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

	Three months ended		
	January 31, 2012	October 31, 2011	January 31, 2011
Net revenue	$ 30,036	$ 32,122	$ 32,302
Costs and Expenses:[a]			
Cost of sales	23,313	25,304	24,381
Research and development	786	829	798
Selling, general and administrative	3,367	3,605	3,117
Amortization of purchased intangible assets	466	411	425
Restructuring charges	40	179	158
Acquisition-related charges	22	114	29
Impairment of goodwill and purchased intangible assets	-	885	-
Total costs and expenses	27,994	31,327	28,908
Earnings from operations	2,042	795	3,394
Interest and other, net	(221)	(401)	(97)
Earnings before taxes	1,821	394	3,297
Provision for taxes	353	155	692
Net earnings	$ 1,468	$ 239	$ 2,605
Net earnings per share:			
Basic	$ 0.74	$ 0.12	$ 1.19
Diluted	$ 0.73	$ 0.12	$ 1.17
Cash dividends declared per share	$ 0.24	$ -	$ 0.16
Weighted-average shares used to compute net earnings per share:			
Basic	1,981	1,989	2,182
Diluted	1,998	2,005	2,226

(a) In connection with organizational realignments implemented in the first quarter of fiscal year 2012, 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 January 31, 2012	Diluted earnings per share	Three months ended October 31, 2011	Diluted earnings per share	Three months ended January 31, 2011	Diluted earnings per share
GAAP net revenue	$ 30,036		$ 32,122		$ 32,302	
Non-GAAP adjustments:						
webOS device contra revenue, net [a]	-		142		-	
Non-GAAP net revenue	$ 30,036		$ 32,264		$ 32,302	
GAAP net earnings	$ 1,468	$ 0.73	$ 239	$ 0.12	$ 2,605	$ 1.17
Non-GAAP adjustments:						
Amortization of purchased intangible assets	466	0.24	411	0.20	425	0.19
Restructuring charges	40	0.02	179	0.09	158	0.07
Acquisition-related charges in earnings from operations	22	0.01	114	0.06	29	0.01
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	(164)	(0.08)	(509)	(0.26)	(187)	(0.08)
Non-GAAP net earnings	$ 1,832	$ 0.92	$ 2,350	$ 1.17	$ 3,030	$ 1.36
GAAP earnings from operations	$ 2,042		$ 795		$ 3,394	
Non-GAAP adjustments:						
Amortization of purchased intangible assets	466		411		425	
Restructuring charges	40		179		158	
Acquisition-related charges in earnings from operations	22		114		29	
Impairment of goodwill and purchased intangible assets[b]	-		885		-	
Wind down of the webOS device business[c]	-		755		-	
Non-GAAP earnings from operations	$ 2,570		$ 3,139		$ 4,006	
GAAP operating margin	7%		2%		11%	
Non-GAAP adjustments	2%		8%		1%	
Non-GAAP operating margin	9%		10%		12%	

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

	January 31, 2012 (unaudited)	October 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,113	$ 8,043
Accounts receivable	15,892	18,224
Financing receivables	3,123	3,162
Inventory	7,271	7,490
Other current assets	14,350	14,102
Total current assets	48,749	51,021
Property, plant and equipment	12,122	12,292
Long-term financing receivables and other assets	11,057	10,755
Goodwill and purchased intangible assets	54,668	55,449
Total assets	$ 126,596	$ 129,517
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	$ 5,438	$ 8,083
Accounts payable	12,375	14,750
Employee compensation and benefits	3,136	3,999
Taxes on earnings	929	1,048
Deferred revenue	7,530	7,449
Other accrued liabilities	14,885	15,113
Total current liabilities	44,293	50,442
Long-term debt	25,462	22,551
Other liabilities	17,269	17,520
Stockholders' equity:		
HP stockholders' equity	39,162	38,625
Non-controlling interests	410	379
Total stockholders' equity	39,572	39,004
Total liabilities and stockholders' equity	$ 126,596	$ 129,517

