



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

| | Three months ended | | |
|---|---------------------|------------------|---------------------|
| | October 31, 2011 | July 31, 2011 | October 31, 2010 |
| Net revenue | \$ 32,122 | \$ 31,189 | \$ 33,278 |
| Costs and Expenses: ^(a) | | | |
| Cost of sales | 25,332 | 23,929 | 24,995 |
| Research and development | 829 | 812 | 814 |
| Selling, general and administrative | 3,577 | 3,402 | 3,464 |
| Amortization of purchased intangible assets | 411 | 358 | 424 |
| Restructuring charges | 179 | 150 | 235 |
| Acquisition-related charges | 114 | 18 | 51 |
| Impairment of goodwill and purchased intangible assets | 885 | - | - |
| Total costs and expenses | <u>31,327</u> | <u>28,669</u> | <u>29,983</u> |
| Earnings from operations | 795 | 2,520 | 3,295 |
| Interest and other, net | <u>(401)</u> | <u>(121)</u> | <u>(81)</u> |
| Earnings before taxes | 394 | 2,399 | 3,214 |
| Provision for taxes | <u>155</u> | <u>473</u> | <u>676</u> |
| Net earnings | <u>\$ 239</u> | <u>\$ 1,926</u> | <u>\$ 2,538</u> |
| Net earnings per share: | | | |
| Basic | \$ 0.12 | \$ 0.94 | \$ 1.13 |
| Diluted | \$ 0.12 | \$ 0.93 | \$ 1.10 |
| Cash dividends declared per share | \$ - | \$ 0.24 | \$ - |
| Weighted-average shares used to compute net earnings per share: | | | |
| Basic | 1,989 | 2,054 | 2,249 |
| Diluted | 2,005 | 2,080 | 2,297 |

(a) In connection with organizational realignments implemented in the first quarter of fiscal 2011, certain costs previously reported as Cost of Sales have been reclassified as Selling, General and Administrative expenses to better align those costs with the functional areas that benefit from those expenditures.



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

| | Twelve months ended October 31, | |
|---|------------------------------------|-----------------|
| | 2011 (Unaudited) | 2010 |
| Net revenue | \$ 127,245 | \$ 126,033 |
| Costs and expenses: ^(a) | | |
| Cost of sales | 97,529 | 95,956 |
| Research and development | 3,254 | 2,959 |
| Selling, general and administrative | 13,466 | 12,718 |
| Amortization of purchased intangible assets | 1,607 | 1,484 |
| Restructuring charges | 645 | 1,144 |
| Acquisition-related charges | 182 | 293 |
| Impairment of goodwill and purchased intangible assets | 885 | - |
| Total costs and expenses | <u>117,568</u> | <u>114,554</u> |
| Earnings from operations | 9,677 | 11,479 |
| Interest and other, net | <u>(695)</u> | <u>(505)</u> |
| Earnings before taxes | 8,982 | 10,974 |
| Provision for taxes | <u>1,908</u> | <u>2,213</u> |
| Net earnings | <u>\$ 7,074</u> | <u>\$ 8,761</u> |
| Net earnings per share: | | |
| Basic | \$ 3.38 | \$ 3.78 |
| Diluted | \$ 3.32 | \$ 3.69 |
| Cash dividends declared per share | \$ 0.40 | \$ 0.32 |
| Weighted-average shares used to compute net earnings per share: | | |
| Basic | 2,094 | 2,319 |
| Diluted | 2,128 | 2,372 |

(a) In connection with organizational realignments implemented in the first quarter of fiscal 2011, certain costs previously reported as Cost of Sales have been reclassified as Selling, General and Administrative expenses to better align those costs with the functional areas that benefit from those expenditures.



