

HP Q3 FY10 Earnings Announcement

August 19, 2010

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FORWARD LOOKING STATEMENTS

This presentation may contain 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, earnings, tax provisions, cash flows, benefit obligations, share repurchases, currency exchange rates, the impact of acquisitions or other financial items; any statements of the plans, strategies and objectives of management for future operations, including execution of cost reduction programs and restructuring plans; any statements concerning the expected development, performance or market share relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include macroeconomic and geopolitical trends and events; execution and performance of contracts by HP and its suppliers, customers and partners; the challenge of managing asset levels, including inventory; the difficulty of aligning expense levels with revenue changes; assumptions related to pension and other post-retirement costs; expectations and assumptions relating to the execution and timing of cost reduction programs 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, 2009 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 April 30, 2010. As in prior periods, the financial information set forth in this release, including tax-related items, reflects estimates based on information available at this time. While HP believes these estimates to be meaningful, these amounts could differ materially from actual reported amounts in HP's Form 10-Q for the fiscal quarter ended July 31, 2010. In particular, determining HP's actual tax balances and provisions as of July 31, 2010 requires extensive internal and external review of tax data (including consolidating and reviewing the tax provisions of numerous domestic and foreign entities), which is being completed in the ordinary course of preparing HP's Form 10-Q. HP assumes no obligation and does not intend to update these forward-looking statements.



USE OF NON-GAAP FINANCIAL INFORMATION

HP has included non-GAAP financial measures in this presentation to supplement HP's consolidated condensed financial statements presented on a GAAP basis. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this presentation.

HP's management uses non-GAAP operating expense, non-GAAP OI&E, non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted earnings per share, and HP's non-GAAP tax rate to evaluate and forecast HP's performance before gains, losses or other charges that are considered by HP's management to be outside of HP's core business segment operating results. Gross cash, net cash and free cash flow are liquidity measures that provide useful information to management about the amount of cash available for investment in HP's businesses, funding strategic acquisitions, repurchasing stock and other purposes.

These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of HP's results as reported under GAAP. Items such as amortization of purchased intangible assets, though not directly affecting HP's cash position, represent the loss in value of intangible assets over time. The expense associated with this loss in value is not included in non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted earnings per share and HP's non-GAAP tax rate and therefore does not reflect the full economic effect of the loss in value of those intangible assets. In addition, items such as restructuring charges that are excluded from non-GAAP operating expense, non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted earnings per share and HP's non-GAAP tax rate can have a material impact on cash flows and earnings per share. HP may not be able to liquidate the long-term investments included in gross cash immediately, which may limit the usefulness of gross cash as a liquidity measure. In addition, free cash flow does not represent the total increase or decrease in the cash balance for the period. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies.

We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of each non-GAAP financial measure to the most directly comparable GAAP measure, and we encourage investors to review carefully those reconciliations.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency to the information used by HP's management in its financial and operational decision-making and allows investors to see HP's results "through the eyes" of management. We further believe that providing this information better enables investors to understand HP's operating performance and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance.



KEY MESSAGES

- ❑ Strong quarter with profitable revenue growth and broad-based execution
 - ❑ Net revenue of \$30.7 billion, up 11% year over year, with approximately one point of benefit from currency, the highest local currency revenue growth since Q408
 - ❑ Non-GAAP operating margin improvement of 30 bps year over year; GAAP operating margin decline of 40 bps year over year
 - ❑ Solid performance across regions and segments
- ❑ HP executing its strategy, leveraging scale and global reach to extend market leadership
 - ❑ Continuing to enhance portfolio both organically and inorganically
 - ❑ Transformational initiatives on track with significant opportunity remaining (supply chain, sales coverage, etc)
 - ❑ Continuing to deploy capital for organic investments, M&A and share buybacks
- ❑ Leading product portfolio across hardware, software and services
 - ❑ Winning data center and converged infrastructure strategy with solid growth led by ISS (+31% year over year)
 - ❑ HP Networking gains momentum with 42% ProCurve growth and 3Com revenues ahead of plan
 - ❑ Record services signings driven by strong renewals
- ❑ IPG on the attack
 - ❑ Supplies growth of 5%
 - ❑ Share gains in printer hardware with total units up 16% and commercial printer units up 44%
 - ❑ Biggest consumer launch in years including web-connected printers and e-print



Q3 FY10 RESULTS OVERVIEW

Financial Summary

- Net revenue of \$30.7B, up 11% Y/Y; currency benefit of ~1pt
- Non-GAAP⁽¹⁾ diluted EPS of \$1.08; up 17% Y/Y
- GAAP diluted EPS of \$0.75; up 9% Y/Y
- Cash flow from operations of \$3.3B
- \$2.6B in share repurchases and \$205M in dividends

\$ in millions	Q3 Revenue	Growth Y/Y%	OP \$	OP % of rev	OP \$ Y/Y	OP % Y/Y
Services	\$8,609	1%	\$1,366	15.9%	\$64	0.6 pts
Enterprise Storage and Servers	\$4,449	19%	\$549	12.3%	\$168	2.1 pts
HP Software	\$863	2%	\$183	21.2%	\$30	3.1 pts
Enterprise Business	\$13,921	6%	\$2,098	15.1%	\$262	1.1 pts
Personal Systems Group	\$9,918	17%	\$469	4.7%	\$82	0.1 pts
Imaging and Printing Group	\$6,167	9%	\$1,040	16.9%	\$80	(0.1)pts
HP Financial Services	\$764	14%	\$72	9.4%	\$19	1.5 pts
Total HP ⁽²⁾	\$30,729	11%	\$3,431 ⁽¹⁾	11.2% ⁽¹⁾	\$418⁽¹⁾	0.3 pts ⁽¹⁾

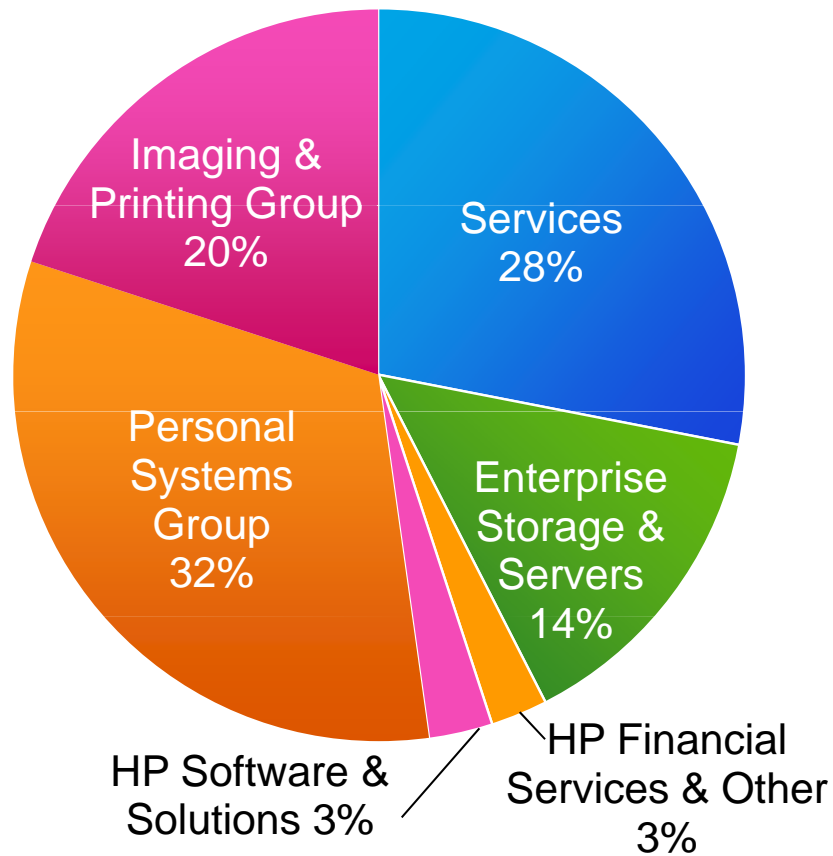
1. All non-GAAP numbers have been adjusted to exclude certain items. A reconciliation of specific adjustments to GAAP results for this quarter and prior periods is included on slide 17 and in the GAAP to non-GAAP slides that appear as part of the supplemental slides of this presentation. A description of HP's use of non-GAAP information is provided on slide 3 under "Use of non-GAAP Financial Information."

