



HP Q2 FY09 Earnings Announcement

May 19, 2009

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Forward looking statements

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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

Q2 FY09 results overview

Financial Summary

- Net revenue of \$27.4B, decline of \$911M, down 3% Y/Y; up 3% in constant currency
- Non-GAAP⁽¹⁾ diluted EPS of \$0.86; down 1% Y/Y
- GAAP diluted EPS of \$0.70; down 13% Y/Y
- Cash flow from operations of \$5.0B
- \$801M in share repurchases and \$192M in dividends

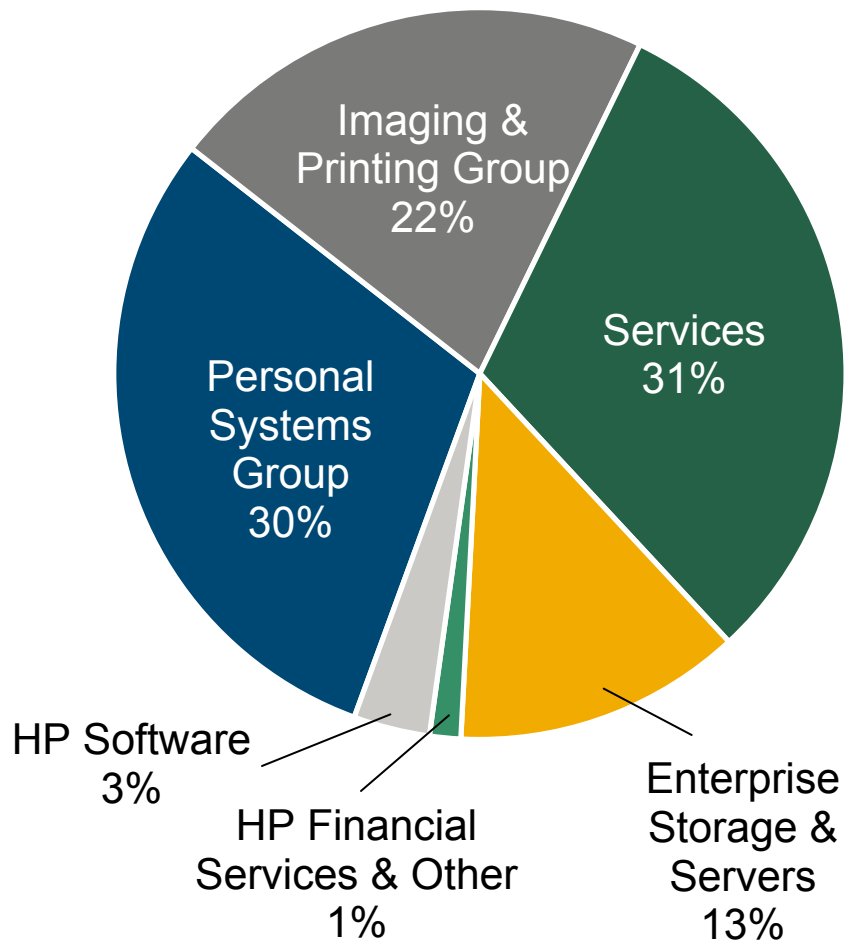
| \$ in millions | Q2 Revenue | Growth Y/Y% | OP \$ | OP % of rev | OP \$ Y/Y | OP % Y/Y |
|--------------------------------|-----------------|-------------|-------------------------------|-----------------------------|----------------------------|-------------------------------|
| Services | \$8,488 | 99% | \$1,172 | 13.8% | \$665 | 1.9 pts |
| Enterprise Storage and Servers | \$3,456 | (28%) | \$250 | 7.2% | (\$405) | (6.5 pts) |
| HP Software | \$880 | (15%) | \$157 | 17.8% | \$53 | 7.8 pts |
| Technology Solutions Group | \$12,824 | 27% | \$1,579 | 12.3% | \$313 | (0.3 pts) |
| Personal Systems Group | \$8,191 | (19%) | \$374 | 4.6% | (\$170) | (0.8 pts) |
| Imaging and Printing Group | \$5,916 | (23%) | \$1,074 | 18.2% | (\$146) | 2.2 pts |
| HP Financial Services | \$641 | (6%) | \$46 | 7.2% | (\$1) | 0.3 pts |
| Total HP ⁽²⁾ | \$27,351 | (3%) | \$2,836 ⁽¹⁾ | 10.4% ⁽¹⁾ | \$18 ⁽¹⁾ | 0.4 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."

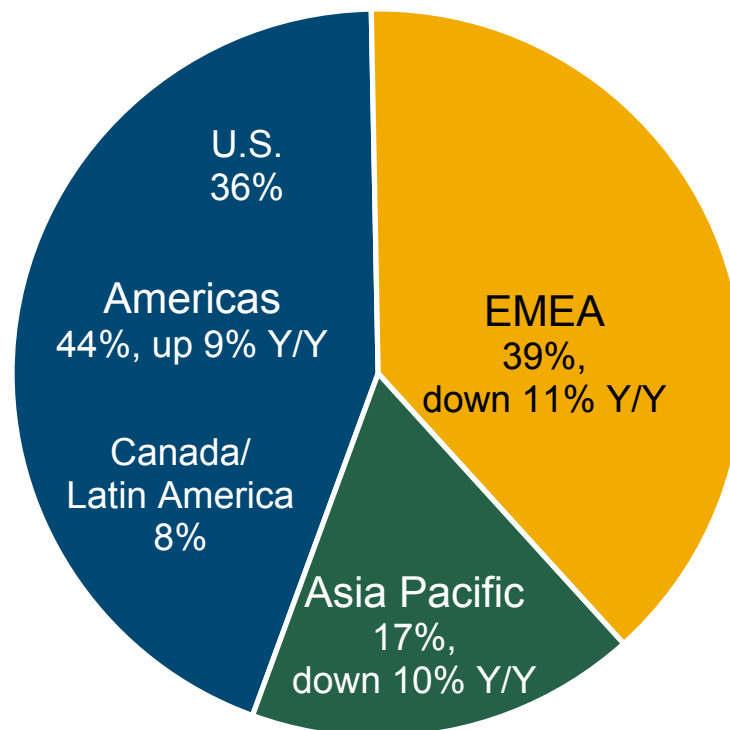
2. Includes Corporate Investments & Eliminations