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

| | Three months ended October 31, 2011 | Diluted earnings per share | Three months ended July 31, 2011 | Diluted earnings per share | Three months ended October 31, 2010 | Diluted earnings per share |
|---|--|----------------------------------|---|----------------------------------|--|----------------------------------|
| GAAP net revenue | \$ 32,122 | | \$ 31,189 | | \$ 33,278 | |
| Non GAAP adjustment: | | | | | | |
| WebOS device contra revenue, net ^(a) | <u>142</u> | | <u>-</u> | | <u>-</u> | |
| Non GAAP net revenue | <u>\$ 32,264</u> | | <u>\$ 31,189</u> | | <u>\$ 33,278</u> | |
| GAAP net earnings | \$ 239 | \$ 0.12 | \$ 1,926 | \$ 0.93 | \$ 2,538 | \$ 1.10 |
| Non-GAAP adjustments: | | | | | | |
| Amortization of purchased intangible assets | 411 | 0.20 | 358 | 0.17 | 424 | 0.19 |
| Restructuring charges | 179 | 0.09 | 150 | 0.07 | 235 | 0.10 |
| Acquisition-related charges in earnings from operations | 114 | 0.06 | 18 | 0.01 | 51 | 0.02 |
| Impairment of goodwill and purchased intangible assets ^(b) | 885 | 0.44 | - | - | - | - |
| Wind down of the WebOS device business ^(c) | 755 | 0.38 | - | - | - | - |
| Acquisition-related charges in interest and other, net ^(d) | 276 | 0.14 | - | - | - | - |
| Adjustments for taxes | <u>(509)</u> | <u>(0.26)</u> | <u>(170)</u> | <u>(0.08)</u> | <u>(184)</u> | <u>(0.08)</u> |
| Non-GAAP net earnings | <u>\$ 2,350</u> | <u>\$ 1.17</u> | <u>\$ 2,282</u> | <u>\$ 1.10</u> | <u>\$ 3,064</u> | <u>\$ 1.33</u> |
| GAAP earnings from operations | \$ 795 | | \$ 2,520 | | \$ 3,295 | |
| Non-GAAP adjustments: | | | | | | |
| Amortization of purchased intangible assets | 411 | | 358 | | 424 | |
| Restructuring charges | 179 | | 150 | | 235 | |
| Acquisition-related charges in earnings from operations | 114 | | 18 | | 51 | |
| Impairment of goodwill and purchased intangible assets ^(b) | 885 | | - | | - | |
| Wind down of the WebOS device business ^(c) | <u>755</u> | | <u>-</u> | | <u>-</u> | |
| Non-GAAP earnings from operations | <u>\$ 3,139</u> | | <u>\$ 3,046</u> | | <u>\$ 4,005</u> | |
| GAAP operating margin | 2% | | 8% | | 10% | |
| Non-GAAP adjustments | <u>8%</u> | | <u>2%</u> | | <u>2%</u> | |
| Non-GAAP operating margin | <u>10%</u> | | <u>10%</u> | | <u>12%</u> | |

(a) Includes contra revenue primarily associated with sales incentive programs to wind down the WebOS device business, net of current quarter WebOS device revenue.

(b) Includes impairment charges to goodwill and purchased intangible assets associated with the acquisition of Palm Inc. on July 1, 2010 recorded as a result of the decision announced on August 18, 2011 to wind down the WebOS device business.

(c) Includes primarily expenses for supplier-related obligations and contra revenue associated with sales incentive programs related to winding down the WebOS device business.

(d) Includes primarily the cost of the British pound options bought to limit foreign exchange rate risk in connection with the Autonomy acquisition.