2. Includes Corporate Investments & Eliminations

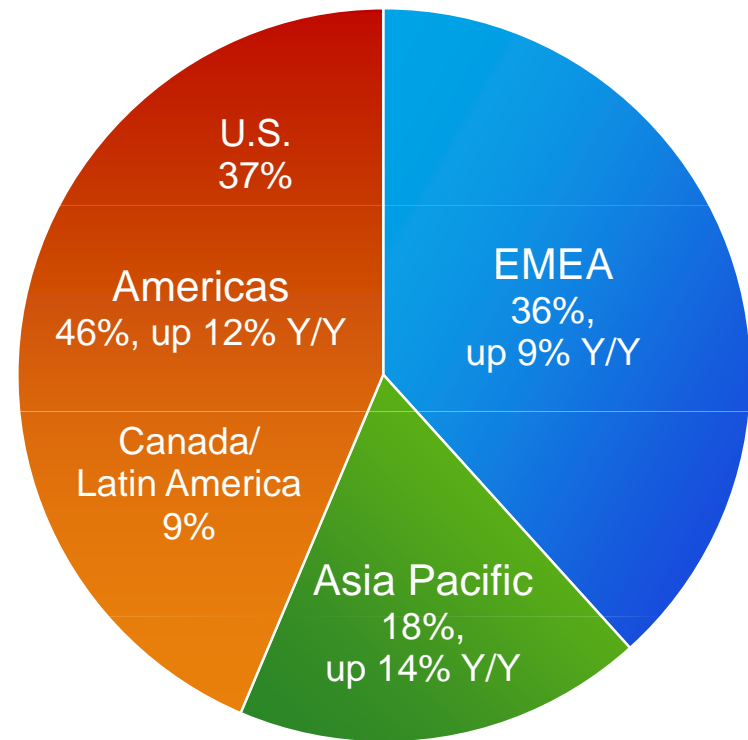


Q3 FY10 REVENUE

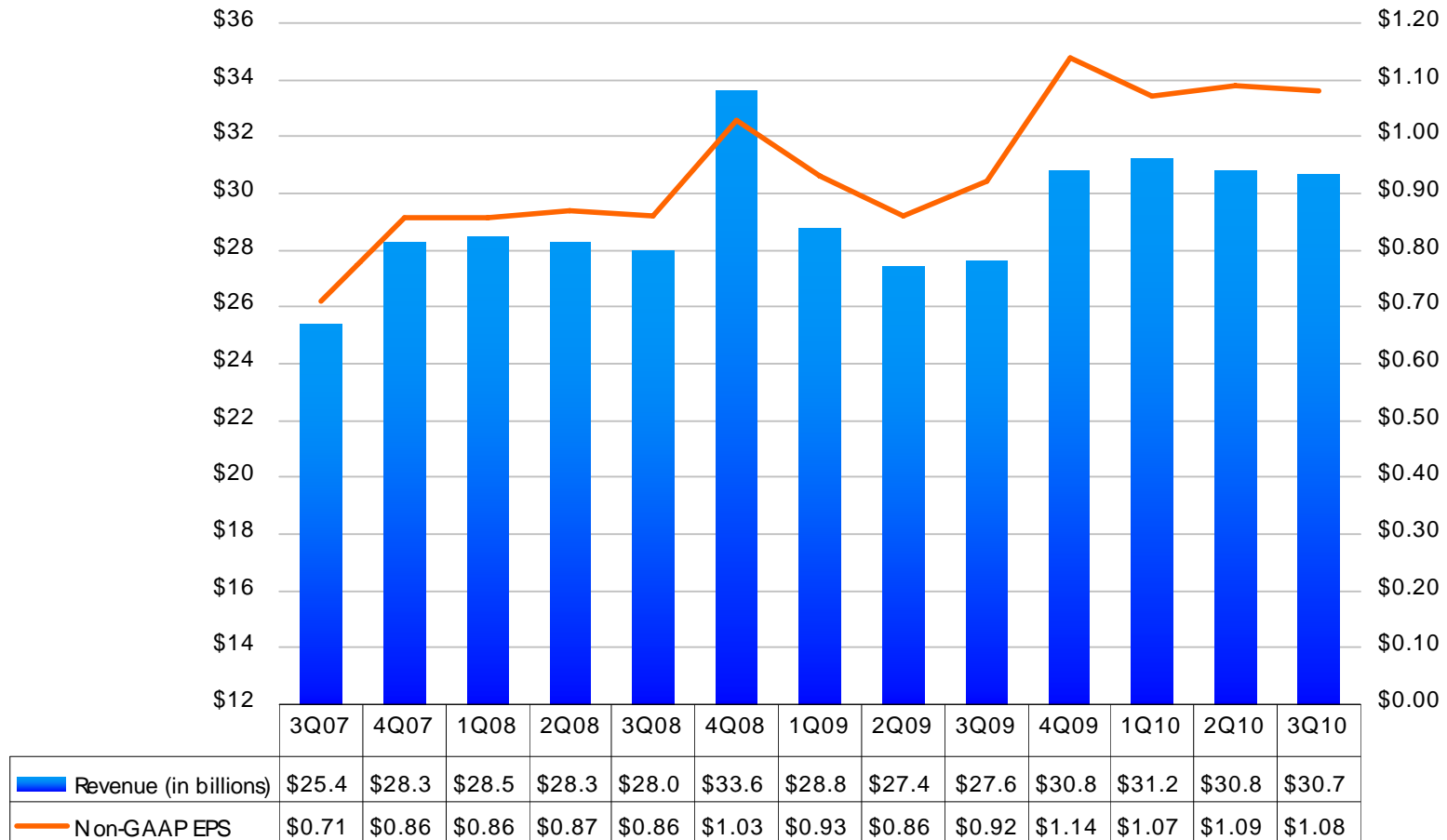
By Segment



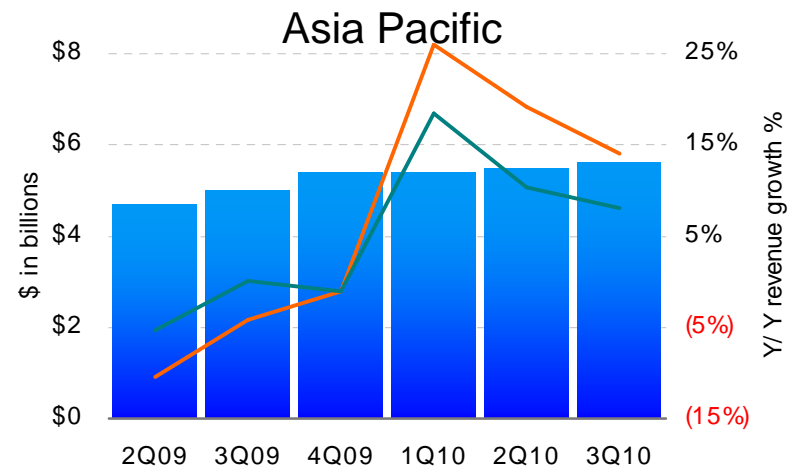
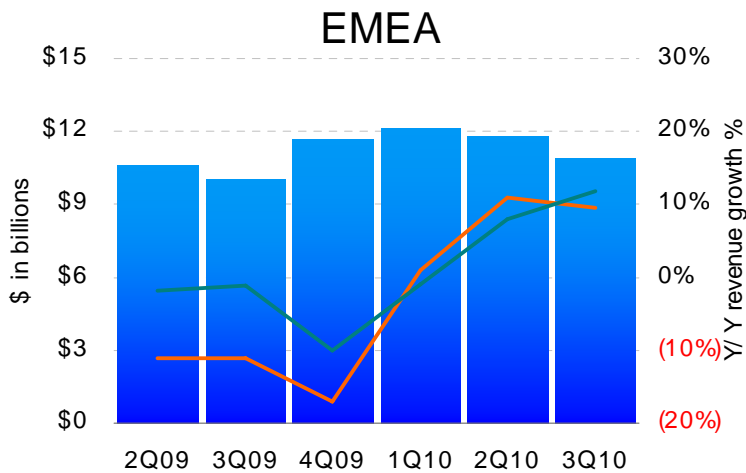
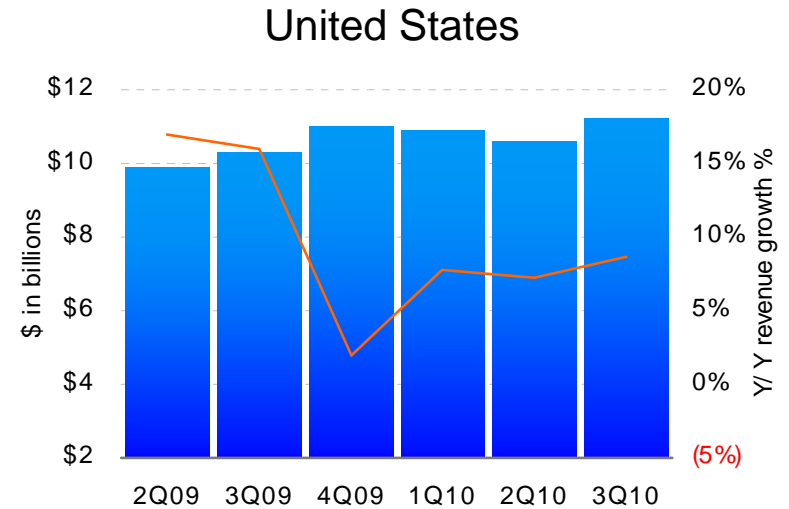
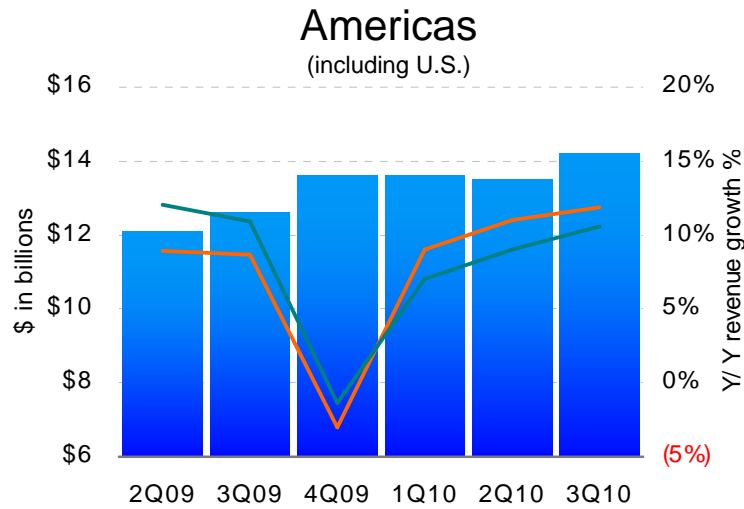
By Region



