

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

	Three months ended		
	July 31, 2009	April 30, 2009	July 31, 2008
Net revenue	\$ 27,451	\$ 27,351	\$ 28,032
Costs and expenses ^(a) :			
Cost of sales	20,936	20,919	21,197 ^(c)
Research and development	667	716	895
Selling, general and administrative	2,874	2,880	3,193 ^(c)
Amortization of purchased intangible assets	379	380	213
Restructuring charges	362	94	5
Acquisition-related charges	<u>59</u>	<u>75</u>	<u>-</u>
Total costs and expenses	<u>25,277</u>	<u>25,064</u>	<u>25,503</u>
Earnings from operations	2,174	2,287	2,529
Interest and other, net	<u>(177)</u>	<u>(180)</u>	<u>23</u>
Earnings before taxes	1,997	2,107	2,552
Provision for taxes ^(b)	<u>355</u>	<u>391</u>	<u>525</u>
Net earnings	<u>\$ 1,642</u>	<u>\$ 1,716</u>	<u>\$ 2,027</u>
Net earnings per share:			
Basic	\$ 0.69	\$ 0.72	\$ 0.82
Diluted	\$ 0.67	\$ 0.70	\$ 0.80
Cash dividends declared per share	\$ 0.16	\$ -	\$ 0.16
Weighted-average shares used to compute net earnings per share:			
Basic	2,382	2,394	2,459
Diluted	2,436	2,438	2,533
(a) Stock-based compensation expense included under SFAS 123(R) was as follows:			
Cost of sales	\$ 41	\$ 48	\$ 34
Research and development	12	18	16
Selling, general and administrative	94	109	90
Acquisition-related charges	<u>3</u>	<u>16</u>	<u>-</u>
Total costs and expenses	\$ 150	\$ 191	\$ 140
(b) Tax benefit from stock-based compensation	\$ (51)	\$ (59)	\$ (38)

(c) For the prior year reporting periods presented, certain pursuit-related costs previously reported as Cost of sales have been realigned retroactively to Selling, general and administrative expenses due to organizational realignments.



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

	Nine months ended	
	July 31, 2009	July 31, 2008
Net revenue	\$ 83,602	\$ 84,761
Costs and expenses ^(a) :		
Cost of sales	63,924	63,846 ^(c)
Research and development	2,115	2,701
Selling, general and administrative	8,647	9,820 ^(c)
Amortization of purchased intangible assets	1,171	630
In-process research and development charges	6	13
Restructuring charges	602	19
Acquisition-related charges	<u>182</u>	<u>-</u>
Total costs and expenses	<u>76,647</u>	<u>77,029</u>
Earnings from operations	6,955	7,732
Interest and other, net	<u>(589)</u>	<u>98</u>
Earnings before taxes	6,366	7,830
Provision for taxes ^(b)	<u>1,154</u>	<u>1,613</u>
Net earnings	<u>\$ 5,212</u>	<u>\$ 6,217</u>
Net earnings per share:		
Basic	\$ 2.18	\$ 2.49
Diluted	\$ 2.13	\$ 2.41
Cash dividends declared per share	\$ 0.32	\$ 0.32
Weighted-average shares used to compute net earnings per share:		
Basic	2,395	2,497
Diluted	2,442	2,577
(a) Stock-based compensation expense included under SFAS 123(R) was as follows:		
Cost of sales	\$ 141	\$ 106
Research and development	47	55
Selling, general and administrative	288	288
Acquisition-related charges	<u>25</u>	<u>-</u>
Total costs and expenses	\$ 501	\$ 449
(b) Tax benefit from stock-based compensation	\$ (158)	\$ (130)

(c) For the prior year reporting periods presented, certain pursuit-related costs previously reported as Cost of sales have been realigned retroactively to Selling, general and administrative expenses due to organizational realignments.

