



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

	Three months ended		
	January 31, 2013	October 31, 2012	January 31, 2012
Net revenue	\$ 28,359	\$ 29,959	\$ 30,036
Costs and expenses:			
Cost of sales	22,029	22,711	23,313
Research and development	794	909	786
Selling, general and administrative	3,300	3,227	3,367
Amortization of purchased intangible assets	350	372	466
Impairment of goodwill and purchased intangible assets	-	8,847	-
Restructuring charges	130	378	40
Acquisition-related charges	4	3	22
Total costs and expenses	26,607	36,447	27,994
Earnings (loss) from operations	1,752	(6,488)	2,042
Interest and other, net	(179)	(188)	(221)
Earnings (loss) before taxes	1,573	(6,676)	1,821
Provision for taxes	(341)	(178)	(353)
Net earnings (loss)	\$ 1,232	\$ (6,854)	\$ 1,468
Net earnings (loss) per share:			
Basic	\$ 0.63	\$ (3.49)	\$ 0.74
Diluted	\$ 0.63	\$ (3.49)	\$ 0.73
Cash dividends declared per share	\$ 0.26	\$ -	\$ 0.24
Weighted-average shares used to compute net earnings (loss) per share:			
Basic	1,953	1,964	1,981
Diluted	1,956	1,964	1,998



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 January 31, 2013	Diluted earnings per share	Three months ended October 31, 2012	Diluted earnings per share	Three months ended January 31, 2012	Diluted earnings per share
GAAP net earnings (loss)	\$ 1,232	\$ 0.63	\$ (6,854)	\$ (3.49)	\$ 1,468	\$ 0.73
Non-GAAP adjustments:						
Amortization of purchased intangible assets	350	0.18	372	0.19	466	0.24
Impairment of goodwill and purchased intangible assets ^(a)	-	-	8,847	4.51	-	-
Restructuring charges	130	0.07	378	0.19	40	0.02
Acquisition-related charges in earnings from operations	4	-	3	-	22	0.01
Adjustments for taxes ^(b)	(111)	(0.06)	(465)	(0.24)	(164)	(0.08)
Non-GAAP net earnings	<u>\$ 1,605</u>	<u>\$ 0.82</u>	<u>\$ 2,281</u>	<u>\$ 1.16</u>	<u>\$ 1,832</u>	<u>\$ 0.92</u>
GAAP earnings (loss) from operations	\$ 1,752		\$ (6,488)		\$ 2,042	
Non-GAAP adjustments:						
Amortization of purchased intangible assets	350		372		466	
Impairment of goodwill and purchased intangible assets ^(a)	-		8,847		-	
Restructuring charges	130		378		40	
Acquisition-related charges in earnings from operations	4		3		22	
Non-GAAP earnings from operations	<u>\$ 2,236</u>		<u>\$ 3,112</u>		<u>\$ 2,570</u>	
GAAP operating margin	6%		(22%)		7%	
Non-GAAP adjustments	2%		32%		2%	
Non-GAAP operating margin	<u>8%</u>		<u>10%</u>		<u>9%</u>	

(a) 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.

(b) For the period ended October 31, 2012, the adjustment for taxes is net of valuation allowances of \$0.5 billion provided for certain deferred tax assets.



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

	January 31, 2013 (Unaudited)	October 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,589	\$ 11,301
Accounts receivable	14,236	16,407
Financing receivables	3,316	3,252
Inventory	6,374	6,317
Other current assets	13,037	13,360
Total current assets	49,552	50,637
Property, plant and equipment	11,686	11,954
Long-term financing receivables and other assets	10,249	10,593
Goodwill and purchased intangible assets	35,214	35,584
Total assets	\$ 106,701	\$ 108,768
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	\$ 6,475	\$ 6,647
Accounts payable	11,660	13,350
Employee compensation and benefits	3,520	4,058
Taxes on earnings	851	846
Deferred revenue	7,603	7,494
Other accrued liabilities	14,277	14,271
Total current liabilities	44,386	46,666
Long-term debt	21,752	21,789
Other liabilities	17,273	17,480
Stockholders' equity:		
HP stockholders' equity	22,895	22,436
Non-controlling interests	395	397
Total stockholders' equity	23,290	22,833
Total liabilities and stockholders' equity	\$ 106,701	\$ 108,768