REVENUE & EPS PERFORMANCE



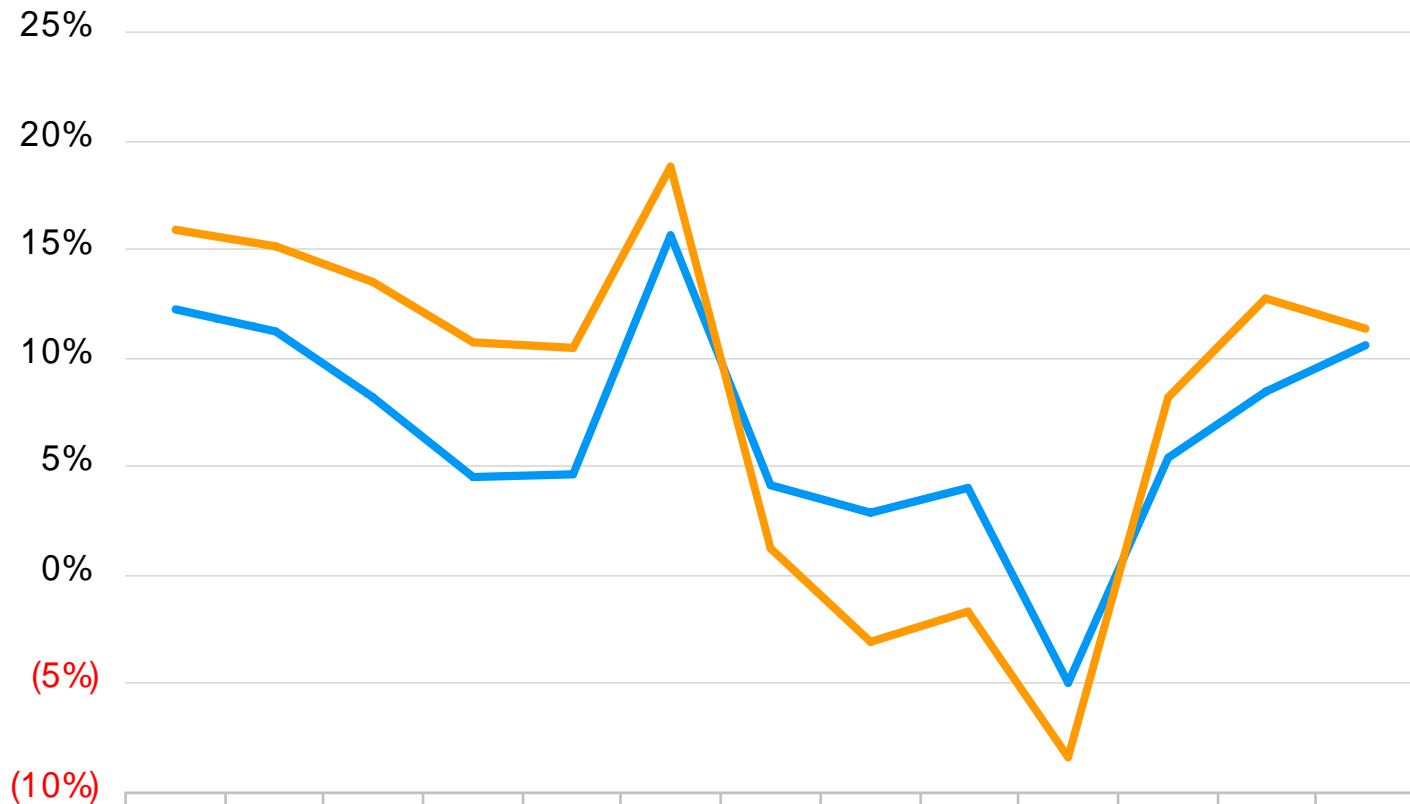
REGIONAL REVENUE TRENDS



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



REVENUE GROWTH



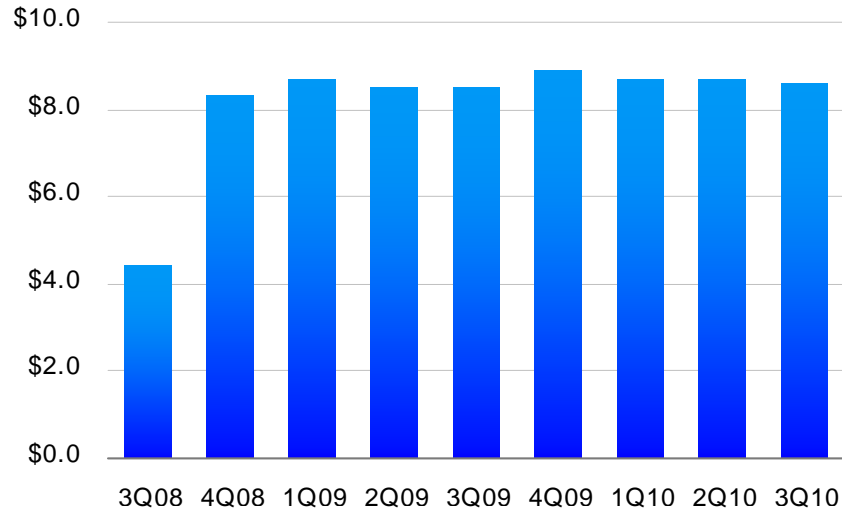
	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10
Constant currency	12.2%	11.2%	8.2%	4.5%	4.7%	15.6%	4.2%	2.9%	4.0%	-5.0%	5.4%	8.4%	10.6%
As reported	15.9%	15.2%	13.5%	10.7%	10.5%	18.8%	1.2%	-3.1%	-1.6%	-8.4%	8.2%	12.7%	11.4%



SERVICES

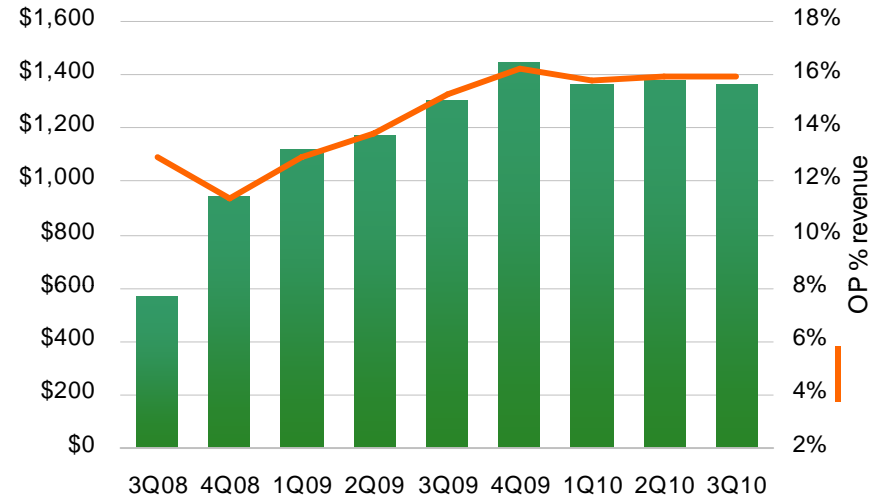
In billions

Revenue

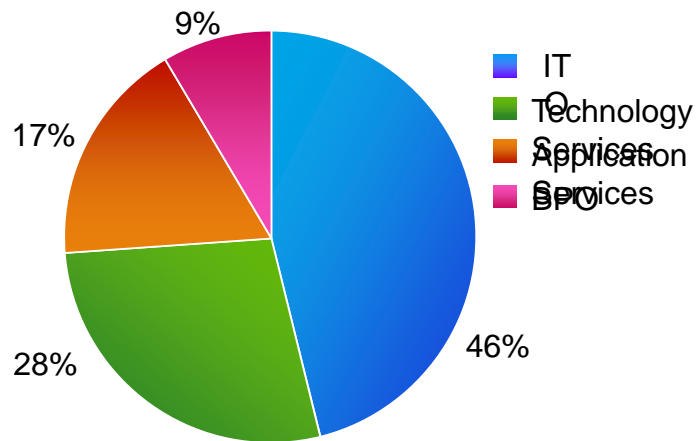


In millions

Operating profit



Q3 FY10 revenue by business

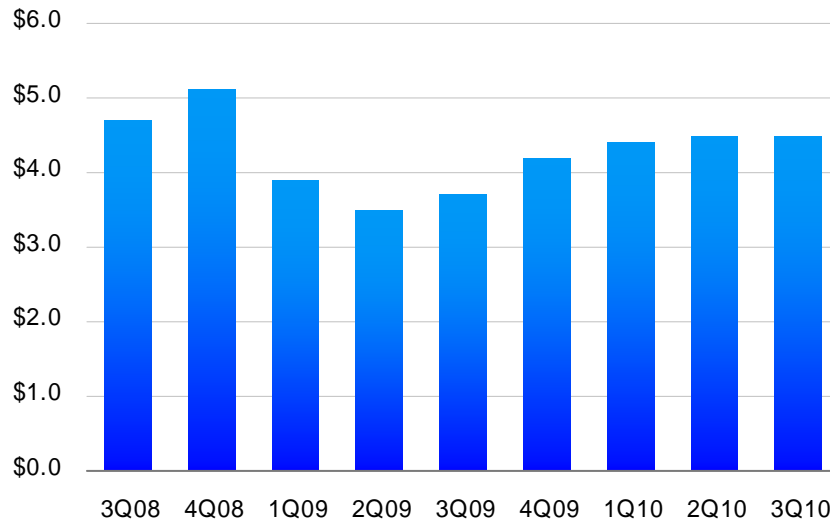


- Services revenue of \$8.6B, up 1% Y/Y
- Operating profit of \$1.4B; 15.9% of revenue
- ITO revenue up 1% Y/Y
- Technology services revenue down 1% Y/Y
- Application services revenue up 4% Y/Y
- BPO revenue up 1% Y/Y
- Record signings due to strong renewals

ENTERPRISE STORAGE & SERVERS (ESS)

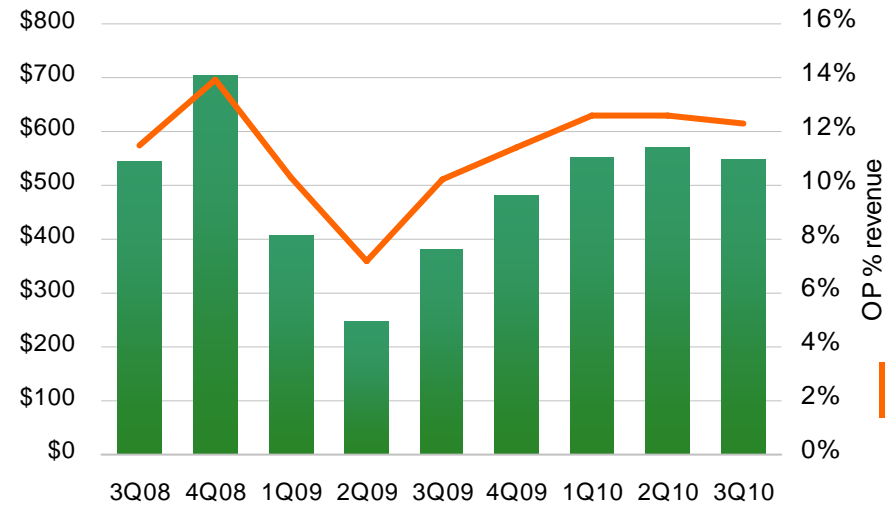
In billions

Revenue

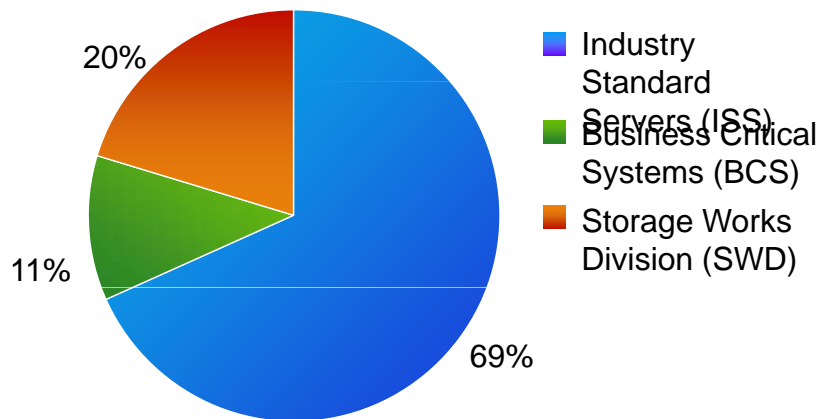


In millions

Operating profit



Q3 FY10 revenue by business

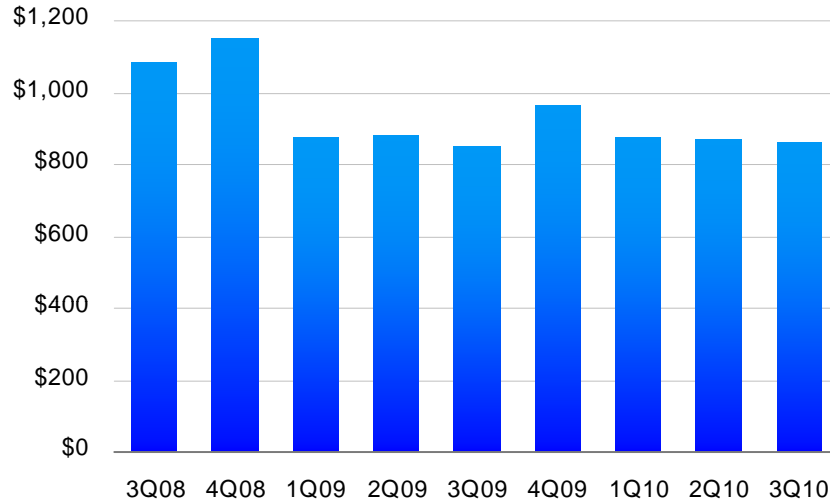


- ESS revenue of \$4.4B, up 19% Y/Y
- Operating profit of \$549M; 12.3% of revenue
- ISS revenue up 31% Y/Y
- BCS revenue down 15% Y/Y
- Storage revenue up 10% Y/Y; mid-range storage arrays (EVA) down 3%
- ESS Blades revenue up 29% Y/Y