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

	Three months ended	
	January 31, 2012	January 31, 2011
Cash flows from operating activities:		
Net earnings	$ 1,468	$ 2,605
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,303	1,255
Stock-based compensation expense	175	180
Provision for bad debt and inventory	52	86
Restructuring charges	40	158
Deferred taxes on earnings	(110)	632
Excess tax benefit from stock-based compensation	(11)	(64)
Other, net	44	(104)
Changes in assets and liabilities:		
Accounts and financing receivables	2,311	1,752
Inventory	180	(333)
Accounts payable	(2,376)	(912)
Taxes on earnings	(12)	(242)
Restructuring	(174)	(272)
Other assets and liabilities	(1,697)	(1,671)
Net cash provided by operating activities	1,193	3,070
Cash flows from investing activities:		
Investment in property, plant and equipment	(883)	(926)
Proceeds from sale of property, plant and equipment	96	543
Purchases of available-for-sale securities and other investments	-	(19)
Maturities and sales of available-for-sale securities and other investments	96	53
Payments made in connection with business acquisitions, net of cash acquired	(141)	(14)
Proceeds from business divestiture, net	81	-
Net cash used in investing activities	(751)	(363)
Cash flows from financing activities:		
Repayment of commercial paper and notes payable, net	(2,607)	(3,710)
Issuance of debt	3,035	2,117
Payment of debt	(100)	(138)
Issuance of common stock under employee stock plans	313	430
Repurchase of common stock	(780)	(2,290)
Excess tax benefit from stock-based compensation	11	64
Cash dividends paid	(244)	(175)
Net cash used in financing activities	(372)	(3,702)
Increase (decrease) in cash and cash equivalents	70	(995)
Cash and cash equivalents at beginning of period	8,043	10,929
Cash and cash equivalents at end of period	$ 8,113	$ 9,934

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

	Three months ended		
	January 31, 2012	October 31, 2011	January 31, 2011
Net revenue:[a]			
Personal Systems Group	$ 8,873	$ 10,118	$ 10,449
Services	8,626	9,227	8,529
Imaging and Printing Group	6,258	6,419	6,731
Enterprise Servers, Storage and Networking	5,018	5,601	5,599
Software	946	1,023	725
HP Financial Services	950	952	827
Corporate Investments	58	(131)	62
Total segments	30,729	33,209	32,922
Elimination of intersegment net revenue and other	(693)	(1,087)	(620)
Total HP consolidated net revenue	$ 30,036	$ 32,122	$ 32,302
Earnings from operations:[a]			
Personal Systems Group	$ 464	$ 578	$ 672
Services	905	1,210	1,381
Imaging and Printing Group	761	793	1,119
Enterprise Servers, Storage and Networking	562	717	830
Software	162	284	120
HP Financial Services	91	98	79
Corporate Investments	(48)	(908)	(178)
Total segments	2,897	2,772	4,023
Corporate and unallocated costs, gains and eliminations	(153)	(196)	149
Unallocated costs related to stock-based compensation expense	(174)	(192)	(166)
Amortization of purchased intangible assets	(466)	(411)	(425)
Restructuring charges	(40)	(179)	(158)
Acquisition-related charges	(22)	(114)	(29)
Impairment of goodwill and purchased intangible assets	-	(885)	-
Interest and other, net	(221)	(401)	(97)
Total HP consolidated earnings before taxes	$ 1,821	$ 394	$ 3,297

(a) Certain fiscal 2012 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2011, the reclassifications resulted in the transfer of revenue and operating profit among the Services, Imaging and Printing Group, Enterprise Servers, Storage and Networking, Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of the Indigo Scitex support and the LaserJet and enterprise solutions trade support businesses from Services to the Imaging and Printing Group, the transfer of the business intelligence services business from Corporate Investments to Services, the transfer of the information management services business from Software to Services, and the transfer of the TippingPoint business from Enterprise Servers, Storage and Networking to Software. There was no impact on the previously reported financial results for the Personal Systems Group and HP Financial Services segments.