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

	Three months ended	
	January 31, 2013	January 31, 2012
Cash flows from operating activities:		
Net earnings	\$ 1,232	\$ 1,468
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,163	1,303
Stock-based compensation expense	184	175
Provision for bad debt and inventory	124	52
Restructuring charges	130	40
Deferred taxes on earnings	500	(110)
Excess tax benefit from stock-based compensation	-	(11)
Other, net	167	44
Changes in operating assets and liabilities:		
Accounts and financing receivables	2,246	2,311
Inventory	(149)	180
Accounts payable	(1,690)	(2,376)
Taxes on earnings	(423)	(12)
Restructuring	(237)	(174)
Other assets and liabilities	(685)	(1,697)
Net cash provided by operating activities	<u>2,562</u>	<u>1,193</u>
Cash flows from investing activities:		
Investment in property, plant and equipment	(633)	(883)
Proceeds from sale of property, plant and equipment	127	96
Purchases of available-for-sale securities and other investments	(299)	-
Maturities and sales of available-for-sale securities and other investments	161	96
Payments made in connection with business acquisitions, net of cash acquired	-	(141)
Proceeds from business divestiture, net	-	81
Net cash used in investing activities	<u>(644)</u>	<u>(751)</u>
Cash flows from financing activities:		
Repayment of commercial paper and notes payable, net	(105)	(2,607)
Issuance of debt	45	3,035
Payment of debt	(114)	(100)
Issuance of common stock under employee stock plans	55	313
Repurchase of common stock	(253)	(780)
Excess tax benefit from stock-based compensation	-	11
Cash dividends paid	(258)	(244)
Net cash used in financing activities	<u>(630)</u>	<u>(372)</u>
Increase in cash and cash equivalents	1,288	70
Cash and cash equivalents at beginning of period	11,301	8,043
Cash and cash equivalents at end of period	<u>\$ 12,589</u>	<u>\$ 8,113</u>



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

	Three months ended		
	January 31, 2013	October 31, 2012	January 31, 2012
Net revenue:^(a)			
Personal Systems	\$ 8,204	\$ 8,727	\$ 8,892
Printing	5,926	6,080	6,258
Total Printing and Personal Systems Group ^(b)	14,130	14,807	15,150
Enterprise Group	6,984	7,459	7,282
Enterprise Services	5,919	6,352	6,371
Software	926	1,171	946
HP Financial Services	957	966	950
Corporate Investments	4	10	30
Total segments	28,920	30,765	30,729
Elimination of intersegment net revenue and other	(561)	(806)	(693)
Total HP consolidated net revenue	<u>\$ 28,359</u>	<u>\$ 29,959</u>	<u>\$ 30,036</u>
Earnings before taxes:^(a)			
Personal Systems	\$ 223	\$ 309	\$ 459
Printing	953	1,067	761
Total Printing and Personal Systems Group ^(b)	1,176	1,376	1,220
Enterprise Group	1,084	1,229	1,329
Enterprise Services	76	423	145
Software	157	318	162
HP Financial Services	101	104	91
Corporate Investments	(65)	(78)	(50)
Total segment earnings from operations	2,529	3,372	2,897
Corporate and unallocated costs and eliminations	(109)	(120)	(153)
Unallocated costs related to stock-based compensation expense	(184)	(140)	(174)
Amortization of purchased intangible assets	(350)	(372)	(466)
Impairment of goodwill and purchased intangible assets	-	(8,847)	-
Restructuring charges	(130)	(378)	(40)
Acquisition-related charges	(4)	(3)	(22)
Interest and other, net	(179)	(188)	(221)
Total HP consolidated earnings (loss) before taxes	<u>\$ 1,573</u>	<u>\$ (6,676)</u>	<u>\$ 1,821</u>