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

	Three months ended July 31, 2009	Diluted earnings per share	Three months ended April 30, 2009	Diluted earnings per share	Three months ended July 31, 2008	Diluted earnings per share
GAAP net earnings	\$ 1,642	\$ 0.67	\$ 1,716	\$ 0.70	\$ 2,027	\$ 0.80
Non-GAAP adjustments:						
Amortization of purchased intangible assets	379	0.16	380	0.16	213	0.08
Restructuring charges	362	0.15	94	0.04	5	-
Acquisition-related charges	59	0.03	75	0.03	-	-
Adjustments for taxes	<u>(232)</u>	<u>(0.10)</u>	<u>(167)</u>	<u>(0.07)</u>	<u>(57)</u>	<u>(0.02)</u>
Non-GAAP net earnings	<u>\$ 2,210</u>	<u>\$ 0.91</u>	<u>\$ 2,098</u>	<u>\$ 0.86</u>	<u>\$ 2,188</u>	<u>\$ 0.86</u>
GAAP earnings from operations	\$ 2,174		\$ 2,287		\$ 2,529	
Non-GAAP adjustments:						
Amortization of purchased intangible assets	379		380		213	
Restructuring charges	362		94		5	
Acquisition-related charges	<u>59</u>		<u>75</u>		<u>-</u>	
Non-GAAP earnings from operations	<u>\$ 2,974</u>		<u>\$ 2,836</u>		<u>\$ 2,747</u>	
GAAP operating margin	8%		8%		9%	
Non-GAAP adjustments	<u>3%</u>		<u>2%</u>		<u>1%</u>	
Non-GAAP operating margin	<u>11%</u>		<u>10%</u>		<u>10%</u>	

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

	Nine months ended July 31, 2009	Diluted earnings per share	Nine months ended July 31, 2008	Diluted earnings per share
GAAP net earnings	\$ 5,212	\$ 2.13	\$ 6,217	\$ 2.41
Non-GAAP adjustments:				
Amortization of purchased intangible assets	1,171	0.48	630	0.24
In-process research and development charges	6	-	13	0.01
Restructuring charges	602	0.25	19	0.01
Acquisition-related charges	182	0.08	-	-
Adjustments for taxes	<u>(580)</u>	<u>(0.24)</u>	<u>(171)</u>	<u>(0.07)</u>
Non-GAAP net earnings	<u>\$ 6,593</u>	<u>\$ 2.70</u>	<u>\$ 6,708</u>	<u>\$ 2.60</u>
 GAAP earnings from operations	 \$ 6,955		 \$ 7,732	
Non-GAAP adjustments:				
Amortization of purchased intangible assets	1,171		630	
In-process research and development charges	6		13	
Restructuring charges	602		19	
Acquisition-related charges	<u>182</u>		<u>-</u>	
Non-GAAP earnings from operations	<u>\$ 8,916</u>		<u>\$ 8,394</u>	
 GAAP operating margin	 8%		 9%	
Non-GAAP adjustments	<u>3%</u>		<u>1%</u>	
 Non-GAAP operating margin	 <u>11%</u>		 <u>10%</u>	

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

	July 31, 2009	October 31, 2008
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,521	\$ 10,153
Short-term investments	66	93
Accounts receivable	14,735	16,928
Financing receivables	2,532	2,314
Inventory	5,850	7,879
Other current assets	12,138	14,361
Total current assets	48,842	51,728
Property, plant and equipment	11,194	10,838
Long-term financing receivables and other assets	10,857	10,468
Goodwill and purchased intangible assets	40,179	40,297
Total assets	\$ 111,072	\$ 113,331
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	\$ 3,288	\$ 10,176
Accounts payable	12,778	14,917
Employee compensation and benefits	3,596	4,159
Taxes on earnings	786	869
Deferred revenue	6,458	6,287
Other accrued liabilities	14,904	16,531
Total current liabilities	41,810	52,939
Long-term debt	13,892	7,676
Other liabilities	13,835	13,774
Stockholders' equity	41,535	38,942
Total liabilities and stockholders' equity	\$ 111,072	\$ 113,331