Q2 FY09 revenue

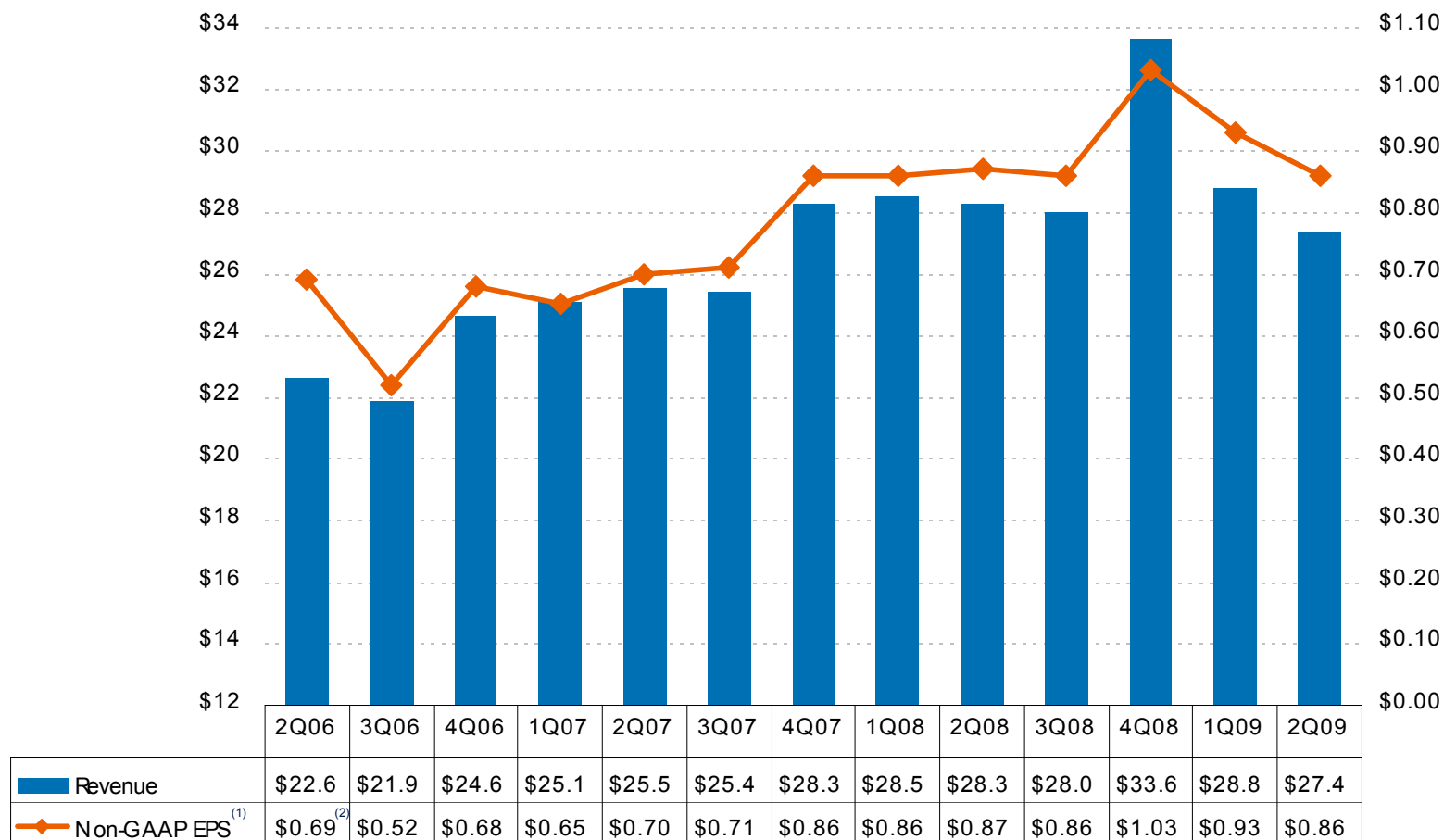
By Segment



By Region



Revenue & EPS performance

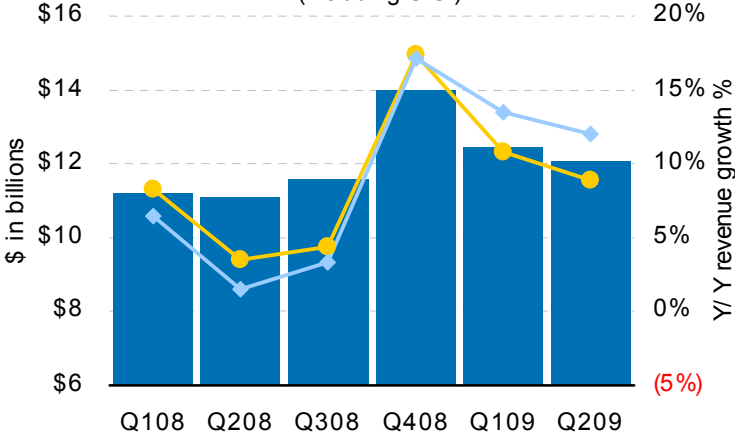


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2. On June 6, 2006, HP upwardly revised Q2 FY06 earnings following the signing of a settlement agreement by the Internal Revenue Service resolving federal income tax matters for HP's 1996 through 1998 tax years. Non-GAAP EPS for Q2 FY06 was previously reported as \$0.54. Notification from the IRS on June 1 prior to the filing of HP's Q2 FY06 Form 10-Q required this revision to HP's reported Q2 FY06 results.

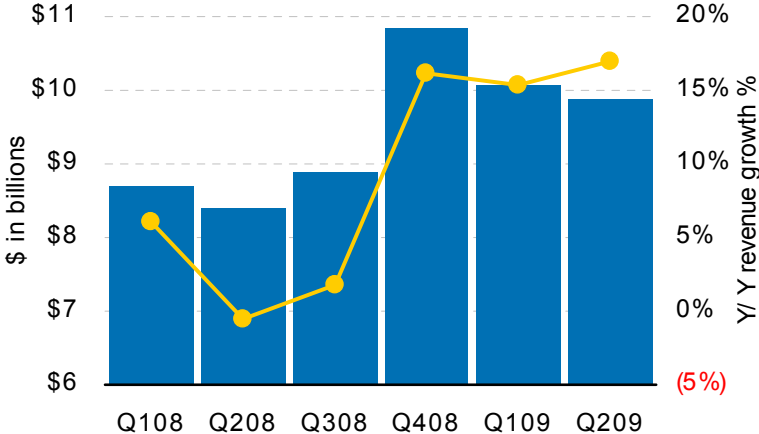
Regional revenue trends

Americas

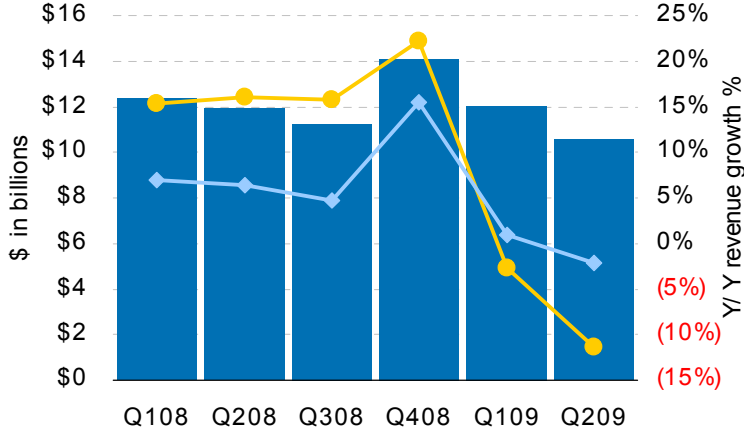
(including U.S.)