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

| | Twelve months ended October 31, 2011 | | Twelve months ended October 31, 2010 | |
|---|--------------------------------------|----------------------------|--------------------------------------|----------------------------|
| | | Diluted earnings per share | | Diluted earnings per share |
| GAAP net revenue | \$ 127,245 | | \$ 126,033 | |
| Non GAAP adjustment: | | | | |
| WebOS device contra revenue, net(a) | 142 | | - | |
| Non GAAP net revenue | <u>\$ 127,387</u> | | <u>\$ 126,033</u> | |
| GAAP net earnings | \$ 7,074 | \$ 3.32 | \$ 8,761 | \$ 3.69 |
| Non-GAAP adjustments: | | | | |
| Amortization of purchased intangible assets | 1,607 | 0.75 | 1,484 | 0.63 |
| Restructuring charges | 645 | 0.30 | 1,144 | 0.48 |
| Acquisition-related charges in earnings from operations | 182 | 0.09 | 293 | 0.12 |
| Impairment of goodwill and purchased intangible assets ^(b) | 885 | 0.42 | - | - |
| Wind down of the WebOS device business ^(c) | 755 | 0.35 | - | - |
| Acquisition-related charges in interest and other, net ^(d) | 276 | 0.13 | - | - |
| Adjustments for taxes | <u>(1,045)</u> | <u>(0.48)</u> | <u>(816)</u> | <u>(0.34)</u> |
| Non-GAAP net earnings | <u>\$ 10,379</u> | <u>\$ 4.88</u> | <u>\$ 10,866</u> | <u>\$ 4.58</u> |
| GAAP earnings from operations | \$ 9,677 | | \$ 11,479 | |
| Non-GAAP adjustments: | | | | |
| Amortization of purchased intangible assets | 1,607 | | 1,484 | |
| Restructuring charges | 645 | | 1,144 | |
| Acquisition-related charges in earnings from operations | 182 | | 293 | |
| Impairment of goodwill and purchased intangible assets ^(b) | 885 | | - | |
| Wind down of the WebOS device business ^(c) | 755 | | - | |
| Non-GAAP earnings from operations | <u>\$ 13,751</u> | | <u>\$ 14,400</u> | |
| GAAP operating margin | 8% | | 9% | |
| Non-GAAP adjustments | 3% | | 2% | |
| Non-GAAP operating margin | <u>11%</u> | | <u>11%</u> | |

(a) Includes contra revenue primarily associated with sales incentive programs to wind down the WebOS device business, net of current quarter WebOS device revenue.

(b) Includes impairment charges to goodwill and purchased intangible assets associated with the acquisition of Palm Inc. on July 1, 2010 recorded as a result of the decision announced on August 18, 2011 to wind down the WebOS device business.

(c) Includes primarily expenses for supplier-related obligations and contra revenue associated with sales incentive programs related to winding down the WebOS device business.

(d) Includes primarily the cost of the British pound options bought to limit foreign exchange rate risk in connection with the Autonomy acquisition.



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

| | October 31, 2011 <u>(unaudited)</u> | October 31, 2010 <u></u> |
|--|---|--------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 8,043 | \$ 10,929 |
| Accounts receivable | 18,224 | 18,481 |
| Financing receivables | 3,162 | 2,986 |
| Inventory | 7,490 | 6,466 |
| Other current assets | <u>14,102</u> | <u>15,322</u> |
| Total current assets | <u>51,021</u> | <u>54,184</u> |
| Property, plant and equipment | 12,292 | 11,763 |
| Long-term financing receivables and other assets | 10,755 | 12,225 |
| Goodwill and purchased intangible assets | <u>55,449</u> | <u>46,331</u> |
| Total assets | <u>\$ 129,517</u> | <u>\$ 124,503</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Notes payable and short-term borrowings | \$ 8,083 | \$ 7,046 |
| Accounts payable | 14,750 | 14,365 |
| Employee compensation and benefits | 3,999 | 4,256 |
| Taxes on earnings | 1,048 | 802 |
| Deferred revenue | 7,449 | 6,727 |
| Other accrued liabilities | <u>15,113</u> | <u>16,207</u> |
| Total current liabilities | <u>50,442</u> | <u>49,403</u> |
| Long-term debt | 22,551 | 15,258 |
| Other liabilities | 17,520 | 19,061 |
| Stockholders' equity: | | |
| HP stockholders' equity | 38,625 | 40,449 |
| Non-controlling interests | <u>379</u> | <u>332</u> |
| Total stockholders' equity | <u>39,004</u> | <u>40,781</u> |
| Total liabilities and stockholders' equity | <u>\$ 129,517</u> | <u>\$ 124,503</u> |



