



# HP Q4 FY14 Earnings Announcement

November 25, 2014

<http://www.hp.com/investor/home>

# Forward-looking statements

This presentation contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of HP may differ materially from those expressed or implied by such forward-looking statements 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, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, share repurchases, currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring charges; any statements of the plans, strategies and objectives of management for future operations, including the previously announced separation transaction and the future performances of the post-separation companies if the separation is completed, as well as the execution of restructuring plans and any resulting cost savings or revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance 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 need to address the many challenges facing HP's businesses; the competitive pressures faced by HP's businesses; risks associated with executing HP's strategy, including the planned separation transaction; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of HP's products and the delivery of HP's services effectively; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; risks associated with HP's international operations; 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 hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; the execution, timing and results of the separation transaction or restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of HP's business) and the anticipated benefits of implementing the separation transaction and restructuring 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, 2013 and HP's other filings with the Securities and Exchange Commission including HP's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2014. 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 reasonable, these amounts could differ materially from reported amounts in HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2014. In particular, determining HP's tax balances and provisions as of October 31, 2014 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 Annual Report on Form 10-K. 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 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, revenue on a constant currency basis, non-GAAP operating expense, non-GAAP operating profit, non-GAAP OI&E, non-GAAP tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share 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, free cash flow and net capital expenditures are liquidity measures that provide useful information to management about the amount of cash available for investment in HP's businesses, funding acquisitions, repurchasing stock and other purposes. Net cash and net debt provide useful information to management about the state of HP's consolidated balance sheet. Operating company net cash and operating company net debt provide additional useful information to management about the state of HP's consolidated balance sheet by providing more transparency into the financial components of the operating company separate from HP's financing business, which has different capital structure requirements and requires much greater leverage to run effectively.

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. For example, items such as impairment of goodwill and intangible assets and amortization of 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 tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share 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 tax rate, non-GAAP net earnings and non-GAAP diluted net earnings per share can have a material impact on the equivalent GAAP earnings measure and cash flow. HP may not be able to liquidate the short-term and 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, which includes net capital expenditures, does not represent the total increase or decrease in cash 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 financial condition and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance and financial condition.





# Q4 FY14 highlights








- Net revenue of **\$28.4 billion**, down 2% from the prior-year period and down 3% on a constant currency basis
- Non-GAAP<sup>(1)</sup> diluted net earnings per share of **\$1.06**, up 5% from the prior-year period, versus the previously provided outlook of \$1.03 to \$1.07 per share
- GAAP diluted net earnings per share of **\$0.70**, down 4% from the prior-year period, versus the previously provided outlook of \$0.67 to \$0.71 per share
- Cash flow from operations of **\$2.7 billion**, down 4% from the prior-year period
- Returned **\$1.1 billion** to shareholders in the form of share repurchases and dividends
- Operating company net cash<sup>(2)</sup> of **\$5.9 billion**, a sequential improvement of **\$1.0 billion**

1. A reconciliation of specific adjustments to GAAP results for the current and prior periods is included on slides 18 and 19 and in the GAAP to non-GAAP slides that appear as part of the supplemental slides of this presentation. A description of HP's use of non-GAAP information is provided on slide 3 under "Use of non-GAAP financial information"

2. Definition of "operating company net cash" is included on slide 20 of this presentation



# Q4 FY14 results overview

\$ in millions	Q4 Net Revenue	Growth y/y%	Non-GAAP OP \$	Non-GAAP OP % of rev	Non-GAAP OP \$ y/y	Non-GAAP OP % of rev y/y
 Printing	\$5,740	(5%)	\$1,040	18.1%	(\$41)	0.2 pts
 Personal Systems	\$8,948	4%	\$355	4.0%	\$90	0.9 pts
 Printing and Personal Systems Group <sup>(1)</sup>	\$14,688	0%	\$1,395	9.5%	\$49	0.3 pts
 Enterprise Group	\$7,270	(4%)	\$1,075	14.8%	(\$17)	0.4 pts
 Enterprise Services	\$5,511	(7%)	\$374	6.8%	\$119	2.5 pts
 Software	\$1,087	(1%)	\$338	31.1%	\$8	0.9 pts
 HP Financial Services	\$906	(1%)	\$110	12.1%	\$8	0.9 pts
<b>Total HP<sup>(2)(3)</sup></b>	<b>\$28,406</b>	<b>(2%)</b>	<b>\$2,741</b>	<b>9.6%</b>	<b>\$127</b>	<b>0.6 pts</b>








1. The Printing segment and the Personal Systems segment are structured beneath a broader Printing and Personal Systems Group ("PPS"). While PPS is not a reportable segment, HP provides financial data aggregating the segments within it in order to provide a supplementary view of its business

2. A reconciliation of specific adjustments to GAAP results for the current and prior periods is included on slides 18 and 19 and in the GAAP to non-GAAP slides that appear as part of the supplemental slides of this presentation. A description of HP's use of non-GAAP information is provided on slide 3 under "Use of non-GAAP financial information"

3. Includes Corporate Investments, intercompany eliminations and other items not included in segment results



# FY14 results overview

\$ in millions	FY14 Net Revenue	Growth y/y%	Non-GAAP OP \$	Non-GAAP OP % of rev	Non-GAAP OP \$ y/y	Non-GAAP OP % of rev y/y
 Printing	\$22,979	(4%)	\$4,185	18.2%	\$252	1.7 pts
 Personal Systems	\$34,303	7%	\$1,270	3.7%	\$290	0.7 pts
 Printing and Personal Systems Group <sup>(1)</sup>	\$57,282	2%	\$5,455	9.5%	\$542	0.7 pts
 Enterprise Group	\$27,814	(1%)	\$4,008	14.4%	(\$251)	(0.8) pts
 Enterprise Services	\$22,398	(7%)	\$803	3.6%	\$124	0.8 pts
 Software	\$3,933	(2%)	\$872	22.2%	\$4	0.6 pts
 HP Financial Services	\$3,498	(4%)	\$389	11.1%	(\$10)	0.1 pts
<b>Total HP<sup>(2)(3)</sup></b>	<b>\$111,454</b>	<b>(1%)</b>	<b>\$9,815</b>	<b>8.8%</b>	<b>\$299</b>	<b>0.3 pts</b>

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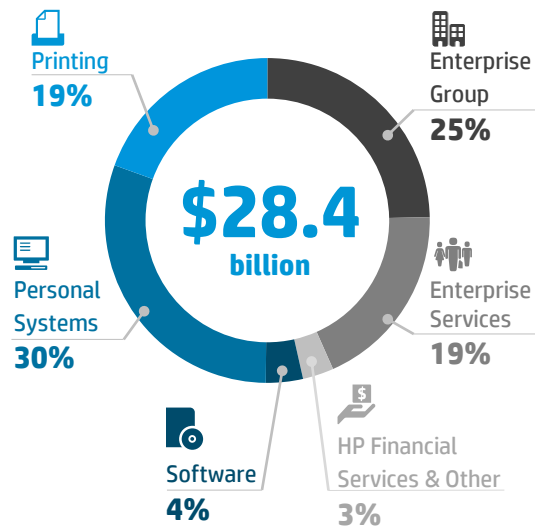
3. Includes Corporate Investments, intercompany eliminations and other items not included in segment results



