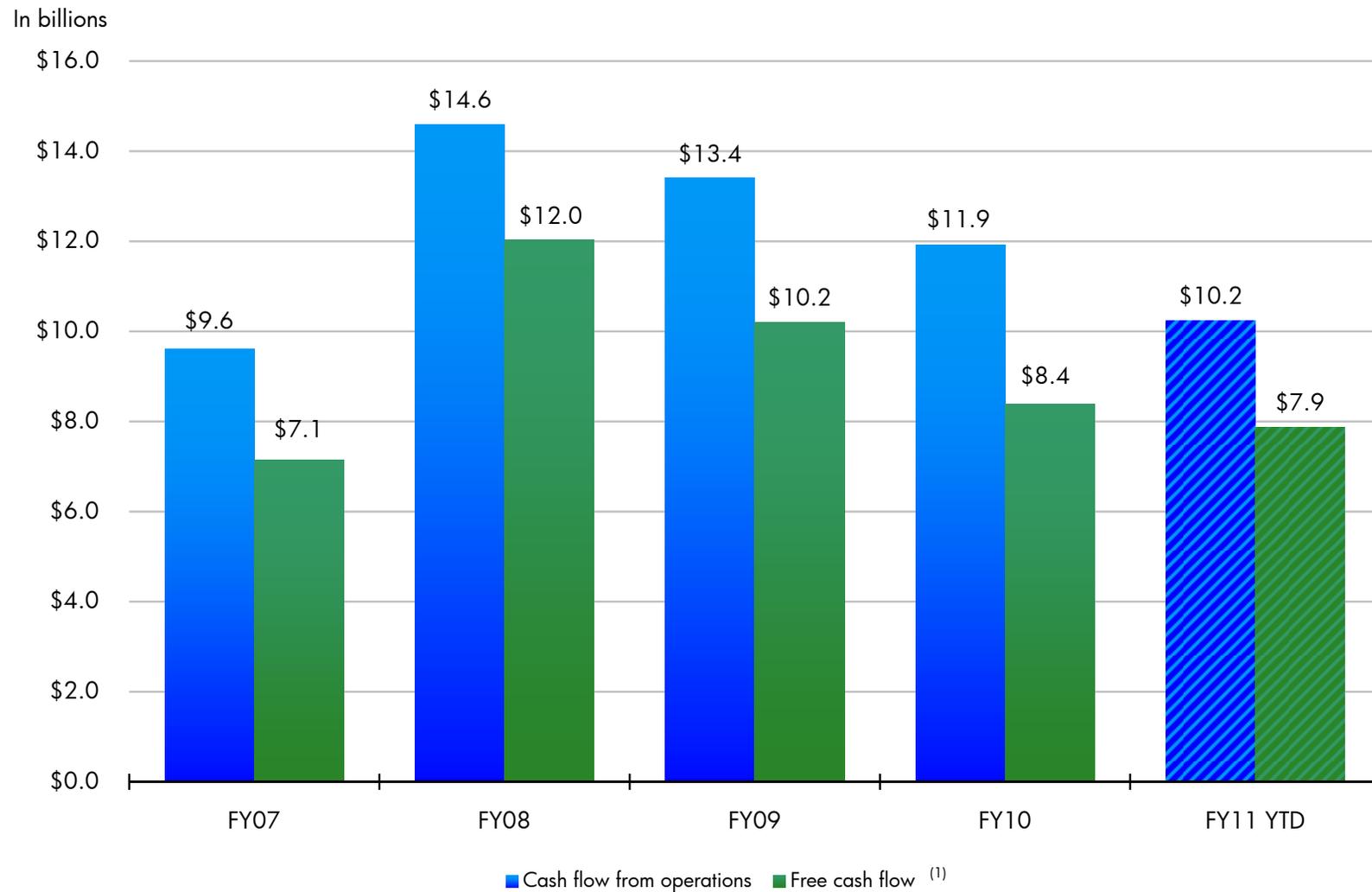
■ Net cash <sup>(2)</sup>

■ Net cash excl. HPFS Debt <sup>(3)</sup>

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 company debt including the effect of hedging.
3. Net cash excl HPFS debt = HP net cash plus HPFS net debt