HP SOFTWARE

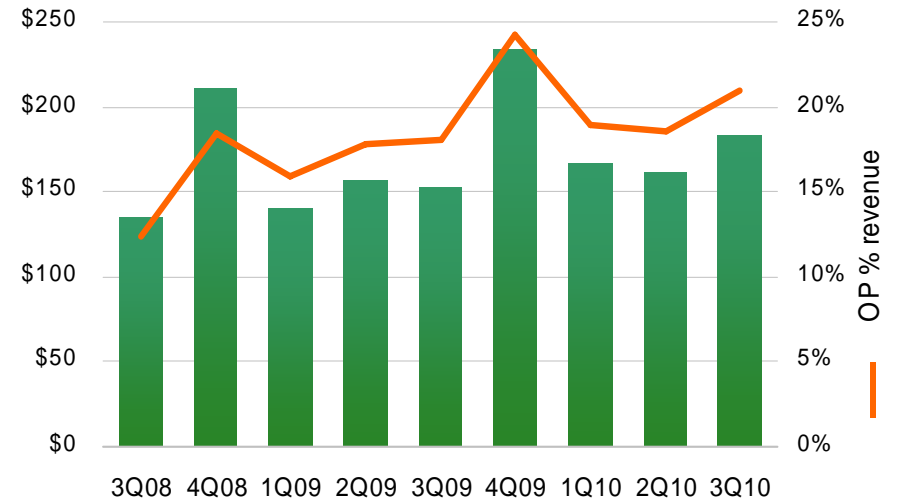
In millions

Revenue

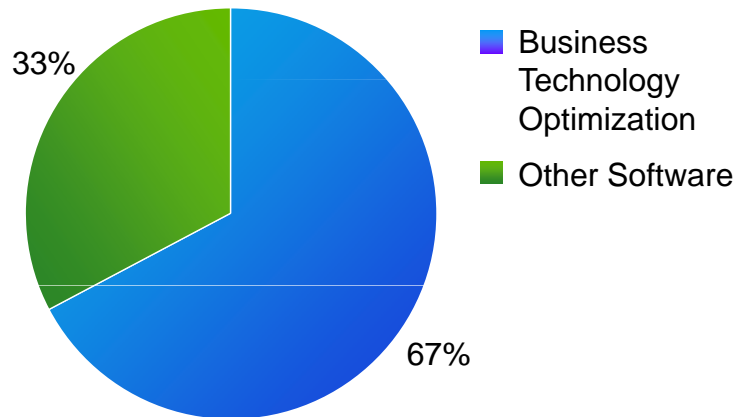


In millions

Operating profit

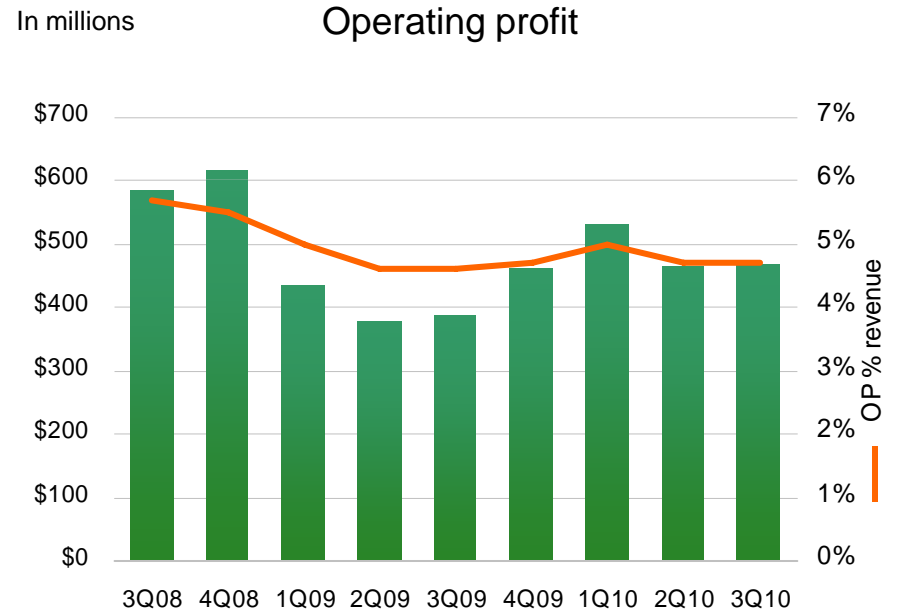
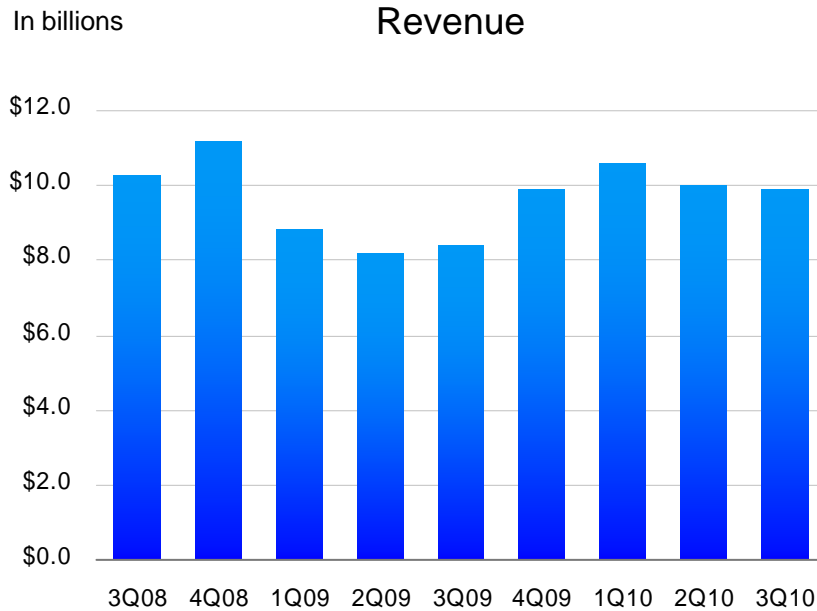


Q3 FY10 revenue by business

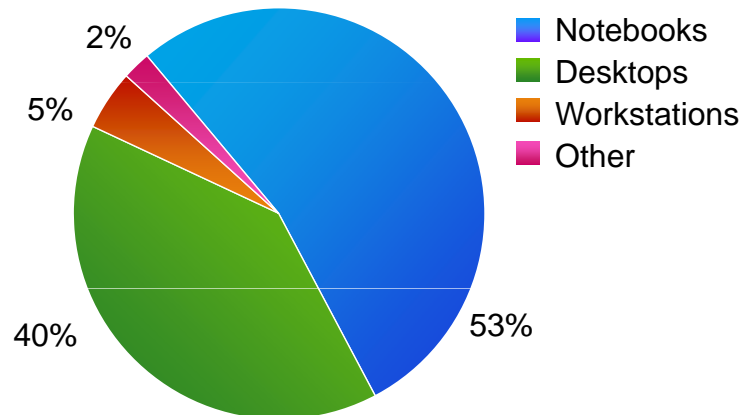


- Software revenue of \$863M, up 2% Y/Y
- Operating profit of \$183M; 21.2% of revenue
- Business Technology Optimization revenue up 3% Y/Y
- Other Software revenue down 1% Y/Y

PERSONAL SYSTEMS GROUP (PSG)

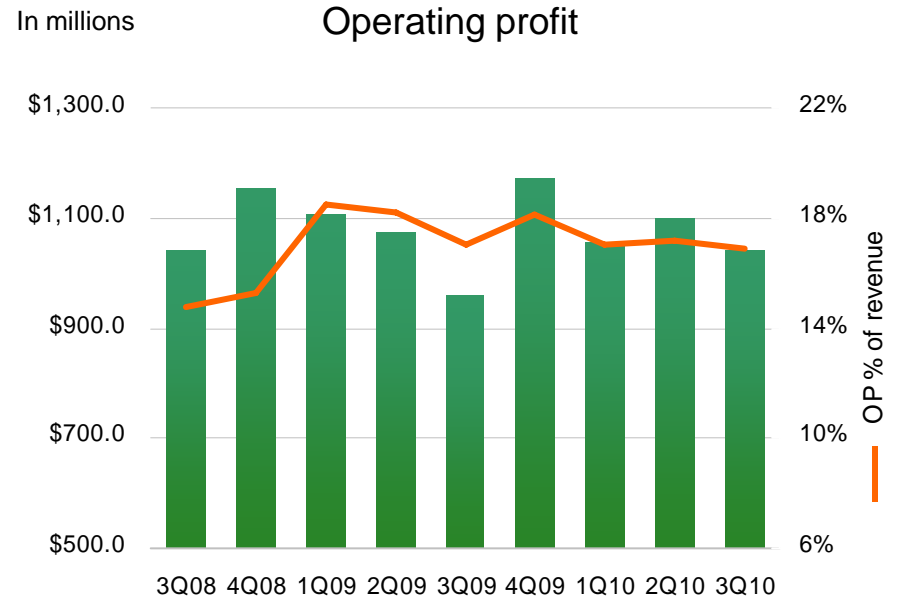
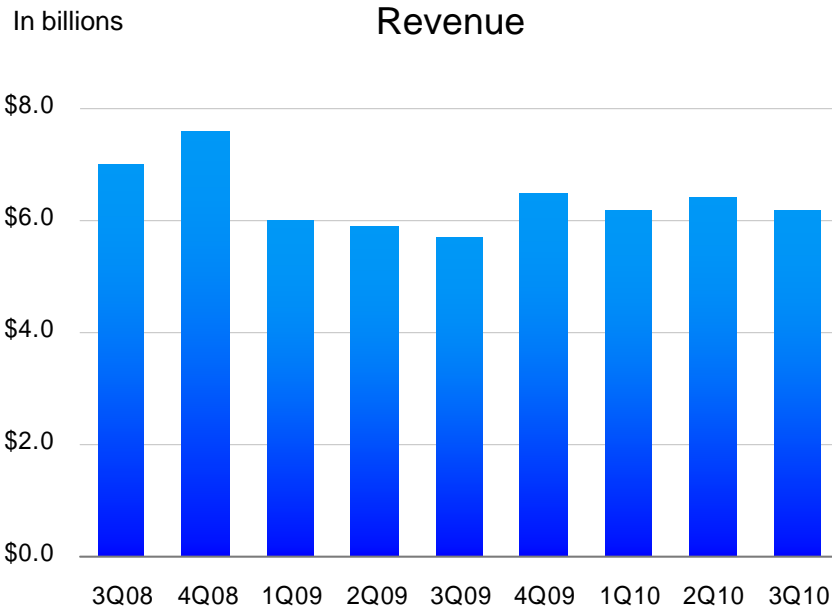