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

	Three months ended			Growth rate (%)	
	January 31, 2012	October 31, 2011	January 31, 2011	Q/Q	Y/Y
Net revenue:[a]					
Personal Systems Group					
Notebooks	$ 4,942	$ 5,390	$ 5,808	(8%)	(15%)
Desktops	3,206	3,946	3,896	(19%)	(18%)
Workstations	535	593	535	(10%)	-%
Other	190	189	210	1%	(10%)
Total Personal Systems Group	8,873	10,118	10,449	(12%)	(15%)
Services					
Infrastructure Technology Outsourcing	3,701	3,895	3,644	(5%)	2%
Technology Services	2,562	2,728	2,514	(6%)	2%
Application and Business Services[b]	2,363	2,604	2,371	(9%)	-%
Total Services	8,626	9,227	8,529	(7%)	1%
Imaging and Printing Group					
Supplies	4,079	4,041	4,358	1%	(6%)
Commercial Hardware	1,489	1,694	1,565	(12%)	(5%)
Consumer Hardware	690	684	808	1%	(15%)
Total Imaging and Printing Group	6,258	6,419	6,731	(3%)	(7%)
Enterprise Servers, Storage and Networking					
Industry Standard Servers	3,072	3,384	3,448	(9%)	(11%)
Storage	955	1,088	1,012	(12%)	(6%)
Business Critical Systems	405	535	555	(24%)	(27%)
Networking	586	594	584	(1%)	-%
Total Enterprise Servers, Storage and Networking	5,018	5,601	5,599	(10%)	(10%)
Software	946	1,023	725	(8%)	30%
HP Financial Services	950	952	827	-%	15%
Corporate Investments	58	(131)	62	(144%)	(6%)
Total segments	30,729	33,209	32,922	(7%)	(7%)
Elimination of intersegment net revenue and other	(693)	(1,087)	(620)	(36%)	12%
Total HP consolidated net revenue	$ 30,036	$ 32,122	$ 32,302	(6%)	(7%)

(a) Certain fiscal 2012 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2011, the reclassifications resulted in the transfer of revenue among the Services, Imaging and Printing Group, Enterprise Servers, Storage and Networking, Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of Indigo Scitex support and the LaserJet and enterprise solutions trade support businesses from Services to the Imaging and Printing Group, the transfer of the business intelligence services business from Corporate Investments to Services, the transfer of the information management services business from Software to Services, and the transfer of the TippingPoint business from Enterprise Servers, Storage and Networking to Software. In addition, revenue was transferred among the business units within the Services segment.There was no impact on the previously reported financial results for the Personal Systems Group and HP Financial Services segments.

(b) The former Application Services, Business Process Outsourcing and Other Services business units were consolidated into a new Application and Business Services business unit in fiscal 2012.

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

	Three months ended	Change in Operating Margin (pts)	
	January 31, 2012	Q/Q	Y/Y
Non-GAAP operating margin:[a]			
Personal Systems Group	5.2%	(0.5 pts)	(1.2 pts)
Services	10.5%	(2.6 pts)	(5.7 pts)
Imaging and Printing Group	12.2%	(0.2 pts)	(4.4 pts)
Enterprise Servers, Storage and Networking	11.2%	(1.6 pts)	(3.6 pts)
Software	17.1%	(10.7 pts)	0.5 pts
HP Financial Services	9.6%	(0.7 pts)	- pts
Corporate Investments	(82.8%)	NM	204.3 pts
Total segments	9.4%	(1.2 pts)	(2.8 pts)
Total HP consolidated non-GAAP operating margin	8.6%	(1.1 pts)	(3.8 pts)

(a) Certain fiscal 2012 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2011, the reclassifications resulted in the transfer of revenue and operating profit among the Services, Imaging and Printing Group, Enterprise Servers, Storage and Networking, Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of Indigo Scitex support and the LaserJet and enterprise solutions trade support businesses from Services to the Imaging and Printing Group, the transfer of the business intelligence services business from Corporate Investments to Services, the transfer of the information management services business from Software to Services, and the transfer of the TippingPoint business from Enterprise Servers, Storage and Networking to Software. There was no impact on the previously reported financial results for the Personal Systems Group and HP Financial Services segments.

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

	Three months ended		
	January 31, 2012	October 31, 2011	January 31, 2011
Numerator:			
GAAP net earnings	$ 1,468	$ 239	$ 2,605
Non-GAAP net earnings	$ 1,832	$ 2,350	$ 3,030
Denominator:			
Weighted-average shares used to compute basic EPS	1,981	1,989	2,182
Dilutive effect of employee stock plans	17	16	44
Weighted-average shares used to compute diluted EPS	1,998	2,005	2,226
GAAP net earnings per share:			
Basic[a]	$ 0.74	$ 0.12	$ 1.19
Diluted[c]	$ 0.73	$ 0.12	$ 1.17
Non-GAAP net earnings per share:			
Basic[b]	$ 0.92	$ 1.18	$ 1.39
Diluted[c]	$ 0.92	$ 1.17	$ 1.36

(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.