# Q4 FY14 mix by segment & region

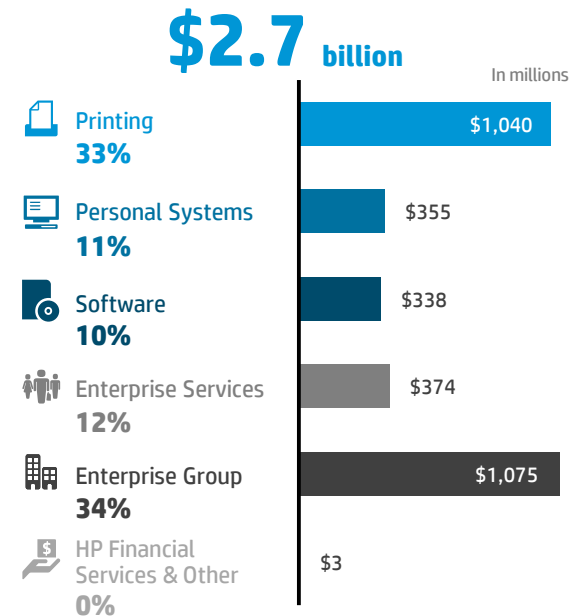
## Net revenue

By segment<sup>(2)</sup>



## Non-GAAP operating profit<sup>(1)</sup>

By segment<sup>(3)</sup>



## Net revenue by region



### Americas

**45%**  
US: 36%  
Canada/LA: 9%

↓3% y/y  
↓3% CC<sup>(4)</sup>

### EMEA

**36%**

flat y/y  
↓2% CC<sup>(4)</sup>

### APJ

**19%**

↓5% y/y  
↓4% CC<sup>(4)</sup>

Non-US net revenue was  
**64%** of total net revenue

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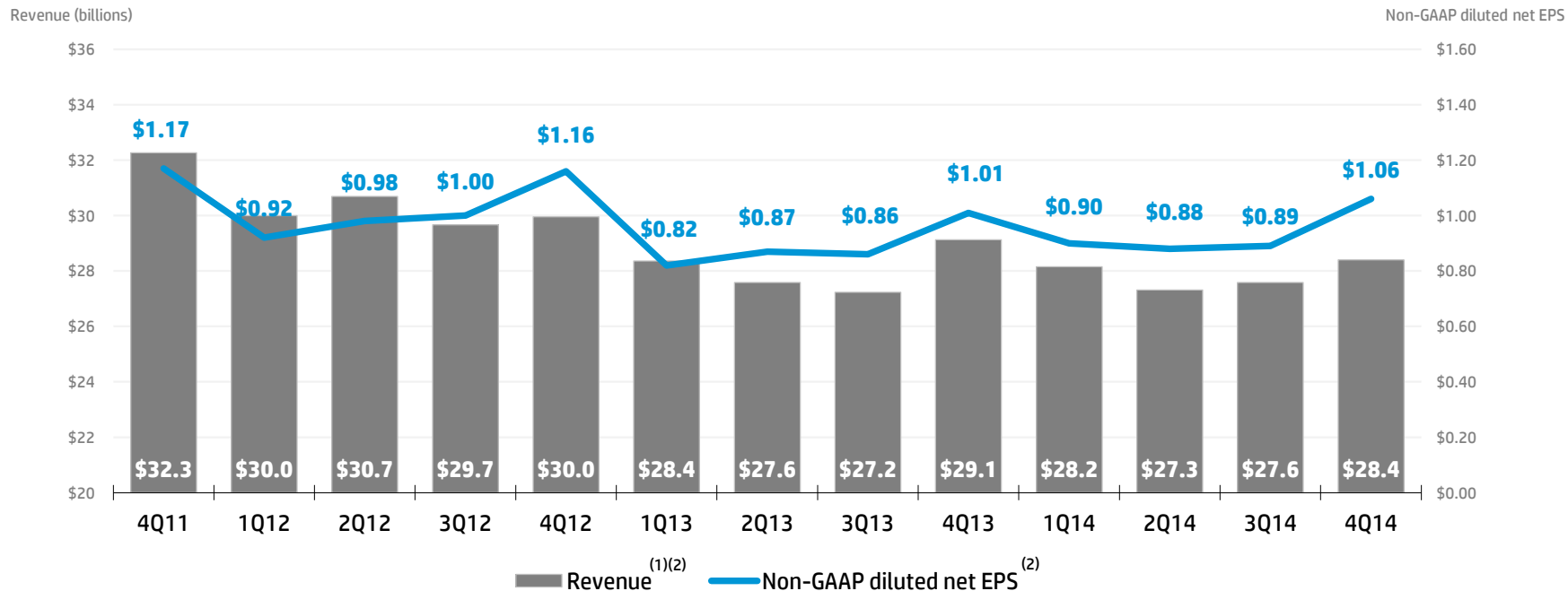
2. Revenue mix calculated based on total segment revenue, which does not include intercompany eliminations

3. Operating profit mix calculated based on total segment operating profit, which does not include intercompany eliminations

4. Adjusted to eliminate the effects of currency



# Revenue & non-GAAP diluted net EPS performance



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

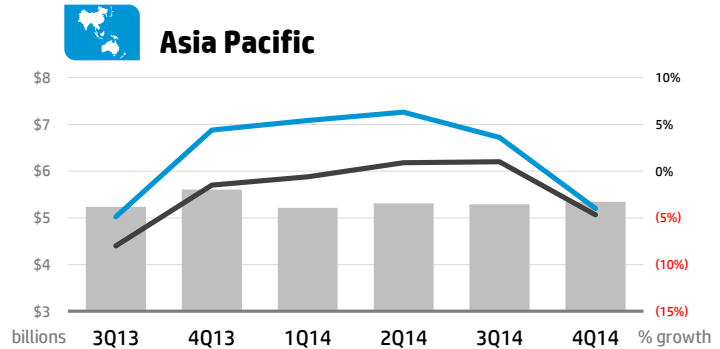
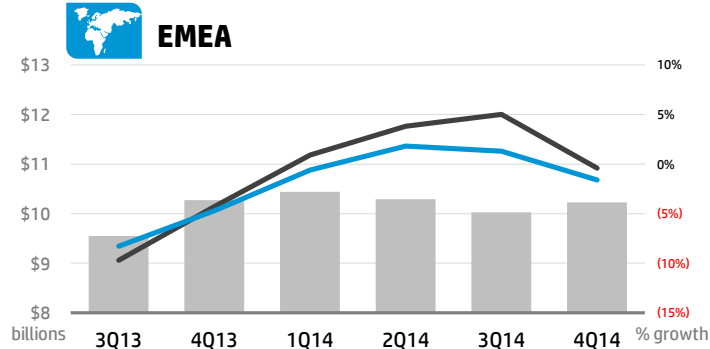
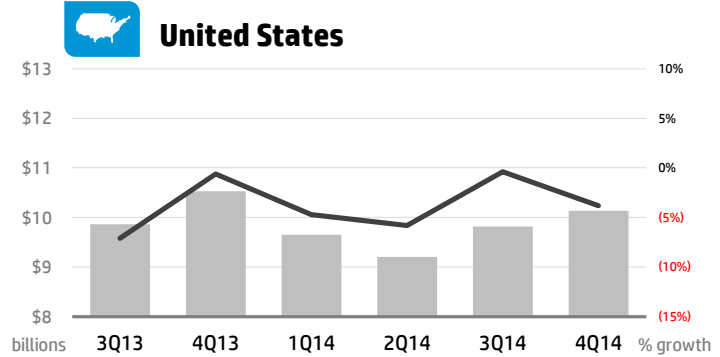
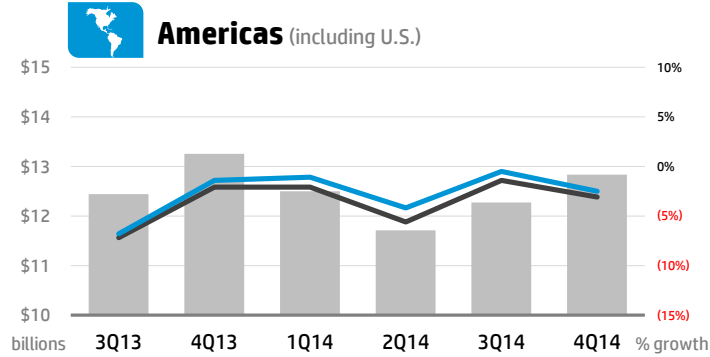
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# Regional revenue trends