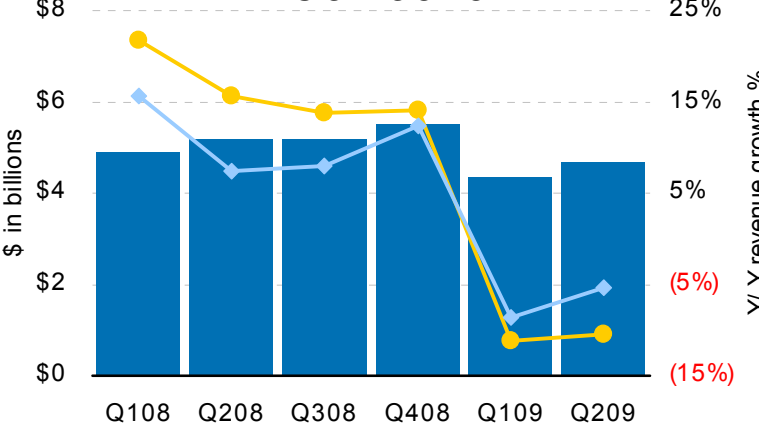
United States



EMEA

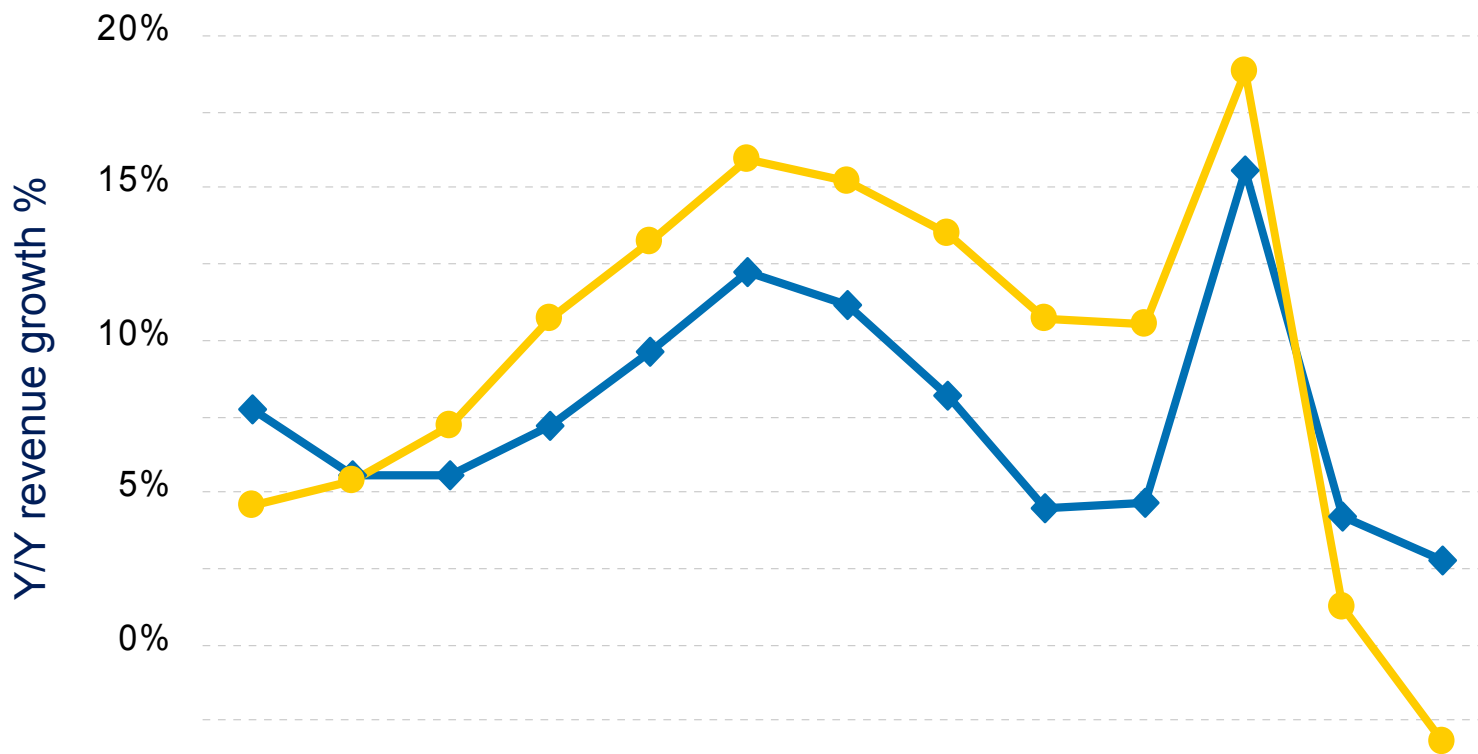


Asia Pacific



● Y/Y revenue growth %
◆ Y/Y constant currency revenue growth %

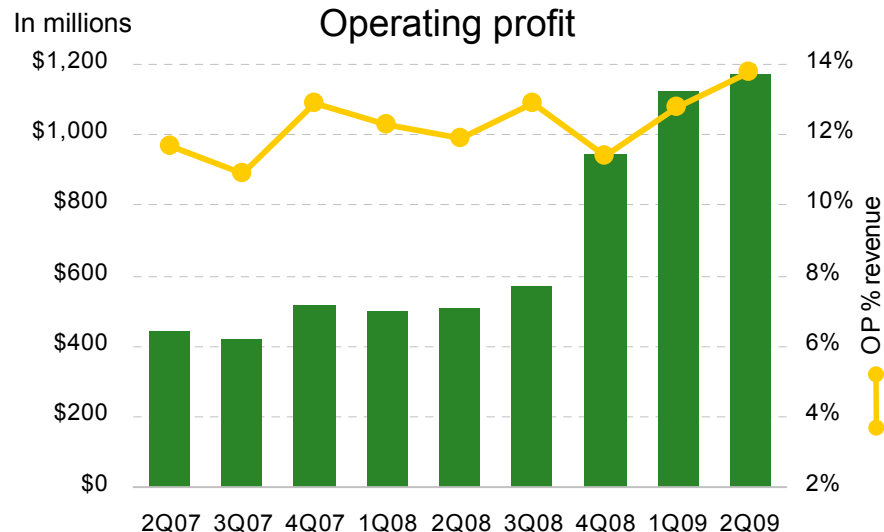
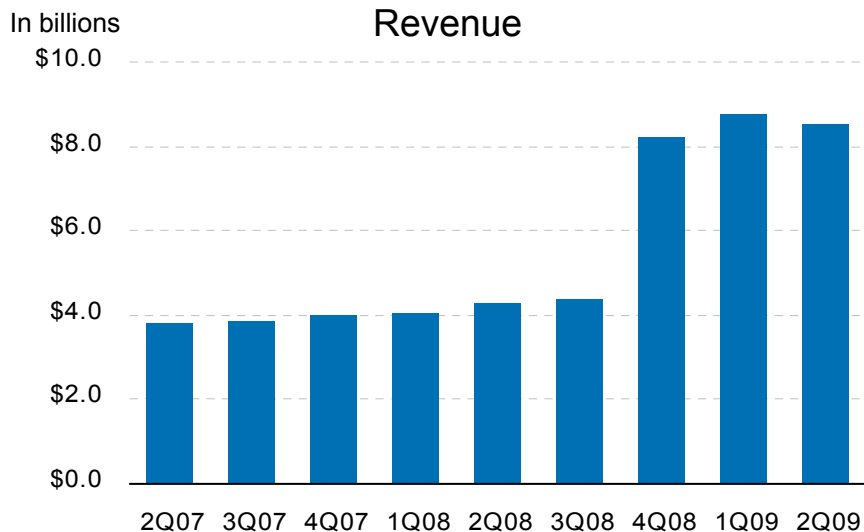
Revenue growth



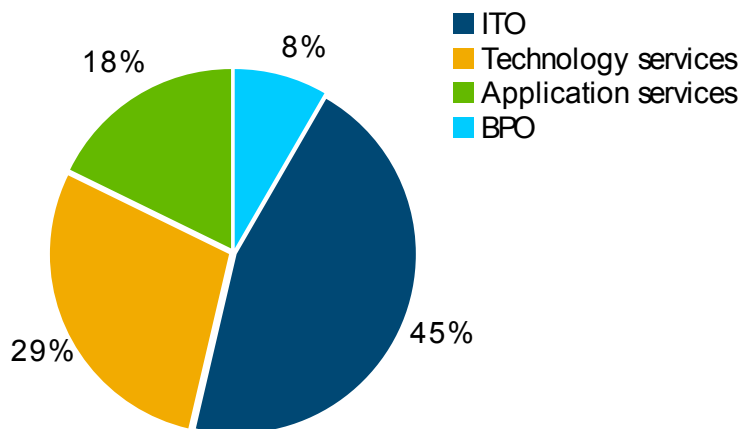
(5%)

| | 2Q06 | 3Q06 | 4Q06 | 1Q07 | 2Q07 | 3Q07 | 4Q07 | 1Q08 | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 |
|---------------------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|
| ◆ Constant currency | 7.7% | 5.6% | 5.6% | 7.2% | 9.6% | 12.2% | 11.2% | 8.2% | 4.5% | 4.7% | 15.6% | 4.2% | 2.8% |
| ● As reported | 4.6% | 5.4% | 7.2% | 10.7% | 13.2% | 15.9% | 15.2% | 13.5% | 10.7% | 10.5% | 18.8% | 1.2% | -3.2% |