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

| | Three months ended October 31, 2011 | Twelve months ended October 31, 2011 |
|--|--|---|
| Cash flows from operating activities: | | |
| Net earnings | \$ 239 | \$ 7,074 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,262 | 4,984 |
| Impairment of goodwill and purchased intangible assets | 885 | 885 |
| Stock-based compensation expense | 210 | 685 |
| Provision for bad debt and inventory | 90 | 298 |
| Restructuring charges | 179 | 645 |
| Deferred taxes on earnings | (638) | 166 |
| Excess tax benefit from stock-based compensation | (3) | (163) |
| Other, net | 156 | (46) |
| Changes in assets and liabilities: | | |
| Accounts and financing receivables | (7) | (227) |
| Inventory | (113) | (1,252) |
| Accounts payable | 153 | 275 |
| Taxes on earnings | 359 | 610 |
| Restructuring | (252) | (1,002) |
| Other assets and liabilities | (120) | (293) |
| Net cash provided by operating activities | <u>2,400</u> | <u>12,639</u> |
| Cash flows from investing activities: | | |
| Investment in property, plant and equipment | (1,385) | (4,539) |
| Proceeds from sale of property, plant and equipment | 217 | 999 |
| Purchases of available-for-sale securities and other investments | (96) | (96) |
| Maturities and sales of available-for-sale securities and other investments | 9 | 68 |
| Payments made in connection with business acquisitions, net of cash acquired | (10,211) | (10,480) |
| Proceeds from business divestiture, net | - | 89 |
| Net cash used in investing activities | <u>(11,466)</u> | <u>(13,959)</u> |
| Cash flows from financing activities: | | |
| Issuance (repayment) of commercial paper and notes payable, net | 262 | (1,270) |
| Issuance of debt | 4,644 | 11,942 |
| Payment of debt | (65) | (2,336) |
| Issuance of common stock under employee stock plans | 51 | 896 |
| Repurchase of common stock | (500) | (10,117) |
| Excess tax benefit from stock-based compensation | 3 | 163 |
| Dividends | (239) | (844) |
| Net cash provided by (used in) financing activities | <u>4,156</u> | <u>(1,566)</u> |
| Decrease in cash and cash equivalents | (4,910) | (2,886) |
| Cash and cash equivalents at beginning of period | <u>12,953</u> | <u>10,929</u> |
| Cash and cash equivalents at end of period | <u>\$ 8,043</u> | <u>\$ 8,043</u> |



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

| | Three months ended | | |
|---|---------------------|------------------|---------------------|
| | October 31, 2011 | July 31, 2011 | October 31, 2010 |
| Net revenue: ^(a) | | | |
| Services | \$ 9,281 | \$ 9,089 | \$ 9,125 |
| Enterprise Servers, Storage and Networking | 5,655 | 5,396 | 5,888 |
| HP Software | 976 | 780 | 763 |
| Personal Systems Group | 10,118 | 9,592 | 10,283 |
| Imaging and Printing Group | 6,321 | 6,087 | 6,995 |
| HP Financial Services | 952 | 932 | 809 |
| Corporate Investments | (94) | 266 | 135 |
| Total Segments | 33,209 | 32,142 | 33,998 |
| Eliminations of intersegment net revenue and other | (1,087) | (953) | (720) |
| Total HP Consolidated Net Revenue | <u>\$ 32,122</u> | <u>\$ 31,189</u> | <u>\$ 33,278</u> |
| Earnings from operations: ^(a) | | | |
| Services | \$ 1,188 | \$ 1,225 | \$ 1,500 |
| Enterprise Servers, Storage and Networking | 733 | 699 | 888 |
| HP Software | 270 | 151 | 261 |
| Personal Systems Group | 578 | 567 | 568 |
| Imaging and Printing Group | 808 | 892 | 1,220 |
| HP Financial Services | 98 | 88 | 73 |
| Corporate Investments | (903) | (332) | (157) |
| Total Segments | 2,772 | 3,290 | 4,353 |
| Corporate and unallocated costs and eliminations | (196) | (114) | (239) |
| Unallocated costs related to stock-based compensation expense | (192) | (130) | (109) |
| Amortization of purchased intangible assets | (411) | (358) | (424) |
| Restructuring charges | (179) | (150) | (235) |
| Acquisition-related charges | (114) | (18) | (51) |
| Impairment of goodwill and purchased intangible assets | (885) | - | - |
| Interest and other, net | (401) | (121) | (81) |
| Total HP Consolidated Earnings Before Taxes | <u>\$ 394</u> | <u>\$ 2,399</u> | <u>\$ 3,214</u> |