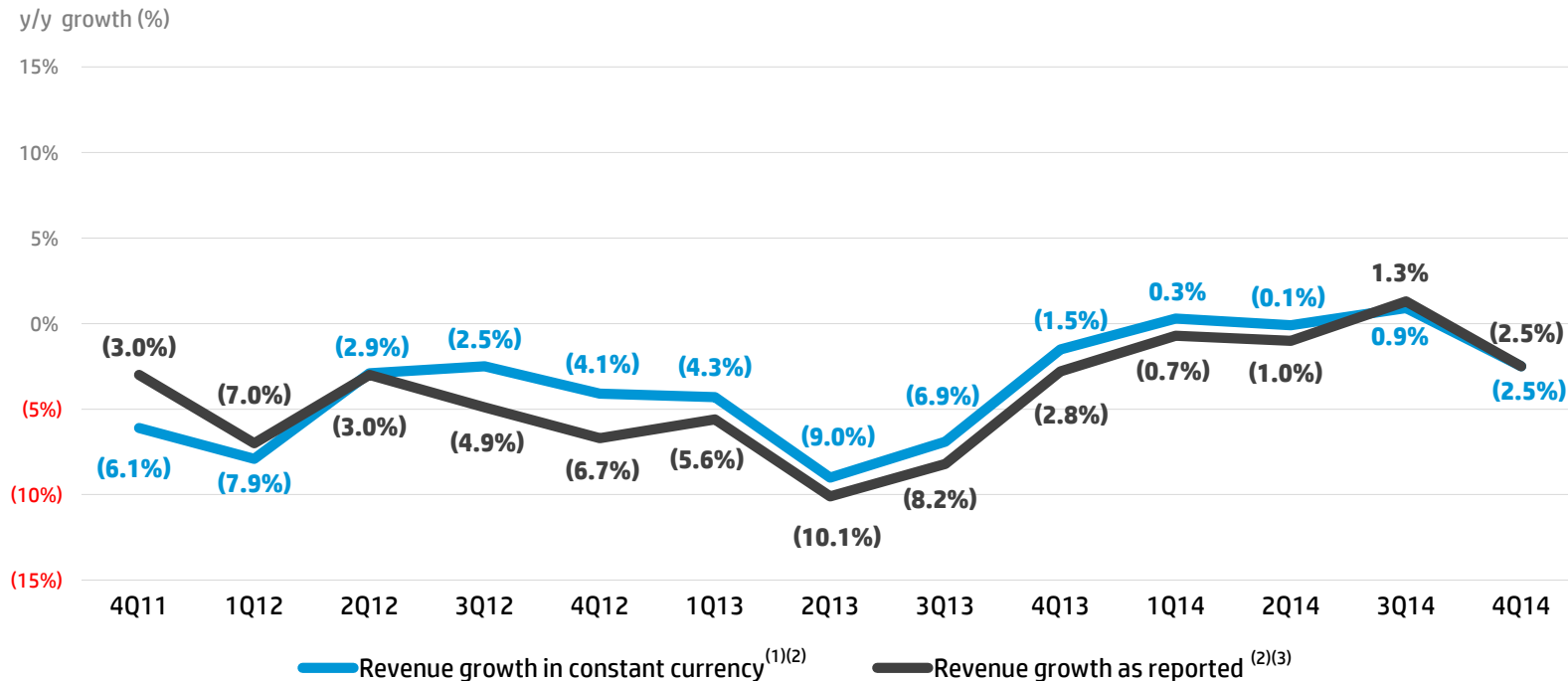
— y/y revenue growth %  
 — y/y constant currency revenue growth %<sup>(1)</sup>



1. Adjusted to eliminate the effects of currency. A description of HP's use of non-GAAP information is provided on slide 3 under "Use of non-GAAP financial information"



# Revenue growth



1. Adjusted to eliminate the effects of currency

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

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# Printing

Q4 FY14

Revenue

**\$5.7** billion

↓ 5% y/y

Operating profit

**\$1,040** million

18.1% of revenue

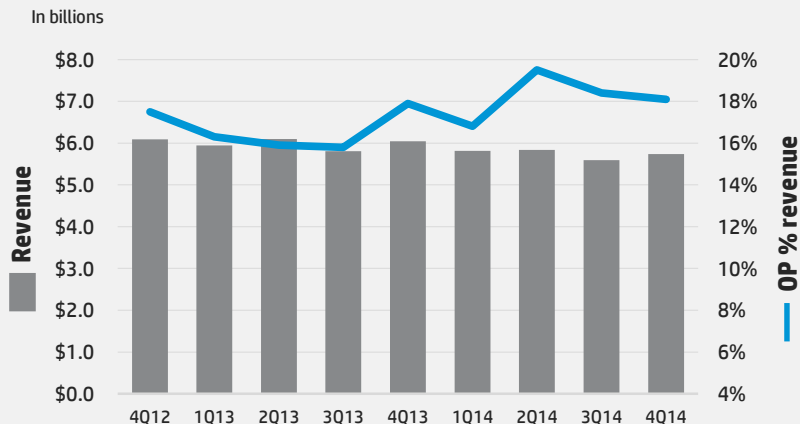
Revenue



Supplies	<b>63%</b>
Commercial Hardware	<b>27%</b>
Consumer Hardware	<b>10%</b>

## Highlights

- Supplies revenue down **7%** y/y
- Total Hardware units down **1%** y/y
  - Commercial Hardware units up **5%** y/y
  - Consumer Hardware units down **4%** y/y





# Personal Systems

Q4 FY14

Revenue

**\$8.9** billion

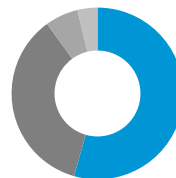
↑ 4% y/y

Operating profit

**\$355** million

4.0% of revenue

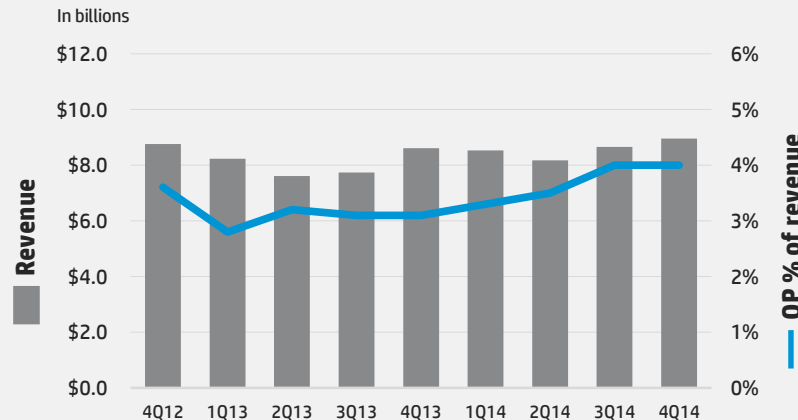
Revenue



Notebooks	54%
Desktops	36%
Workstations	6%
Other	4%

## Highlights

- Total units up **5%** y/y
- Notebooks revenue up **9%** y/y, units up **8%** y/y
- Desktops revenue down **3%** y/y, units down **2%** y/y
- Commercial revenue up **7%** y/y
- Consumer revenue down **2%** y/y





# Enterprise Group

Q4 FY14

Revenue

**\$7.3** billion

↓ 4% y/y

Operating profit

**\$1,075** million

14.8% of revenue

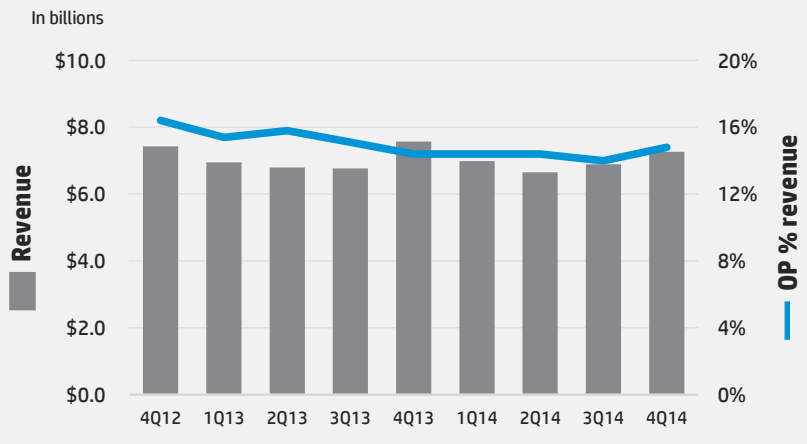


Industry Standard Servers (ISS)	47%
Storage	12%
Business Critical Systems (BCS)	3%
Networking	9%
Technology Services (TS)	29%