Services

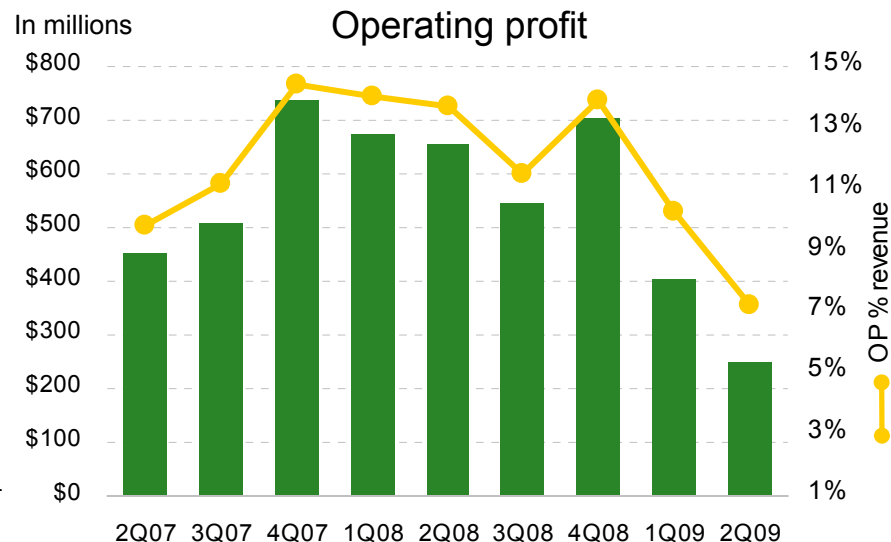
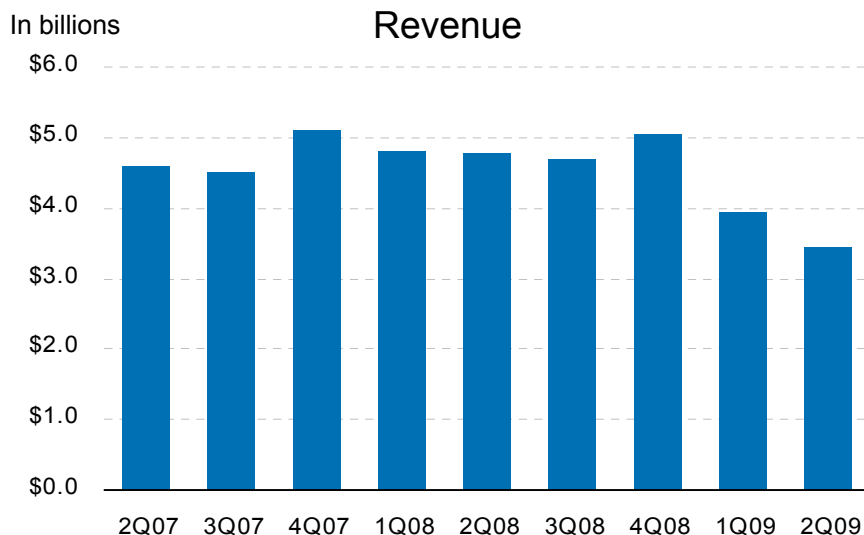


Q2 FY09 revenue by business

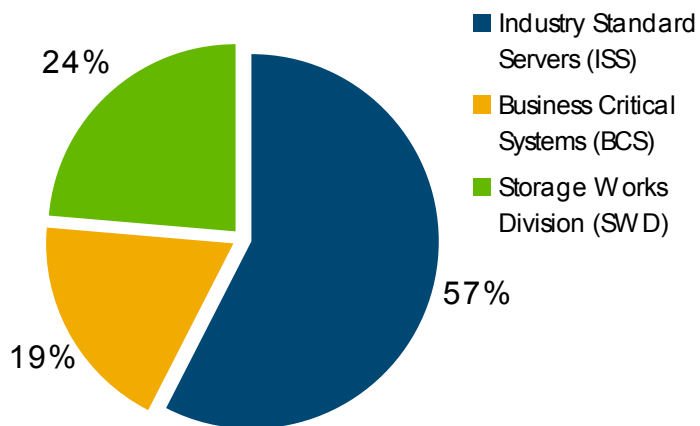


- Services revenue of \$8.5B, up 99% Y/Y
- Operating profit of \$1,172M; 13.8% of revenue
- ITO revenue of \$3.8B
- Technology services revenue of \$2.4B
- Application services revenue of \$1.5B
- BPO revenue of \$709M
- EDS integration ahead of plan

Enterprise Storage and Servers (ESS)

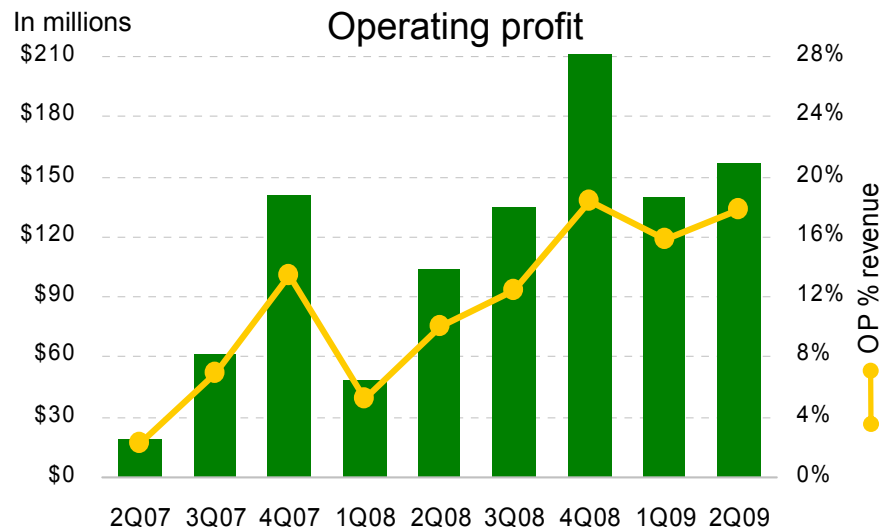
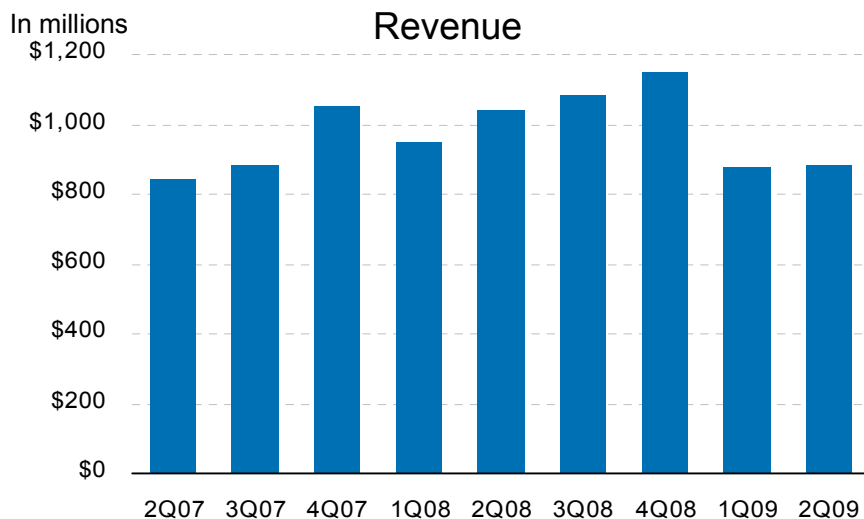


