

HP Q1 FY12 Earnings Announcement

February 22, 2012

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Forward-looking statements

This presentation may contain forward-looking statements that involve risks, uncertainties 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 the execution of cost reduction programs and restructuring and integration 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; integration and other risks associated with business combination 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, 2011 and HP's other filings with the Securities and Exchange Commission. As in prior periods, the financial information set forth in this release, 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 January 31, 2012. In particular, determining HP's actual tax balances and provisions as of January 31, 2012 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 net revenue, 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 impairment of goodwill and purchased intangible assets and 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.



Q1 FY12 results overview

Financial Summary

- Net revenue of \$30.0B, down 7% Y/Y, down 8% Y/Y in constant currency
- Non-GAAP⁽¹⁾ diluted EPS of \$0.92, down 32% Y/Y
- GAAP diluted EPS of \$0.73, down 38% Y/Y
- Cash flow from operations of \$1.2B, down 61% Y/Y
- \$0.8B in share repurchases and \$244M in dividends

\$ in millions	Q1 Net Revenue	Growth Y/Y%	Non-GAAP OP \$	Non-GAAP OP % of rev	Non-GAAP OP \$ Y/Y	Non-GAAP OP % Y/Y
Personal Systems Group	\$8,873	(15%)	\$464	5.2%	(\$208)	(1.2) pts
Services	\$8,626	1%	\$905	10.5%	(\$476)	(5.7) pts
Imaging and Printing Group	\$6,258	(7%)	\$761	12.2%	(\$358)	(4.4) pts
Enterprise Servers, Storage and Networking	\$5,018	(10%)	\$562	11.2%	(\$268)	(3.6) pts
Software	\$946	30%	\$162	17.1%	\$42	0.5 pts
HP Financial Services	\$950	15%	\$91	9.6%	\$12	0.0 pts
Total HP ^{(1) (2)}	\$30,036	(7%)	\$2,570	8.6%	(\$1,436)	(3.8) pts

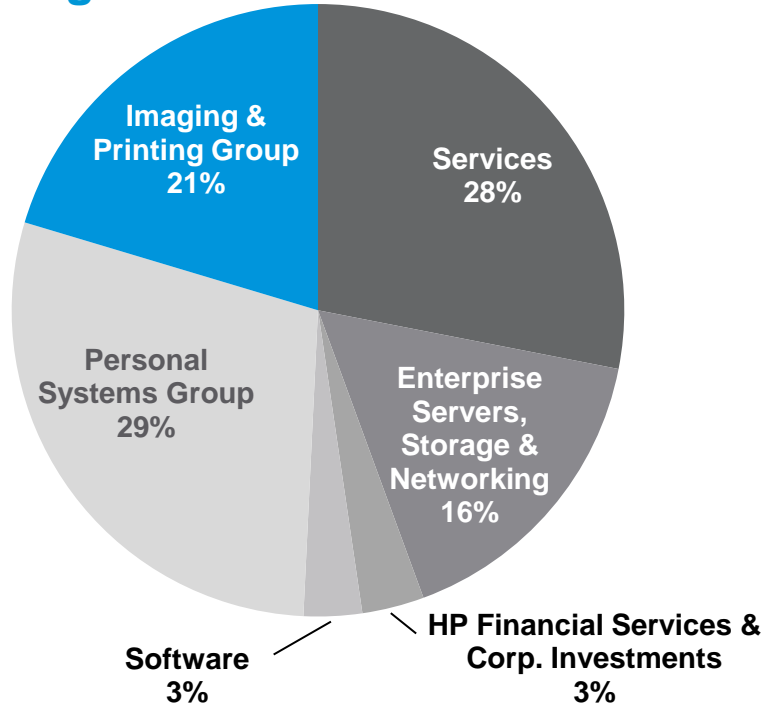
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2. Includes Corporate Investments & Eliminations.

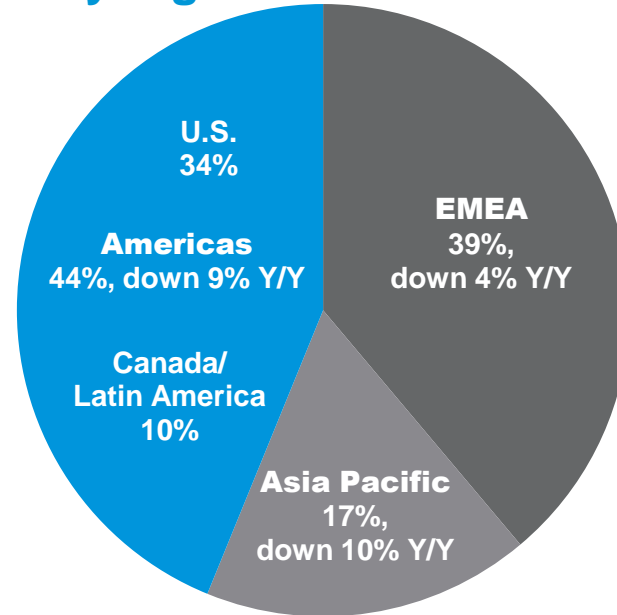


Q1 FY12 revenue

By segment⁽¹⁾



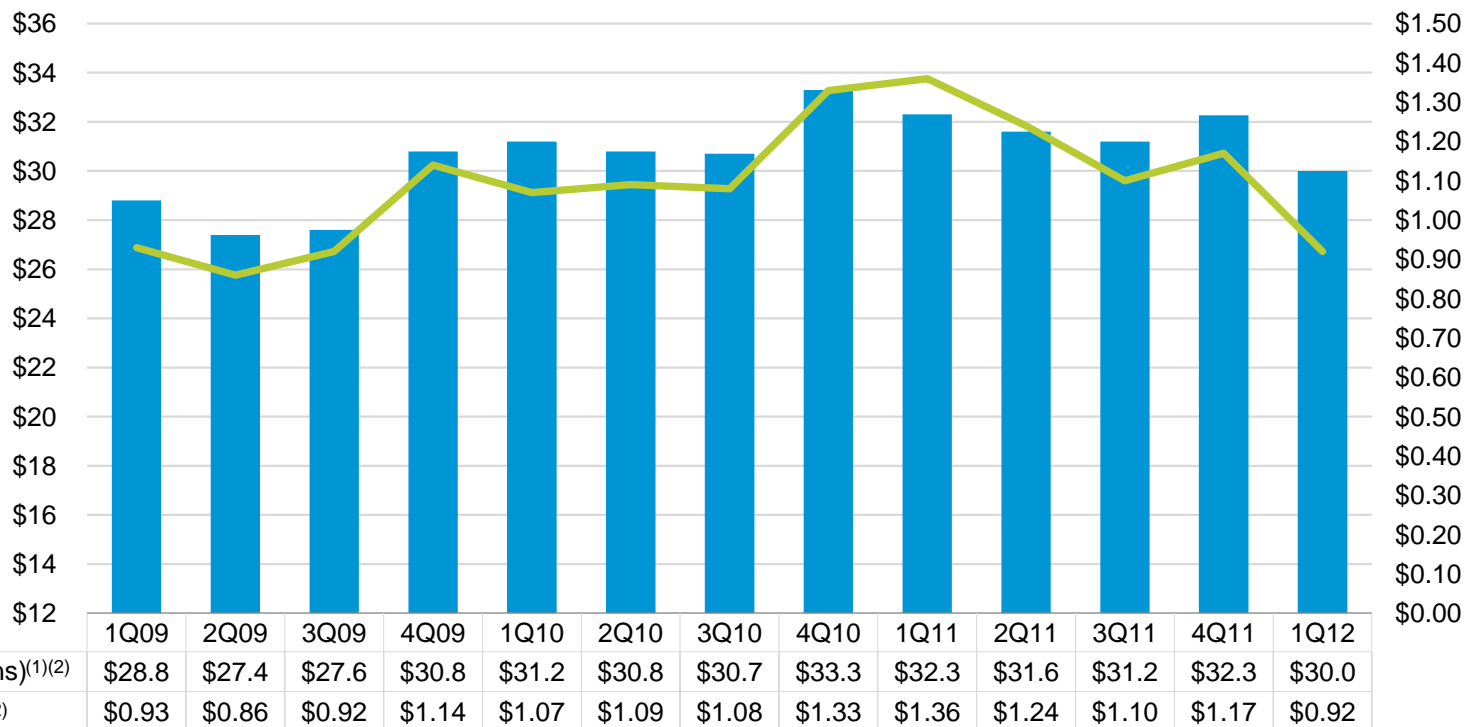
By region



1. Revenue mix calculated based on total segments, which excludes eliminations and other items not included in segment results.