# CASH FLOW

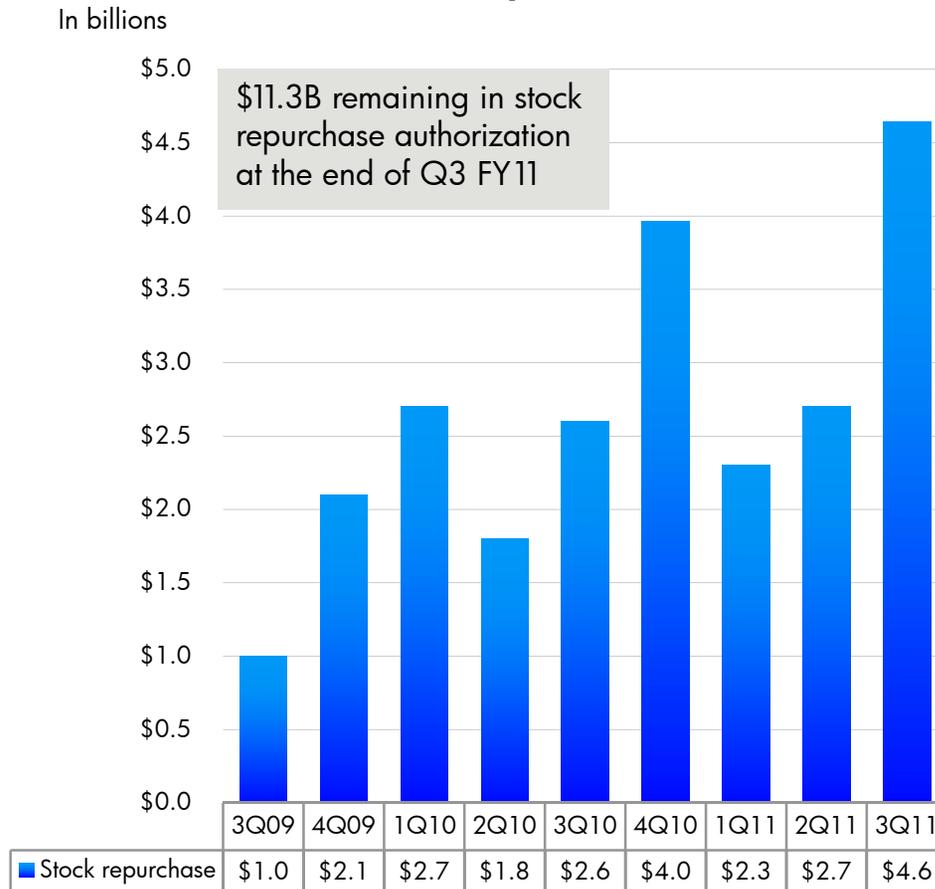


1. Free cash flow = cash flow from operations less net capital expenditures

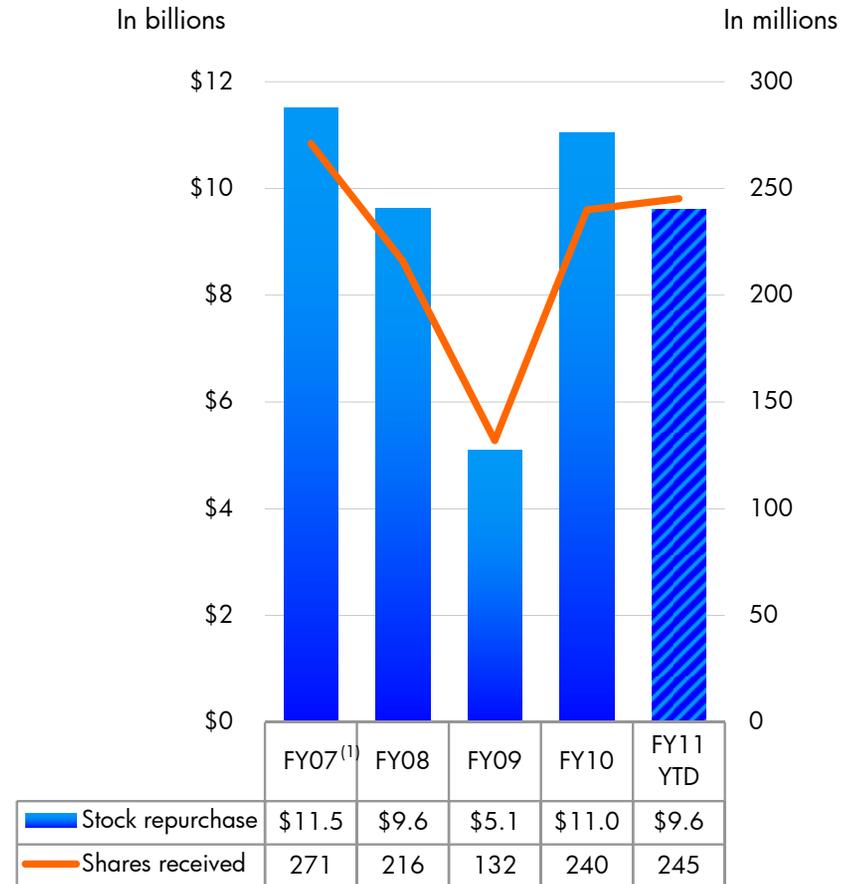


# STOCK REPURCHASE

## Quarterly trends



## FY07 – FY11



1. In Q1 FY06, HP entered into a prepaid variable share purchase program. \$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. HP completed all repurchases under this plan in March 2007 and received a total of 53M shares.