Q2 FY09 revenue by business

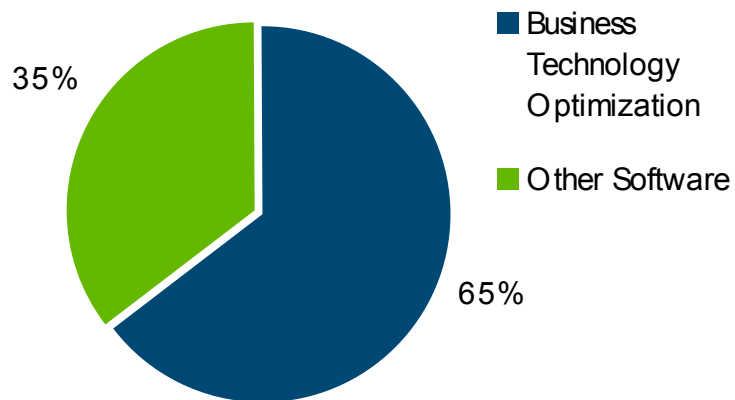


- ESS revenue of \$3.5B, down 28% Y/Y
- Operating profit of \$250M; 7.2% of revenue
- ISS revenue down 29% Y/Y
- BCS revenue down 29% Y/Y; Integrity revenue down 18% Y/Y
- Storage revenue down 22% Y/Y; mid-range storage arrays (EVA) down 21%
- ESS Blades revenue down 12% Y/Y

HP Software

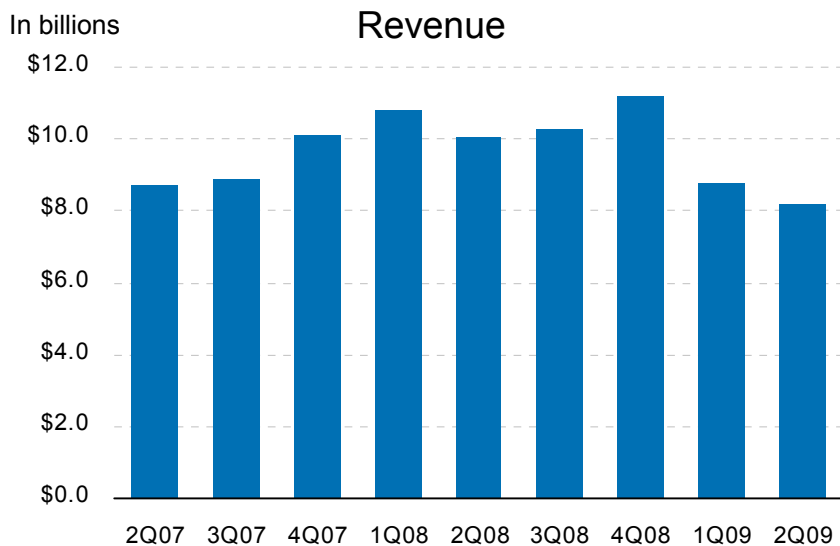


Q2 FY09 revenue by business

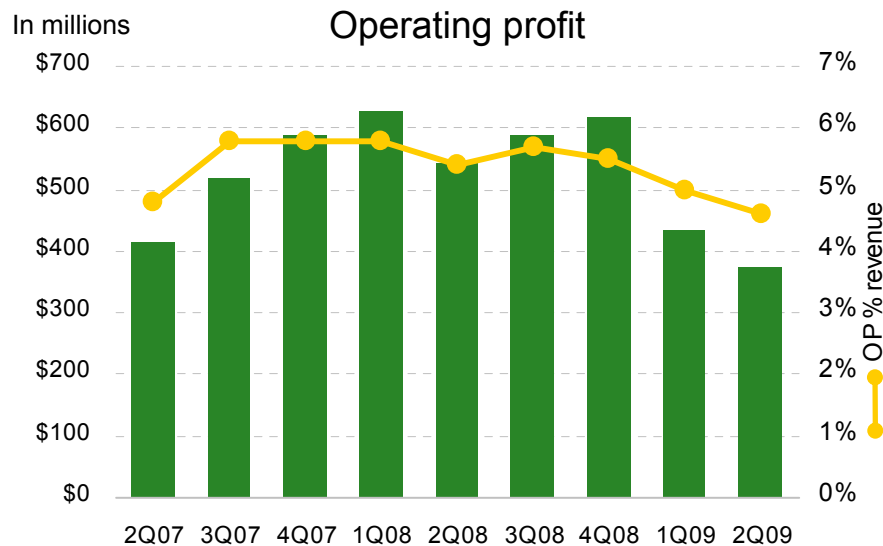
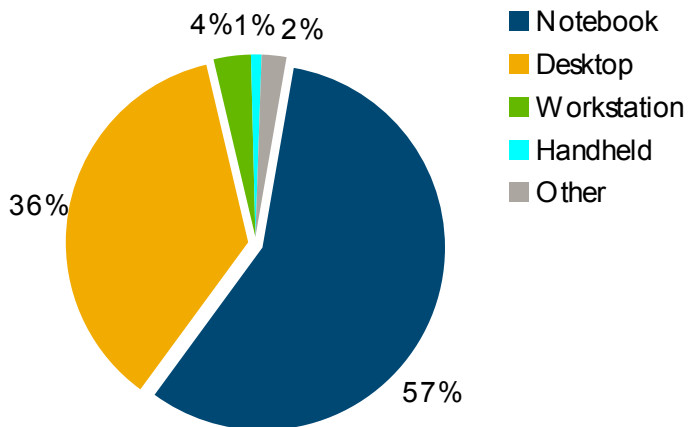


- Software revenue of \$880M, down 15% Y/Y
- Operating profit of \$157M; 17.8% of revenue
- Business Technology Optimization revenue down 15% Y/Y
- Other Software revenue down 15% Y/Y

Personal Systems Group (PSG)

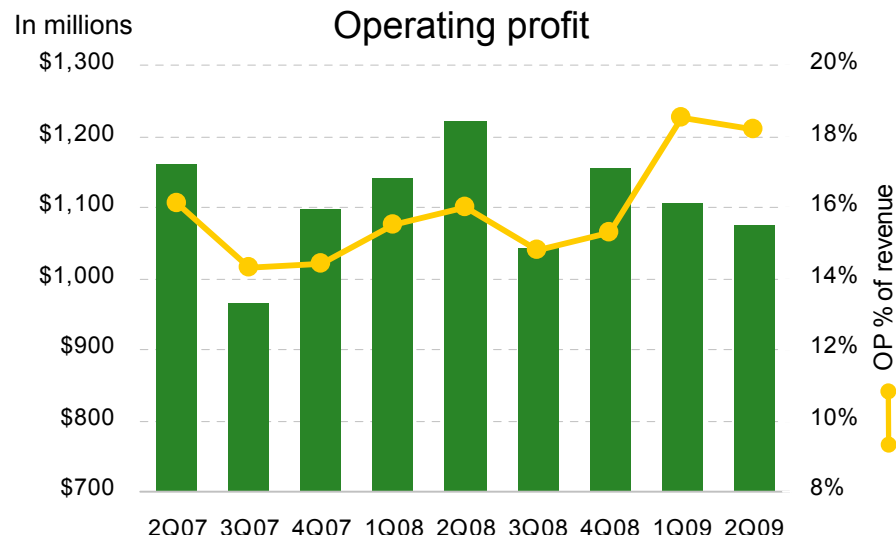
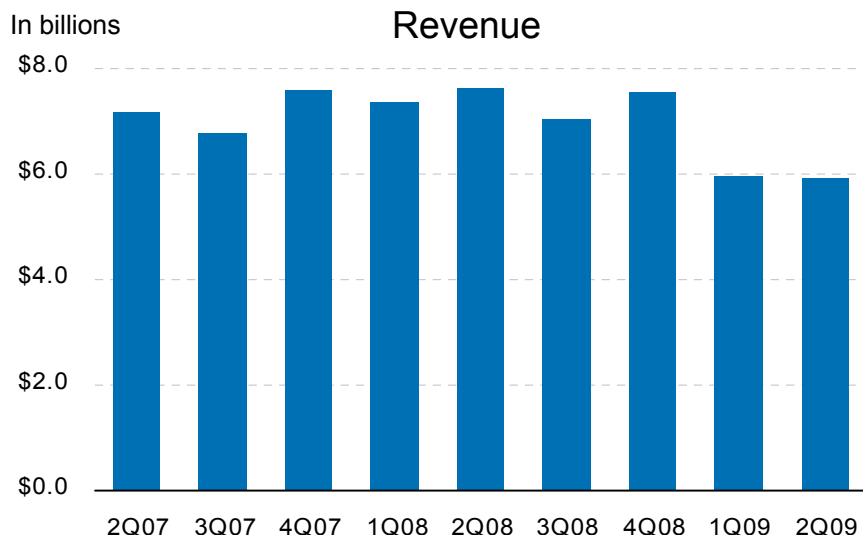