(a) Certain fiscal 2011 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2010, the reclassifications resulted in the transfer of revenue and operating profit among the Enterprise Servers, Storage and Networking, Services, HP Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of the networking business from Corporate Investments to Enterprise Servers, Storage and Networking, the transfer of the communications and media solutions business from HP Software to Services, and the transfer of the business intelligence business from HP Software to Corporate Investments. There was no impact on the previously reported financial results for the Personal Systems Group, HP Financial Services and Imaging and Printing Group segments.



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

| | Twelve months ended October 31, | |
|---|------------------------------------|-------------------|
| | 2011 | 2010 |
| Net revenue: ^(a) | | |
| Services | \$ 35,954 | \$ 35,529 |
| Enterprise Servers, Storage and Networking | 22,241 | 20,356 |
| HP Software | 3,217 | 2,729 |
| Personal Systems Group | 39,574 | 40,741 |
| Imaging and Printing Group | 25,783 | 25,764 |
| HP Financial Services | 3,596 | 3,047 |
| Corporate Investments | 322 | 346 |
| Total Segments | 130,687 | 128,512 |
| Eliminations of intersegment net revenue and other | (3,442) | (2,479) |
| Total HP Consolidated Net Revenue | <u>\$ 127,245</u> | <u>\$ 126,033</u> |
| Earnings from operations: ^(a) | | |
| Services | \$ 5,149 | \$ 5,661 |
| Enterprise Servers, Storage and Networking | 3,026 | 2,825 |
| HP Software | 698 | 782 |
| Personal Systems Group | 2,350 | 2,032 |
| Imaging and Printing Group | 3,973 | 4,412 |
| HP Financial Services | 348 | 281 |
| Corporate Investments | (1,616) | (366) |
| Total Segments | 13,928 | 15,627 |
| Corporate and unallocated costs and eliminations | (314) | (614) |
| Unallocated costs related to stock-based compensation expense | (618) | (613) |
| Amortization of purchased intangible assets | (1,607) | (1,484) |
| Restructuring charges | (645) | (1,144) |
| Acquisition-related charges | (182) | (293) |
| Impairment of goodwill and purchased intangible assets | (885) | - |
| Interest and other, net | (695) | (505) |
| Total HP Consolidated Earnings Before Taxes | <u>\$ 8,982</u> | <u>\$ 10,974</u> |

(a) Certain fiscal 2011 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2010, the reclassifications resulted in the transfer of revenue and operating profit among the Enterprise Servers, Storage and Networking, Services, HP Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of the networking business from Corporate Investments to Enterprise Servers, Storage and Networking, the transfer of the communications and media solutions business from HP Software to Services, and the transfer of the business intelligence business from HP Software to Corporate Investments. There was no impact on the previously reported financial results for the Personal Systems Group, HP Financial Services and Imaging and Printing Group segments.