Revenue & EPS performance



1. Q4 FY2011 amount shown is for non-GAAP net revenue. All other revenue amounts shown are GAAP net revenue.

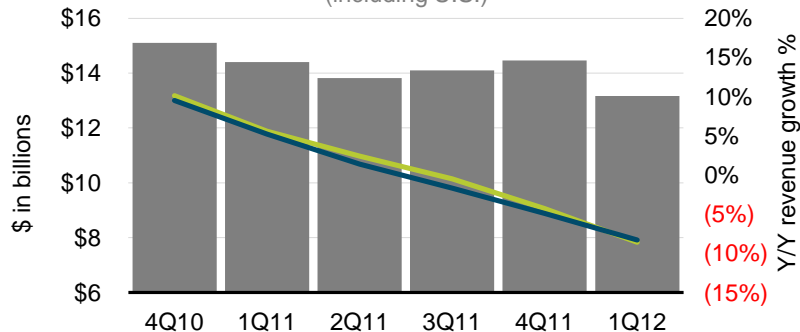
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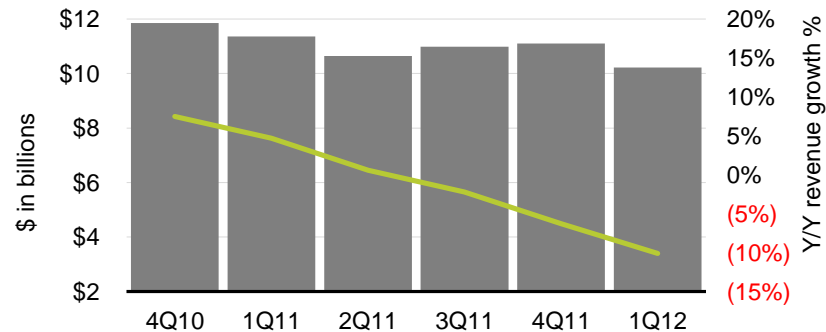
Regional revenue trends

Americas

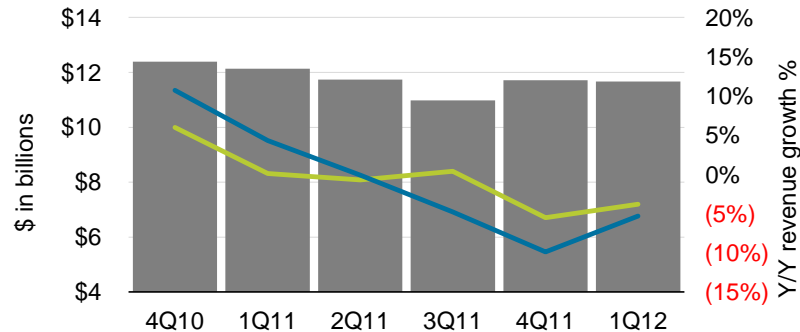
(including U.S.)



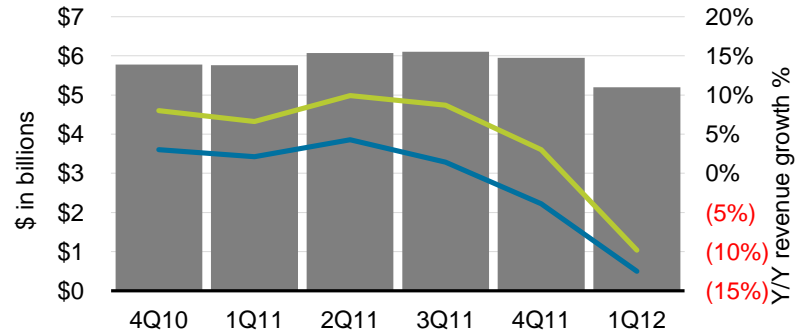
United States



EMEA



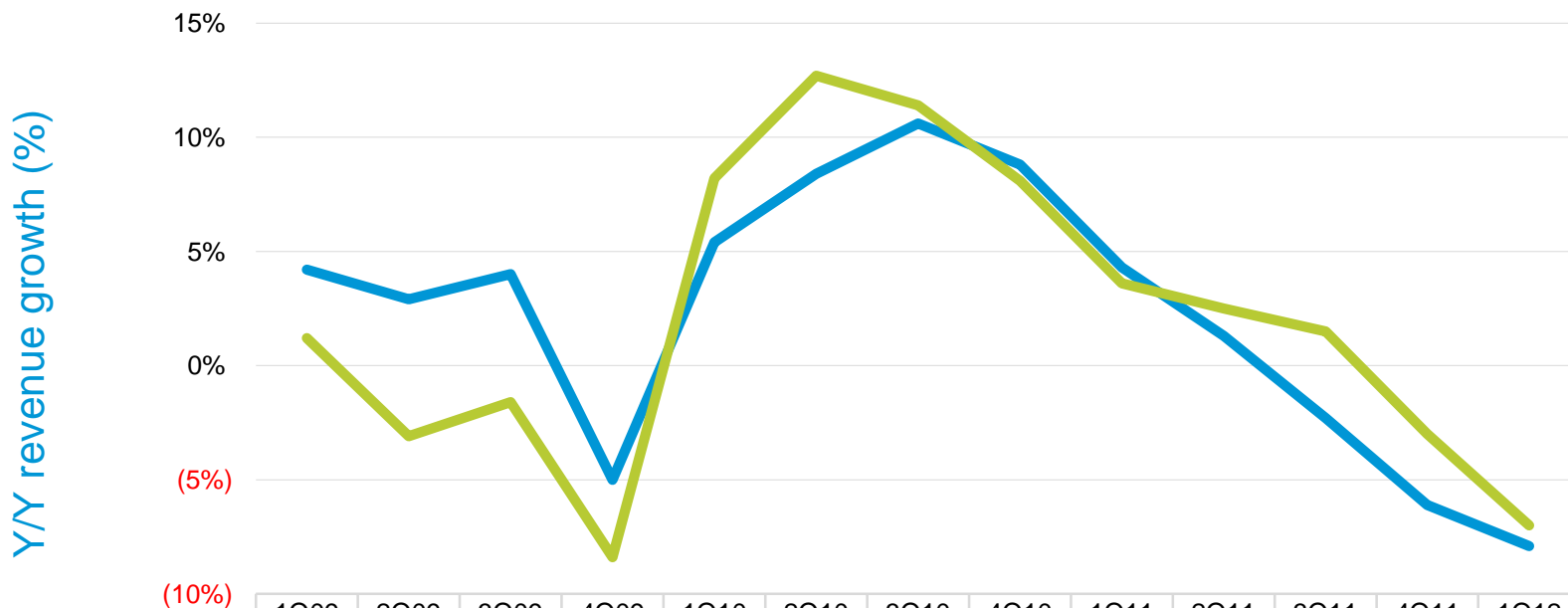
Asia Pacific



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



Revenue growth



— Constant currency (1)(2)

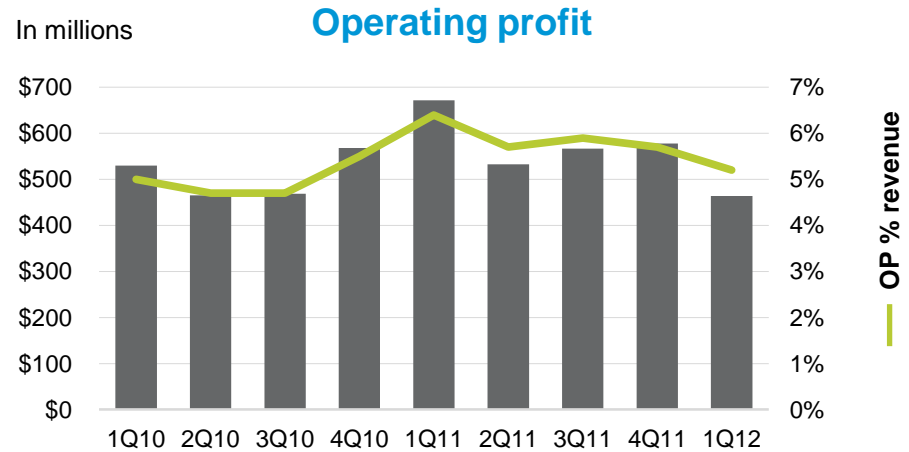
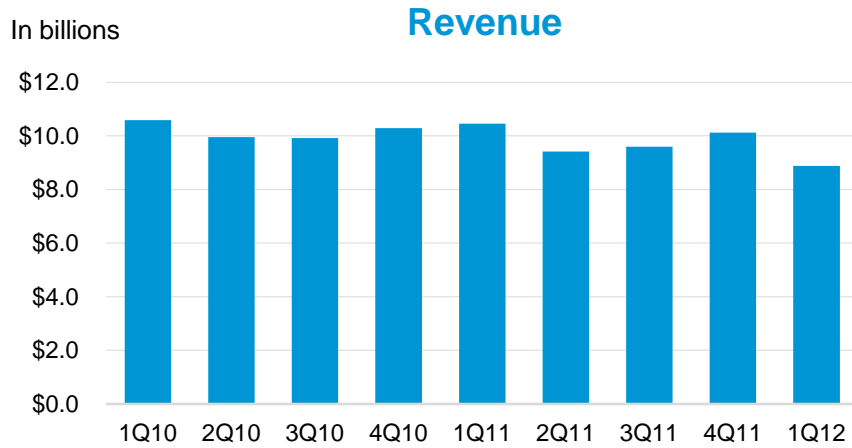
— As reported (1)(2)