Revenue

## Highlights

- ISS revenue down **2%** y/y
- Storage revenue down **8%** y/y (Converged revenue of \$396M, down 3% y/y, traditional revenue of \$482M, down 12% y/y)
- BCS revenue down **29%** y/y
- Networking revenue up **2%** y/y
- TS revenue down **3%** y/y





# Enterprise Services

Q4 FY14

Revenue

**\$5.5** billion

↓ 7% y/y

Operating profit

**\$374** million

6.8% of revenue

Revenue



Infrastructure Technology Outsourcing (ITO)

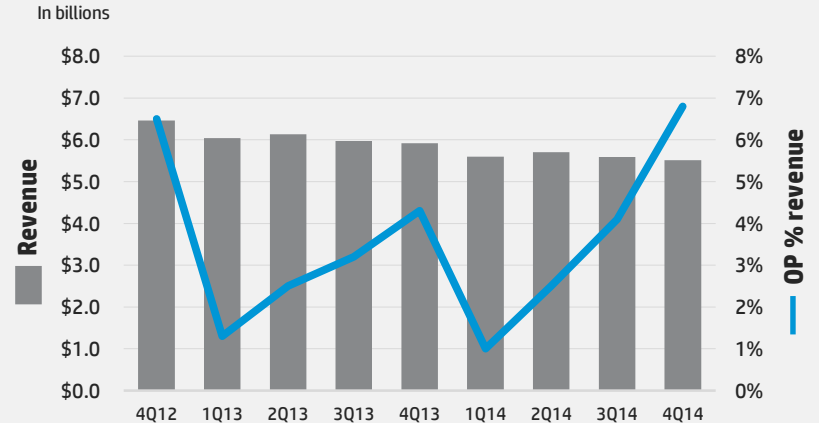
63%

Application and Business Services (ABS)

37%

## Highlights

- ITO revenue down **7%** y/y
- ABS revenue down **6%** y/y





# Software

Q4 FY14

Revenue

**\$1.1** billion

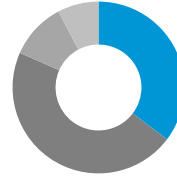
↓ 1% y/y

Operating profit

**\$338** million

31.1% of revenue

Revenue

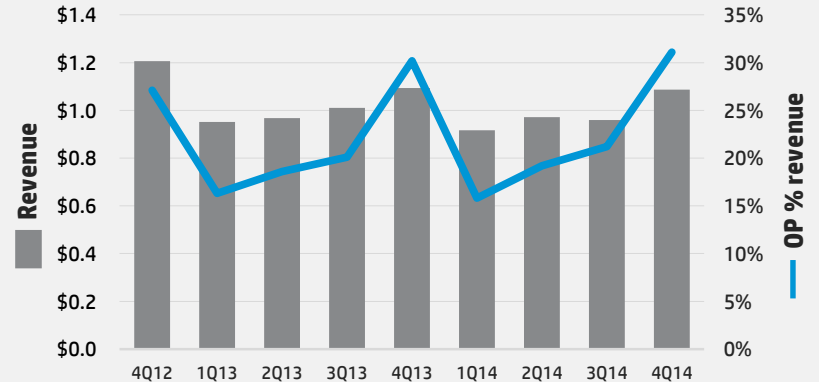


Licenses	35%
Support	46%
Professional Services	11%
SaaS	8%

## Highlights

- Licenses revenue up **2%** y/y
- Support revenue down **1%** y/y
- Services revenue down **3%** y/y
  - Professional Services revenue down **5%** y/y
  - SaaS revenue **flat** y/y

In billions





# HP Financial Services (HPFS)

## Q4 FY14

Revenue

**\$906** million

↓ 1% y/y

Operating profit

**\$110** million

12.1% of revenue

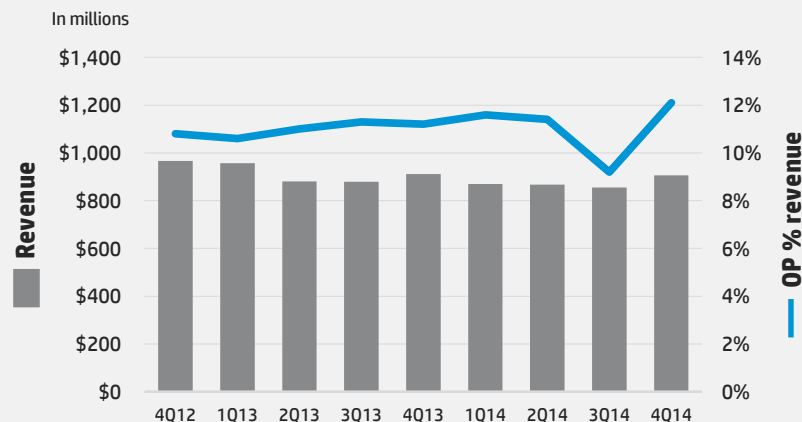
Revenue



Americas	60%
EMEA	28%
Asia Pacific	12%

### Highlights

- Financing volume up **15%** y/y
- Net portfolio assets of **\$12.1B**, down **1%** y/y





# Non-GAAP<sup>(1)</sup> financial information

In millions, except per share amounts	Q4 FY14		Q3 FY14		Q4 FY13	
<b>Revenue</b>	<b>\$28,406</b>	<b>100%</b>	<b>\$27,585</b>	<b>100%</b>	<b>\$29,131</b>	<b>100%</b>
Cost of sales	21,425	75.4%	20,974	76.0%	22,437	77.0%
Total OpEx	4,240	15.0%	4,275	15.5%	4,080	14.0%
<b>Operating profit</b>	<b>\$2,741</b>	<b>9.6%</b>	<b>\$2,336</b>	<b>8.5%</b>	<b>\$2,614</b>	<b>9.0%</b>
Interest & other, net	(146)		(145)		(103)	
Pre-tax earnings	2,595	9.1%	2,191	7.9%	2,511	8.6%
Income tax	(581)		(493)		(552)	
Net earnings	2,014	7.1%	1,698	6.2%	1,959	6.7%
<b>Diluted net earnings per share</b>	<b>\$1.06</b>		<b>\$0.89</b>		<b>\$1.01</b>	

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# Q4 FY14 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	\$28,406				\$28,406
Cost of sales	21,425				21,425
Total OpEx	5,073	(226)	(604)	(3)	4,240
Operating profit	1,908	226	604	3	2,741
Interest & other, net	(146)				(146)
Pre-tax earnings	1,762	226	604	3	2,595
Income tax	(432)	(66)	(82)	(1)	(581)
Tax rate	24.5%				22.4%
Net earnings	\$1,330				\$2,014
Diluted net earnings per share	\$0.70				\$1.06



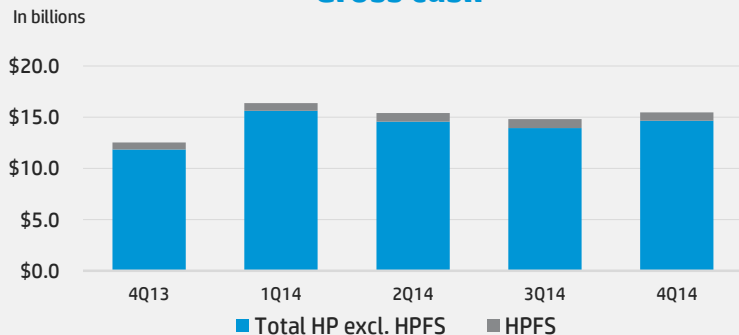
# FY14 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	\$111,454				\$111,454
Cost of sales	84,839				84,839
Total OpEx	19,430	(1,000)	(1,619)	(11)	16,800
Operating profit	7,185	1,000	1,619	11	9,815
Interest & other, net	(628)				(628)
Pre-tax earnings	6,557	1,000	1,619	11	9,187
Income tax	(1,544)	(270)	(225)	(3)	(2,042)
Tax rate	23.5%				22.2%
Net earnings	\$5,013				\$7,145
Diluted net earnings per share	\$2.62				\$3.74