Q2 FY09 revenue by business

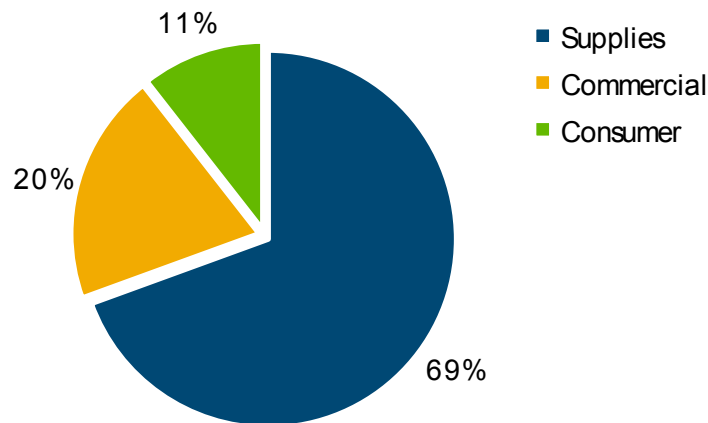


- PSG revenue of \$8.2B; down 19% Y/Y
- Operating profit of \$374M; 4.6% of revenue
- Total units flat Y/Y
- Notebook revenue down 13%; units up 14% Y/Y
- Desktop revenue down 24%; units down 13% Y/Y
- Consumer client revenue down 16% Y/Y; Commercial client revenue down 22% Y/Y
- Achieved #1 market position in US and APJ

Imaging and Printing Group (IPG)

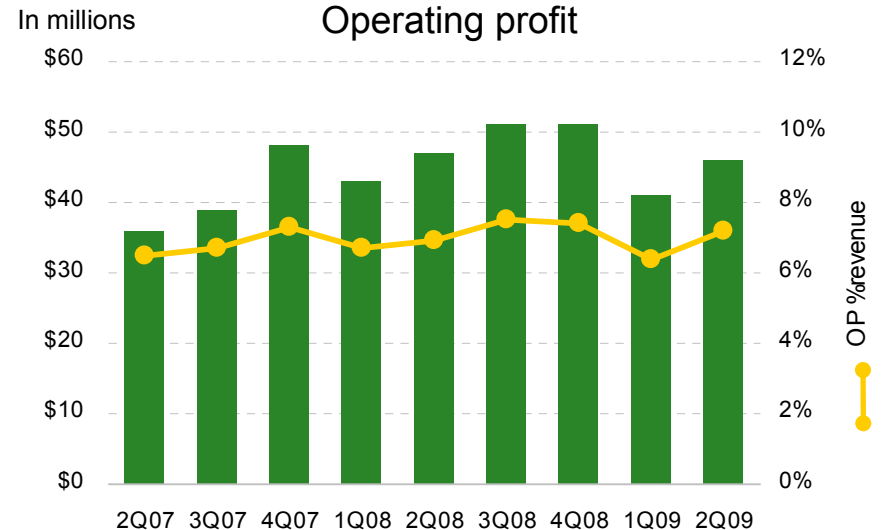
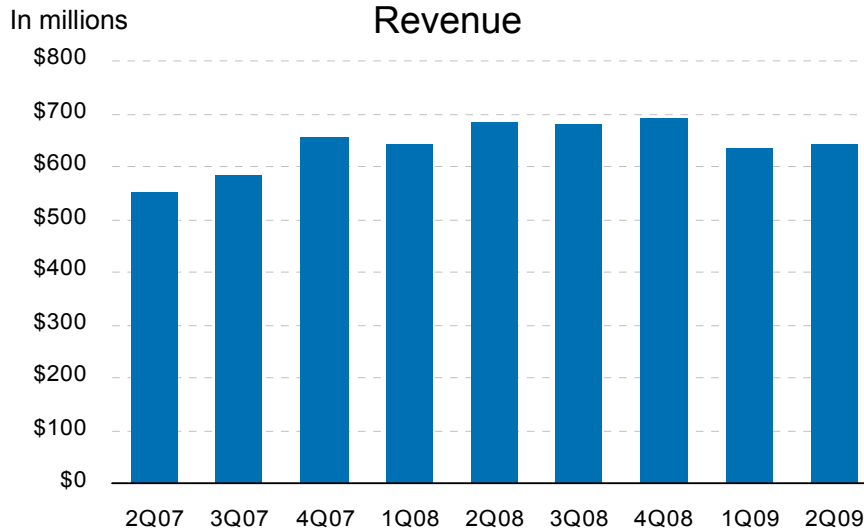


Q2 FY09 revenue by business

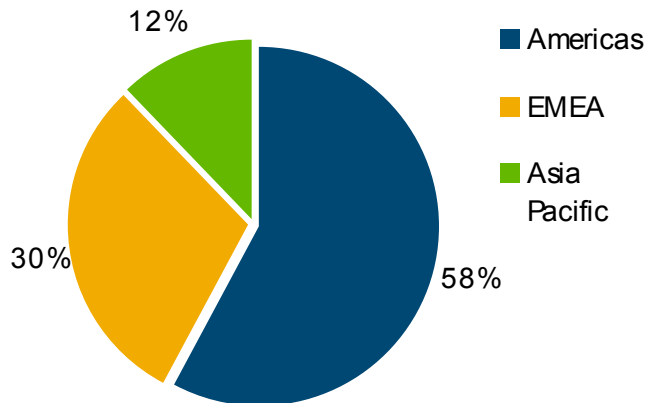


- IPG revenue of \$5.9B; down 23% Y/Y
- Operating profit of \$1,074M; 18.2% of revenue
- Supplies revenue down 14% Y/Y
- Total printer hardware units down 27% Y/Y; Consumer printer hardware units down 23% Y/Y; Commercial printer hardware units down 36% Y/Y
- Color LaserJet units down 42% Y/Y
- Printer-based MFP units down 23% Y/Y
- Indigo digital press page volume up 15% Y/Y

HP Financial Services (HPFS)



Q2 FY09 revenue by region



- HPFS revenue of \$641M, down 6% Y/Y
- Operating profit of \$46M; 7.2% of revenue
- Financing volume up 7% Y/Y
- Net portfolio assets \$8.5B, down 1% Y/Y

HPFS supplemental data

| In millions | Q2 FY09 | Q2 FY08 | Q1 FY09 |
|---|---------|---------|---------|
| Depreciation ⁽¹⁾ | \$272 | \$306 | \$271 |
| Net capital expenditures ⁽¹⁾ | \$352 | \$349 | \$264 |
| Sequential increase (decrease) in net financing receivables | \$119 | \$45 | \$64 |

