

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

(Unaudited) (In millions except per share amounts)

	Three months ended					
	Oc	tober 31, 2012	July 31, 2012		0	ctober 31, 2011
Net revenue	\$	29,959	\$	29,669	\$	32,122
Costs and expenses:(a)						
Cost of sales		22,711		22,820		25,304
Research and development		909		854		829
Selling, general and administrative		3,227		3,366		3,605
Amortization of purchased intangible assets		372		476		411
Impairment of goodwill and purchased intangible assets		8,847		9,188		885
Restructuring charges		378		1,795		179
Acquisition-related charges		3		3		114
Total costs and expenses		36,447		38,502		31,327
(Loss) earnings from operations		(6,488)		(8,833)		795
Interest and other, net		(188)		(224)		(401)
(Loss) earnings before taxes		(6,676)		(9,057)		394
Provision (benefit) for taxes		178		(200)		155
Net (loss) earnings	\$	(6,854)	\$	(8,857)	\$	239
Net (loss) earnings per share:						
Basic	\$	(3.49)	\$	(4.49)	\$	0.12
Diluted	\$	(3.49)	\$	(4.49)	\$	0.12
Cash dividends declared per share	\$	-	\$	0.26	\$	-
Weighted-average shares used to compute net (loss) earnings per share:						
Basic		1,964		1,971		1,989
Diluted		1,964		1,971		2,005

⁽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 CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

			nths ended per 31,			
		2012		2011		
	(L	Jnaudited)				
Net revenue	\$	120,357	\$	127,245		
Costs and expenses:(a)						
Cost of sales		92,385		97,418		
Research and development		3,399		3,254		
Selling, general and administrative		13,500		13,577		
Amortization of purchased intangible assets		1,784		1,607		
Impairment of goodwill and purchased intangible assets		18,035		885		
Restructuring charges		2,266		645		
Acquisition-related charges		45		182		
Total costs and expenses		131,414		117,568		
(Loss) earnings from operations		(11,057)		9,677		
Interest and other, net		(876)		(695)		
(Loss) earnings before taxes		(11,933)		8,982		
Provision for taxes		717		1,908		
Net (loss) earnings	\$	(12,650)	\$	7,074		
Net (loss) earnings per share:						
Basic	\$	(6.41)	\$	3.38		
Diluted	\$	(6.41)	\$	3.32		
Cash dividends declared per share	\$	0.50	\$	0.40		
Weighted-average shares used to compute net (loss) earnings per share:						
Basic		1,974		2,094		
Diluted		1,974		2,128		

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. (a)



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES ADJUSTMENTS TO GAAP NET REVENUE, NET EARNINGS, EARNINGS FROM OPERATIONS, OPERATING MARGIN AND EARNINGS PER SHARE

(Unaudited)

		nree months ended October 31, 2012	е	Diluted earnings er share	Tł	nree months ended July 31, 2012	D ea	iluted rnings r share		nree months ended October 31, 2011	[ea	Diluted arnings er share
	_	2012	Ρ	ei silale	_	2012	ρCi	Silaic	_	2011	ρ¢	i silale
GAAP net revenue	\$	29,959			\$	29,669			\$	32,122		
Non-GAAP adjustment:												
WebOS device contra revenue, net ^(a)	Φ.	-			Φ.	-			Φ.	142		
Non-GAAP net revenue	\$	29,959			\$	29,669			\$	32,264		
GAAP net (loss) earnings	\$	(6,854)	\$	(3.49)	\$	(8,857)	\$	(4.49)	\$	239	\$	0.12
· · ·	·	, ,		` ′		, ,	·	` /				
Non-GAAP adjustments:		070		0.40		470		0.05		444		0.00
Amortization of purchased intangible assets	٠,	372		0.19		476		0.25 4.66		411		0.20 0.44
Impairment of goodwill and purchased intangible assets ^(t) Restructuring charges	"	8,847 378		4.51 0.19		9,188 1,795		0.91		885 179		0.44
Acquisition-related charges in earnings from operations		3/6		0.19		3		0.91		119		0.09
Wind down of the webOS device business(c)		-		_		-				755		0.38
Wind down of non-strategic businesses(d)		_		_		108		0.05		-		0.50
Acquisition-related charges in interest and other, net(e)		_		_		-		-		276		0.14
Adjustments for taxes(f)		(465)		(0.24)		(740)		(0.38)		(509)		(0.26)
Non-GAAP net earnings	\$	2,281	\$	1.16	\$	1,973	\$	1.00	\$	2,350	\$	1.17
GAAP (loss) earnings from operations	\$	(6,488)			\$	(8,833)			\$	795		
Non-GAAP adjustments:												
Amortization of purchased intangible assets		372				476				411		
Impairment of goodwill and purchased intangible assets()	8,847				9,188				885		
Restructuring charges		378				1,795				179		
Acquisition-related charges in earnings from operations		3				3				114		
Wind down of the webOS device business(c)		-				-				755		
Wind down of non-strategic businesses(d)						108						
Non-GAAP earnings from operations	\$	3,112			\$	2,737			\$	3,139		
GAAP operating margin		(22%)				(30%)				2%		
Non-GAAP adjustments		32%				39%				8%		
Non-GAAP operating margin		10%				9%				10%		