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

| | Three months ended | | | Growth rate (%) | |
|--|---------------------|------------------|---------------------|-----------------|--------|
| | October 31, 2011 | July 31, 2011 | October 31, 2010 | Q/Q | Y/Y |
| Net revenue: ^(a) | | | | | |
| Services | | | | | |
| Infrastructure Technology Outsourcing | \$ 3,886 | \$ 3,884 | \$ 3,851 | 0% | 1% |
| Technology Services | 2,810 | 2,754 | 2,733 | 2% | 3% |
| Application Services | 1,798 | 1,698 | 1,763 | 6% | 2% |
| Business Process Outsourcing | 683 | 658 | 695 | 4% | (2%) |
| Other | <u>104</u> | <u>95</u> | <u>83</u> | 9% | 25% |
| Total Services | <u>9,281</u> | <u>9,089</u> | <u>9,125</u> | 2% | 2% |
| Enterprise Servers, Storage and Networking | | | | | |
| Industry Standard Servers | 3,384 | 3,302 | 3,530 | 2% | (4%) |
| Storage | 1,088 | 976 | 1,044 | 11% | 4% |
| Business Critical Systems | 535 | 459 | 695 | 17% | (23%) |
| HP Networking ^(b) | <u>648</u> | <u>659</u> | <u>619</u> | (2%) | 5% |
| Total Enterprise Servers, Storage and Networking | <u>5,655</u> | <u>5,396</u> | <u>5,888</u> | 5% | (4%) |
| HP Software ^(c) | <u>976</u> | <u>780</u> | <u>763</u> | 25% | 28% |
| Personal Systems Group ^(d) | | | | | |
| Notebooks | 5,390 | 5,082 | 5,623 | 6% | (4%) |
| Desktops | 3,946 | 3,777 | 3,928 | 4% | 0% |
| Workstations | 593 | 547 | 529 | 8% | 12% |
| Other | <u>189</u> | <u>186</u> | <u>203</u> | 2% | (7%) |
| Total Personal Systems Group | <u>10,118</u> | <u>9,592</u> | <u>10,283</u> | 5% | (2%) |
| Imaging and Printing Group | | | | | |
| Supplies | 4,041 | 4,143 | 4,707 | (2%) | (14%) |
| Commercial Hardware | 1,596 | 1,292 | 1,541 | 24% | 4% |
| Consumer Hardware | <u>684</u> | <u>652</u> | <u>747</u> | 5% | (8%) |
| Total Imaging and Printing Group | <u>6,321</u> | <u>6,087</u> | <u>6,995</u> | 4% | (10%) |
| HP Financial Services | <u>952</u> | <u>932</u> | <u>809</u> | 2% | 18% |
| Corporate Investments | <u>(94)</u> | <u>266</u> | <u>135</u> | (135%) | (170%) |
| Total Segments | <u>33,209</u> | <u>32,142</u> | <u>33,998</u> | 3% | (2%) |
| Eliminations of intersegment net revenue and other | <u>(1,087)</u> | <u>(953)</u> | <u>(720)</u> | 14% | 51% |
| Total HP Consolidated Net Revenue | <u>\$ 32,122</u> | <u>\$ 31,189</u> | <u>\$ 33,278</u> | 3% | (3%) |

(a) Certain fiscal 2011 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2010, the reclassifications resulted in the transfer of revenue among the Enterprise Servers, Storage and Networking, Services, HP Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of the networking business from Corporate Investments to Enterprise Servers, Storage and Networking, the transfer of the communications and media solutions business from HP Software to Services, and the transfer of the business intelligence business from HP Software to Corporate Investments. In addition, revenue was transferred among the business units within the Services and Personal Systems Group segments. There was no impact on the previously reported financial results for the HP Financial Services and Imaging and Printing Group segments or for the business units within the Imaging and Printing Group segment.

(b) The networking business was added to the Enterprise Servers, Storage and Networking segment in fiscal 2011.