Q3 FY10 revenue by business

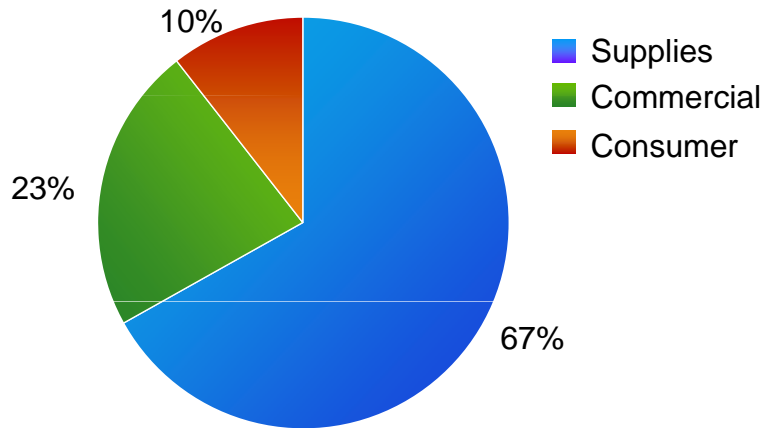


- PSG revenue of \$9.9B, up 17% Y/Y
- Operating profit of \$469M; 4.7% of revenue
- Total units up 12% Y/Y
- Notebook revenue up 10%; units up 8% Y/Y
- Desktop revenue up 27%; units up 19% Y/Y
- Consumer client revenue up 12% Y/Y;
Commercial client revenue up 25% Y/Y

IMAGING & PRINTING GROUP (IPG)



Q3 FY10 revenue by business

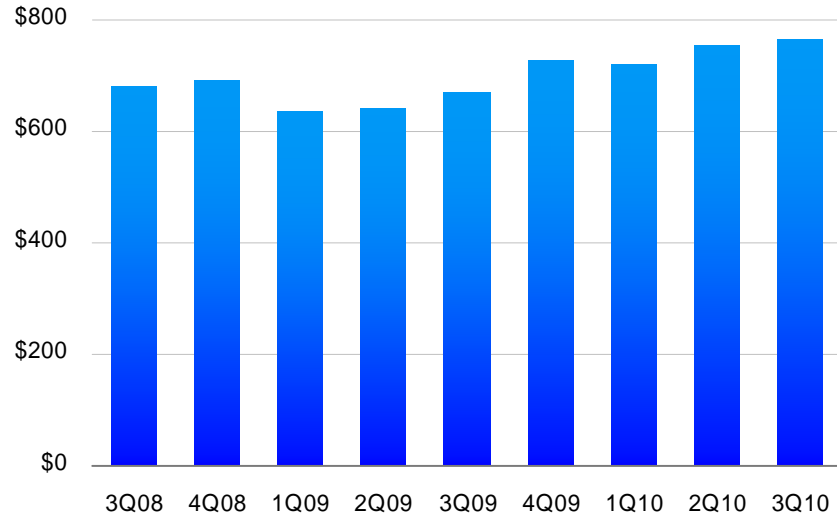


- IPG revenue of \$6.2B, up 9% Y/Y
- Operating profit of \$1B; 16.9% of revenue
- Supplies revenue up 5% Y/Y
- Total printer hardware units up 16% Y/Y; Consumer printer hardware units up 9% Y/Y; Commercial printer hardware units up 44% Y/Y
- Color LaserJet units up 41% Y/Y
- Printer-based MFP units up 47% Y/Y
- Indigo digital press page volume up 22% Y/Y

HP FINANCIAL SERVICES (HPFS)

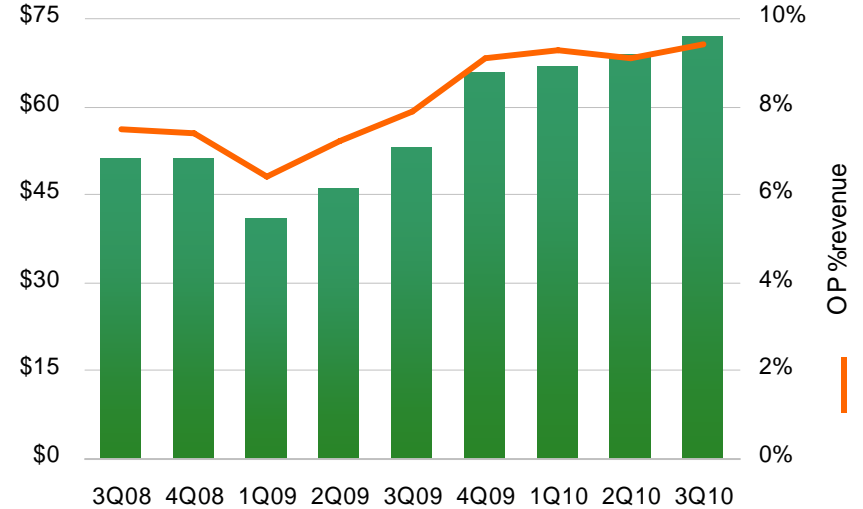
In millions

Revenue

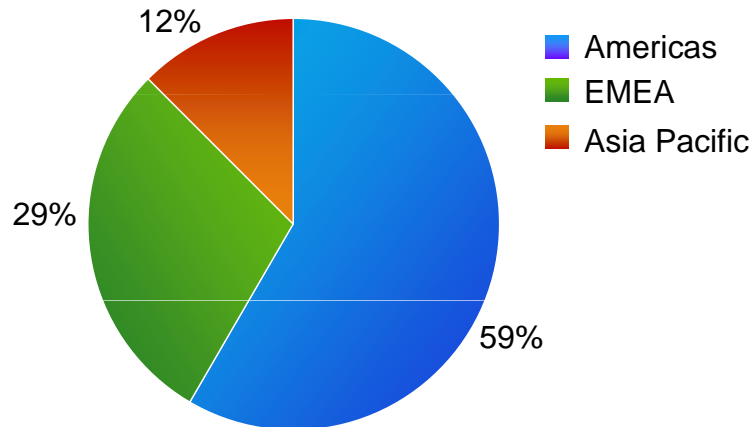


In millions

Operating profit



Q3 FY10 revenue by region



- HPFS revenue of \$764M, up 14% Y/Y
- Operating profit of \$72M; 9.4% of revenue
- Financing volume up 3% Y/Y
- Net portfolio assets of \$10.5B, up 13% Y/Y

Non-GAAP⁽¹⁾ FINANCIAL INFORMATION

In millions except per share amounts	Q3 FY10		Q2 FY10		Q3 FY09	
Revenue	\$30,729	100%	\$30,849	100%	\$27,585	100%
Cost of sales	23,402	76.2%	23,601	76.5%	21,031	76.2%
Total OpEx	3,896	12.6%	3,786	12.3%	3,541	12.9%
Operating profit	3,431	11.2%	3,462	11.2%	3,013	10.9%
Interest & other, net	(134)		(91)		(177)	
Pre-tax earnings	3,297	10.7%	3,371	10.9%	2,836	10.3%
Income tax	722		738		597	
Net Earnings	2,575	8.4%	2,633	8.5%	2,239	8.1%
EPS	\$1.08		\$1.09		\$0.92	

1. All non-GAAP numbers have been adjusted to exclude certain items. A reconciliation of specific adjustments to GAAP results for this quarter and prior periods is included on slide 17 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."



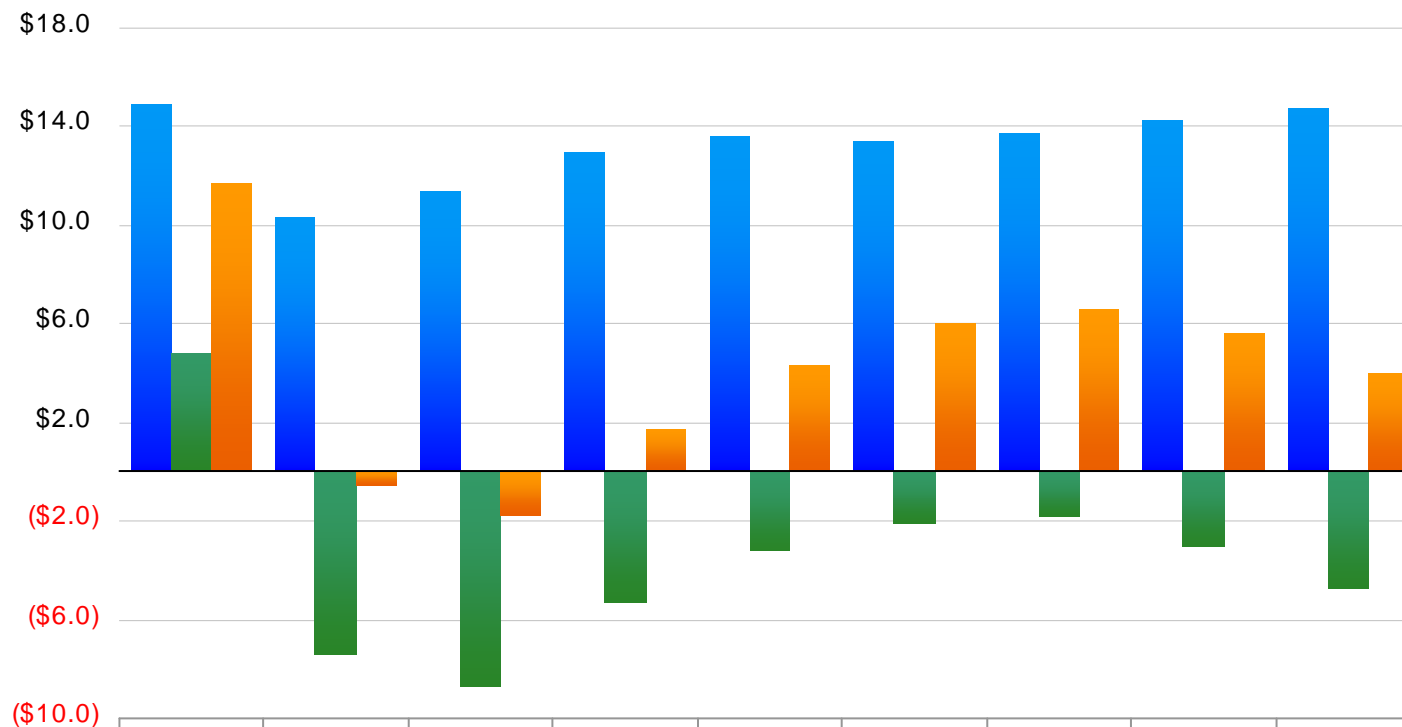
Q3 FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	Acquisition related charges	Non-GAAP
Revenue	\$30,729				\$30,729
Cost of sales	23,402				23,402
Total OpEx	5,004	(383)	(598)	(127)	3,896
Operating profit	2,323	383	598	127	3,431
Interest & other, net	(134)				(134)
Pre-tax earnings	2,189	383	598	127	3,297
Income tax	416	100	175	31	722
Tax rate	19.0%				21.9%
Net earnings	1,773				2,575
EPS	\$0.75				\$1.08