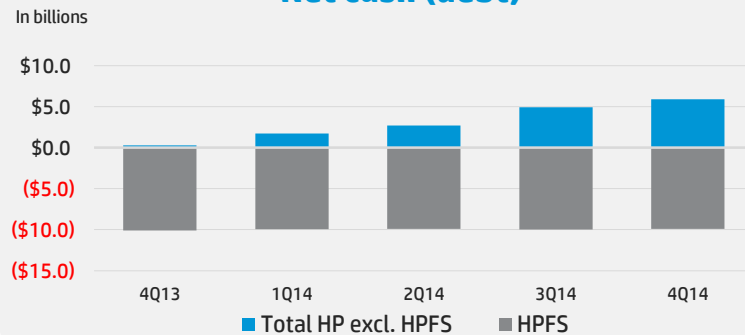


# Select cash and debt balances<sup>(1)</sup>

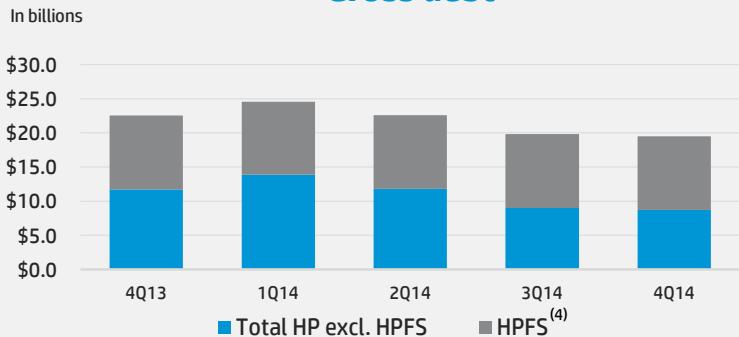
## Gross cash<sup>(2)</sup>



## Net cash (debt)<sup>(3)</sup>



## Gross debt



\$ in billions	4Q13	1Q14	2Q14	3Q14	4Q14
Total HP gross cash <sup>(2)</sup>	12.5	16.4	15.4	14.8	15.5
Total HP gross debt	22.5	24.6	22.6	19.9	19.5
HP net cash (debt) <sup>(3)</sup>	(10.0)	(8.2)	(7.2)	(5.1)	(4.0)
HPFS gross cash <sup>(2)</sup>	0.7	0.8	0.8	0.8	0.8
HPFS gross debt <sup>(4)</sup>	10.8	10.7	10.7	10.8	10.7
HPFS net cash (debt) <sup>(3)</sup>	(10.1)	(9.9)	(9.9)	(10.0)	(9.9)
<b>Operating co. net cash<sup>(3)(5)</sup></b>	<b>0.1</b>	<b>1.7</b>	<b>2.7</b>	<b>4.9</b>	<b>5.9</b>

1. A description of HP's use of non-GAAP information is provided on slide 3 under "Use of non-GAAP financial information"

2. Gross cash includes cash and cash equivalents, short-term investments, and certain liquid long-term investments

3. Net cash (debt) is defined as gross cash less gross debt including the effect of hedging

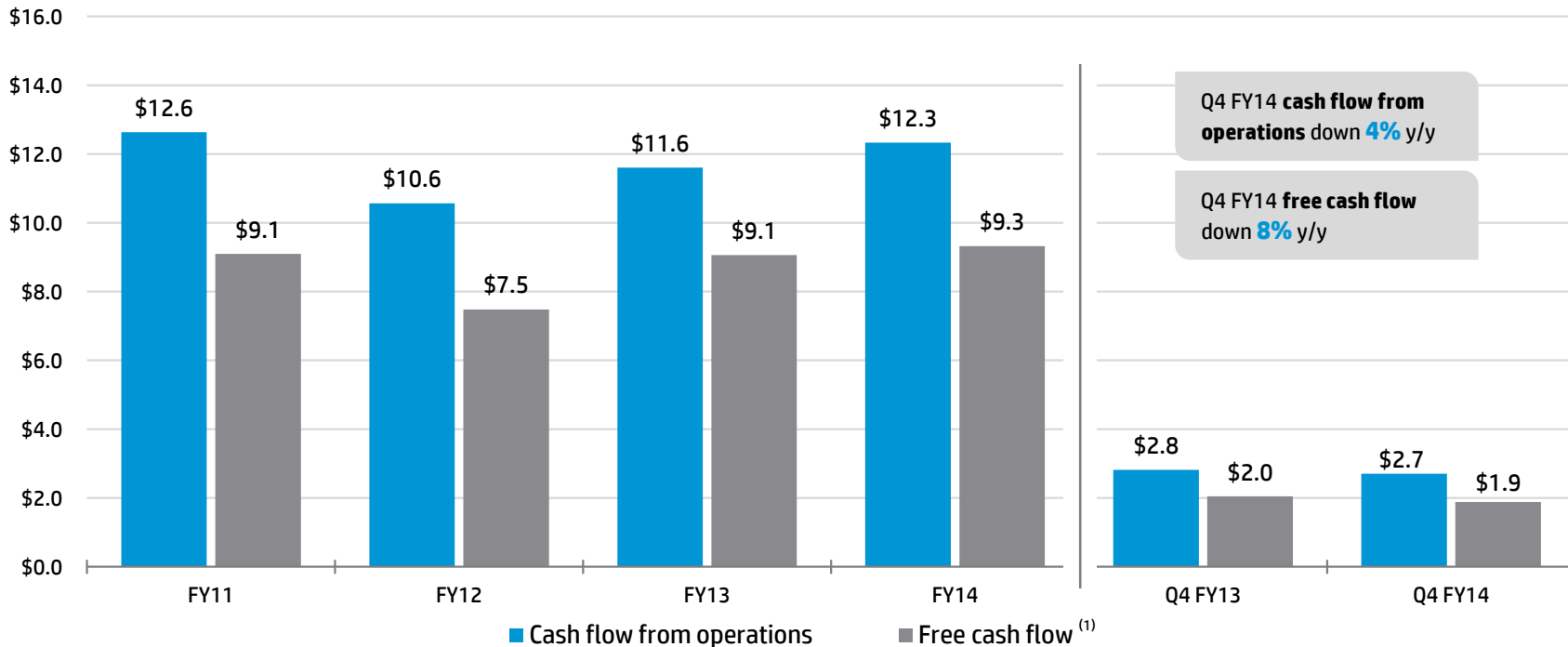
4. HPFS gross debt includes primarily intercompany equity that is treated as debt for segment reporting purposes at a debt to equity ratio of 7.0x, intercompany debt, and borrowing and funding related activity associated with HPFS and its subsidiaries

5. Operating company net cash is total HP net cash (debt) less HPFS net cash



# \$ Cash flow

In billions



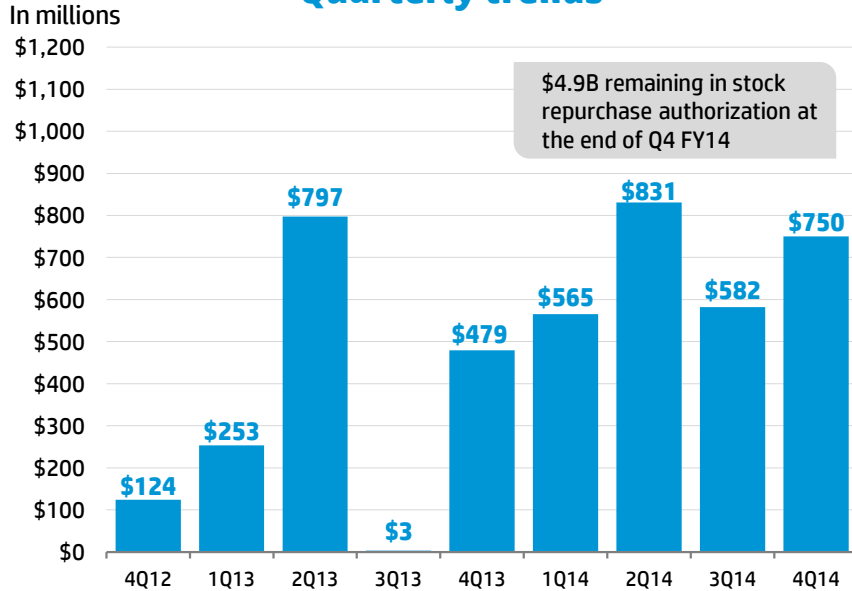
1. Free cash flow = cash flow from operations less net capital expenditures; net capital expenditures = investments in property, plant and equipment less proceeds from the sale of property, plant and equipment