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

	Three months ended July 31, 2009	Nine months ended July 31, 2009
Cash flows from operating activities:		
Net earnings	\$ 1,642	\$ 5,212
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,179	3,546
Stock-based compensation expense	150	501
Provision for bad debt and inventory	114	462
In-process research and development charges	-	6
Restructuring charges	362	602
Deferred taxes on earnings	220	272
Excess tax benefit from stock-based compensation	(39)	(67)
Other, net	2	(1)
Changes in assets and liabilities:		
Accounts and financing receivables	(141)	1,635
Inventory	(144)	1,843
Accounts payable	1,278	(2,228)
Taxes on earnings	(289)	691
Restructuring	(296)	(844)
Other assets and liabilities	(182)	(1,684)
Net cash provided by operating activities	3,856	9,946
Cash flows from investing activities:		
Investment in property, plant and equipment	(1,091)	(2,749)
Proceeds from sale of property, plant and equipment	151	401
Purchases of available-for-sale securities and other investments	(50)	(105)
Maturities and sales of available-for-sale securities and other investments	-	103
Payments made in connection with business acquisitions, net	-	(348)
Net cash used in investing activities	(990)	(2,698)
Cash flows from financing activities:		
Repayment of commercial paper and notes payable, net	(2,417)	(6,866)
Issuance of debt	2,000	6,778
Payment of debt	(1,071)	(1,181)
Issuance of common stock under employee stock plans	443	936
Repurchase of common stock	(999)	(3,038)
Excess tax benefit from stock-based compensation	39	67
Dividends	(191)	(576)
Net cash used in financing activities	(2,196)	(3,880)
Increase in cash and cash equivalents	670	3,368
Cash and cash equivalents at beginning of period	12,851	10,153
Cash and cash equivalents at end of period	\$ 13,521	\$ 13,521

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

	Three months ended		
	July 31, 2009	April 30, 2009	July 31, 2008 ^(a)
Net revenue:			
Services ^(b)	\$ 8,470	\$ 8,488	\$ 4,386
Enterprise Storage and Servers	3,660	3,456	4,741
HP Software	<u>847</u>	<u>880</u>	<u>1,086</u>
Technology Solutions Group	<u>12,977</u>	<u>12,824</u>	<u>10,213</u>
Personal Systems Group	8,432	8,191	10,254
Imaging and Printing Group	5,660	5,916	7,041
HP Financial Services	670	641	680
Corporate Investments	<u>193</u>	<u>188</u>	<u>271</u>
Total Segments	27,932	27,760	28,459
Eliminations of intersegment net revenue and other	<u>(481)</u>	<u>(409)</u>	<u>(427)</u>
Total HP Consolidated	<u>\$ 27,451</u>	<u>\$ 27,351</u>	<u>\$ 28,032</u>
Earnings from operations:			
Services ^(b)	\$ 1,289	\$ 1,172	\$ 567
Enterprise Storage and Servers	356	250	544
HP Software	<u>153</u>	<u>157</u>	<u>135</u>
Technology Solutions Group	<u>1,798</u>	<u>1,579</u>	<u>1,246</u>
Personal Systems Group	386	374	587
Imaging and Printing Group	960	1,074	1,042
HP Financial Services	53	46	51
Corporate Investments	<u>(10)</u>	<u>(19)</u>	<u>26</u>
Total Segments	3,187	3,054	2,952
Corporate and unallocated costs and eliminations	(81)	(62)	(85)
Unallocated costs related to stock-based compensation expense	(132)	(156)	(120)
Amortization of purchased intangible assets	(379)	(380)	(213)
Restructuring charges	(362)	(94)	(5)
Acquisition-related charges	(59)	(75)	-
Interest and other, net	<u>(177)</u>	<u>(180)</u>	<u>23</u>
Total HP Consolidated Earnings Before Taxes	<u>\$ 1,997</u>	<u>\$ 2,107</u>	<u>\$ 2,552</u>

(a) Certain fiscal 2009 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2008, the reclassifications resulted in the transfer of revenue and operating profit among the Services, HP Software and Imaging and Printing Group financial reporting segments. In addition, certain previously allocated costs were reclassified to unallocated costs related to stock-based compensation expense. There was no impact on the previously reported financial results for the Enterprise Storage and Servers, Personal Systems Group, HP Financial Services and Corporate Investments segments.