# OUTLOOK

## Q4 FY11 guidance

Revenue	\$32.1B – \$32.5B
---------	-------------------

GAAP EPS	\$0.44 – \$0.55
----------	-----------------

Non-GAAP EPS <sup>(1)</sup>	\$1.12 – \$1.16
-----------------------------	-----------------

## Full year FY11 guidance

Revenue	\$127.2B – \$127.6B
---------	---------------------

GAAP EPS	\$3.59 – \$3.70
----------	-----------------

Non-GAAP EPS <sup>(2)</sup>	\$4.82 – \$4.86
-----------------------------	-----------------

1. Q4FY11 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.61 to \$0.68 per share, related primarily to restructuring and shutdown costs associated with webOS devices, the amortization and impairment of purchased intangibles, restructuring charges and acquisition-related charges.
2. Full year FY11 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$1.16 to 1.23 per share, related primarily to restructuring and shutdown costs associated with webOS devices, the amortization and impairment of purchased intangibles, restructuring charges and acquisition-related charges.



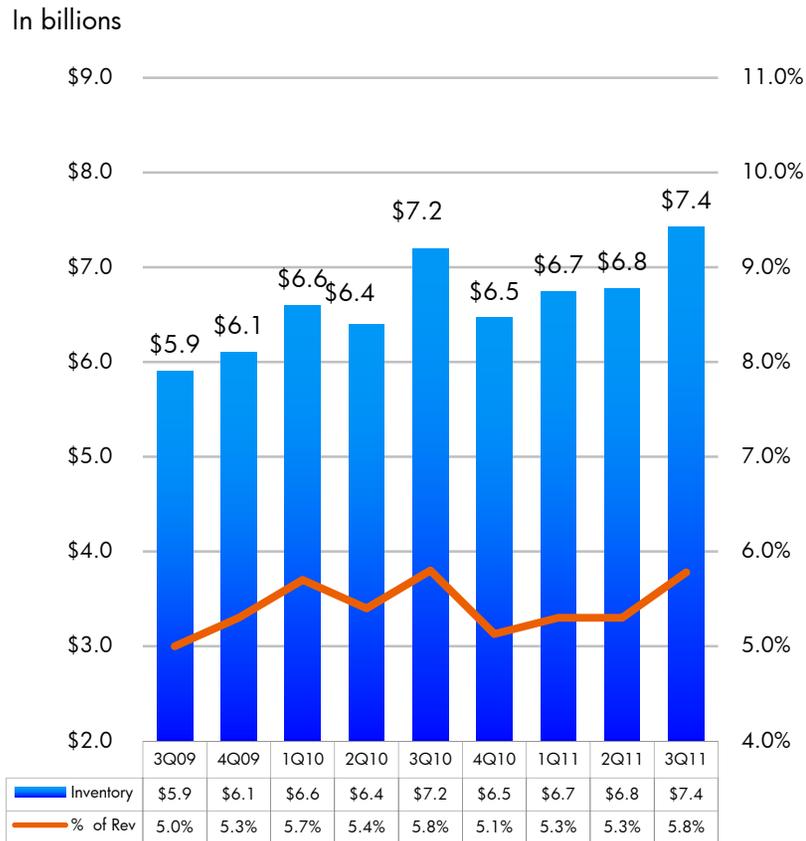
# SUPPLEMENTAL SLIDES

August 18, 2011 <http://www.hp.com/investor/home>

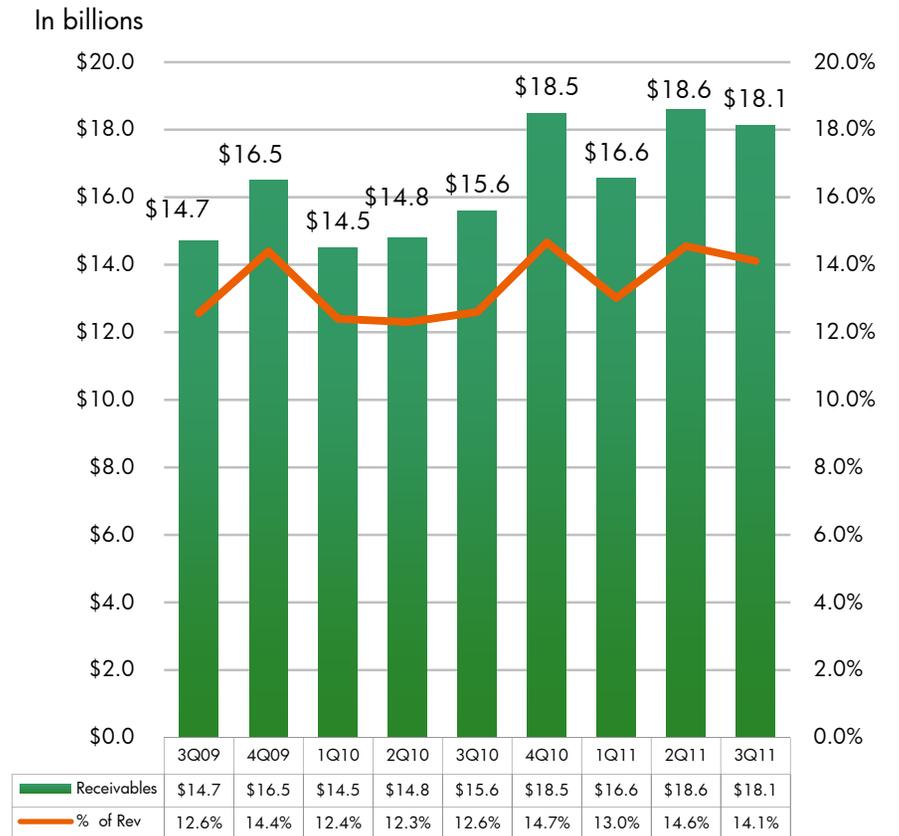


# INVENTORY & ACCOUNTS RECEIVABLE

## Inventory

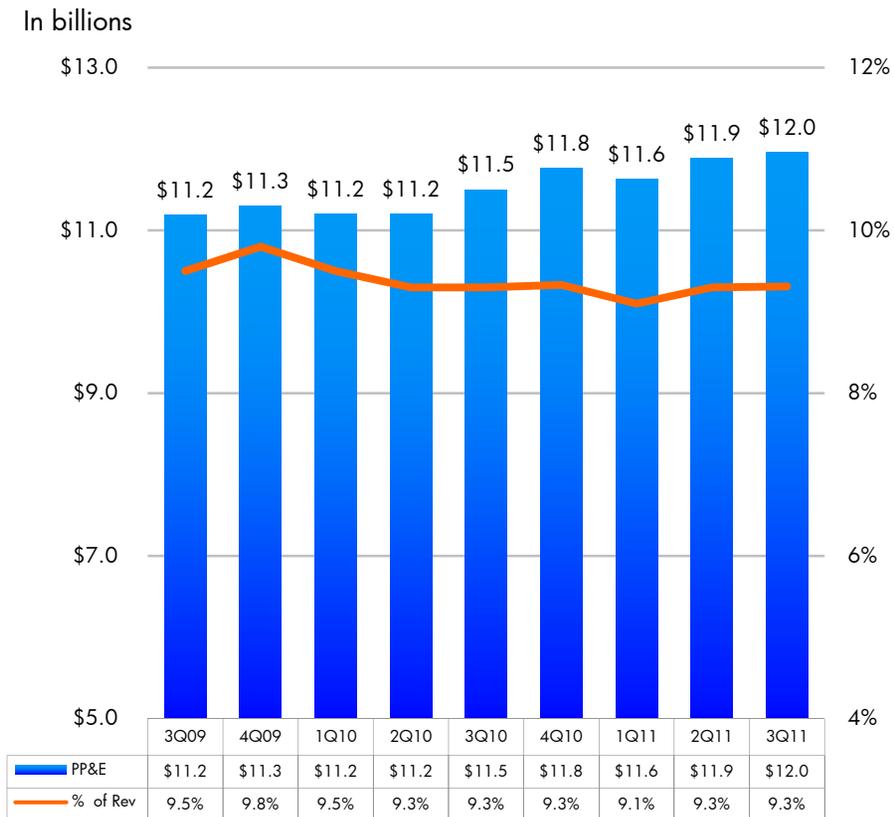


## Accounts receivable

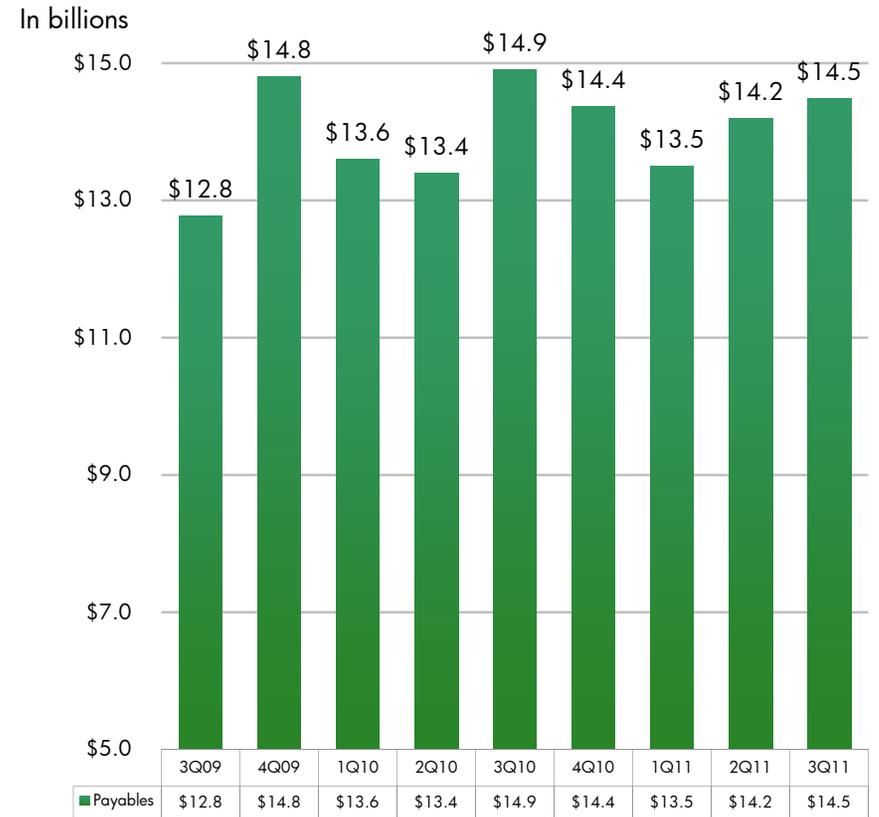


# PP&E & ACCOUNTS PAYABLE

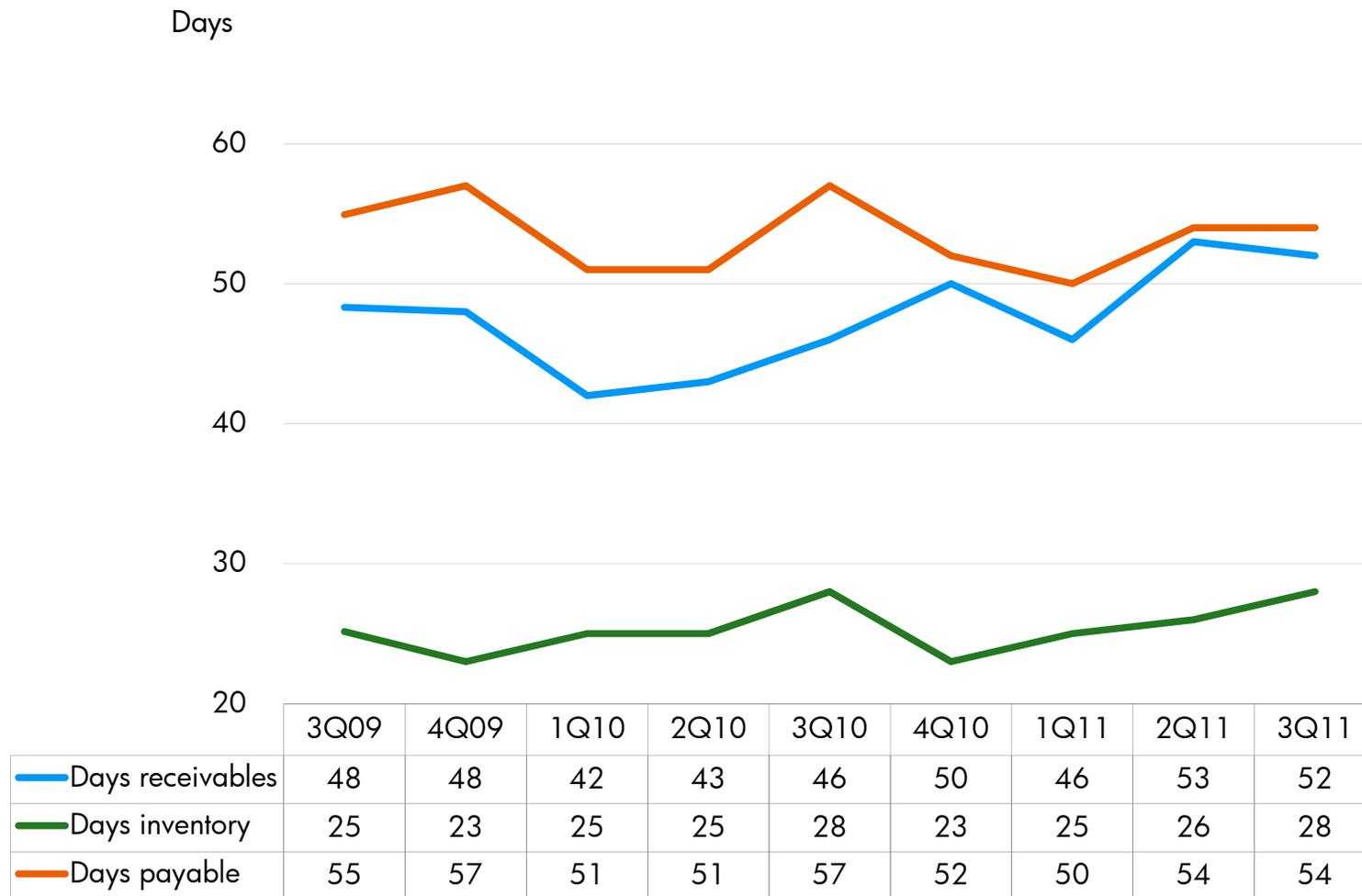
## Net PP&E



## Accounts payable



# WORKING CAPITAL METRICS



# HPFS SUPPLEMENTAL DATA

In millions	Q3 FY11	Q3 FY10	Q2 FY11
<b>Depreciation <sup>(1)</sup></b>	\$450	\$351	\$418
<b>Net capital expenditures <sup>(1)</sup></b>	\$530	\$521	\$594