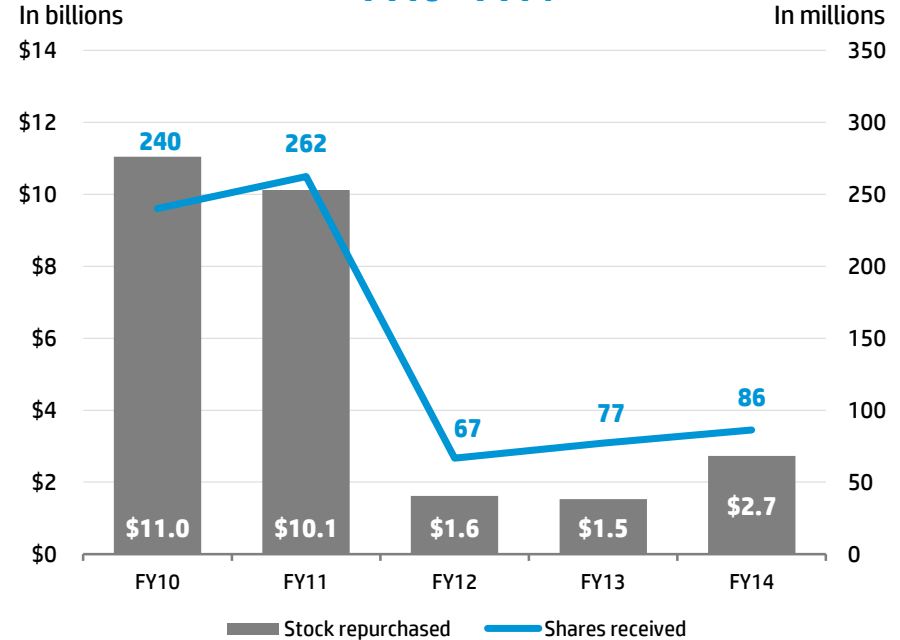


# Stock repurchase

## Quarterly trends



## FY10 – FY14



# Outlook

## Q1 FY15 net EPS guidance

<b>GAAP diluted net EPS</b>	<b>\$0.72 – \$0.76</b>
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<b>Non-GAAP diluted net EPS<sup>(1)</sup></b>	<b>\$0.89 – \$0.93</b>
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## Full year FY15 net EPS guidance

<b>GAAP diluted net EPS</b>	<b>\$3.23 – \$3.43</b>
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<b>Non-GAAP diluted net EPS<sup>(2)</sup></b>	<b>\$3.83 – \$4.03</b>
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The fiscal 2015 first quarter and full year outlooks do not include costs associated with the separation, which are expected to be non-GAAP adjustments beginning in Q1 2015

1. First quarter fiscal 2015 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately \$0.17 per share, related primarily to amortization of intangible assets and restructuring charges
2. Full year fiscal 2015 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately \$0.60 per share, related primarily to amortization of intangible assets and restructuring charges