GROSS CASH & NET CASH

In billions

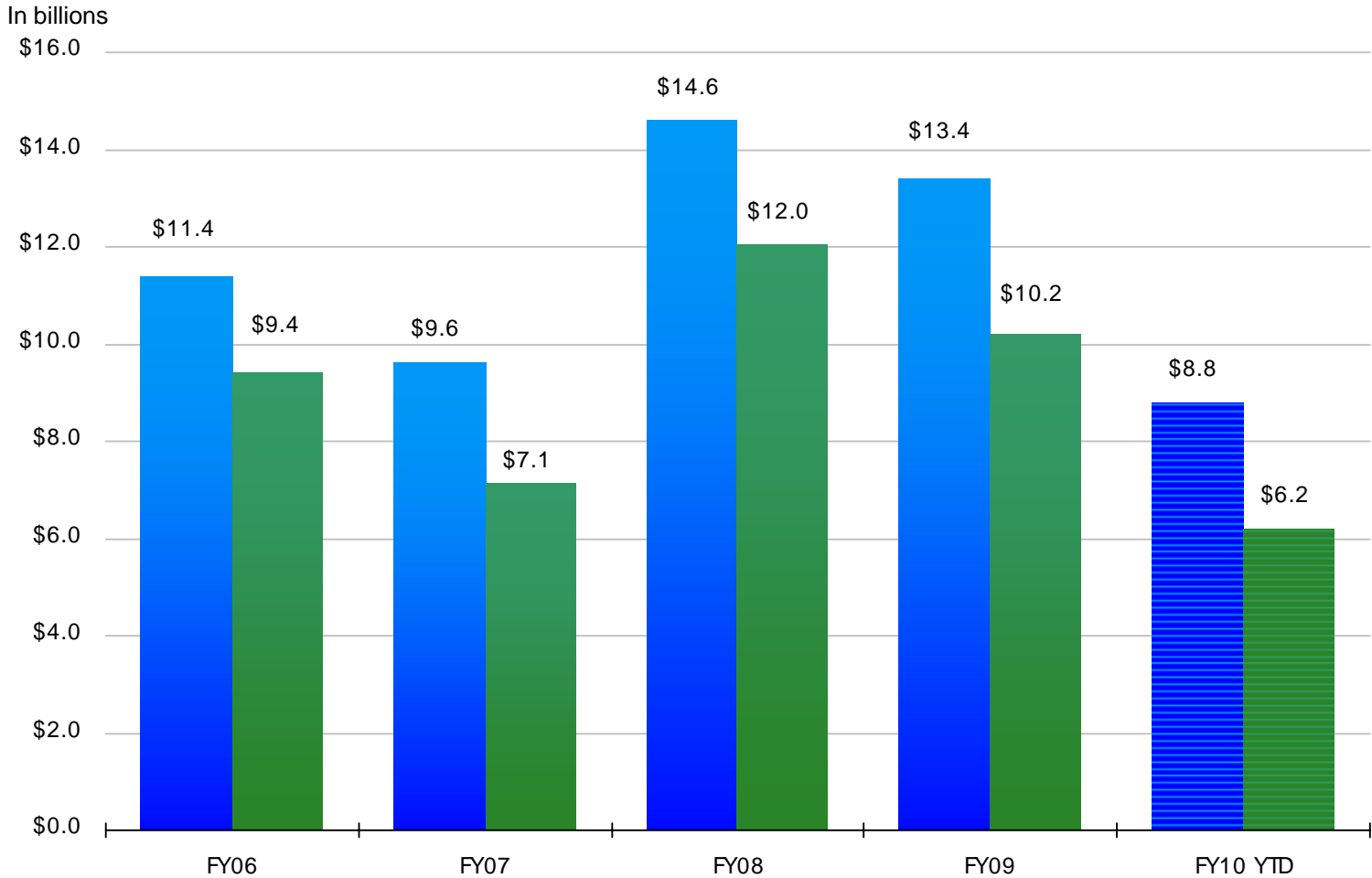


	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10
■ Gross cash ⁽¹⁾	\$14.9	\$10.3	\$11.3	\$13.0	\$13.7	\$13.4	\$13.7	\$14.3	\$14.8
■ Net cash ⁽²⁾	\$4.8	(\$7.4)	(\$8.7)	(\$5.3)	(\$3.2)	(\$2.1)	(\$1.8)	(\$3.0)	(\$4.7)
■ Net cash excl. HPFS Debt ⁽³⁾	\$11.7	(\$0.5)	(\$1.8)	\$1.8	\$4.3	\$6.0	\$6.6	\$5.6	\$4.0

1. Includes cash and cash equivalents, short-term investments, and certain liquid long-term investments
2. Net cash is defined as gross cash less total company debt including the effect of hedging
3. Net cash excl HPFS debt = HP net cash plus HPFS net debt



CASH FLOW



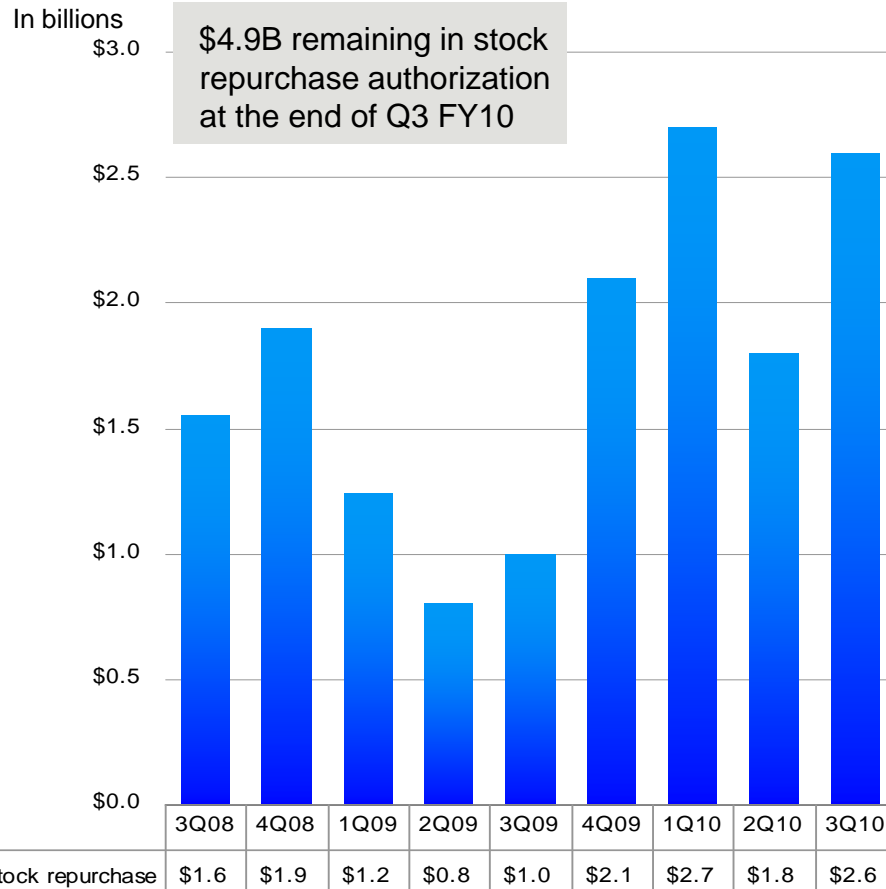
■ Cash flow from operations ■ Free cash flow⁽¹⁾

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

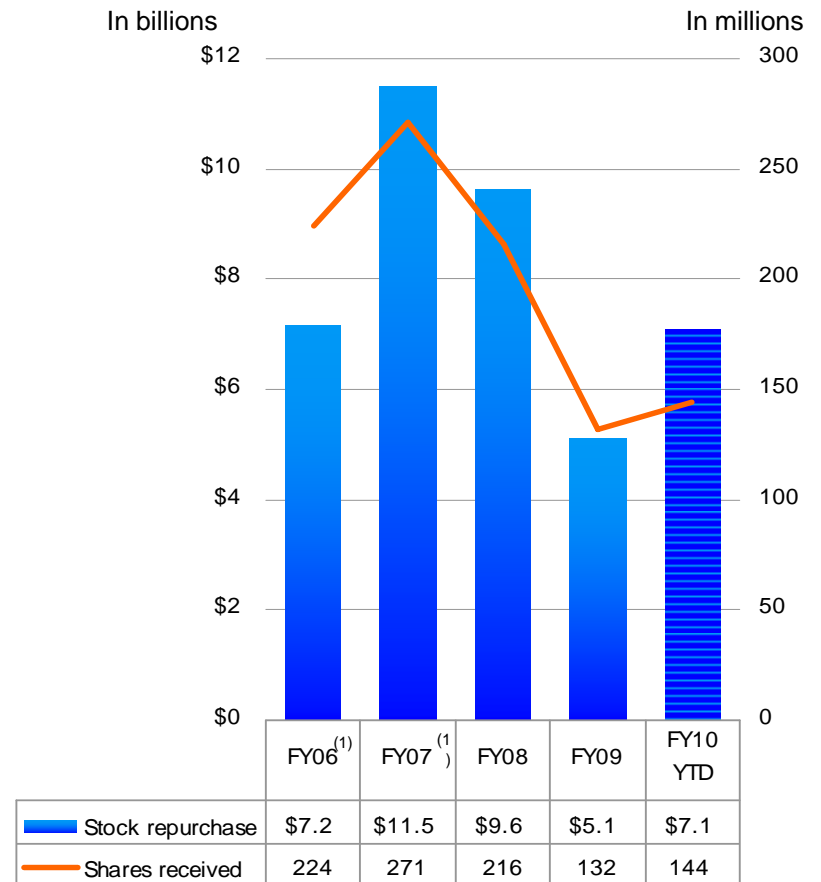


STOCK REPURCHASE

Quarterly trends



FY06 – FY10



1. In Q1 FY06, HP entered into a prepaid variable share purchase program. \$1.7 billion in cash was used in Q1 FY06 to fully fund this plan. See our Form 10-Q for the period ended January 31, 2006 for more information. HP completed all repurchases under this plan in March 2007 and received a total of 53M shares



OUTLOOK

Q4 FY10 guidance

Revenue	\$32.5B – \$32.7B
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GAAP EPS	\$1.03 - \$1.05
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Non-GAAP EPS ⁽¹⁾	\$1.25 – \$1.27
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Full year FY10 guidance

Revenue	\$125.3B - \$125.5
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GAAP EPS	\$3.62 – \$3.64
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Non-GAAP EPS ⁽²⁾	\$4.49 – \$4.51
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1. Q4 FY10 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.22 per share, related primarily to the amortization of purchased intangible assets, restructuring charges and acquisition-related charges.
2. Full year FY10 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.87 per share, related primarily to the amortization of purchased intangible assets, restructuring charges and acquisition-related charges.