(b) Includes the results of EDS which was acquired on August 26, 2008.



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

	Nine months ended	
	July 31, 2009	July 31, 2008 ^(a)
Net revenue:		
Services ^(b)	\$ 25,704	\$ 12,700
Enterprise Storage and Servers	11,064	14,341
HP Software	<u>2,605</u>	<u>3,072</u>
Technology Solutions Group	<u>39,373</u>	<u>30,113</u>
Personal Systems Group	25,410	31,116
Imaging and Printing Group	17,557	22,042
HP Financial Services	1,947	2,007
Corporate Investments	<u>577</u>	<u>719</u>
Total Segments	84,864	85,997
Eliminations of intersegment net revenue and other	<u>(1,262)</u>	<u>(1,236)</u>
Total HP Consolidated	<u>\$ 83,602</u>	<u>\$ 84,761</u>
Earnings from operations:		
Services ^(b)	\$ 3,584	\$ 1,573
Enterprise Storage and Servers	1,011	1,872
HP Software	<u>450</u>	<u>288</u>
Technology Solutions Group	<u>5,045</u>	<u>3,733</u>
Personal Systems Group	1,195	1,759
Imaging and Printing Group	3,139	3,404
HP Financial Services	140	141
Corporate Investments	<u>(48)</u>	<u>40</u>
Total Segments	9,471	9,077
Corporate and unallocated costs and eliminations	(119)	(308)
Unallocated costs related to stock-based compensation expense	(436)	(375)
Amortization of purchased intangible assets	(1,171)	(630)
In-process research and development charges	(6)	(13)
Restructuring charges	(602)	(19)
Acquisition-related charges	(182)	-
Interest and other, net	<u>(589)</u>	<u>98</u>
Total HP Consolidated Earnings Before Taxes	<u>\$ 6,366</u>	<u>\$ 7,830</u>

(a) Certain fiscal 2009 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2008, the reclassifications resulted in the transfer of revenue and operating profit among the Services, HP Software and Imaging and Printing Group financial reporting segments. In addition, certain previously allocated costs were reclassified to unallocated costs related to stock-based compensation expense. There was no impact on the previously reported financial results for the Enterprise Storage and Servers, Personal Systems Group, HP Financial Services and Corporate Investments segments.

(b) Includes the results of EDS which was acquired on August 26, 2008.



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

	Three months ended		
	July 31, 2009	April 30, 2009	July 31, 2008 ^(a)
Net revenue:			
Infrastructure technology outsourcing	\$ 3,932	\$ 3,785	\$ 1,393
Technology services	2,404	2,441	2,614
Application services	1,384	1,502	336
Business process outsourcing	711	709	43
Other	<u>39</u>	<u>51</u>	<u>-</u>
Services ^(b)	<u>8,470</u>	<u>8,488</u>	<u>4,386</u>
Industry standard servers	2,262	1,988	2,874
Storage	820	818	1,038
Business critical systems	<u>578</u>	<u>650</u>	<u>829</u>
Enterprise Storage and Servers	<u>3,660</u>	<u>3,456</u>	<u>4,741</u>
Business technology optimization	563	568	718
Other	<u>284</u>	<u>312</u>	<u>368</u>
HP Software	<u>847</u>	<u>880</u>	<u>1,086</u>
Technology Solutions Group	<u>12,977</u>	<u>12,824</u>	<u>10,213</u>
Notebooks	4,802	4,697	5,350
Desktops	3,090	2,967	4,163
Workstations	299	287	463
Handhelds	32	47	90
Other	<u>209</u>	<u>193</u>	<u>188</u>
Personal Systems Group	<u>8,432</u>	<u>8,191</u>	<u>10,254</u>
Supplies	3,949	4,103	4,527
Commercial hardware	1,085	1,193	1,718
Consumer hardware	<u>626</u>	<u>620</u>	<u>796</u>
Imaging and Printing Group	<u>5,660</u>	<u>5,916</u>	<u>7,041</u>
HP Financial Services	670	641	680
Corporate Investments	<u>193</u>	<u>188</u>	<u>271</u>
Total Segments	<u>27,932</u>	<u>27,760</u>	<u>28,459</u>
Eliminations of intersegment net revenue and other	<u>(481)</u>	<u>(409)</u>	<u>(427)</u>
Total HP Consolidated	<u>\$ 27,451</u>	<u>\$ 27,351</u>	<u>\$ 28,032</u>