- (a) Includes contra revenue primarily associated with sales incentive programs to wind down the webOS device business, net of webOS device revenue.
- (b) For the period ended October 31, 2012, represents a goodwill and intangible asset impairment charge of \$8.8 billion associated with the Autonomy reporting unit within the Software segment. For the period ended July 31, 2012, represents a goodwill impairment charge of \$8.0 billion associated with the Services segment and an intangible asset impairment charge of \$1.2 billion associated with the "Compaq" trade name within the Personal Systems segment (formerly known as the Personal Systems Group segment). For the period ended October 31, 2011, includes impairment charges to goodwill and purchased intangible assets associated with the acquisition of Palm, Inc. on July 1, 2010 recorded as result of the decision announced on August 18, 2011 to wind down the webOS device business.
- (c) Includes primarily expenses and adjustments for supplier-related obligations and contra revenue associated with sales incentive programs related to winding down the webOS device business.
- (d) Represents primarily contract-related charges, including inventory write-downs, related to winding down certain retail publishing business activities within the Printing segment (formerly known as the Imaging and Printing Group segment).
- (e) Includes primarily the cost of the British pound options bought to limit foreign exchange rate risk in connection with the Autonomy acquisition.
- (f) For the periods ended October 31, 2012 and July 31, 2012, adjustments for taxes is net of valuation allowances of \$0.5 billion and \$0.8 billion provided for certain deferred tax assets, respectively.



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES ADJUSTMENTS TO GAAP NET REVENUE, NET EARNINGS, EARNINGS FROM OPERATIONS, OPERATING MARGIN AND EARNINGS PER SHARE (Unaudited)

			ended October 31,		ended October 31,		ended October 31,		Diluted earnings per share		earnings		earnings		earnings		earnings		relve months ended October 31, 2011		Diluted earnings per share
GAAP net revenue	\$	120,357			\$	127,245															
Non GAAP adjustment:																					
WebOS device contra revenue, net(a)		-				142															
Non GAAP net revenue	\$	120,357			\$	127,387															
GAAP net (loss) earnings	\$	(12,650)	\$	(6.41)	\$	7,074	\$	3.32													
Non-GAAP adjustments:																					
Amortization of purchased intangible assets		1,784		0.90		1,607		0.75													
Impairment of goodwill and purchased intangible assets(b)		18,035		9.14		885		0.42													
Restructuring charges		2,266		1.15		645		0.30													
Acquisition-related charges in earnings from operations		45		0.02		182		0.09													
Wind down of the webOS device business(c)		(36)		(0.02)		755		0.35													
Wind down of non-strategic businesses(d)		108		0.05		-		-													
Acquisition-related charges in interest and other, net(e)		- (4 547)		(0.70)		276		0.13													
Adjustments for taxes(f)	_	(1,517)	_	(0.78)	_	(1,045)	_	(0.48)													
Non-GAAP net earnings	\$	8,035	<u>\$</u>	4.05	\$	10,379	\$	4.88													
CAAD (leas) cornings from energical	c	(44.057)			φ	0.677															
GAAP (loss) earnings from operations	\$	(11,057)			\$	9,677															
Non-GAAP adjustments:																					
Amortization of purchased intangible assets		1,784				1,607															
Impairment of goodwill and purchased intangible assets(b)		18,035				885															
Restructuring charges		2,266				645															
Acquisition-related charges in earnings from operations		45				182															
Wind down of the webOS device business(c)		(36)				755															
Wind down of non-strategic businesses ^(d)	_	108			Φ.	- 10 75 1															
Non-GAAP earnings from operations	\$	11,145			\$	13,751															
GAAP operating margin		(9%)				8%															
Non-GAAP adjustments		18%				3%															
Non-GAAP operating margin		9%				11%															