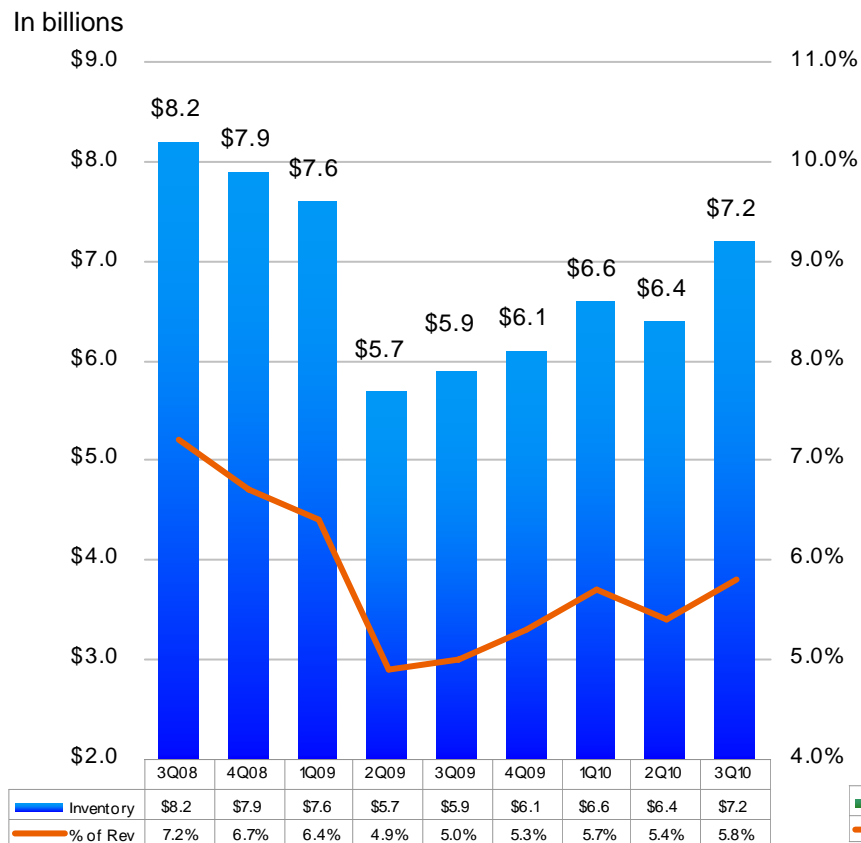
SUPPLEMENTAL SLIDES

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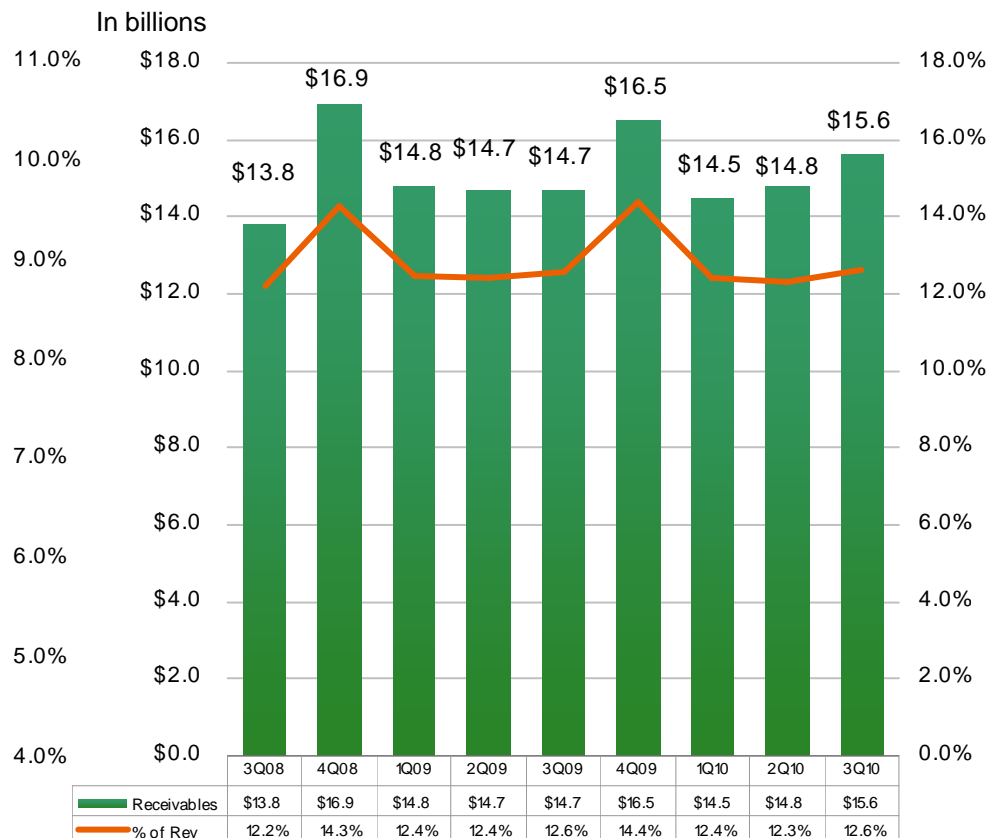