1. Q4 FY2011 percentage shown is for non-GAAP net revenue. All other percentages shown are for GAAP net revenue.

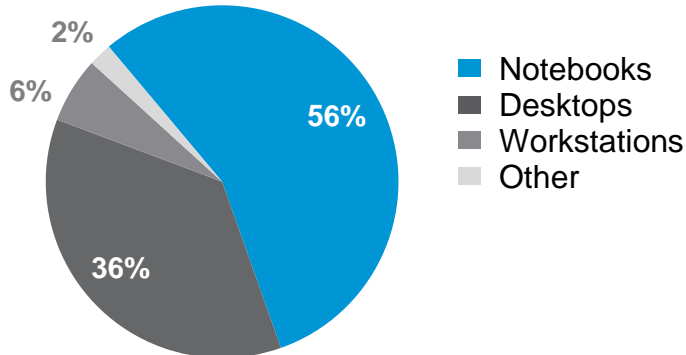
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Personal systems group (PSG)

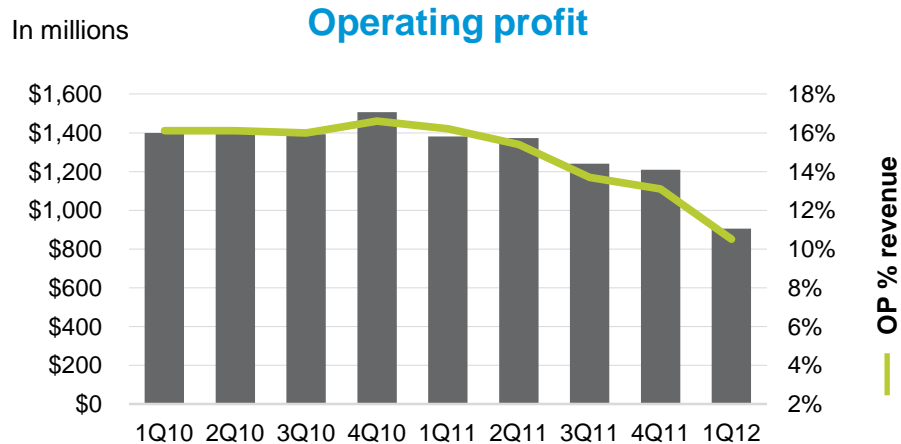
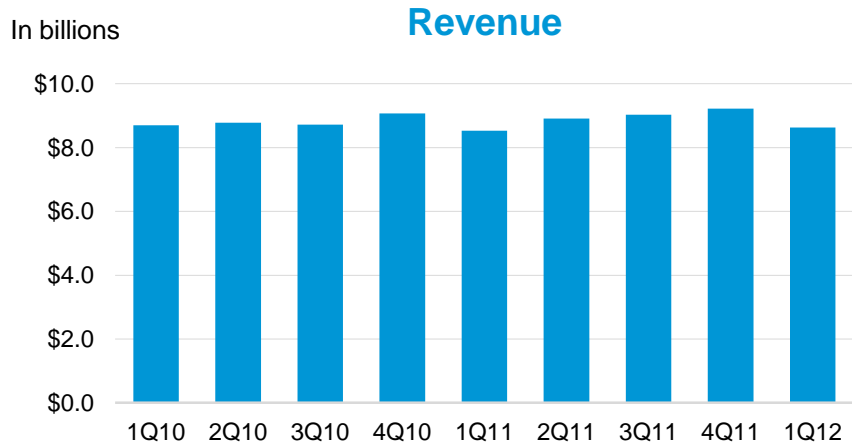


Q1 FY12 revenue by business

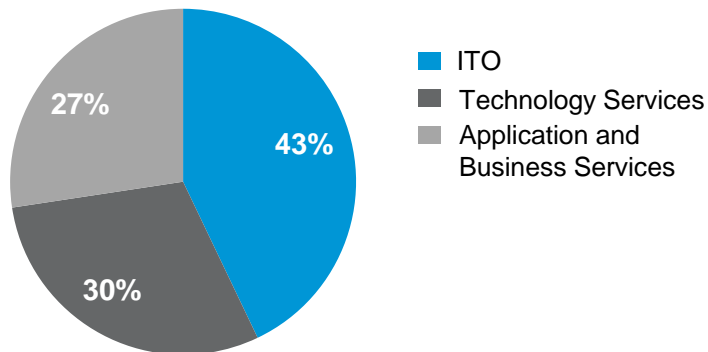


- PSG revenue of \$8.9B, down 15% Y/Y
- Operating profit of \$464M, 5.2% of revenue
- Total units down 18% Y/Y
- Notebook revenue down 15%, units down 18% Y/Y
- Desktop revenue down 18%, units down 19% Y/Y
- Consumer client revenue down 25% Y/Y, Commercial client revenue down 7% Y/Y

Services

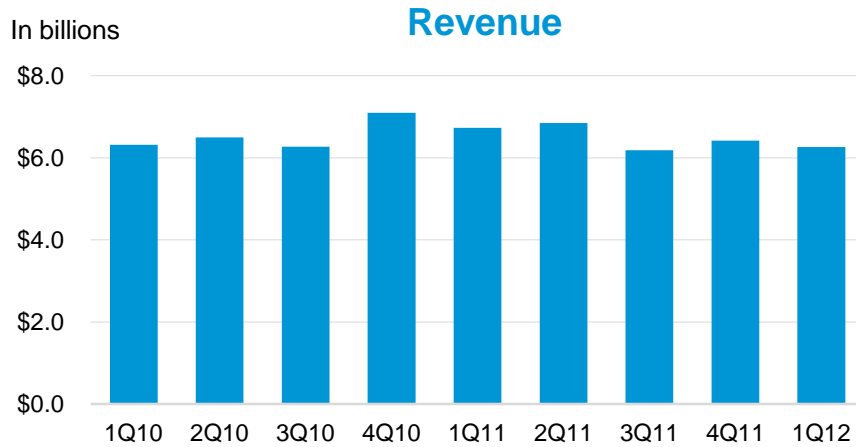


Q1 FY12 revenue by business

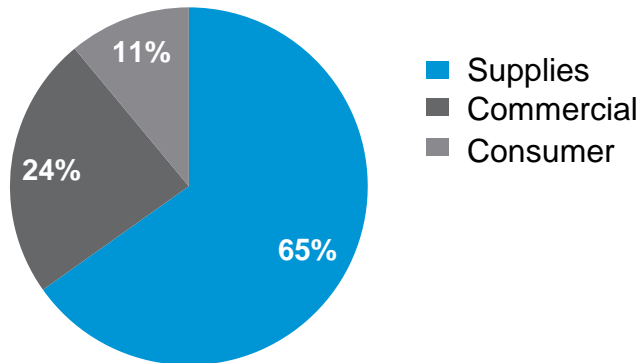


- Services revenue of \$8.6B, up 1% Y/Y
- Operating profit of \$0.9B, 10.5% of revenue
- ITO revenue up 2% Y/Y
- Technology Services revenue up 2% Y/Y
- Application and Business Services revenue flat Y/Y

Imaging & printing group (IPG)