- (a) Includes contra revenue primarily associated with sales incentive programs to wind down the webOS device business, net of webOS device revenue.
- (b) For the period ended October 31, 2012, represents a goodwill and intangible asset impairment charge of \$8.8 billion associated with the Autonomy reporting unit within the Software segment, a goodwill impairment charge of \$8.0 billion associated with the Services segment and an intangible asset impairment charge of \$1.2 billion associated with the "Compaq" trade name within the Personal Systems segment. For the period ended October 31, 2011, includes impairment charges to goodwill and purchased intangible assets associated with the acquisition of Palm, Inc. on July 1, 2010 recorded as result of the decision announced on August 18, 2011 to wind down the webOS device business.
- (c) Includes primarily expenses and adjustments for supplier-related obligations and contra revenue associated with sales incentive programs related to winding down the webOS device business.
- (d) Represents primarily contract-related charges, including inventory write-downs, related to winding down certain retail publishing business activities within the Printing segment.
- (e) Includes primarily the cost of the British pound options bought to limit foreign exchange rate risk in connection with the Autonomy acquisition.
- (f) For the period ended October 31, 2012, adjustments for taxes is net of valuation allowances of \$1.3 billion provided for certain deferred tax assets.



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

	October 31, 2012	0	ctober 31, 2011
ASSETS	(Unaudited)		
Current assets:			
Cash and cash equivalents	\$ 11,301	\$	8,043
Accounts receivable	16,407		18,224
Financing receivables	3,252		3,162
Inventory	6,317		7,490
Other current assets	13,360		14,102
Total current assets	50,637		51,021
Property, plant and equipment	11,954		12,292
Long-term financing receivables and other assets	10,593		10,755
Goodwill and purchased intangible assets	35,584		55,449
Total assets	\$ 108,768	\$	129,517
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Notes payable and short-term borrowings	\$ 6,647	\$	8,083
Accounts payable	13,350		14,750
Employee compensation and benefits	4,058		3,999
Taxes on earnings	846		1,048
Deferred revenue	7,494		7,449
Other accrued liabilities	14,271	_	15,113
Total current liabilities	46,666		50,442
Long-term debt	21,789		22,551
Other liabilities	17,480		17,520
Stockholders' equity:			
HP stockholders' equity	22,436		38,625
Non-controlling interests	397	_	379
Total stockholders' equity	22,833	_	39,004
Total liabilities and stockholders' equity	<u>\$ 108,768</u>	\$	129,517



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

		ee months ended ctober 31, 2012		elve months ended ctober 31, 2012
Cash flows from operating activities:				
Net loss	\$	(6,854)	\$	(12,650)
Adjustments to reconcile net earnings to net cash provided by operating activities:		, ,		·
Depreciation and amortization		1,201		5,095
Impairment of goodwill and purchased intangible assets		8,847		18,035
Stock-based compensation expense		141		635
Provision for bad debt and inventory		165		419
Restructuring charges		378		2,266
Deferred taxes on earnings		(21)		(711)
Excess tax benefit from stock-based compensation		` -		(12)
Other, net		(65)		265 [°]
		,		
Changes in operating assets and liabilities:				
Accounts and financing receivables		(1,166)		1,269
Inventory		892		890
Accounts payable		782		(1,414)
Taxes on earnings		(280)		(320)
Restructuring		(368)		(840)
Other assets and liabilities		`407 [´]		(2,356)
Net cash provided by operating activities		4,059		10,571
The country operating detirined		.,000		. 0,0
Cash flows from investing activities:				
Investment in property, plant and equipment		(873)		(3,706)
Proceeds from sale of property, plant and equipment		296		617
Purchases of available-for-sale securities and other investments		(179)		(972)
Maturities and sales of available-for-sale securities and other investments		146		662
Payments made in connection with business acquisitions, net of cash acquired		-		(141)
Proceeds from business divestiture, net		_		87
Net cash used in investing activities		(610)	_	(3,453)
iver cash used in investing activities		(610)	_	(3,433)
Cook flows from financing activities				
Cash flows from financing activities:		(222)		(0.775)
Repayment of commercial paper and notes payable, net		(222)		(2,775)
Issuance of debt		54		5,154
Payment of debt		(1,111)		(4,333)
Issuance of common stock under employee stock plans		(4.2.4)		716
Repurchase of common stock		(124)		(1,619)
Excess tax benefit from stock-based compensation		(260)		12
Cash dividends paid		(260)		(1,015)
Net cash used in financing activities		(1,657)		(3,860)
Increase in cash and cash equivalents		1,792		3,258
Cash and cash equivalents at beginning of period		9,509		8,043
Cash and cash equivalents at end of period	\$	11,301	\$	11,301
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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES SEGMENT INFORMATION (Unaudited)