<b>Sequential increase in net financing receivables</b>	\$66	\$(7)	\$335

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



# Q2 FY11 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$31,632</b>				<b>\$31,632</b>
Cost of sales	<b>23,860</b>				<b>23,860</b>
Total OpEx	<b>4,804</b>	(413)	(158)	(21)	<b>4,212</b>
Operating profit	<b>2,968</b>	413	158	21	<b>3,560</b>
Interest & other, net	<b>(76)</b>				<b>(76)</b>
Pre-tax earnings	<b>2,892</b>	413	158	21	<b>3,484</b>
Income tax	<b>588</b>	126	46	7	<b>767</b>
Tax rate	<b>20.3%</b>				<b>22.0%</b>
Net earnings	<b>\$2,304</b>				<b>\$2,717</b>
EPS	<b>\$1.05</b>				<b>\$1.24</b>



# Q1 FY11 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$32,302</b>				<b>\$32,302</b>
Cost of sales	<b>24,408</b>				<b>24,408</b>
Total OpEx	<b>4,500</b>	(425)	(158)	(29)	<b>3,888</b>
Operating profit	<b>3,394</b>	425	158	29	<b>4,006</b>
Interest & other, net	<b>(97)</b>				<b>(97)</b>
Pre-tax earnings	<b>3,297</b>	425	158	29	<b>3,909</b>
Income tax	<b>692</b>	129	48	10	<b>879</b>
Tax rate	<b>21.0%</b>				<b>22.5%</b>
Net earnings	<b>2,605</b>				<b>3,030</b>
EPS	<b>\$1.17</b>				<b>\$1.36</b>



# FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$126,033</b>				<b>\$126,033</b>
Cost of sales	<b>95,956</b>				<b>95,956</b>
Total OpEx	<b>18,598</b>	(1,484)	(1,144)	(293)	<b>15,677</b>
Operating profit	<b>11,479</b>	1,484	1,144	293	<b>14,400</b>
Interest & other, net	<b>(505)</b>				<b>(505)</b>
Pre-tax earnings	<b>10,974</b>	1,484	1,144	293	<b>13,895</b>
Income tax	<b>2,213</b>	391	342	83	<b>3,029</b>
Tax rate	<b>20.2%</b>				<b>21.8%</b>
Net earnings	<b>8,761</b>				<b>10,866</b>
EPS	<b>\$3.69</b>				<b>\$4.58</b>