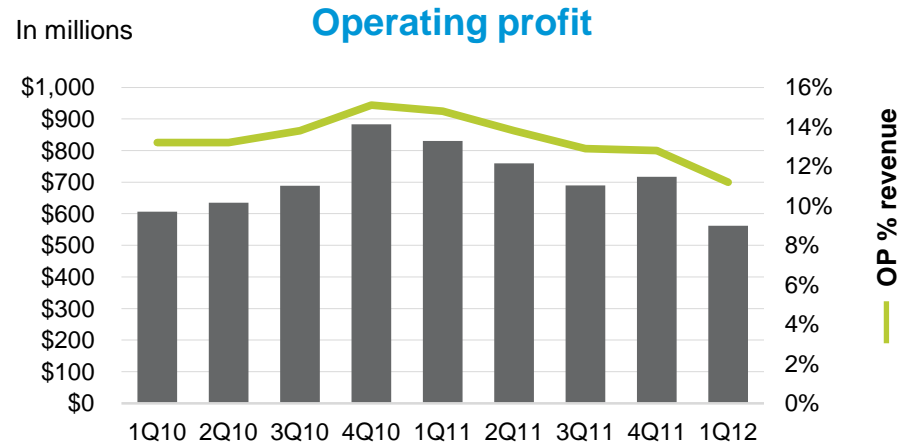
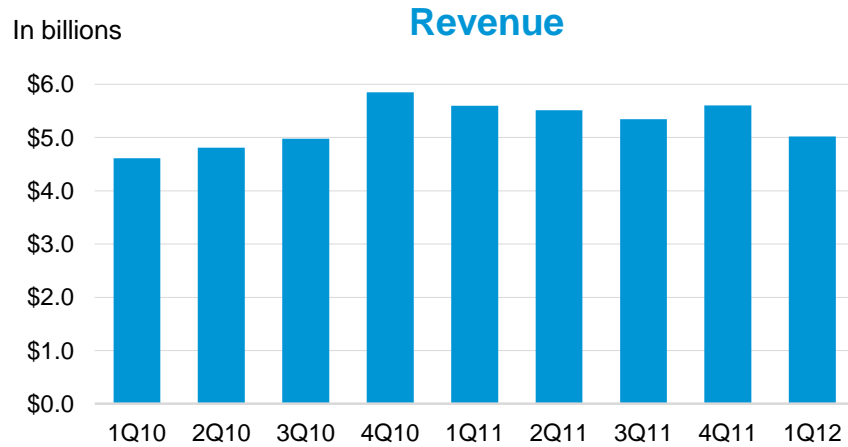


Q1 FY12 revenue by business

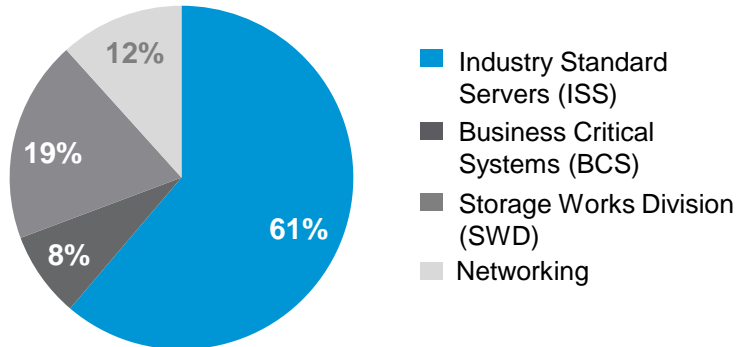


- IPG revenue of \$6.3B, down 7% Y/Y
- Operating profit of \$761M, 12.2% of revenue
- Supplies revenue down 6% Y/Y
- Total printer hardware units down 13% Y/Y
- Consumer printer hardware units down 15% Y/Y
- Commercial printer hardware units down 10% Y/Y

Enterprise servers, storage and networking (ESSN)

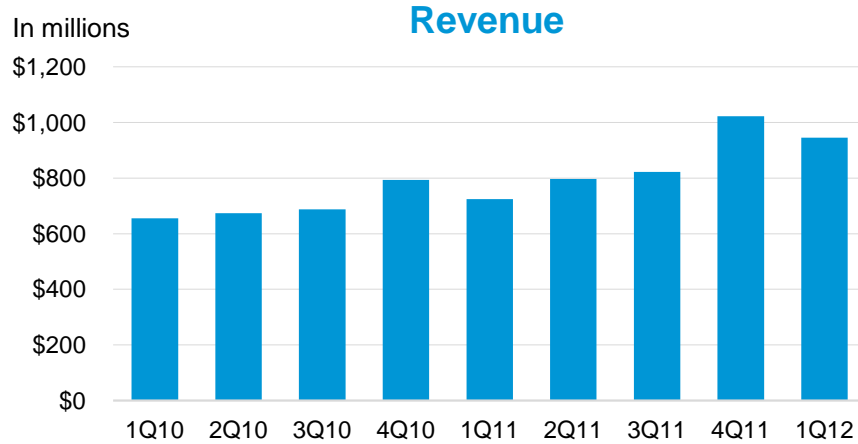


Q1 FY12 revenue by business

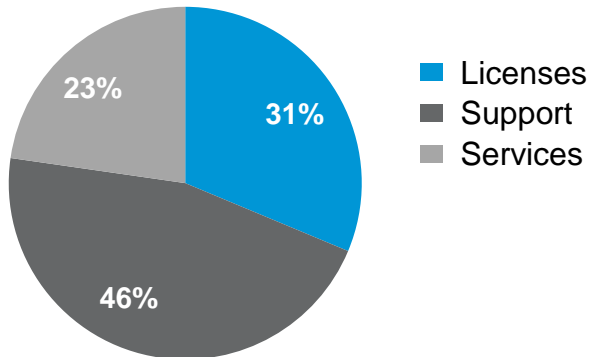


- ESSN revenue of \$5.0B, down 10% Y/Y
- Operating profit of \$562M, 11.2% of revenue
- ISS revenue down 11% Y/Y
- BCS revenue down 27% Y/Y
- Storage revenue down 6% Y/Y
- Networking revenue flat Y/Y

Software

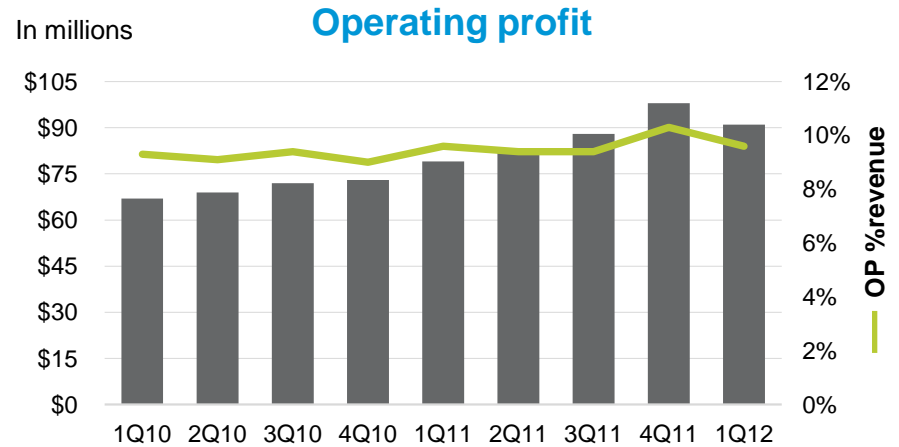
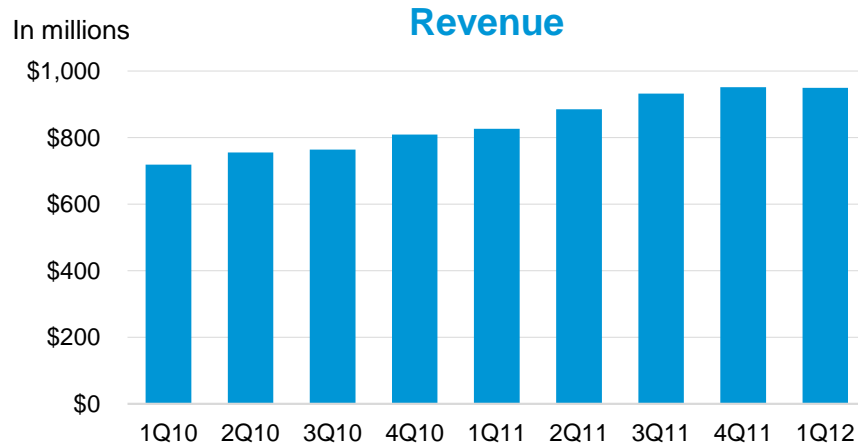