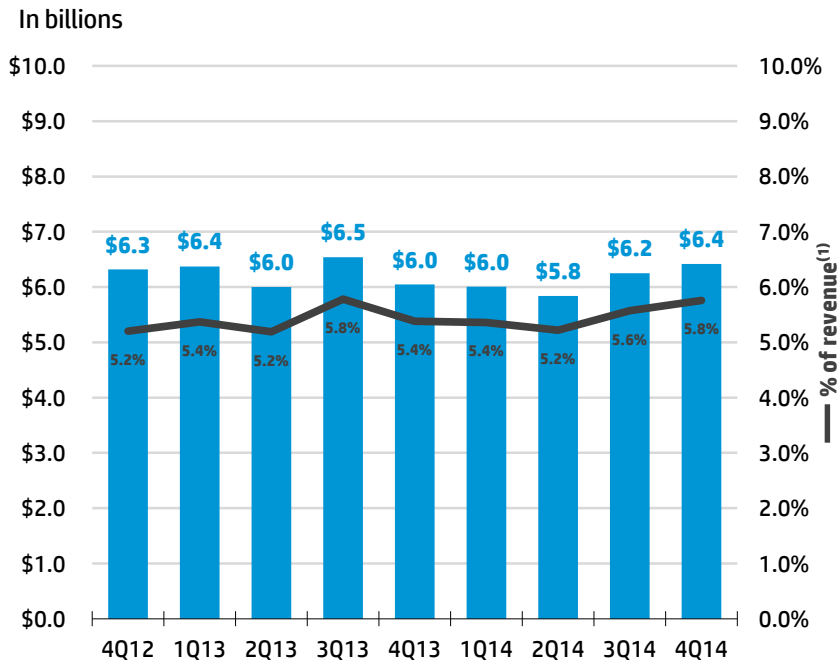
# Supplemental slides



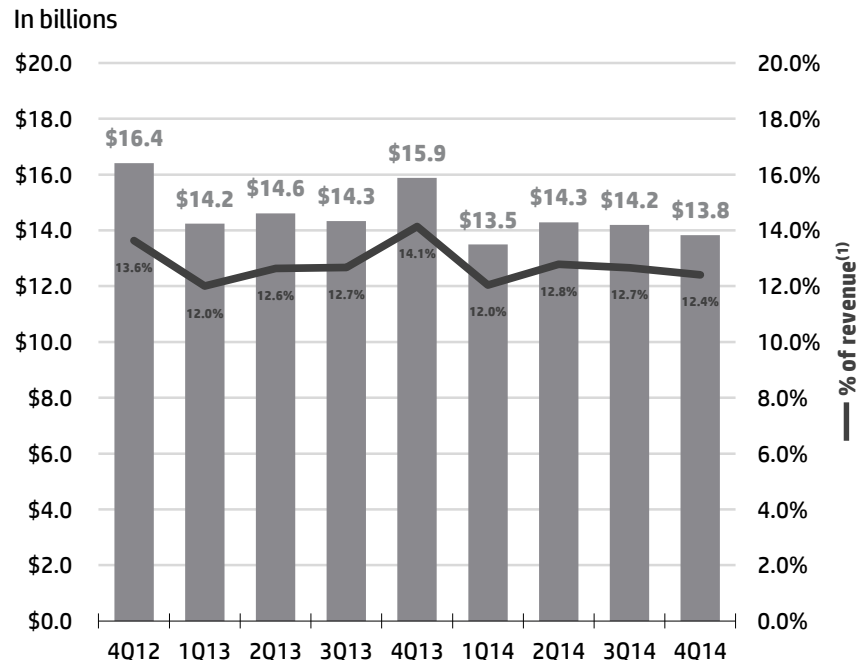


# Inventory & accounts receivable

## Inventory



## Accounts receivable

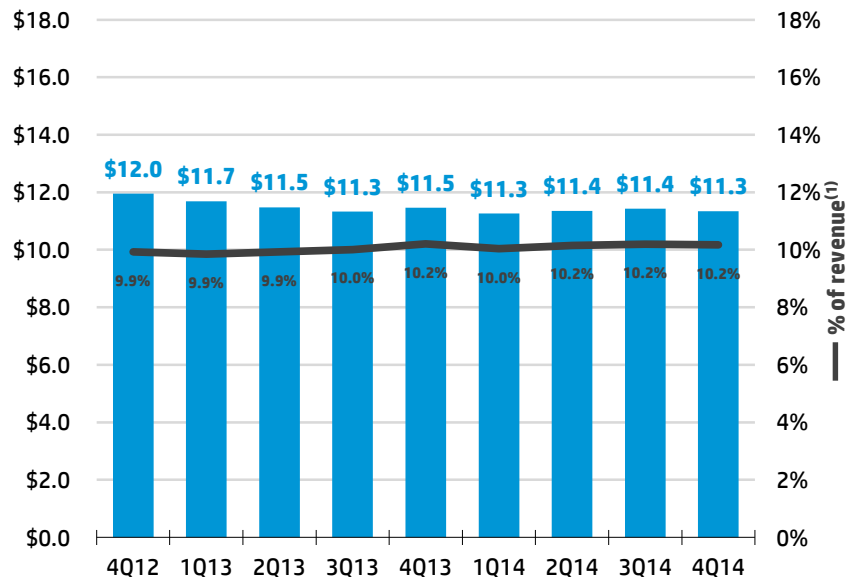


1. % of revenue calculations based on trailing 4-quarter net revenue

# PP&E & accounts payable

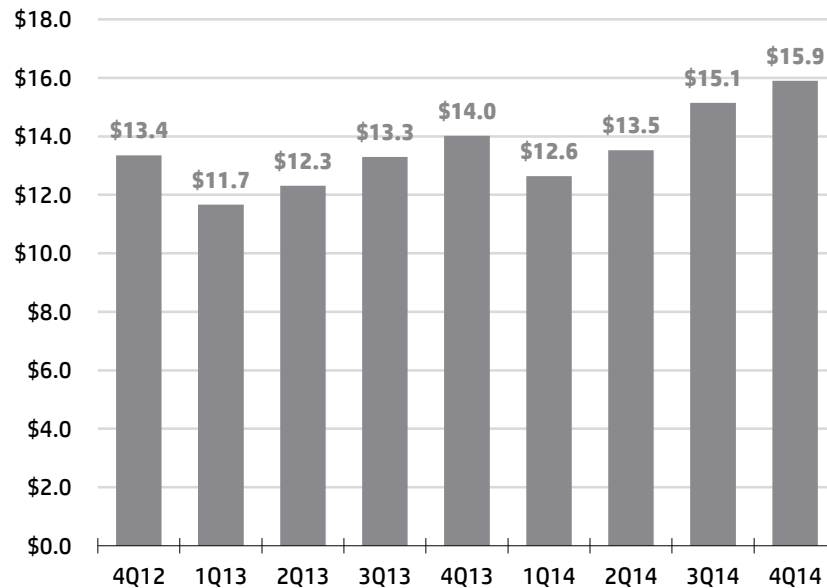
## PP&E

In billions



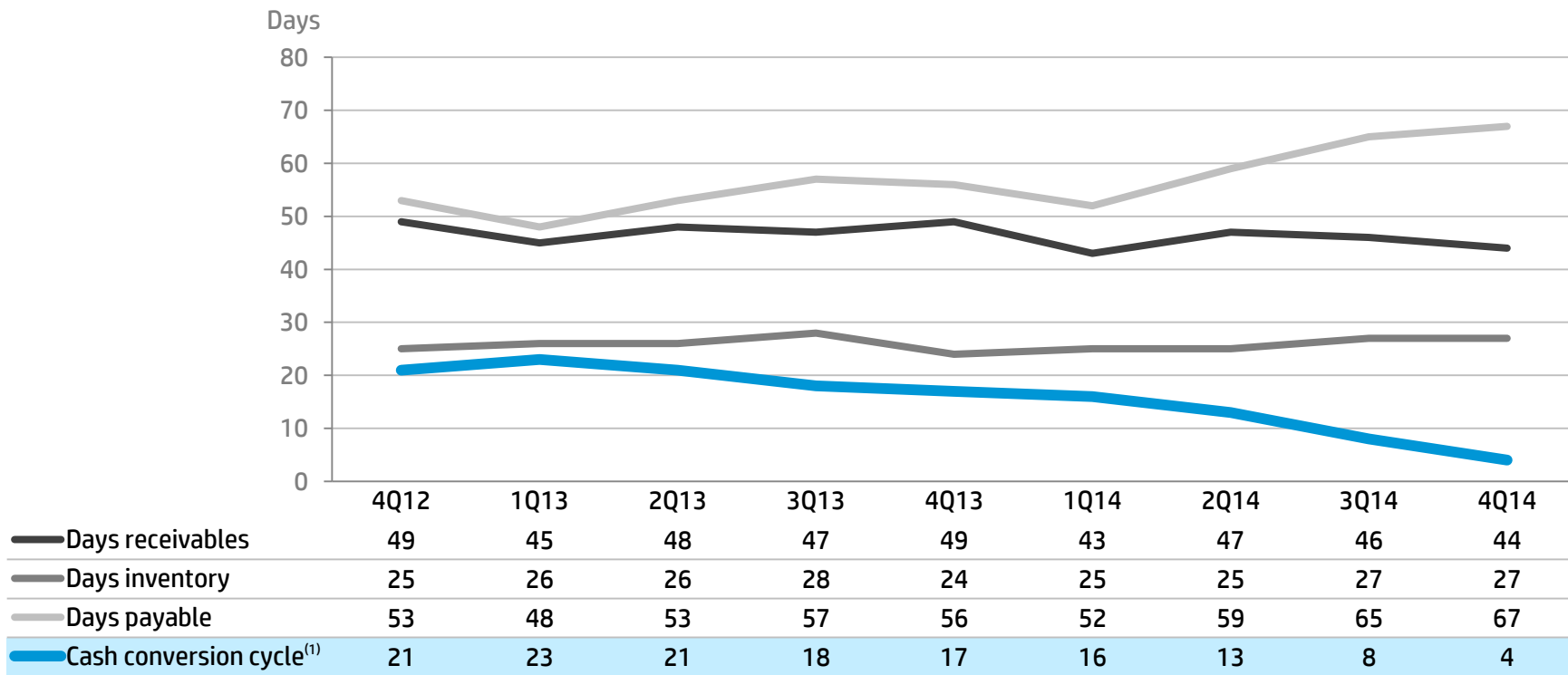
## Accounts payable

In billions



1. % of revenue calculations based on trailing 4-quarter net revenue

# Working capital metrics



1. Cash conversion cycle = Days receivables + Days inventory – Days payable



# HPFS supplemental data

In millions	Q4 FY14	Q3 FY14	Q4 FY13
Depreciation <sup>(1)</sup>	\$399	\$414	\$395
Net capital expenditures <sup>(1)(2)</sup>	\$489	\$475	\$424
Sequential (decrease) increase in net financing receivables	(\$95)	(\$97)	\$68

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

2. Net capital expenditures = investments in property, plant and equipment less proceeds from the sale of property, plant and equipment

# Q3 FY14 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	\$27,585				\$27,585
Cost of sales	20,974				20,974
Total OpEx	5,153	(227)	(649)	(2)	4,275
Operating profit	1,458	227	649	2	2,336
Interest & other, net	(145)				(145)
Pre-tax earnings	1,313	227	649	2	2,191
Income tax	(328)	(65)	(100)	(0)	(493)
Tax rate	25.0%				22.5%
Net earnings	\$985				\$1,698
Diluted net earnings per share	\$0.52				\$0.89



# Q2 FY14 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	\$27,309				\$27,309
Cost of sales	20,704				20,704
Total OpEx	4,783	(264)	(252)	(3)	4,264
Operating profit	1,822	264	252	3	2,341
Interest & other, net	(174)				(174)
Pre-tax earnings	1,648	264	252	3	2,167
Income tax	(375)	(72)	(28)	(1)	(476)
Tax rate	22.8%				22.0%
Net earnings	\$1,273				\$1,691
Diluted net earnings per share	\$0.66				\$0.88



# Q1 FY14 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	\$28,154				\$28,154
Cost of sales	21,736				21,736
Total OpEx	4,421	(283)	(114)	(3)	4,021
Operating profit	1,997	283	114	3	2,397
Interest & other, net	(163)				(163)
Pre-tax earnings	1,834	283	114	3	2,234
Income tax	(409)	(67)	(15)	(1)	(492)
Tax rate	22.3%				22.0%
Net earnings	\$1,425				\$1,742
Diluted net earnings per share	\$0.74				\$0.90