# Q4 FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$33,278</b>				<b>\$33,278</b>
Cost of sales	<b>24,995</b>				<b>24,995</b>
Total OpEx	<b>4,988</b>	(424)	(235)	(51)	<b>4,278</b>
Operating profit	<b>3,295</b>	424	235	51	<b>4,005</b>
Interest & other, net	<b>(81)</b>				<b>(81)</b>
Pre-tax earnings	<b>3,214</b>	424	235	51	<b>3,924</b>
Income tax	<b>676</b>	98	68	18	<b>860</b>
Tax rate	<b>21.0%</b>				<b>21.9%</b>
Net earnings	<b>2,538</b>				<b>3,064</b>
EPS	<b>\$1.10</b>				<b>\$1.33</b>



# Q3 FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$30,729</b>				<b>\$30,729</b>
Cost of sales	<b>23,365</b>				<b>23,365</b>
Total OpEx	<b>5,041</b>	(383)	(598)	(127)	<b>3,933</b>
Operating profit	<b>2,323</b>	383	598	127	<b>3,431</b>
Interest & other, net	<b>(134)</b>				<b>(134)</b>
Pre-tax earnings	<b>2,189</b>	383	598	127	<b>3,297</b>
Income tax	<b>416</b>	100	175	31	<b>722</b>
Tax rate	<b>19.0%</b>				<b>21.9%</b>
Net earnings	<b>1,773</b>				<b>2,575</b>
EPS	<b>\$0.75</b>				<b>\$1.08</b>



# Q2 FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$30,849</b>				<b>\$30,849</b>
Cost of sales	<b>23,569</b>				<b>23,569</b>
Total OpEx	<b>4,422</b>	(347)	(180)	(77)	<b>3,818</b>
Operating profit	<b>2,858</b>	347	180	77	<b>3,462</b>
Interest & other, net	<b>(91)</b>				<b>(91)</b>
Pre-tax earnings	<b>2,767</b>	347	180	77	<b>3,371</b>
Income tax	<b>567</b>	92	57	22	<b>738</b>
Tax rate	<b>20.5%</b>				<b>21.9%</b>
Net earnings	<b>2,200</b>				<b>2,633</b>
EPS	<b>\$0.91</b>				<b>\$1.09</b>



# Q1 FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$31,177</b>				<b>\$31,177</b>
Cost of sales	<b>24,027</b>				<b>24,027</b>
Total OpEx	<b>4,147</b>	(330)	(131)	(38)	<b>3,648</b>
Operating profit	<b>3,003</b>	330	131	38	<b>3,502</b>
Interest & other, net	<b>(199)</b>				<b>(199)</b>
Pre-tax earnings	<b>2,804</b>	330	131	38	<b>3,303</b>
Income tax	<b>554</b>	101	42	12	<b>709</b>
Tax rate	<b>19.8%</b>				<b>21.5%</b>
Net earnings	<b>2,250</b>				<b>2,594</b>
EPS	<b>\$0.93</b>				<b>\$1.07</b>



# FY09 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$114,552</b>				<b>\$114,552</b>
Cost of sales	<b>87,489</b>				<b>87,489</b>
Total OpEx	<b>16,927</b>	(1,578)	(640)	(242)	<b>14,467</b>
Operating profit	<b>10,136</b>	1,578	640	242	<b>12,596</b>
Interest & other, net	<b>(721)</b>				<b>(721)</b>
Pre-tax earnings	<b>9,415</b>	1,578	640	242	<b>11,875</b>
Income tax	<b>1,755</b>	451	197	79	<b>2,482</b>
Tax rate	<b>18.6%</b>				<b>20.9%</b>
Net earnings	<b>7,660</b>				<b>9,393</b>
EPS	<b>\$3.14</b>				<b>\$3.85</b>



# Q4 FY09 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$30,777</b>				<b>\$30,777</b>
Cost of sales	<b>23,466</b>				<b>23,466</b>
Total OpEx	<b>4,178</b>	(401)	(38)	(60)	<b>3,679</b>
Operating profit	<b>3,133</b>	401	38	60	<b>3,632</b>
Interest & other, net	<b>(132)</b>				<b>(132)</b>
Pre-tax earnings	<b>3,001</b>	401	38	60	<b>3,500</b>
Income tax	<b>589</b>	117	11	19	<b>736</b>
Tax rate	<b>19.6%</b>				<b>21.0%</b>
Net earnings	<b>2,412</b>				<b>2,764</b>
EPS	<b>\$0.99</b>				<b>\$1.14</b>