Q1 FY12 revenue by type

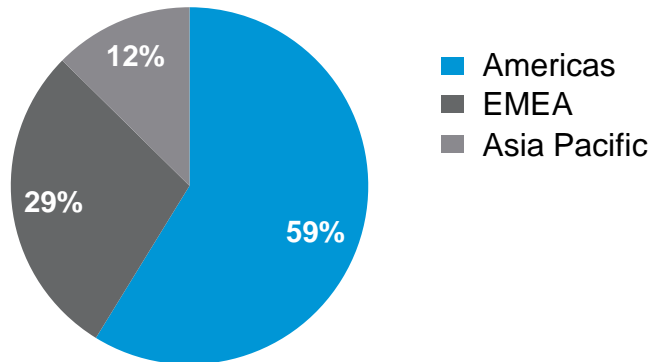


- Software revenue of \$946M, up 30% Y/Y
- Operating profit of \$162M, 17.1% of revenue
- Licenses revenue up 12% Y/Y
- Support revenue up 22% Y/Y
- Services revenue up 108% Y/Y

HP financial services (HPFS)



Q1 FY12 revenue by region



- HPFS revenue of \$950M, up 15% Y/Y
- Operating profit of \$91M, 9.6% of revenue
- Financing volume flat Y/Y
- Net portfolio assets of \$12.4B, up 8% Y/Y

Non-GAAP⁽¹⁾ financial information

In millions except per share amounts	Q1 FY12		Q4 FY11		Q1 FY11	
Revenue	\$30,036	100%	\$32,264	100%	\$32,302	100%
Cost of sales	23,313	77.6%	24,756	76.7%	24,381	75.5%
Total OpEx	4,153	13.8%	4,369	13.6%	3,915	12.1%
Operating profit	2,570	8.6%	3,139	9.7%	4,006	12.4%
Interest & other, net	(221)		(125)		(97)	
Pre-tax earnings	2,349	7.8%	3,014	9.3%	3,909	12.1%
Income tax	517		664		879	
Net earnings	1,832	6.1%	2,350	7.3%	3,030	9.4%
EPS	\$0.92		\$1.17		\$1.36	

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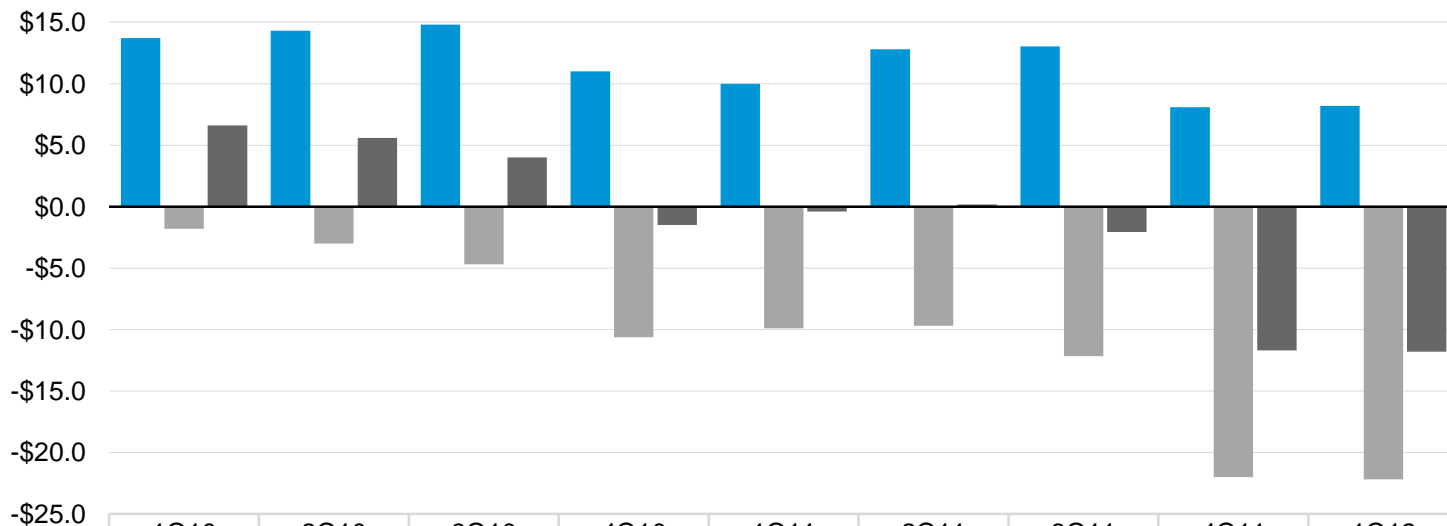
Q1 FY12 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amortization of purchased intangibles	Restructuring charges	Acquisition related charges	Non-GAAP
Revenue	\$30,036				\$30,036
Cost of sales	23,313				23,313
Total OpEx	4,681	(466)	(40)	(22)	4,153
Operating profit	2,042	466	40	22	2,570
Interest & other, net	(221)				(221)
Pre-tax earnings	1,821	466	40	22	2,349
Income tax	353	136	22	6	517
Tax rate	19.4%				22.0%
Net earnings	\$1,468				\$1,832
EPS	\$0.73				\$0.92



Gross cash & net cash

In billions



■ Gross cash⁽¹⁾

■ Net cash⁽²⁾

■ Net cash excl. HPFS Debt⁽³⁾

1. Includes cash and cash equivalents, short-term investments, and certain liquid long-term investments

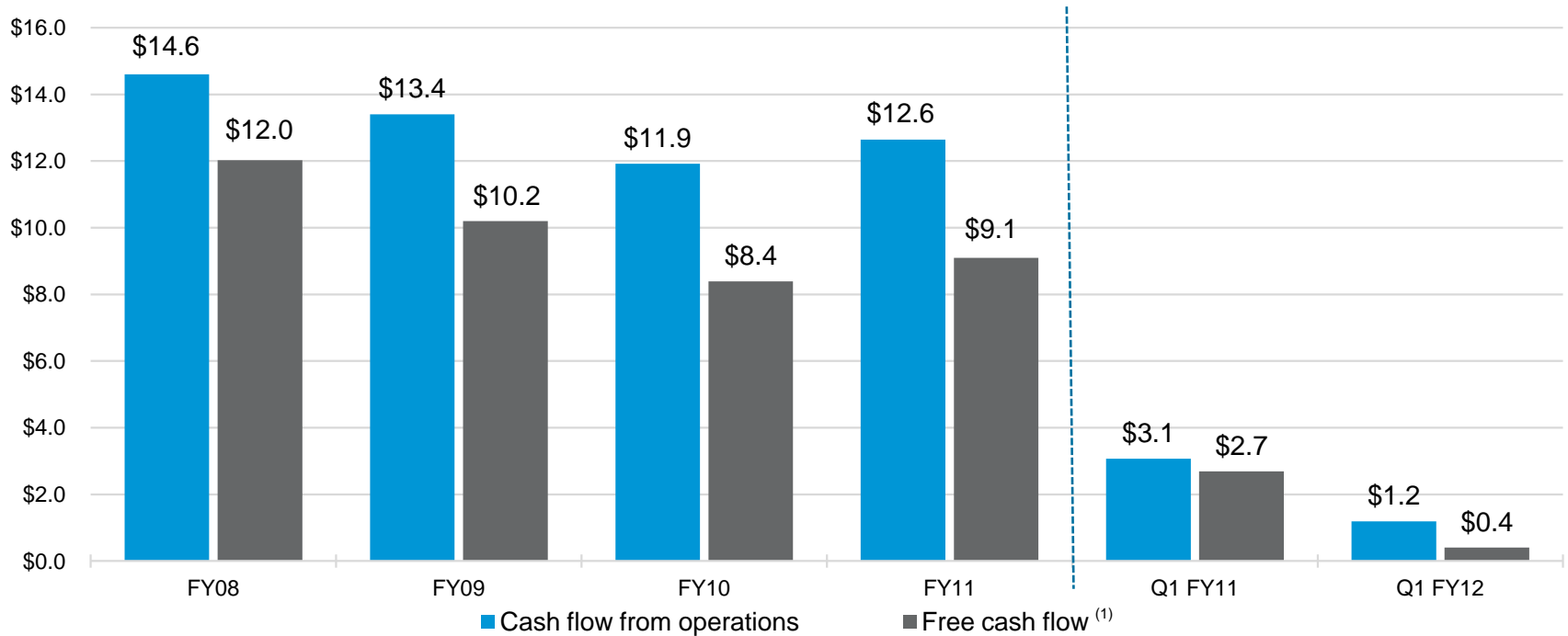
2. Net cash is defined as gross cash less total company debt including the effect of hedging