(a) Certain fiscal 2009 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2008, the reclassifications resulted in the transfer of revenue among the Services, HP Software and Imaging and Printing Group financial reporting segments. In addition, revenue was transferred among the business units within the Services, HP Software, Imaging and Printing Group, and Personal Systems Group segments. There was no impact on the previously reported financial results for the Enterprise Storage and Servers, HP Financial Services and Corporate Investments segments.

(b) Includes the results of EDS, which was acquired on August 26, 2008. The businesses included in the former consulting and integration business unit were divided among the application services and technology services business units and the HP software segment. The businesses included in the former outsourcing services business unit were divided among the infrastructure technology outsourcing and business process outsourcing business units. The infrastructure technology outsourcing, application services and business process outsourcing business units were added with the technology services business unit, and these four business units now comprise the Services segment.



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

	Nine months ended	
	July 31, 2009	July 31, 2008 ^(a)
Net revenue:		
Infrastructure technology outsourcing	\$ 11,620	\$ 3,957
Technology services	7,296	7,640
Application services	4,478	984
Business process outsourcing	2,163	119
Other	147	-
Services ^(b)	25,704	12,700
Industry standard servers	6,572	8,680
Storage	2,551	3,058
Business critical systems	1,941	2,603
Enterprise Storage and Servers	11,064	14,341
Business technology optimization	1,725	2,006
Other	880	1,066
HP Software	2,605	3,072
Technology Solutions Group	39,373	30,113
Notebooks	14,406	16,387
Desktops	9,360	12,494
Workstations	919	1,415
Handhelds	136	281
Other	589	539
Personal Systems Group	25,410	31,116
Supplies	12,102	13,664
Commercial hardware	3,517	5,576
Consumer hardware	1,938	2,802
Imaging and Printing Group	17,557	22,042
HP Financial Services	1,947	2,007
Corporate Investments	577	719
Total Segments	84,864	85,997
Eliminations of intersegment net revenue and other	(1,262)	(1,236)
Total HP Consolidated	\$ 83,602	\$ 84,761

(a) Certain fiscal 2009 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2008, the reclassifications resulted in the transfer of revenue among the Services, HP Software and Imaging and Printing Group financial reporting segments. In addition, revenue was transferred among the business units within the Services, HP Software, Imaging and Printing Group, and Personal Systems Group segments. There was no impact on the previously reported financial results for the Enterprise Storage and Servers, HP Financial Services and Corporate Investments segments.

(b) Includes the results of EDS, which was acquired on August 26, 2008. The businesses included in the former consulting and integration business unit were divided among the application services and technology services business units and the HP software segment. The businesses included in the former outsourcing services business unit were divided among the infrastructure technology outsourcing and business process outsourcing business units. The infrastructure technology outsourcing, application services and business process outsourcing business units were added with the technology services business unit, and these four business units now comprise the Services segment.