# Q3 FY09 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$27,585</b>				<b>\$27,585</b>
Cost of sales	<b>21,022</b>				<b>21,022</b>
Total OpEx	<b>4,350</b>	(379)	(362)	(59)	<b>3,550</b>
Operating profit	<b>2,213</b>	379	362	59	<b>3,013</b>
Interest & other, net	<b>(177)</b>				<b>(177)</b>
Pre-tax earnings	<b>2,036</b>	379	362	59	<b>2,836</b>
Income tax	<b>365</b>	105	108	19	<b>597</b>
Tax rate	<b>17.9%</b>				<b>21.1%</b>
Net earnings	<b>1,671</b>				<b>2,239</b>
EPS	<b>\$0.69</b>				<b>\$0.92</b>



# Q2 FY09 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$27,383</b>				<b>\$27,383</b>
Cost of sales	<b>20,937</b>				<b>20,937</b>
Total OpEx	<b>4,153</b>	(380)	(94)	(75)	<b>3,604</b>
Operating profit	<b>2,293</b>	380	94	75	<b>2,842</b>
Interest & other, net	<b>(180)</b>				<b>(180)</b>
Pre-tax earnings	<b>2,113</b>	380	94	75	<b>2,662</b>
Income tax	<b>392</b>	112	31	24	<b>559</b>
Tax rate	<b>18.6%</b>				<b>21.0%</b>
Net earnings	<b>1,721</b>				<b>2,103</b>
EPS	<b>\$0.71</b>				<b>\$0.86</b>



# Q1 FY09 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$28,807</b>				<b>\$28,807</b>
Cost of sales	<b>22,064</b>				<b>22,064</b>
Total OpEx	<b>4,246</b>	(418)	(146)	(48)	<b>3,634</b>
Operating profit	<b>2,497</b>	418	146	48	<b>3,109</b>
Interest & other, net	<b>(232)</b>				<b>(232)</b>
Pre-tax earnings	<b>2,265</b>	418	146	48	<b>2,877</b>
Income tax	<b>409</b>	117	47	17	<b>590</b>
Tax rate	<b>18.1%</b>				<b>20.5%</b>
Net earnings	<b>1,856</b>				<b>2,287</b>
EPS	<b>\$0.75</b>				<b>\$0.93</b>



# FY08 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$118,364</b>				<b>\$118,364</b>
Cost of sales	<b>89,699</b>				<b>89,699</b>
Total OpEx	<b>18,192</b>	(1,012)	(270)	(41)	<b>16,869</b>
Operating profit	<b>10,473</b>	1,012	270	41	<b>11,796</b>
Interest & other, net	-				-
Pre-tax earnings	<b>10,473</b>	1,012	270	41	<b>11,796</b>
Income tax	<b>2,144</b>	262	74	14	<b>2,494</b>
Tax rate	<b>20.5%</b>				<b>21.1%</b>
Net earnings	<b>8,329</b>				<b>9,302</b>
EPS	<b>\$3.25</b>				<b>\$3.62</b>



# Q4 FY08 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	<b>\$33,603</b>				<b>\$33,603</b>
Cost of sales	<b>25,853</b>				<b>25,853</b>
Total OpEx	<b>5,009</b>	(369)	(251)	(41)	<b>4,348</b>
Operating profit	<b>2,741</b>	369	251	41	<b>3,402</b>
Interest & other, net	<b>(98)</b>				<b>(98)</b>
Pre-tax earnings	<b>2,643</b>	369	251	41	<b>3,304</b>
Income tax	<b>531</b>	96	69	14	<b>710</b>
Tax rate	<b>20.1%</b>				<b>21.5%</b>
Net earnings	<b>2,112</b>				<b>2,594</b>
EPS	<b>\$0.84</b>				<b>\$1.03</b>



# Q3 FY08 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Non-GAAP
Revenue	<b>\$28,032</b>			<b>\$28,032</b>
Cost of sales	<b>21,197</b>			<b>21,197</b>
Total OpEx	<b>4,306</b>	(213)	(5)	<b>4,088</b>
Operating profit	<b>2,529</b>	213	5	<b>2,747</b>
Interest & other, net	<b>23</b>			<b>23</b>
Pre-tax earnings	<b>2,552</b>	213	5	<b>2,770</b>
Income tax	<b>525</b>	56	1	<b>582</b>
Tax rate	<b>20.6%</b>			<b>21.0%</b>
Net earnings	<b>2,027</b>			<b>2,188</b>
EPS	<b>\$0.80</b>			<b>\$0.86</b>