3. Net cash excl HPFS debt = HP net cash plus HPFS net debt



Cash flow

In billions



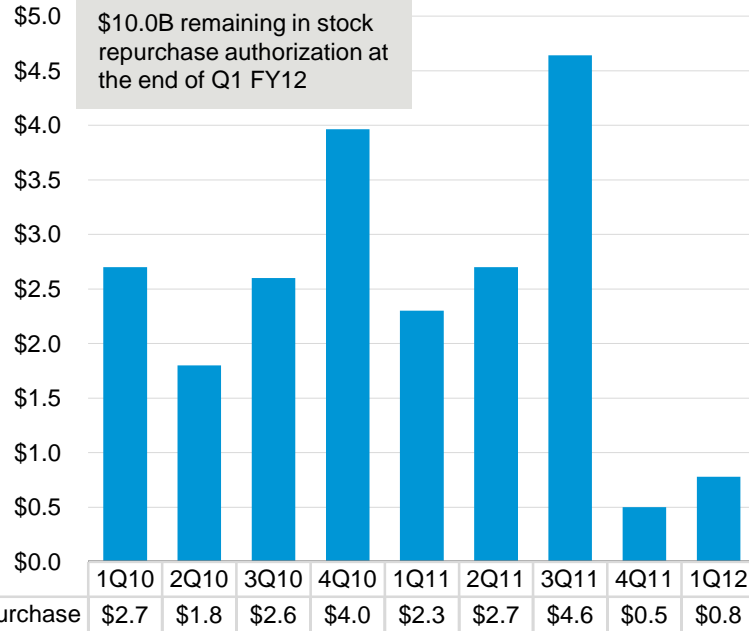
1. Free cash flow = cash flow from operations less net capital expenditures



Stock repurchase

Quarterly trends

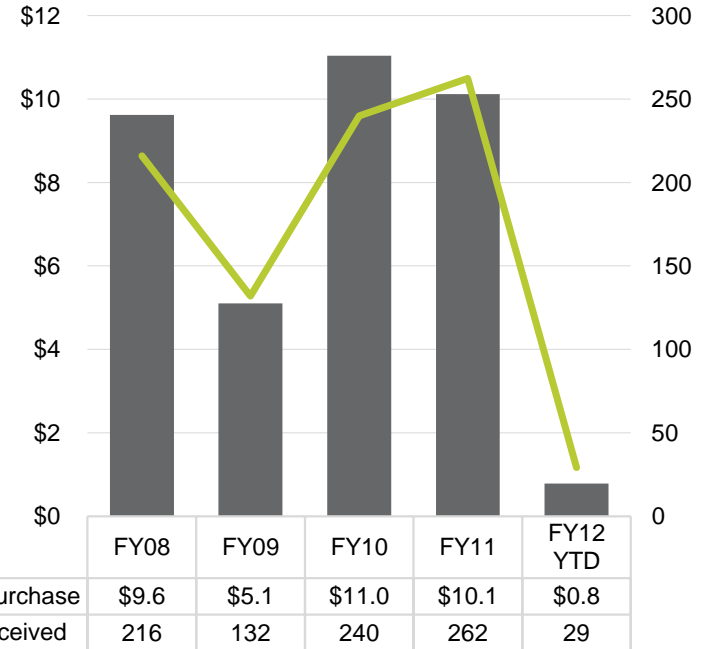
In billions



FY08 – FY12

In billions

In millions



FY12 reclassification

FY10

In millions	Revised Amount	Previously Reported	Variance
Net revenue	\$126,033	\$126,033	\$ -
Cost of sales	95,852	95,956	(104)
R&D	2,959	2,959	-
SG&A	12,822	12,718	104
Amortization of purchased intangibles	1,484	1,484	-
Restructuring charges	1,144	1,144	-
Acquisition related charges	293	293	-
Impairment of goodwill and purchased intangible assets			
Total cost	114,554	114,554	-
Earnings from operations	11,479	11,479	-
Interest and other, net	(505)	(505)	-
Earnings before tax	10,974	10,974	-
Provision for taxes	2,213	2,213	-
Net earnings	\$8,761	\$8,761	\$ -

FY11

In millions	Revised Amount	Previously Reported	Variance
Net revenue	\$127,245	\$127,245	\$ -
Cost of sales	97,418	97,529	(111)
R&D	3,254	3,254	-
SG&A	13,577	13,466	111
Amortization of purchased intangibles	1,607	1,607	-
Restructuring charges	645	645	-
Acquisition related charges	182	182	-
Impairment of goodwill and purchased intangible assets	885	885	-
Total cost	117,568	117,568	-
Earnings from operations	9,677	9,677	-
Interest and other, net	(695)	(695)	-
Earnings before tax	8,982	8,982	-
Provision for taxes	1,908	1,908	-
Net earnings	\$7,074	\$7,074	\$ -

In connection with organizational realignments implemented in the first quarter of fiscal 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.



FY12 inter-segment reclassification

FY10

In millions	Segment	Revised Amount	Previously Reported	Variance
Net Revenue	Services	\$35,276	\$35,529	\$(253)
	IPG	26,176	25,764	412
	ESSN	20,246	20,356	(110)
	Software	2,812	2,729	83
	Corporate Investments	214	346	(132)
	Total	84,724	84,724	-
Operating Profit	Services	5,714	5,661	53
	IPG	4,357	4,412	(55)
	ESSN	2,814	2,825	(11)
	Software	787	782	5
	Corporate Investments	(358)	(366)	8
	Total	\$13,314	\$13,314	\$ -

FY11

Segment	Revised Amount	Previously Reported	Variance
Services	\$35,702	\$35,954	\$(252)
IPG	26,176	25,783	393
ESSN	22,064	22,241	(177)
Software	3,367	3,217	150
Corporate Investments	208	322	(114)
Total	87,517	87,517	-
Services	5,203	5,149	54
IPG	3,927	3,973	(46)
ESSN	2,997	3,026	(29)
Software	722	698	24
Corporate Investments	(1,619)	(1,616)	(3)
Total	\$11,230	\$11,230	\$ -

HP has reflected fiscal 2012 organizational realignments on a backward-looking basis to provide improved visibility and comparability.



FY12 intra-segment reclassification

FY10

In millions	Business Unit	Revised Amount	Previously Reported	Variance
Net Revenue	Infrastructure Technology Outsourcing	\$14,974	\$14,942	\$32
	Technology Services	10,270	10,627	(357)
	Application & Business Services	10,032	-	10,032
	Application Services	-	6,792	(6,792)
	Business Process Outsourcing	-	2,872	(2,872)
	Other Services	-	296	(296)
	IPG Commercial Hardware	5,981	5,569	412
	Networking	1,595	1,705	(110)
	Software	2,812	2,729	83
	Corp Investments	214	346	(132)
	Total		\$45,878	\$45,878

FY11

Business Unit	Revised Amount	Previously Reported	Variance
Infrastructure Technology Outsourcing	\$15,224	\$15,189	\$35
Technology Services	10,542	10,879	(337)
Application & Business Services	9,936	-	9,936
Application Services	-	6,852	(6,852)
Business Process Outsourcing	-	2,672	(2,672)
Other Services	-	362	(362)
IPG Commercial Hardware	6,183	5,790	393
Networking	2,392	2,569	(177)
Software	3,367	3,217	150
Corp Investments	208	322	(114)
Total	\$47,852	\$47,852	\$ -

HP has reflected fiscal 2012 organizational realignments on a backward-looking basis to provide improved visibility and comparability.



Outlook

Q2 FY12 guidance

GAAP EPS	\$0.68 – \$0.71
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Non-GAAP EPS⁽¹⁾	\$0.88 – \$0.91
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Full year FY12 guidance

GAAP EPS	At least \$3.20
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Non-GAAP EPS⁽²⁾	At least \$4.00
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1. Second quarter fiscal 2012 non-GAAP diluted EPS estimates exclude after-tax costs of approximately \$0.20 per share, related primarily to the amortization of purchased intangible assets, restructuring charges and acquisition-related charges.
2. Full year fiscal 2012 non-GAAP diluted EPS estimates exclude after-tax costs of approximately \$0.80 per share, related primarily to the amortization of purchased intangible assets, restructuring charges and acquisition-related charges.