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

Non-GAAP⁽¹⁾ financial information

In millions except
per share amounts

| | Q2 FY09 | | Q1 FY09 | | Q2 FY08 ⁽²⁾ | |
|-----------------------|----------|-------|----------|-------|------------------------|-------|
| Revenue | \$27,351 | 100% | \$28,800 | 100% | \$28,262 | 100% |
| Cost of sales | 20,919 | 76.5% | 22,069 | 76.6% | 21,205 | 75.0% |
| Total OpEx | 3,596 | 13.1% | 3,625 | 12.6% | 4,239 | 15.0% |
| Operating profit | 2,836 | 10.4% | 3,106 | 10.8% | 2,818 | 10.0% |
| Interest & other, net | (180) | | (232) | | 3 | |
| Pre-tax earnings | 2,656 | 9.7% | 2,874 | 10.0% | 2,821 | 10.0% |
| Income tax | 558 | | 589 | | 592 | |
| Net Earnings | 2,098 | 7.7% | 2,285 | 7.9% | 2,229 | 7.9% |
| EPS | \$0.86 | | \$0.93 | | \$0.87 | |

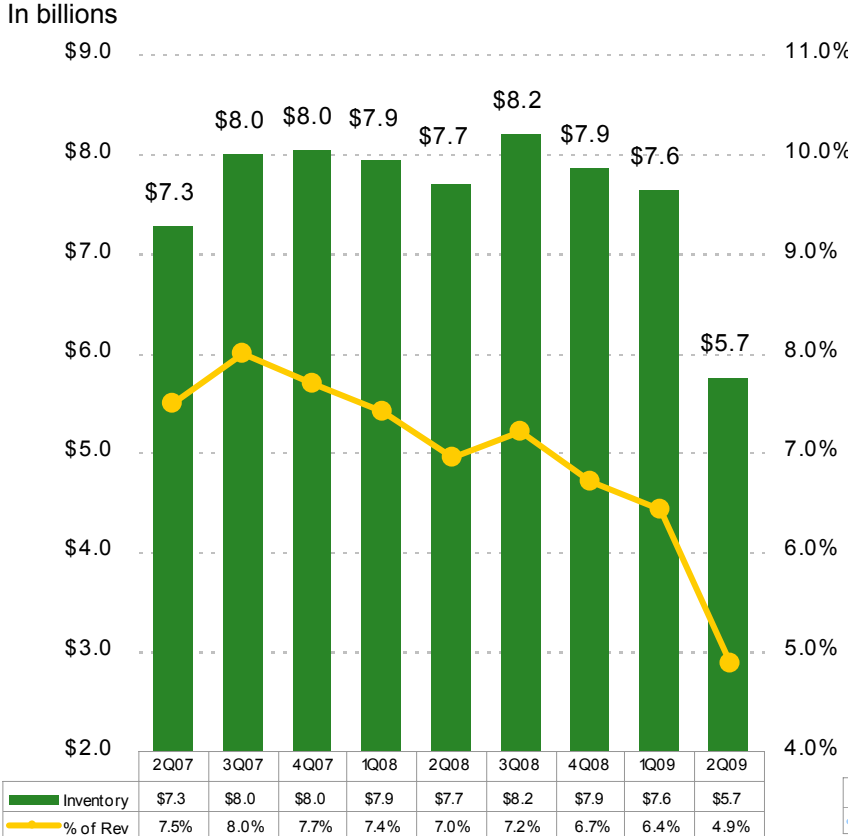
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2. FY 08 has been restated to conform to fiscal year 2009 presentation.

Q2 FY09 GAAP to non-GAAP bridge

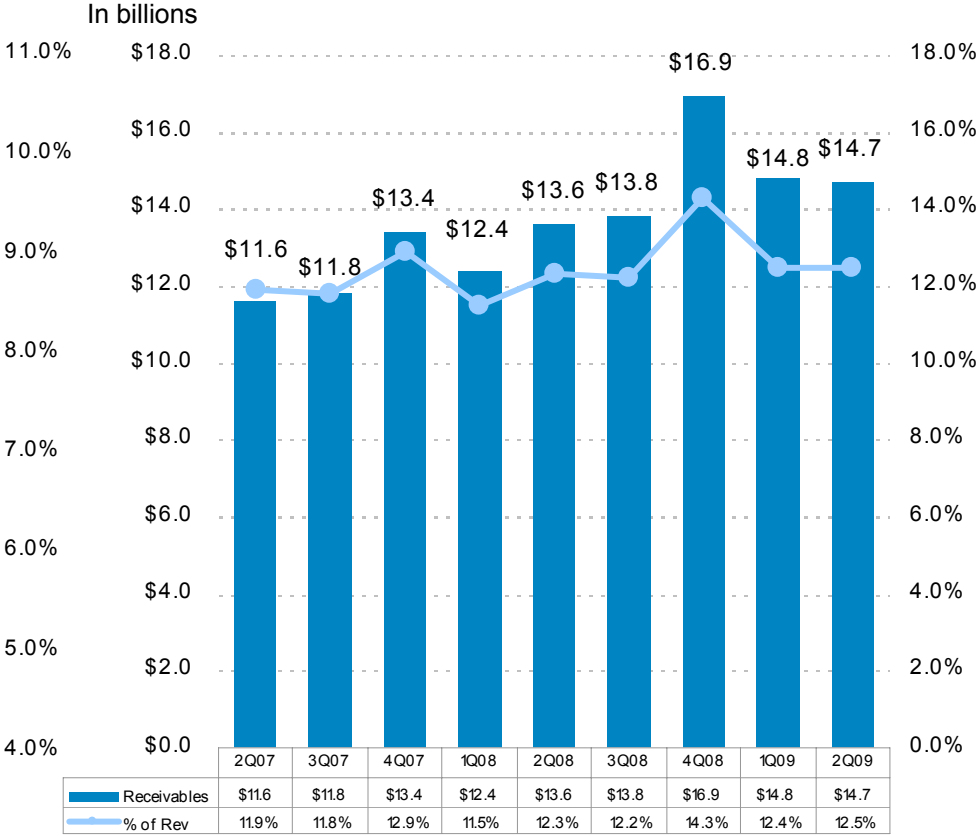
| In millions except per share amounts | GAAP | Amort. of Intangibles | Re- Structuring | Acquisition related charges | Non-GAAP |
|---|--------|--------------------------|--------------------|-----------------------------------|----------|
| Revenue | 27,351 | | | | 27,351 |
| Cost of sales | 20,919 | | | | 20,919 |
| Total OpEx | 4,145 | (380) | (94) | (75) | 3,596 |
| Operating profit | 2,287 | 380 | 94 | 75 | 2,836 |
| Interest & other, net | (180) | | | | (180) |
| Pre-tax earnings | 2,107 | 380 | 94 | 75 | 2,656 |
| Income tax | 391 | 112 | 31 | 24 | 558 |
| Tax rate | 18.6% | | | | 21.0% |
| Net earnings | 1,716 | | | | 2,098 |
| EPS | \$0.70 | | | | \$0.86 |