(a) HP has implemented certain organizational realignments. As a result of these realignments, HP has re-evaluated its segment financial reporting structure and, effective in the first quarter of fiscal 2013, created two new financial reporting segments, the Enterprise Group segment and the Enterprise Services segment, and eliminated two other financial reporting segments, the Enterprise Servers, Storage and Networking ("ESSN") segment and the Services segment. The Enterprise Group segment consists of the business units within the former ESSN segment and most of the services offerings of the Technology Services ("TS") business unit, which was previously a part of the former Services segment. The Enterprise Services segment consists of the Applications and Business Services ("ABS") and Infrastructure Technology Outsourcing ("ITO") business units from the former Services segment, along with the end-user workplace support services business that was previously a part of the TS business unit. Taking into account these changes, HP has the following seven financial reporting segments: Personal Systems, Printing, the Enterprise Group, Enterprise Services, Software, HP Financial Services and Corporate Investments.

Also as a result of these realignments, the financial results of the Personal Systems commercial products support business, which were previously reported as part of the TS business unit, will now be reported as part of the Other business unit within the Personal Systems segment, and the financial results of the portion of the business intelligence services business that had continued to be reported as part of the Corporate Investments segment following the implementation of prior realignment actions will now be reported as part of the ABS business unit. In addition, the end-user workplace support services business, which, as noted above, was previously a part of the TS business unit and will now become a part of the Enterprise Services segment, will be reported as part of the ITO business unit within that segment.

To provide improved visibility and comparability, HP has reflected these changes to its reporting structure in prior financial reporting periods on an as-if basis, which has resulted in the transfer of revenue and operating profit among the Personal Systems, the Enterprise Group, Enterprise Services and Corporate Investments segments. These changes had no impact on the previously reported financial results for the Printing, Software or HP Financial Services segments. In addition, none of these changes impacted HP's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share.

(b) The Personal Systems segment and the Printing segment are structured beneath a broader Printing and Personal Systems Group ("PPS"). While PPS 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 months ended			Growth rate (%)	
	January 31, 2013	October 31, 2012	January 31, 2012	Q/Q	Y/Y
Net revenue: ^(a)					
Printing and Personal Systems Group^(b)					
Personal Systems					
Notebooks	\$ 4,128	\$ 4,572	\$ 4,942	(10%)	(16%)
Desktops	3,321	3,369	3,206	(1%)	4%
Workstations	535	550	535	(3%)	0%
Other	220	236	209	(7%)	5%
Total Personal Systems	<u>8,204</u>	<u>8,727</u>	<u>8,892</u>	(6%)	(8%)
Printing					
Supplies	3,893	4,007	4,079	(3%)	(5%)
Commercial Hardware	1,354	1,482	1,489	(9%)	(9%)
Consumer Hardware	679	591	690	15%	(2%)
Total Printing	<u>5,926</u>	<u>6,080</u>	<u>6,258</u>	(3%)	(5%)
Total Printing and Personal Systems Group	<u>14,130</u>	<u>14,807</u>	<u>15,150</u>	(5%)	(7%)
Enterprise Group					
Industry Standard Servers	2,994	3,137	3,072	(5%)	(3%)
Technology Services	2,243	2,340	2,264	(4%)	(1%)
Storage	833	946	955	(12%)	(13%)
Networking	608	635	586	(4%)	4%
Business Critical Systems	306	401	405	(24%)	(24%)
Total Enterprise Group	<u>6,984</u>	<u>7,459</u>	<u>7,282</u>	(6%)	(4%)
Enterprise Services					
Infrastructure Technology Outsourcing	3,736	3,924	3,980	(5%)	(6%)
Application and Business Services	2,183	2,428	2,391	(10%)	(9%)
Total Enterprise Services	<u>5,919</u>	<u>6,352</u>	<u>6,371</u>	(7%)	(7%)
Software	<u>926</u>	<u>1,171</u>	<u>946</u>	(21%)	(2%)
HP Financial Services	<u>957</u>	<u>966</u>	<u>950</u>	(1%)	1%
Corporate Investments	<u>4</u>	<u>10</u>	<u>30</u>	(60%)	(87%)
Total segments	<u>28,920</u>	<u>30,765</u>	<u>30,729</u>	(6%)	(6%)
Elimination of intersegment net revenue and other	<u>(561)</u>	<u>(806)</u>	<u>(693)</u>	(30%)	(19%)
Total HP consolidated net revenue	<u>\$ 28,359</u>	<u>\$ 29,959</u>	<u>\$ 30,036</u>	(5%)	(6%)