(In millions)

		Т	hree	months end	led	
	Od	tober 31, 2012		July 31, 2012	0	ctober 31, 2011
Net revenue:(a)						
Personal Systems	\$	8,705	\$	8,620	\$	10,118
Printing		6,080		6,017		6,419
Total Printing and Personal Systems Group(b)		14,785		14,637		16,537
Services		8,711		8,754		9,227
Enterprise Servers, Storage and Networking		5,119		5,143		5,601
Software		1,171		973		1,023
HP Financial Services		966		935		952
Corporate Investments		13		19		(131)
Total segments		30,765		30,461		33,209
Eliminations of intersegment net revenue and other		(806)		(792)	_	(1,087)
Total HP consolidated net revenue	\$	29,959	\$	29,669	\$	32,122
Earnings before taxes:(a)						
Personal Systems	\$	309	\$	409	\$	578
Printing		1,067		949		793
Total Printing and Personal Systems Group(b)		1,376	'	1,358		1,371
Services		1,234		959		1,210
Enterprise Servers, Storage and Networking		423		562		717
Software		318		175		284
HP Financial Services		104		97		98
Corporate Investments		(83)		(58)		(908)
Total segment earnings from operations		3,372		3,093		2,772
Corporate and unallocated costs and eliminations		(120)		(314)		(196)
Unallocated costs related to stock-based compensation expense		(140)		(150)		(192)
Amortization of purchased intangible assets		(372)		(476)		(411)
Impairment of goodwill and purchased intangible assets		(8,847)		(9,188)		(885)
Restructuring charges		(378)		(1,795)		(179)
Acquisition-related charges		(3)		(3)		(114)
Interest and other, net		(188)		(224)		(401)
Total HP consolidated (loss) earnings before taxes	\$	(6,676)	\$	(9,057)	\$	394

- (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, Printing, 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 Printing, 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 and HP Financial Services segments.
- (b) As part of a realignment of the structure of HP's business in fiscal 2012, the Personal Systems segment and the Printing segment have been structured beneath a newly formed Printing and Personal Systems Group. While the Printing and Personal Systems Group is not a financial reporting segment, HP provides financial data aggregating the segments within it in order to provide a supplementary view of its business.



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

Twelve months ended

		Octob	er 3	51,
		2012		2011
	(U	naudited)		
Net revenue:(a)				
Personal Systems	\$	35,650	\$	39,574
Printing		24,487		26,176
Total Printing and Personal Systems Group(b)		60,137		65,750
Services		34,922		35,702
Enterprise Servers, Storage and Networking		20,491		22,064
Software		4,060		3,367
HP Financial Services		3,819		3,596
Corporate Investments		108		208
Total Segments		123,537		130,687
Eliminations of intersegment net revenue and other		(3,180)		(3,442
Total HP consolidated net revenue	\$	120,357	\$	127,245
Earnings before taxes:(a)				
Personal Systems	\$	1,706	\$	2,350
Printing		3,585		3,927
Total Printing and Personal Systems Group(b)		5,291		6,277
Services		4,095		5,203
Enterprise Servers, Storage and Networking		2,132		2,997
Software		827		722
HP Financial Services		388		348
Corporate Investments		(238)		(1,619
Total segment earnings from operations		12,495		13,928
Corporate and unallocated costs and eliminations		(790)		(314
Unallocated costs related to stock-based compensation expense		(632)		(618
Amortization of purchased intangible assets		(1,784)		(1,607
Impairment of goodwill and purchased intangible assets		(18,035)		(885
Restructuring charges		(2,266)		(645
Acquisition-related charges		(45)		(182
Interest and other, net		(876)		(695
Total HP consolidated (loss) earnings before taxes	\$	(11,933)	\$	8,982

- (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, Printing, 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 Printing, 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 and HP Financial Services segments.
- (b) As part of a realignment of the structure of HP's business in fiscal 2012, the Personal Systems segment and the Printing segment have been structured beneath a newly formed Printing and Personal Systems Group. While the Printing and Personal Systems Group is not a financial reporting segment, HP provides financial data aggregating the segments within it in order to provide a supplementary view of its business.