# FY13 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	<b>\$112,298</b>				<b>\$112,298</b>
Cost of sales	<b>86,380</b>				<b>86,380</b>
Total OpEx	<b>18,787</b>	<b>(1,373)</b>	<b>(990)</b>	<b>(22)</b>	<b>16,402</b>
Operating profit	<b>7,131</b>	1,373	990	22	<b>9,516</b>
Interest & other, net	<b>(621)</b>				<b>(621)</b>
Pre-tax earnings	<b>6,510</b>	1,373	990	22	<b>8,895</b>
Income tax	<b>(1,397)</b>	(424)	(128)	(8)	<b>(1,957)</b>
Tax rate	<b>21.5%</b>				<b>22.0%</b>
Net earnings	<b>\$5,113</b>				<b>\$6,938</b>
Diluted net earnings per share	<b>\$2.62</b>				<b>\$3.56</b>





# Q4 FY13 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	\$29,131				\$29,131
Cost of sales	22,437				22,437
Total OpEx	4,771	(317)	(371)	(3)	4,080
Operating profit	1,923	317	371	3	2,614
Interest & other, net	(103)				(103)
Pre-tax earnings	1,820	317	371	3	2,511
Income tax	(406)	(87)	(58)	(1)	(552)
Tax rate	22.3%				22.0%
Net earnings	\$1,414				\$1,959
Diluted net earnings per share	\$0.73				\$1.01



# Q3 FY13 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	\$27,226				\$27,226
Cost of sales	20,859				20,859
Total OpEx	4,512	(356)	(81)	(4)	4,071
Operating profit	1,855	356	81	4	2,296
Interest & other, net	(146)				(146)
Pre-tax earnings	1,709	356	81	4	2,150
Income tax	(319)	(141)	(12)	(2)	(474)
Tax rate	18.7%				22.0%
Net earnings	\$1,390				\$1,676
Diluted net earnings per share	\$0.71				\$0.86



# Q2 FY13 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	\$27,582				\$27,582
Cost of sales	21,055				21,055
Total OpEx	4,926	(350)	(408)	(11)	4,157
Operating profit	1,601	350	408	11	2,370
Interest & other, net	(193)				(193)
Pre-tax earnings	1,408	350	408	11	2,177
Income tax	(331)	(101)	(43)	(4)	(479)
Tax rate	23.5%				22.0%
Net earnings	\$1,077				\$1,698
Diluted net earnings per share	\$0.55				\$0.87



# Q1 FY13 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	<b>\$28,359</b>				<b>\$28,359</b>
Cost of sales	<b>22,029</b>				<b>22,029</b>
Total OpEx	<b>4,578</b>	<b>(350)</b>	<b>(130)</b>	<b>(4)</b>	<b>4,094</b>
Operating profit	<b>1,752</b>	350	130	4	<b>2,236</b>
Interest & other, net	<b>(179)</b>				<b>(179)</b>
Pre-tax earnings	<b>1,573</b>	350	130	4	<b>2,057</b>
Income tax	<b>(341)</b>	(95)	(15)	(1)	<b>(452)</b>
Tax rate	<b>21.7%</b>				<b>22.0%</b>
Net earnings	<b>\$1,232</b>				<b>\$1,605</b>
Diluted net earnings per share	<b>\$0.63</b>				<b>\$0.82</b>

# FY12 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Wind down of webOS device business	Wind down of non-strategic businesses <sup>(1)</sup>	Impairment of goodwill and intangible assets	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	<b>\$120,357</b>							<b>\$120,357</b>
Cost of sales	<b>92,385</b>	36	(108)					<b>92,313</b>
Total OpEx	<b>39,029</b>			(18,035)	(1,784)	(2,266)	(45)	<b>16,899</b>
Operating (loss) / profit	<b>(11,057)</b>	(36)	108	18,035	1,784	2,266	45	<b>11,145</b>
Interest & other, net	<b>(876)</b>							<b>(876)</b>
Pre-tax (loss) / earnings	<b>(11,933)</b>	(36)	108	18,035	1,784	2,266	45	<b>10,269</b>
Income tax	<b>(717)</b>	13	(34)	(235) <sup>(2)</sup>	(600)	(647)	(14)	<b>(2,234)</b>
Tax rate	<b>(6.0%)</b>							<b>21.8%</b>
Net (loss) / earnings	<b>(\$12,650)</b>							<b>\$8,035</b>
Diluted net (loss) / earnings per share	<b>(\$6.41)</b>							<b>\$4.05</b>

1. Primarily represents contract-related charges, including inventory write-downs, related to winding down certain retail publishing business activities within the Printing segment

2. The adjustments for taxes is net of a valuation allowance of \$1.3 billion provided for certain deferred tax assets

# Q4 FY12 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Impairment of goodwill and intangible assets	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	\$29,959					\$29,959
Cost of sales	22,711					22,711
Total OpEx	13,736	(8,847)	(372)	(378)	(3)	4,136
Operating (loss) / profit	(6,488)	8,847	372	378	3	3,112
Interest & other, net	(188)					(188)
Pre-tax (loss) / earnings	(6,676)	8,847	372	378	3	2,924
Income tax	(178)	(231) <sup>(1)</sup>	(187)	(45)	(2)	(643)
Tax rate	(2.7%)					22.0%
Net (loss) / earnings	(\$6,854)					\$2,281
Diluted net (loss) / earnings per share	(\$3.49)					\$1.16

1. The adjustments for taxes is net of a valuation allowance of \$0.5 billion provided for certain deferred tax assets

# Q3 FY12 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Wind down of non-strategic businesses <sup>(1)</sup>	Impairment of goodwill and intangible assets	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	\$29,669						\$29,669
Cost of sales	22,820	(108)					22,712
Total OpEx	15,682		(9,188)	(476)	(1,795)	(3)	4,220
Operating (loss) / profit	(8,833)	108	9,188	476	1,795	3	2,737
Interest & other, net	(224)						(224)
Pre-tax (loss) / earnings	(9,057)	108	9,188	476	1,795	3	2,513
Income tax	200	(34)	(4) <sup>(2)</sup>	(139)	(563)	-	(540)
Tax rate	2.2%						21.5%
Net (loss) / earnings	(\$8,857)						\$1,973
Diluted net (loss) / earnings per share	(\$4.49)						\$1.00

1. Primarily represents contract-related charges, including inventory write-downs, related to winding down certain retail publishing business activities within the Printing segment

2. The adjustments for taxes is net of a valuation allowance of \$0.8 billion provided for certain deferred tax assets related to the Enterprise Services segment

# Q2 FY12 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Wind down of webOS device business	Amortization of intangible assets	Restructuring charges	Acquisition-related charges	Non-GAAP
Revenue	<b>\$30,693</b>					<b>\$30,693</b>
Cost of sales	<b>23,541</b>	36				<b>23,577</b>
Total OpEx	<b>4,930</b>		(470)	(53)	(17)	<b>4,390</b>
Operating profit	<b>2,222</b>	(36)	470	53	17	<b>2,726</b>
Interest & other, net	<b>(243)</b>					<b>(243)</b>
Pre-tax earnings	<b>1,979</b>	(36)	470	53	17	<b>2,483</b>
Income tax	<b>(386)</b>	13	(138)	(17)	(6)	<b>(534)</b>
Tax rate	<b>19.5%</b>					<b>21.5%</b>
Net earnings	<b>\$1,593</b>					<b>\$1,949</b>
Diluted net earnings per share	<b>\$0.80</b>					<b>\$0.98</b>



# Q1 FY12 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	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
Diluted net earnings per share	\$0.73				\$0.92

# FY11 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Wind down of webOS device business	Impairment of goodwill and intangible assets	Amortization of intangible assets	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
Diluted net earnings per share	\$3.32						\$4.88

# Q4 FY11 GAAP to non-GAAP bridge

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