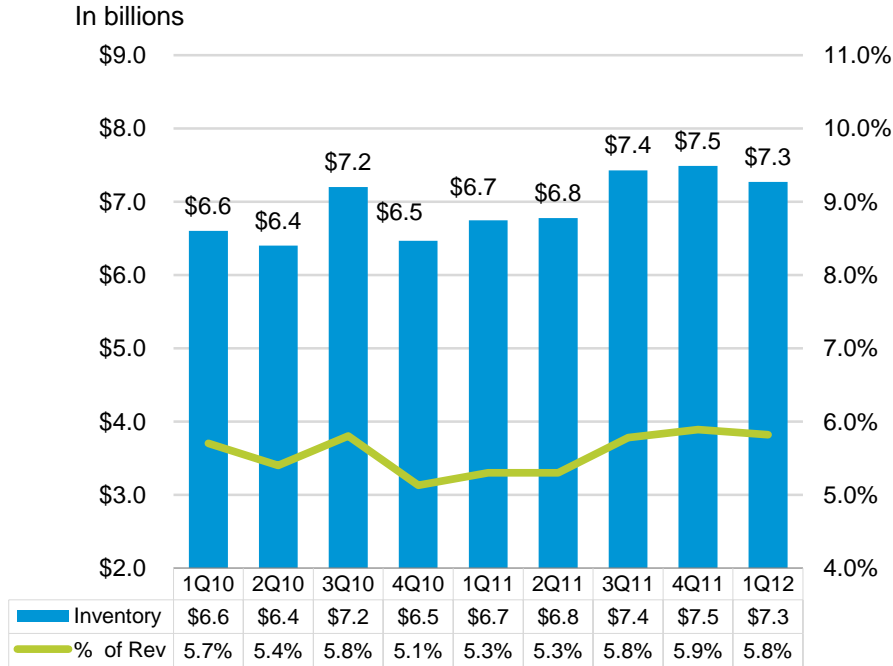




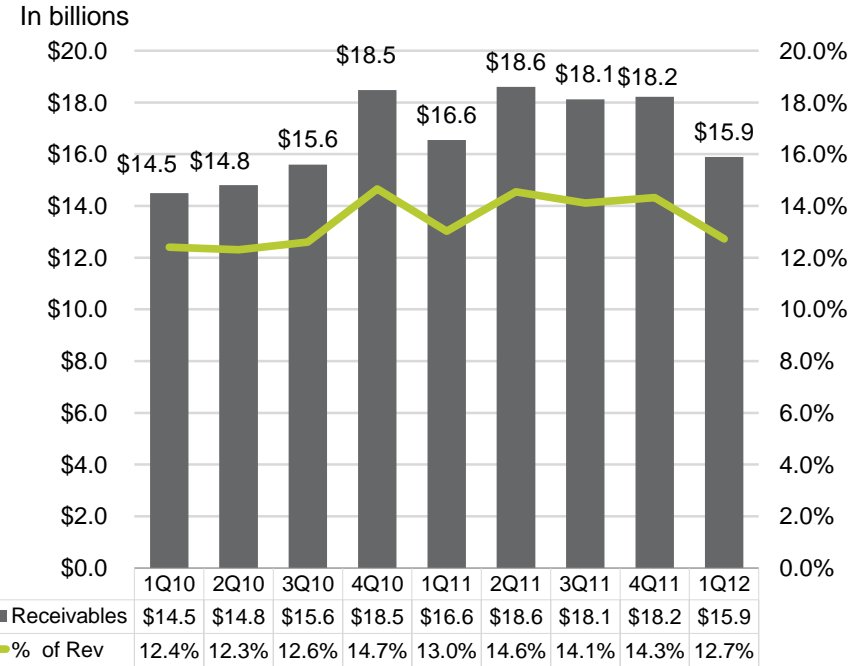
Supplemental slides

Inventory & accounts receivable

Inventory



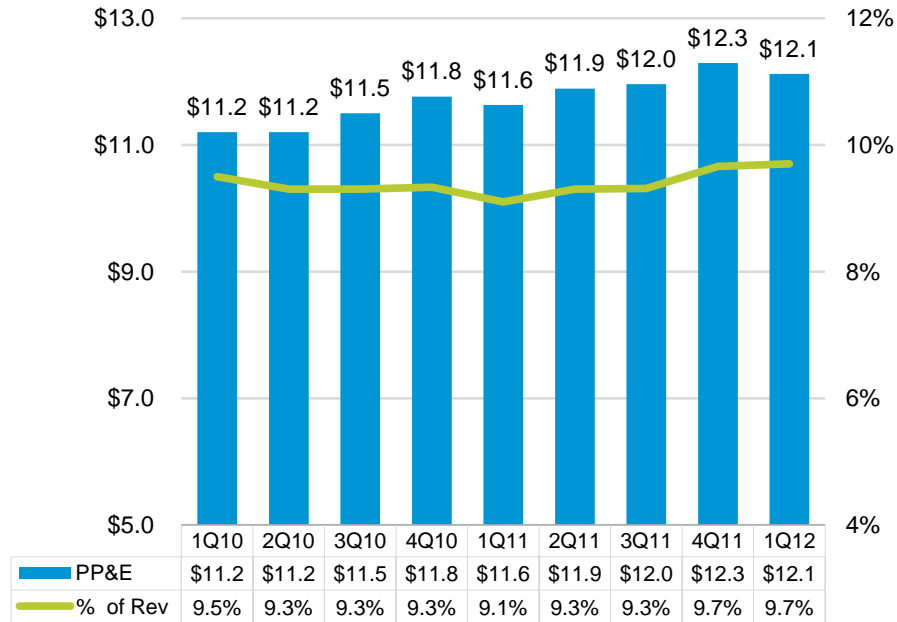
Accounts receivable



PP&E & accounts payable

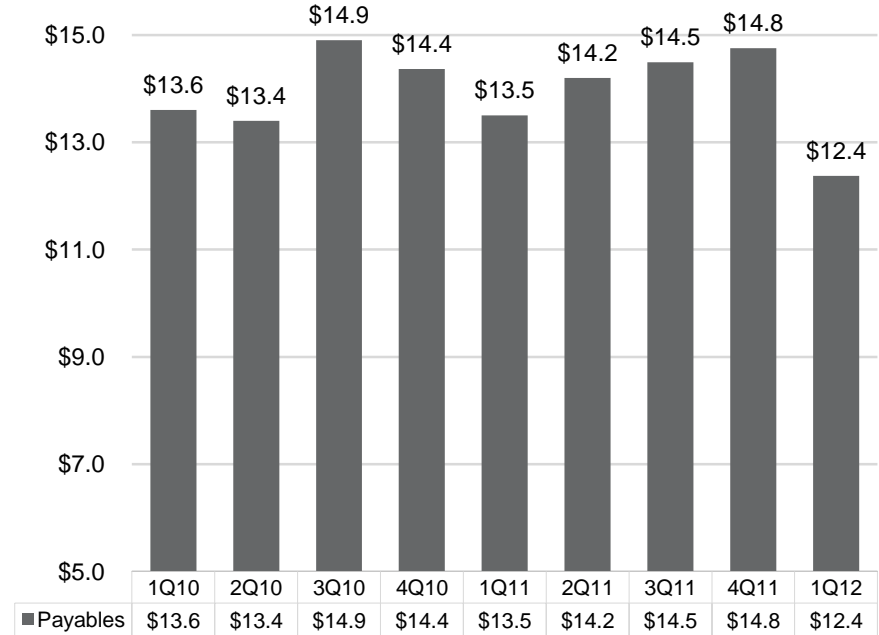
Net PP&E

In billions

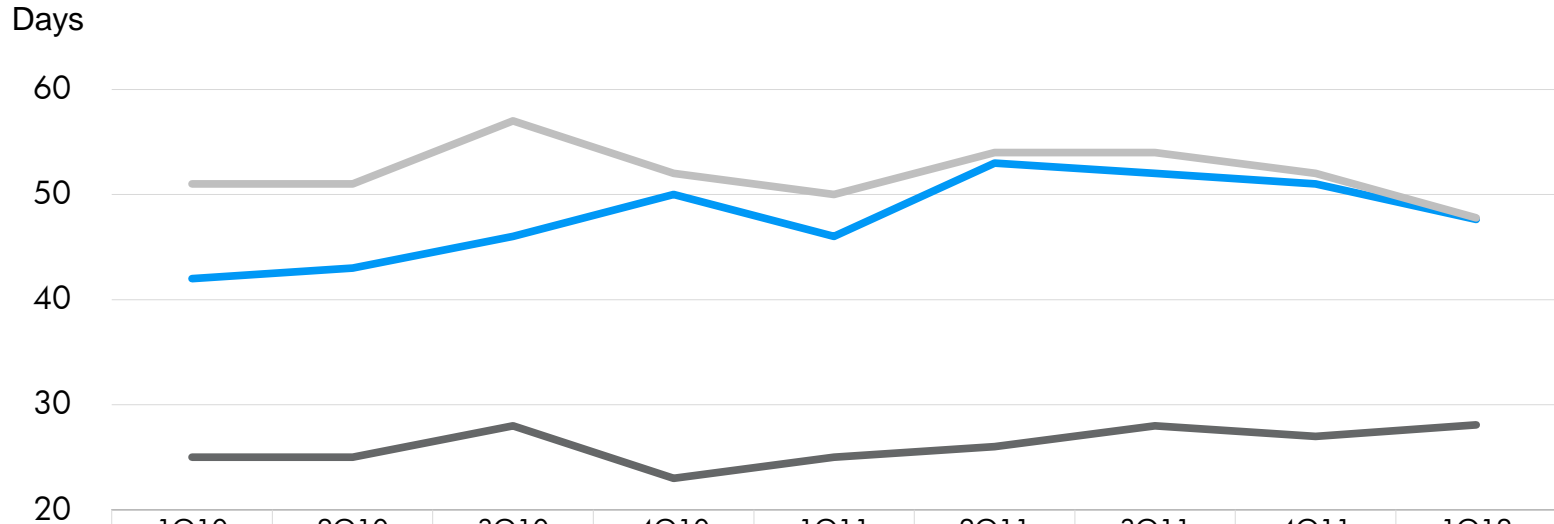


Accounts payable

In billions



Working capital metrics



	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12
Days receivables	42	43	46	50	46	53	52	51	48
Days inventory	25	25	28	23	25	26	28	27	28
Days payable	51	51	57	52	50	54	54	52	48



HPFS supplemental data

In millions	Q1 FY12	Q1 FY11	Q4 FY11
Depreciation ⁽¹⁾	\$457	\$404	\$448
Net capital expenditures ⁽¹⁾	\$430	\$465	\$585
Sequential increase in net financing receivables	\$7	\$143	\$63

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



FY11 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	webOS hardware wind down	Impair. of goodwill and purchased intangible assets	Amort. of purchased intangibles	Restructuring charges	Acquisition related charges	Non-GAAP
Revenue	\$127,245	142					\$127,387
Cost of sales	97,418	(548)					96,870
Total OpEx	20,150	(65)	(885)	(1,607)	(645)	(182)	16,766
Operating profit	9,677	755	885	1,607	645	182	13,751
Interest & other, net	(695)					276	(419)
Pre-tax earnings	8,982	755	885	1,607	645	458	13,332
Income tax	1,908	198	25	489	198	135	2,953
Tax rate	21.2%						22.1%
Net earnings	\$7,074						\$10,379
EPS	\$3.32						\$4.88



Q4 FY11 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	webOS hardware wind down	Impair. of goodwill and purchased intangible assets	Amort. of purchased intangibles	Restructuring charges	Acquisition related charges	Non-GAAP
Revenue	\$32,122	142					\$32,264
Cost of sales	25,304	(548)					24,756
Total OpEx	6,023	(65)	(885)	(411)	(179)	(114)	4,369
Operating profit	795	755	885	411	179	114	3,139
Interest & other, net	(401)					276	(125)
Pre-tax earnings	394	755	885	411	179	390	3,014
Income tax	155	198	25	127	47	112	664
Tax rate	39.3%						22.0%
Net earnings	\$239						\$2,350
EPS	\$0.12						\$1.17



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	\$31,189				\$31,189
Cost of sales	23,901				23,901
Total OpEx	4,768	(358)	(150)	(18)	4,242
Operating profit	2,520	358	150	18	3,046
Interest & other, net	(121)				(121)
Pre-tax earnings	2,399	358	150	18	2,925
Income tax	473	108	56	6	643
Tax rate	19.7%				22.0%
Net earnings	\$1,926				\$2,282
EPS	\$0.93				\$1.10



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	\$31,632				\$31,632
Cost of sales	23,832				23,832
Total OpEx	4,832	(413)	(158)	(21)	4,240
Operating profit	2,968	413	158	21	3,560
Interest & other, net	(76)				(76)
Pre-tax earnings	2,892	413	158	21	3,484
Income tax	588	126	46	7	767
Tax rate	20.3%				22.0%
Net earnings	\$2,304				\$2,717
EPS	\$1.05				\$1.24



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	\$32,302				\$32,302
Cost of sales	24,381				24,381
Total OpEx	4,527	(425)	(158)	(29)	3,915
Operating profit	3,394	425	158	29	4,006
Interest & other, net	(97)				(97)
Pre-tax earnings	3,297	425	158	29	3,909
Income tax	692	129	48	10	879
Tax rate	21.0%				22.5%
Net earnings	2,605				3,030
EPS	\$1.17				\$1.36



FY10 GAAP to non-GAAP bridge

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	\$126,033				\$126,033