(c) The Business Technology Optimization and Other Software business units were consolidated into a single business unit within the HP Software segment in fiscal 2011.

(d) The Handhelds business unit, which includes devices that run on Windows Mobile software, was reclassified into the Other business unit within the Personal Systems Group in fiscal 2011.



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

| | Twelve months ended | |
|--|---------------------|-------------------|
| | October 31, | |
| | 2011 | 2010 |
| Net revenue: ^(a) | | |
| Services | | |
| Infrastructure Technology Outsourcing | \$ 15,189 | \$ 14,942 |
| Technology Services | 10,879 | 10,627 |
| Application Services | 6,852 | 6,792 |
| Business Process Outsourcing | 2,672 | 2,872 |
| Other | <u>362</u> | <u>296</u> |
| Total Services | <u>35,954</u> | <u>35,529</u> |
| Enterprise Servers, Storage and Networking | | |
| Industry Standard Servers | 13,521 | 12,574 |
| Storage | 4,056 | 3,785 |
| Business Critical Systems | 2,095 | 2,292 |
| HP Networking ^(b) | <u>2,569</u> | <u>1,705</u> |
| Total Enterprise Servers, Storage and Networking | <u>22,241</u> | <u>20,356</u> |
| HP Software ^(c) | <u>3,217</u> | <u>2,729</u> |
| Personal Systems Group ^(d) | | |
| Notebooks | 21,319 | 22,602 |
| Desktops | 15,260 | 15,519 |
| Workstations | 2,216 | 1,786 |
| Other | <u>779</u> | <u>834</u> |
| Total Personal Systems Group | <u>39,574</u> | <u>40,741</u> |
| Imaging and Printing Group | | |
| Supplies | 17,154 | 17,249 |
| Commercial Hardware | 5,790 | 5,569 |
| Consumer Hardware | <u>2,839</u> | <u>2,946</u> |
| Total Imaging and Printing Group | <u>25,783</u> | <u>25,764</u> |
| HP Financial Services | <u>3,596</u> | <u>3,047</u> |
| Corporate Investments | <u>322</u> | <u>346</u> |
| Total Segments | <u>130,687</u> | <u>128,512</u> |
| Eliminations of intersegment net revenue and other | <u>(3,442)</u> | <u>(2,479)</u> |
| Total HP Consolidated Net Revenue | <u>\$ 127,245</u> | <u>\$ 126,033</u> |

(a) Certain fiscal 2011 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2010, the reclassifications resulted in the transfer of revenue among the Enterprise Servers, Storage and Networking, Services, HP Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of the networking business from Corporate Investments to Enterprise Servers, Storage and Networking, the transfer of the communications and media solutions business from HP Software to Services, and the transfer of the business intelligence business from HP Software to Corporate Investments. In addition, revenue was transferred among the business units within the Services and Personal Systems Group segments. There was no impact on the previously reported financial results for the HP Financial Services and Imaging and Printing Group segments or for the business units within the Imaging and Printing Group segment.

(b) The networking business was added to the Enterprise Servers, Storage and Networking segment in fiscal 2011.

(c) The Business Technology Optimization and Other Software business units were consolidated into a single business unit within the HP Software segment in fiscal 2011.

(d) The Handhelds business unit, which includes devices that run on Windows Mobile software, was reclassified into the Other business unit within the Personal Systems Group in fiscal 2011.