INVENTORY & ACCOUNTS RECEIVABLE

Inventory

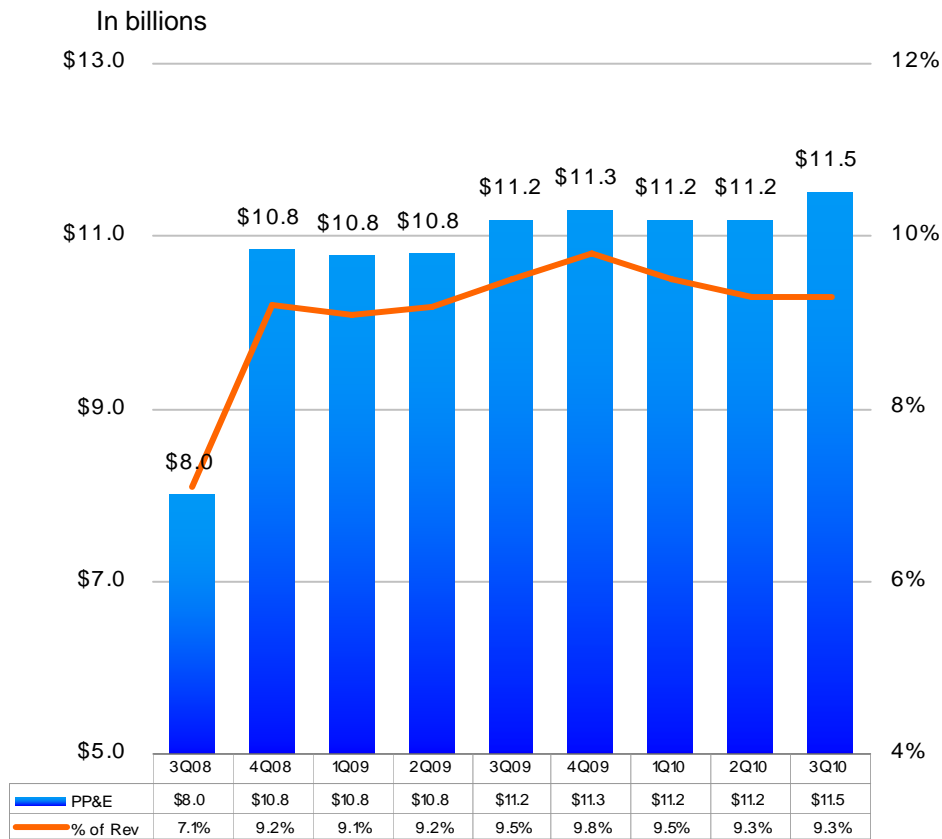


Accounts receivable

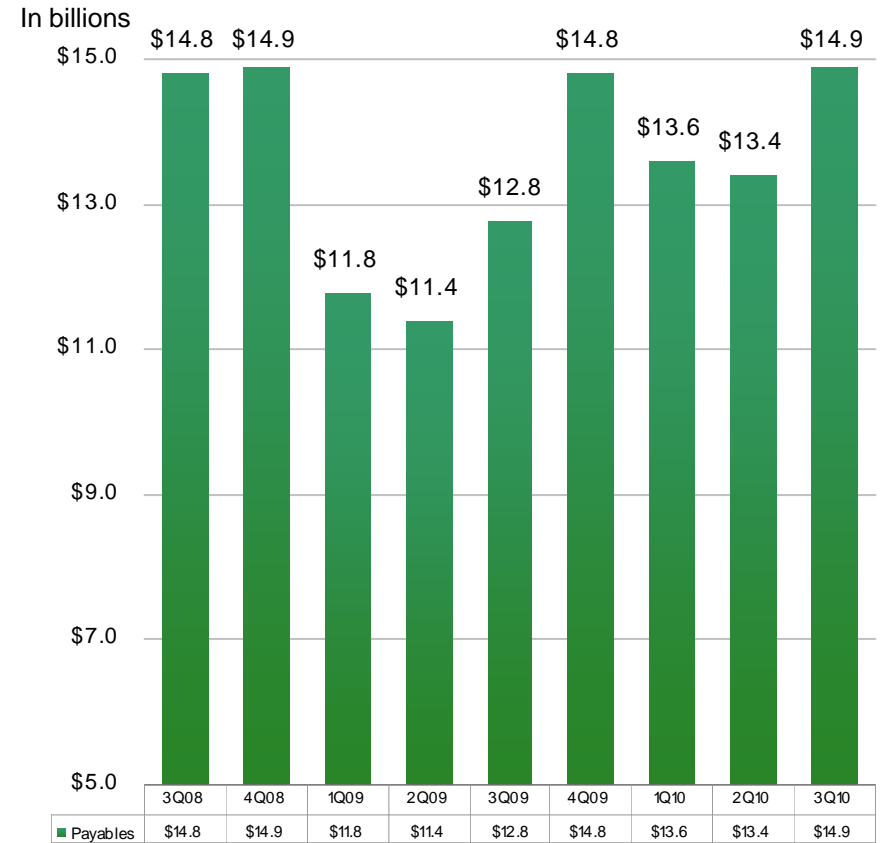


PP&E & ACCOUNTS PAYABLE

Net PP&E

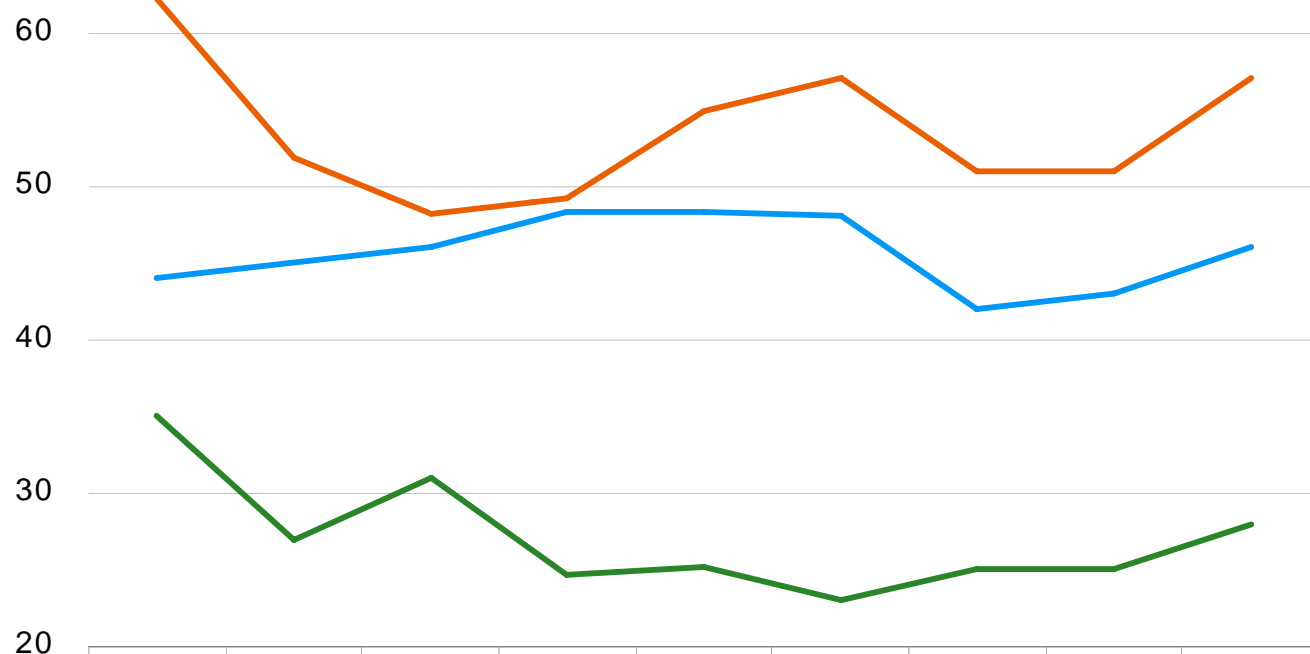


Accounts payable



WORKING CAPITAL METRICS

Days



	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10
Days receivables	44	45	46	48	48	48	42	43	46
Days inventory	35	27	31	25	25	23	25	25	28
Days payable	62	52	48	49	55	57	51	51	57



HPFS SUPPLEMENTAL DATA

In millions	Q3 FY10	Q3 FY09	Q2 FY10
Depreciation ⁽¹⁾	\$351	\$297	\$343
Net capital expenditures ⁽¹⁾	\$521	\$463	\$515
Sequential increase (decrease) in net financing receivables	\$(7)	\$400	\$37

1. Depreciation and net capital expenditures are shown net of inter-company eliminations.
2. Prior period net financing receivables have been adjusted to more accurately reflect financing-related activity.



Q2 FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re-Structuring	Acquisition related charges	Non-GAAP
Revenue	\$30,849				\$30,849
Cost of sales	23,601				23,601
Total OpEx	4,390	(347)	(180)	(77)	3,786
Operating profit	2,858	347	180	77	3,462
Interest & other, net	(91)				(91)
Pre-tax earnings	2,767	347	180	77	3,371
Income tax	567	92	57	22	738
Tax rate	20.5%				21.9%
Net earnings	2,200				2,633
EPS	\$0.91				\$1.09



Q1 FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	Acquisition related charges	Non-GAAP
Revenue	\$31,177				\$31,177
Cost of sales	24,062				24,062
Total OpEx	4,112	(330)	(131)	(38)	3,613
Operating profit	3,003	330	131	38	3,502
Interest & other, net	(199)				(199)
Pre-tax earnings	2,804	330	131	38	3,303
Income tax	554	101	42	12	709
Tax rate	19.8%				21.5%
Net earnings	2,250				2,594
EPS	\$0.93				\$1.07



FY09 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Acquisition related charges	Non-GAAP
Revenue	\$114,552					\$114,552
Cost of sales	87,524					87,524
Total OpEx	16,892	(1,571)	(640)	(7)	(242)	14,432
Operating profit	10,136	1,571	640	7	242	12,596
Interest & other, net	(721)					(721)
Pre-tax earnings	9,415	1,571	640	7	242	11,875
Income tax	1,755	451	197	-	79	2,482
Tax rate	18.6%					20.9%
Net earnings	7,660					9,393
EPS	\$3.14					\$3.85



Q4 FY09 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Acquisition related charges	Non-GAAP
Revenue	\$30,777					\$30,777
Cost of sales	23,475					23,475
Total OpEx	4,169	(400)	(38)	(1)	(60)	3,670
Operating profit	3,133	400	38	1	60	3,632
Interest & other, net	(132)					(132)
Pre-tax earnings	3,001	400	38	1	60	3,500
Income tax	589	117	11	-	19	736
Tax rate	19.6%					21.0%
Net earnings	2,412					2,764
EPS	\$0.99					\$1.14



Q3 FY09 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re-Structuring	Acquisition related charges	Non-GAAP
Revenue	\$27,585				\$27,585
Cost of sales	21,031				21,031
Total OpEx	4,341	(379)	(362)	(59)	3,541
Operating profit	2,213	379	362	59	3,013
Interest & other, net	(177)				(177)
Pre-tax earnings	2,036	379	362	59	2,836
Income tax	365	105	108	19	597
Tax rate	17.9%				21.1%
Net earnings	1,671				2,239
EPS	\$0.69				\$0.92



Q2 FY09 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	Acquisition related charges	Non-GAAP
Revenue	\$27,383				\$27,383
Cost of sales	20,945				20,945
Total OpEx	4,145	(380)	(94)	(75)	3,596
Operating profit	2,293	380	94	75	2,842
Interest & other, net	(180)				(180)
Pre-tax earnings	2,113	380	94	75	2,662
Income tax	392	112	31	24	559
Tax rate	18.6%				21.0%
Net earnings	1,721				2,103
EPS	\$0.71				\$0.86



Q1 FY09 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Acquisition related charges	Non-GAAP
Revenue	\$28,807					\$28,807
Cost of sales	22,073					22,073
Total OpEx	4,237	(412)	(146)	(6)	(48)	3,625
Operating profit	2,497	412	146	6	48	3,109
Interest & other, net	(232)					(232)
Pre-tax earnings	2,265	412	146	6	48	2,877
Income tax	409	117	47	-	17	590
Tax rate	18.1%					20.5%
Net earnings	1,856					2,287
EPS	\$0.75					\$0.93



FY08 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Acquisition related charges	Non-GAAP
Revenue	\$118,364					\$118,364
Cost of sales	89,699					89,699
Total OpEx	18,192	(967)	(270)	(45)	(41)	16,869
Operating profit	10,473	967	270	45	41	11,796
Interest & other, net	0					0
Pre-tax earnings	10,473	967	270	45	41	11,796
Income tax	2,144	262	74	-	14	2,494
Tax rate	20.5%					21.1%
Net earnings	8,329					9,302
EPS	\$3.25					\$3.62



Q4 FY08 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Acquisition related charges	Non-GAAP
Revenue	\$33,603					\$33,603
Cost of sales	25,853					25,853
Total OpEx	5,009	(337)	(251)	(32)	(41)	4,348
Operating profit	2,741	337	251	32	41	3,402
Interest & other, net	(98)					(98)
Pre-tax earnings	2,643	337	251	32	41	3,304
Income tax	531	96	69	-	14	710
Tax rate	20.1%					21.5%
Net earnings	2,112					2,594
EPS	\$0.84					\$1.03



Q3 FY08 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Non-GAAP
Revenue	\$28,032				\$28,032
Cost of sales	21,197				21,197
Total OpEx	4,306	(213)	(5)	-	4,088
Operating profit	2,529	213	5	-	2,747
Interest & other, net	23				23
Pre-tax earnings	2,552	213	5	-	2,770
Income tax	525	56	1	-	582
Tax rate	20.6%				21.0%
Net earnings	2,027				2,188
EPS	\$0.80				\$0.86



Q2 FY08 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- Structuring	In-Process R&D	Non-GAAP
Revenue	\$28,262				\$28,262
Cost of sales	21,205				21,205
Total OpEx	4,467	(211)	(4)	(13)	4,239
Operating profit	2,590	211	4	13	2,818
Interest & other, net	3				3
Pre-tax earnings	2,593	211	4	13	2,821
Income tax	536	55	1	-	592
Tax rate	20.7%				21.0%
Net earnings	2,057				2,229
EPS	\$0.80				\$0.87



Q1 FY08 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	Non-GAAP
Revenue	\$28,467			\$28,467
Cost of sales	21,444			21,444
Total OpEx	4,410	(206)	(10)	4,194
Operating profit	2,613	206	10	2,829
Interest & other, net	72			72
Pre-tax earnings	2,685	206	10	2,901
Income tax	552	55	3	610
Tax rate	20.6%			21.0%
Net earnings	2,133			2,291
EPS	\$0.80			\$0.86



FY07 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring charges	In-process R&D	Pension Curtail.	Non-GAAP
Revenue	\$104,286					\$104,286
Cost of sales	78,683					78,683
Total OpEx	16,884	(783)	(387)	(190)	517	16,041
Operating profit	8,719	783	387	190	(517)	9,562
Interest & other, net	458					458
Pre-tax earnings	9,177	783	387	190	(517)	10,020
Income tax	1,913	197	136	-	(180)	2,066
Tax rate	20.8%					20.6%
Net earnings	7,264					7,954
EPS	\$2.68					\$2.93



Q4 FY07 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	In-process R&D	Non-GAAP
Revenue	\$28,293				\$28,293
Cost of sales	21,250				21,250
Total OpEx	4,411	(187)	20	(4)	4,240
Operating profit	2,632	187	(20)	4	2,803
Interest & other, net	67				67
Pre-tax earnings	2,699	187	(20)	4	2,870
Income tax	535	46	(7)	-	574
Tax rate	19.8%				20.0%
Net earnings	2,164				2,296
EPS	\$0.81				\$0.86



Q3 FY07 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Intangibles	Re- structuring	In-process R&D	Non-GAAP
Revenue	\$25,377				\$25,377
Cost of sales	19,112				19,112
Total OpEx	4,149	(183)	5		3,971
Operating profit	2,116	183	(5)		2,294
Interest & other, net	170				170
Pre-tax earnings	2,286	183	(5)		2,464
Income tax	508	48	(4)		552
Tax rate	22.2%				22.4%
Net earnings	1,778				1,912
EPS	\$0.66				\$0.71



Q&A