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

	Three months ended		
	July 31, 2009	April 30, 2009	July 31, 2008
Numerator:			
Net earnings	\$ 1,642	\$ 1,716	\$ 2,027
Adjustment for interest expense on zero-coupon subordinated convertible notes, net of taxes	-	-	-
Net earnings, adjusted	<u>\$ 1,642</u>	<u>\$ 1,716</u>	<u>\$ 2,027</u>
Denominator:			
Weighted-average shares used to compute basic EPS	2,382	2,394	2,459
Effect of dilutive securities:			
Dilution from employee stock plans	54	44	74
Zero-coupon subordinated convertible notes	-	-	-
Dilutive potential common shares	<u>54</u>	<u>44</u>	<u>74</u>
Weighted-average shares used to compute diluted EPS	<u>2,436</u>	<u>2,438</u>	<u>2,533</u>
Net earnings per share:			
Basic ^(a)	\$ 0.69	\$ 0.72	\$ 0.82
Diluted ^(b)	\$ 0.67	\$ 0.70	\$ 0.80

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

(b) The diluted earnings per share included additional dilution from potential issuance of common stock, such as stock issuable pursuant to exercise of stock options and vesting of restricted stock units, except when such issuances would be anti-dilutive.

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

	Nine months ended	
	July 31, 2009	July 31, 2008
Numerator:		
Net earnings	\$ 5,212	\$ 6,217
Adjustment for interest expense on zero-coupon subordinated convertible notes, net of taxes	-	3
Net earnings, adjusted	\$ 5,212	\$ 6,220
Denominator:		
Weighted-average shares used to compute basic EPS	2,395	2,497
Effect of dilutive securities:		
Dilution from employee stock plans	47	76
Zero-coupon subordinated convertible notes	-	4
Dilutive potential common shares	47	80
Weighted-average shares used to compute diluted EPS	2,442	2,577
Net earnings per share:		
Basic ^(a)	\$ 2.18	\$ 2.49
Diluted ^(b)	\$ 2.13	\$ 2.41

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

(b) The diluted earnings per share included additional dilution from potential issuance of common stock, such as stock issuable pursuant to exercise of stock options, vesting of restricted stock units and conversion of debt, except when such issuances would be anti-dilutive.

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

	Three months ended		
	July 31, 2009	April 30, 2009	July 31, 2008
Numerator:			
Non-GAAP net earnings	\$ 2,210	\$ 2,098	\$ 2,188
Adjustment for interest expense on zero-coupon subordinated convertible notes, net of taxes	-	-	-
Non-GAAP net earnings, adjusted	<u>\$ 2,210</u>	<u>\$ 2,098</u>	<u>\$ 2,188</u>
Denominator:			
Weighted-average shares used to compute basic EPS	2,382	2,394	2,459
Effect of dilutive securities:			
Dilution from employee stock plans	54	44	74
Zero-coupon subordinated convertible notes	-	-	-
Dilutive potential common shares	<u>54</u>	<u>44</u>	<u>74</u>
Weighted-average shares used to compute diluted EPS	<u>2,436</u>	<u>2,438</u>	<u>2,533</u>
Non-GAAP net earnings per share:			
Basic ^(a)	\$ 0.93	\$ 0.88	\$ 0.89
Diluted ^(b)	\$ 0.91	\$ 0.86	\$ 0.86

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

(b) The diluted earnings per share included additional dilution from potential issuance of common stock, such as stock issuable pursuant to exercise of stock options and vesting of restricted stock units, except when such issuances would be anti-dilutive.



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

	Nine months ended	
	July 31, 2009	July 31, 2008
Numerator:		
Non-GAAP net earnings	\$ 6,593	\$ 6,708
Adjustment for interest expense on zero-coupon subordinated convertible notes, net of taxes	-	3
Non-GAAP net earnings, adjusted	\$ 6,593	\$ 6,711
Denominator:		
Weighted-average shares used to compute basic EPS	2,395	2,497
Effect of dilutive securities:		
Dilution from employee stock plans	47	76
Zero-coupon subordinated convertible notes	-	4
Dilutive potential common shares	47	80
Weighted-average shares used to compute diluted EPS	2,442	2,577
Non-GAAP net earnings per share:		
Basic ^(a)	\$ 2.75	\$ 2.69
Diluted ^(b)	\$ 2.70	\$ 2.60

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

(b) The diluted earnings per share included additional dilution from potential issuance of common stock, such as stock issuable pursuant to exercise of stock options, vesting of restricted stock units and conversion of debt, except when such issuances would be anti-dilutive.