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

	-	Three	e months end	ded	Growth r	ate (%)
	October 31, 2012		July 31, 2012	October 31, 2011	Q/Q	Y/Y
Net revenue:(a)						
Printing and Personal Systems Group(b)						
Personal Systems						
Notebooks	\$ 4,572	\$	4,416	\$ 5,390	4%	(15%)
Desktops	3,369		3,486	3,946	(3%)	(15%)
Workstations	550		526	593	`5% [´]	(7%)
Other	214		192	189	11%	13%
Total Personal Systems	8,705		8,620	10,118	1%	(14%)
Printing						
Supplies	4,007		4,005	4,041	0%	(1%)
Commercial Hardware	1,482		1,445	1,694	3%	(13%)
Consumer Hardware	591		567	684	4%	(14%)
Total Printing	6,080		6,017	6,419	1%	(5%)
Total Printing and Personal Systems Group	14,785		14,637	16,537	1%	(11%)
Services						
Infrastructure Technology Outsourcing	3,657		3,665	3,895	0%	(6%)
Technology Services	2,629		2,634	2,728	0%	(4%)
Application and Business Services(c)	2,425		2,455	2,604	(1%)	(7%)
Total Services	8,711	_	8,754	9,227	0%	(6%)
Enterprise Servers, Storage and Networking						
Industry Standard Servers	3,137		3,187	3,384	(2%)	(7%)
Storage	946		924	1,088	2%	(13%)
Business Critical Systems	401		385	535	4%	(25%)
Networking	635		647	594	(2%)	7%
Total Enterprise Servers, Storage and Networking	5,119		5,143	5,601	0%	(9%)
Software	1,171		973	1,023	20%	14%
HP Financial Services	966		935	952	3%	1%
Corporate Investments	13		19	(131)	(32%)	(110%)
Total segments	30,765		30,461	33,209	1%	(7%)
i otal segillerits	30,700	_	30,401	33,209	1 70	(170)
Elimination of intersegment net revenue and other	(808))	(792)	(1,087)	2%	(26%)
Total HP consolidated net revenue	\$ 29,959	\$	29,669	\$ 32,122	1%	(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 and operating profit among the Services, Printing, 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 Printing, 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 and HP Financial Services segments.
- (b) As part of a realignment of the structure of HP's business in fiscal 2012, the Personal Systems segment and the Printing segment have been structured beneath a newly formed Printing and Personal Systems Group. While the Printing and Personal Systems Group is not a financial reporting segment, HP provides financial data aggregating the segments within it in order to provide a supplementary view of its business.
- (c) 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 / BUSINESS UNIT INFORMATION (In millions)

Twelve months ended
October 31,

2012
2011
(Unaudited)

Net revenue:(a)				
Printing and Personal Systems Group(b)				
Personal Systems				
Notebooks	\$	18,830	\$	21,319
Desktops		13,888		15,260
Workstations		2,148		2,216
Other		784		779
Total Personal Systems		35,650		39,574
Printing				
Supplies		16,151		17,154
Commercial Hardware		5,895		6,183
Consumer Hardware		2,441		2,839
Total Printing		24,487		26,176
Total Printing and Personal Systems Group		60,137	-	65,750
		<u> </u>		
Services		4.4.000		45.004
Infrastructure Technology Outsourcing		14,692		15,224
Technology Services		10,463		10,542
Application and Business Services(c)	_	9,767	_	9,936
Total Services	_	34,922	_	35,702
Enterprise Servers, Storage and Networking				
Industry Standard Servers		12,582		13,521
Storage		3,815		4,056
Business Critical Systems		1,612		2,095
Networking		2,482		2,392
Total Enterprise Servers, Storage and Networking		20,491		22,064
Software		4,060		3,367
HP Financial Services		3,819		3,596
Corporate Investments		108		208
Total segments		123,537		130,687
Elimination of intersegment net revenue and other		(3,180)		(3,442)
Total HP consolidated net revenue	\$	120,357	\$	127,245