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
SEGMENT NON-GAAP OPERATING MARGIN SUMMARY DATA
(Unaudited)
(In millions)

| | Three months ended | Change in Operating Margin (pts) | |
|---|--------------------|----------------------------------|-------------|
| | October 31, 2011 | Y/Y | Q/Q |
| Non-GAAP Operating Margin: ^(a) | | | |
| Services | 12.8% | (3.6 pts) | (0.7 pts) |
| Enterprise Servers, Storage and Networking | 13.0% | (2.1 pts) | 0.0 pts |
| HP Software | 27.7% | (6.5 pts) | 8.3 pts |
| Personal Systems Group | 5.7% | 0.2 pts | (0.2 pts) |
| Imaging and Printing Group | 12.8% | (4.6 pts) | (1.9 pts) |
| HP Financial Services | 10.3% | 1.3 pts | 0.9 pts |
| Corporate Investments | (308.3%) | (192.0 pts) | (183.5 pts) |
| Total Segments | 10.6% | (2.2 pts) | 0.4 pts |
| Total HP Consolidated Non-GAAP Operating Margin | 9.7% | (2.3 pts) | (0.1 pts) |

(a) Certain fiscal 2011 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2010, the reclassifications resulted in the transfer of revenue and operating profit among the Enterprise Servers, Storage and Networking, Services, HP Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of the networking business from Corporate Investments to Enterprise Servers, Storage and Networking, the transfer of the communications and media solutions business from HP Software to Services, and the transfer of the business intelligence business from HP Software to Corporate Investments. There was no impact on the previously reported financial results for the Personal Systems Group, HP Financial Services and Imaging and Printing Group segments.



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

| | Three months ended | | |
|---|---------------------|------------------|---------------------|
| | October 31, 2011 | July 31, 2011 | October 31, 2010 |
| Numerator: | | | |
| GAAP net earnings | \$ 239 | \$ 1,926 | \$ 2,538 |
| Non-GAAP net earnings | \$ 2,350 | \$ 2,282 | \$ 3,064 |
| Denominator: | | | |
| Weighted-average shares used to compute basic EPS | 1,989 | 2,054 | 2,249 |
| Dilutive effect of employee stock plans | 16 | 26 | 48 |
| Weighted-average shares used to compute diluted EPS | 2,005 | 2,080 | 2,297 |
| GAAP net earnings per share: | | | |
| Basic ^(a) | \$ 0.12 | \$ 0.94 | \$ 1.13 |
| Diluted ^(c) | \$ 0.12 | \$ 0.93 | \$ 1.10 |
| Non-GAAP net earnings per share: | | | |
| Basic ^(b) | \$ 1.18 | \$ 1.11 | \$ 1.36 |
| Diluted ^(c) | \$ 1.17 | \$ 1.10 | \$ 1.33 |

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

(b) Non-GAAP basic earnings per share were calculated based on non-GAAP net earnings and the weighted-average number of shares outstanding during the reporting period.

(c) Diluted net earnings per share included any dilutive effect of outstanding stock options, performance-based restricted units, restricted stock units and restricted stock.



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

| | Twelve months ended | |
|---|---------------------|------------------|
| | October 31, | |
| | 2011 | 2010 |
| Numerator: | | |
| GAAP net earnings | <u>\$ 7,074</u> | <u>\$ 8,761</u> |
| Non-GAAP net earnings | <u>\$ 10,379</u> | <u>\$ 10,866</u> |
| Denominator: | | |
| Weighted-average shares used to compute basic EPS | 2,094 | 2,319 |
| Dilutive effect of employee stock plans | <u>34</u> | <u>53</u> |
| Weighted-average shares used to compute diluted EPS | <u>2,128</u> | <u>2,372</u> |
| GAAP net earnings per share: | | |
| Basic ^(a) | \$ 3.38 | \$ 3.78 |
| Diluted ^(c) | \$ 3.32 | \$ 3.69 |
| Non-GAAP net earnings per share: | | |
| Basic ^(b) | \$ 4.96 | \$ 4.69 |
| Diluted ^(c) | \$ 4.88 | \$ 4.58 |

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

(b) Non-GAAP basic earnings per share were calculated based on non-GAAP net earnings and the weighted-average number of shares outstanding during the reporting period.

(c) Diluted net earnings per share included any dilutive effect of outstanding stock options, performance-based restricted units, restricted stock units and restricted stock.