(a) HP has implemented certain organizational realignments. As a result of these realignments, HP has re-evaluated its segment financial reporting structure and, effective in the first quarter of fiscal 2013, created two new financial reporting segments, the Enterprise Group segment and the Enterprise Services segment, and eliminated two other financial reporting segments, the Enterprise Servers, Storage and Networking ("ESSN") segment and the Services segment. The Enterprise Group segment consists of the business units within the former ESSN segment and most of the services offerings of the Technology Services ("TS") business unit, which was previously a part of the former Services segment. The Enterprise Services segment consists of the Applications and Business Services ("ABS") and Infrastructure Technology Outsourcing ("ITO") business units from the former Services segment, along with the end-user workplace support services business that was previously a part of the TS business unit. Taking into account these changes, HP has the following seven financial reporting segments: Personal Systems, Printing, the Enterprise Group, Enterprise Services, Software, HP Financial Services and Corporate Investments.

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

	Three months ended	Change in Operating Margin (pts)	
	January 31, 2013	Q/Q	Y/Y
Non-GAAP operating margin: ^(a)			
Personal Systems	2.7%	(0.8 pts)	(2.5 pts)
Printing	16.1%	(1.4 pts)	3.9 pts
Printing and Personal Systems Group ^(b)	8.3%	(1.0 pts)	0.2 pts
Enterprise Group	15.5%	(1.0 pts)	(2.8 pts)
Enterprise Services	1.3%	(5.4 pts)	(1.0 pts)
Software	17.0%	(10.2 pts)	(0.1 pts)
HP Financial Services	10.6%	(0.2 pts)	1.0 pts
Corporate Investments	NM	NM	NM
Total segments	8.7%	(2.3 pts)	(0.7 pts)
Total HP consolidated non-GAAP operating margin	7.9%	(2.5 pts)	(0.7 pts)

- (a) HP has implemented certain organizational realignments. As a result of these realignments, HP has re-evaluated its segment financial reporting structure and, effective in the first quarter of fiscal 2013, created two new financial reporting segments, the Enterprise Group segment and the Enterprise Services segment, and eliminated two other financial reporting segments, the Enterprise Servers, Storage and Networking ("ESSN") segment and the Services segment. The Enterprise Group segment consists of the business units within the former ESSN segment and most of the services offerings of the Technology Services ("TS") business unit, which was previously a part of the former Services segment. The Enterprise Services segment consists of the Applications and Business Services ("ABS") and Infrastructure Technology Outsourcing ("ITO") business units from the former Services segment, along with the end-user workplace support services business that was previously a part of the TS business unit. Taking into account these changes, HP has the following seven financial reporting segments: Personal Systems, Printing, the Enterprise Group, Enterprise Services, Software, HP Financial Services and Corporate Investments.

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

	Three months ended		
	January 31, 2013	October 31, 2012	January 31, 2012
Numerator:			
GAAP net earnings (loss)	\$ 1,232	\$ (6,854)	\$ 1,468
Non-GAAP net earnings	\$ 1,605	\$ 2,281	\$ 1,832
Denominator:			
Weighted-average shares used to compute basic net earnings (loss) per share and diluted net (loss) per share	1,953	1,964	1,981
Dilutive effect of employee stock plans	3	3	17
Weighted-average shares used to compute diluted net earnings per share	1,956	1,967	1,998
GAAP net earnings (loss) per share:			
Basic	\$ 0.63	\$ (3.49)	\$ 0.74
Diluted ^(a)	\$ 0.63	\$ (3.49)	\$ 0.73
Non-GAAP net earnings per share:			
Basic	\$ 0.82	\$ 1.16	\$ 0.92
Diluted ^(b)	\$ 0.82	\$ 1.16	\$ 0.92

- (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.