- (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, Printing, 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 Printing, 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 and HP Financial Services segments.
- (b) As part of a realignment of the structure of HP's business in fiscal 2012, the Personal Systems segment and the Printing segment have been structured beneath a newly formed Printing and Personal Systems Group. While the Printing and Personal Systems Group is not a financial reporting segment, HP provides financial data aggregating the segments within it in order to provide a supplementary view of its business.
- (c) 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 Oper (pts	
October 31, 2012	Q/Q	Y/Y
3.5%	(1.2 pts)	(2.2 pts)
17.5%	1.7 pts	5.1 pts
9.3%	-	1.0 pts
14.2%	3.2 pts	1.1 pts
8.3%	(2.6 pts)	(4.5 pts)
27.2%	9.2 pts	(0.6 pts)
10.8%	0.4 pts	0.5 pts
(638.5%)	(280.6 pts)	752.4 pts
11.0%	0.9 pts	0.4 pts
10.4%	1.2 pts	0.7 pts
	ended October 31, 2012 3.5% 17.5% 9.3% 14.2% 8.3% 27.2% 10.8% (638.5%) 11.0%	ended (pts October 31, 2012 Q/Q 3.5% (1.2 pts) 17.5% 1.7 pts 9.3% - - 14.2% 3.2 pts 8.3% (2.6 pts) 27.2% 9.2 pts 9.2 pts 10.8% 0.4 pts 0.4 pts (638.5%) (280.6 pts) 11.0% 0.9 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, Printing, 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 Printing, 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 and HP Financial Services segments.
- (b) As part of a realignment of the structure of HP's business in fiscal 2012, the Personal Systems segment and the Printing segment have been structured beneath a newly formed Printing and Personal Systems Group. While the Printing and Personal Systems Group is not a financial reporting segment, HP provides financial data aggregating the segments within it in order to provide a supplementary view of its business.



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES CALCULATION OF NET EARNINGS PER SHARE (Unaudited)

	Three months ended						
	O	October 31, 2012		July 31, 2012		tober 31, 2011	
Numerator:							
GAAP net (loss) earnings	\$	(6,854)	\$	(8,857)	\$	239	
Non-GAAP net earnings	\$	2,281	\$	1,973	\$	2,350	
Denominator:							
Weighted-average shares used to compute basic net (loss) earnings per share and							
diluted net (loss) per share		1,964		1,971		1,989	
Dilutive effect of employee stock plans		3		4		16	
Weighted-average shares used to compute diluted net earnings per share		1,967		1,975		2,005	
GAAP net (loss) earnings per share:							
Basic	\$	(3.49)	\$	(4.49)	\$	0.12	
Diluted(a)	\$	(3.49)	\$	(4.49)	\$	0.12	
Non-GAAP net earnings per share:							
Basic	\$	1.16	\$	1.00	\$	1.18	
Diluted(b)	\$	1.16	\$	1.00	\$	1.17	

⁽a) GAAP diluted net earnings per share reflects any dilutive effect of outstanding stock options, performance-based restricted units, restricted stock units and restricted stock, but that effect is excluded when calculating GAAP diluted net (loss) per share because it would be anti-dilutive.

⁽b) Non-GAAP diluted net earnings per share reflects 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,			
	2012		2011	
Numerator:				
GAAP net (loss) earnings	\$ (12,650)	\$	7,074	
Non-GAAP net earnings	\$ 8,035	\$	10,379	
Denominator:				
Weighted-average shares used to compute basic net (loss) earnings per share and				
diluted net (loss) per share	1,974		2,094	
Dilutive effect of employee stock plans	10		34	
Weighted-average shares used to compute diluted net earnings per share	1,984		2,128	
GAAP net (loss) earnings per share:				
Basic	\$ (6.41)	\$	3.38	
Diluted(a)	\$ (6.41)	\$	3.32	
Non-GAAP net earnings per share:				
Basic	\$ 4.07	\$	4.96	
Diluted ^(b)	\$ 4.05	\$	4.88	

- (a) GAAP diluted net earnings per share reflects any dilutive effect of outstanding stock options, performance-based restricted units, restricted stock units and restricted stock, but that effect is excluded when calculating GAAP diluted net (loss) per share because it would be anti-dilutive.
- (b) Non-GAAP diluted net earnings per share reflects any dilutive effect of outstanding stock options, performance-based restricted units, restricted stock units and restricted stock.