Cost of sales	95,852				95,852
Total OpEx	18,702	(1,484)	(1,144)	(293)	15,781
Operating profit	11,479	1,484	1,144	293	14,400
Interest & other, net	(505)				(505)
Pre-tax earnings	10,974	1,484	1,144	293	13,895
Income tax	2,213	391	342	83	3,029
Tax rate	20.2%				21.8%
Net earnings	8,761				10,866
EPS	\$3.69				\$4.58



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	\$33,278				\$33,278
Cost of sales	24,968				24,968
Total OpEx	5,015	(424)	(235)	(51)	4,305
Operating profit	3,295	424	235	51	4,005
Interest & other, net	(81)				(81)
Pre-tax earnings	3,214	424	235	51	3,924
Income tax	676	98	68	18	860
Tax rate	21.0%				21.9%
Net earnings	2,538				3,064
EPS	\$1.10				\$1.33



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	\$30,729				\$30,729
Cost of sales	23,340				23,340
Total OpEx	5,066	(383)	(598)	(127)	3,958
Operating profit	2,323	383	598	127	3,431
Interest & other, net	(134)				(134)
Pre-tax earnings	2,189	383	598	127	3,297
Income tax	416	100	175	31	722
Tax rate	19.0%				21.9%
Net earnings	1,773				2,575
EPS	\$0.75				\$1.08



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	\$30,849				\$30,849
Cost of sales	23,542				23,542
Total OpEx	4,449	(347)	(180)	(77)	3,845
Operating profit	2,858	347	180	77	3,462
Interest & other, net	(91)				(91)
Pre-tax earnings	2,767	347	180	77	3,371
Income tax	567	92	57	22	738
Tax rate	20.5%				21.9%
Net earnings	2,200				2,633
EPS	\$0.91				\$1.09



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	\$31,177				\$31,177
Cost of sales	24,002				24,002
Total OpEx	4,172	(330)	(131)	(38)	3,673
Operating profit	3,003	330	131	38	3,502
Interest & other, net	(199)				(199)
Pre-tax earnings	2,804	330	131	38	3,303
Income tax	554	101	42	12	709
Tax rate	19.8%				21.5%
Net earnings	2,250				2,594
EPS	\$0.93				\$1.07



FY09 GAAP to non-GAAP bridge

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



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	\$30,777				\$30,777
Cost of sales	23,466				23,466
Total OpEx	4,178	(401)	(38)	(60)	3,679
Operating profit	3,133	401	38	60	3,632
Interest & other, net	(132)				(132)
Pre-tax earnings	3,001	401	38	60	3,500
Income tax	589	117	11	19	736
Tax rate	19.6%				21.0%
Net earnings	2,412				2,764
EPS	\$0.99				\$1.14



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	\$27,585				\$27,585
Cost of sales	21,022				21,022
Total OpEx	4,350	(379)	(362)	(59)	3,550
Operating profit	2,213	379	362	59	3,013
Interest & other, net	(177)				(177)
Pre-tax earnings	2,036	379	362	59	2,836
Income tax	365	105	108	19	597
Tax rate	17.9%				21.1%
Net earnings	1,671				2,239
EPS	\$0.69				\$0.92



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	\$27,383				\$27,383
Cost of sales	20,937				20,937
Total OpEx	4,153	(380)	(94)	(75)	3,604
Operating profit	2,293	380	94	75	2,842
Interest & other, net	(180)				(180)
Pre-tax earnings	2,113	380	94	75	2,662
Income tax	392	112	31	24	559
Tax rate	18.6%				21.0%
Net earnings	1,721				2,103
EPS	\$0.71				\$0.86



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	\$28,807				\$28,807
Cost of sales	22,064				22,064
Total OpEx	4,246	(418)	(146)	(48)	3,634
Operating profit	2,497	418	146	48	3,109
Interest & other, net	(232)				(232)
Pre-tax earnings	2,265	418	146	48	2,877
Income tax	409	117	47	17	590
Tax rate	18.1%				20.5%
Net earnings	1,856				2,287
EPS	\$0.75				\$0.93