Inventory and accounts receivable

Inventory

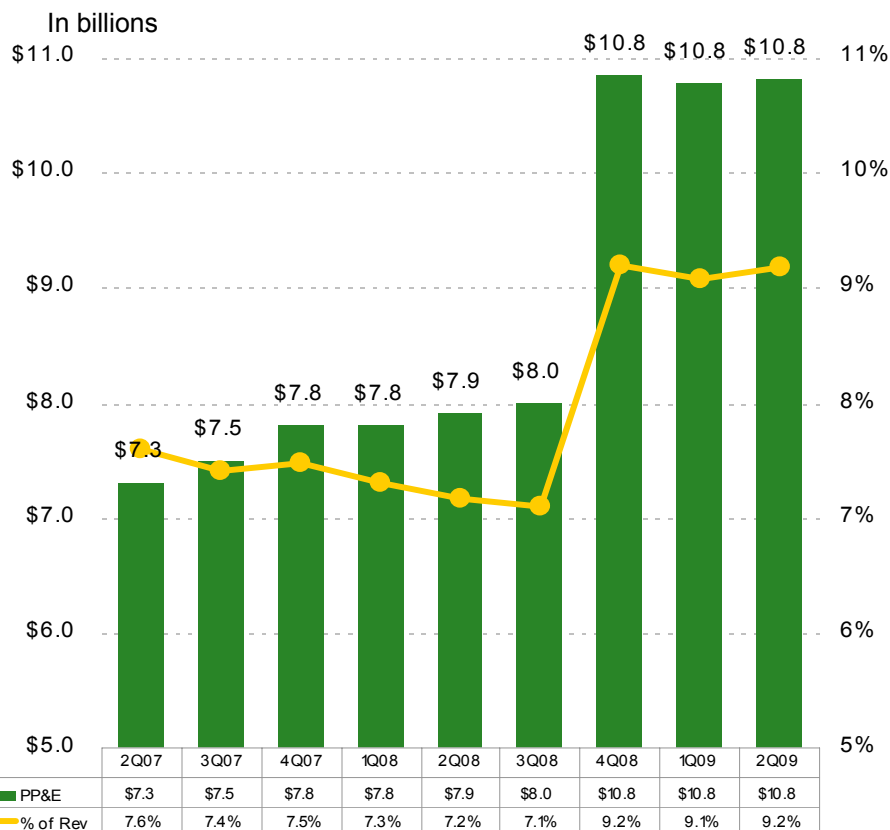


Accounts receivable

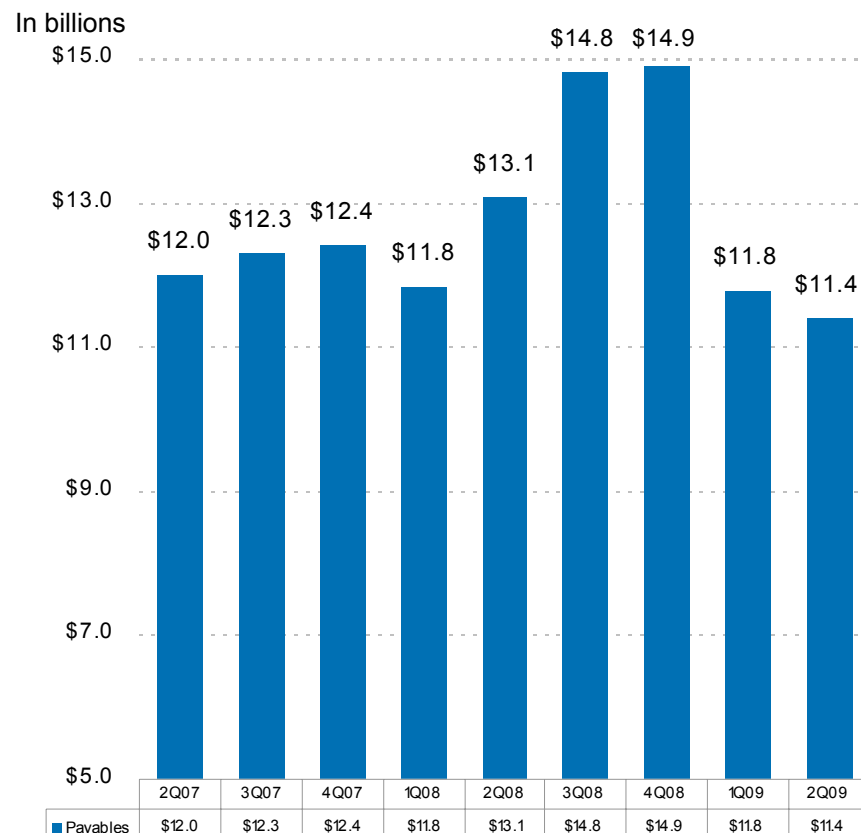


PP&E and accounts payable

Net PP&E

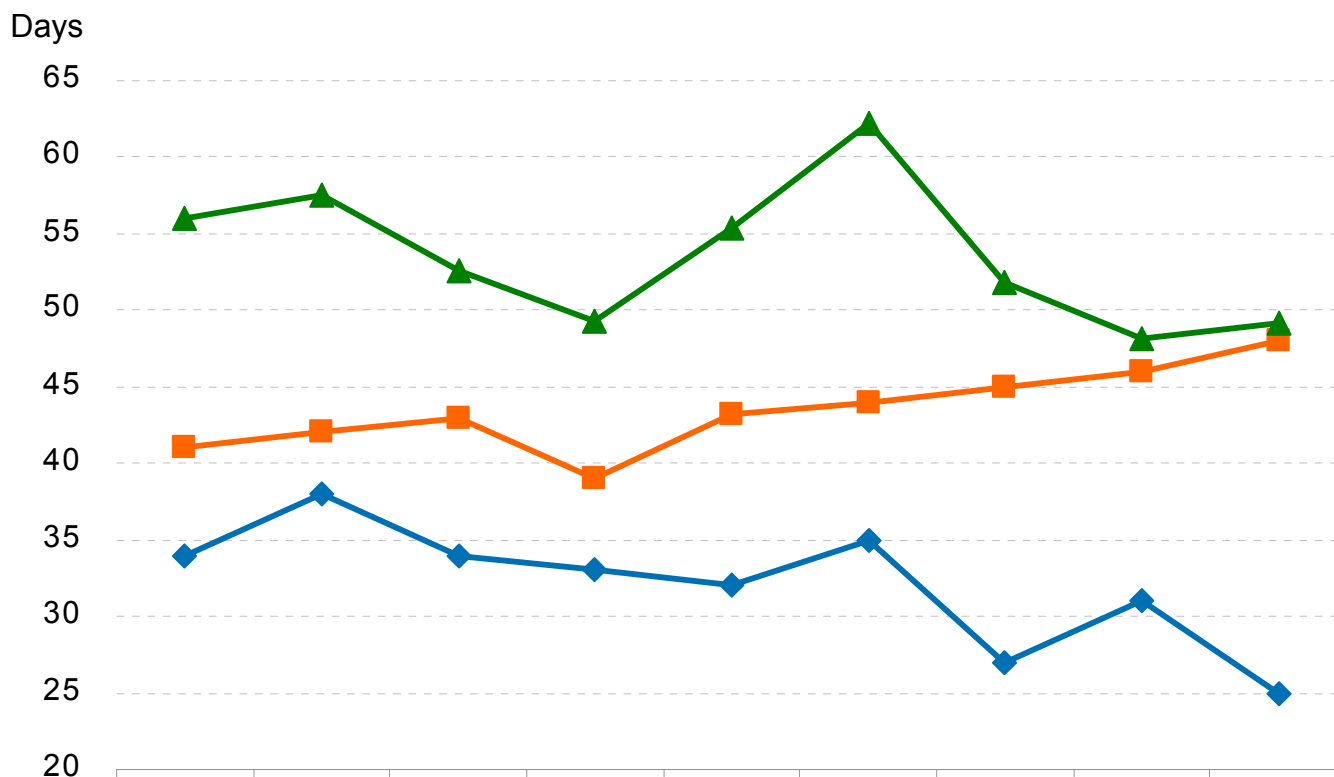


Accounts payable⁽¹⁾



1. In Q209 we reclassified certain activity within Other accrued liabilities to Accounts payable as this better represents the nature of the activity. All prior periods have been revised to conform to current presentation.

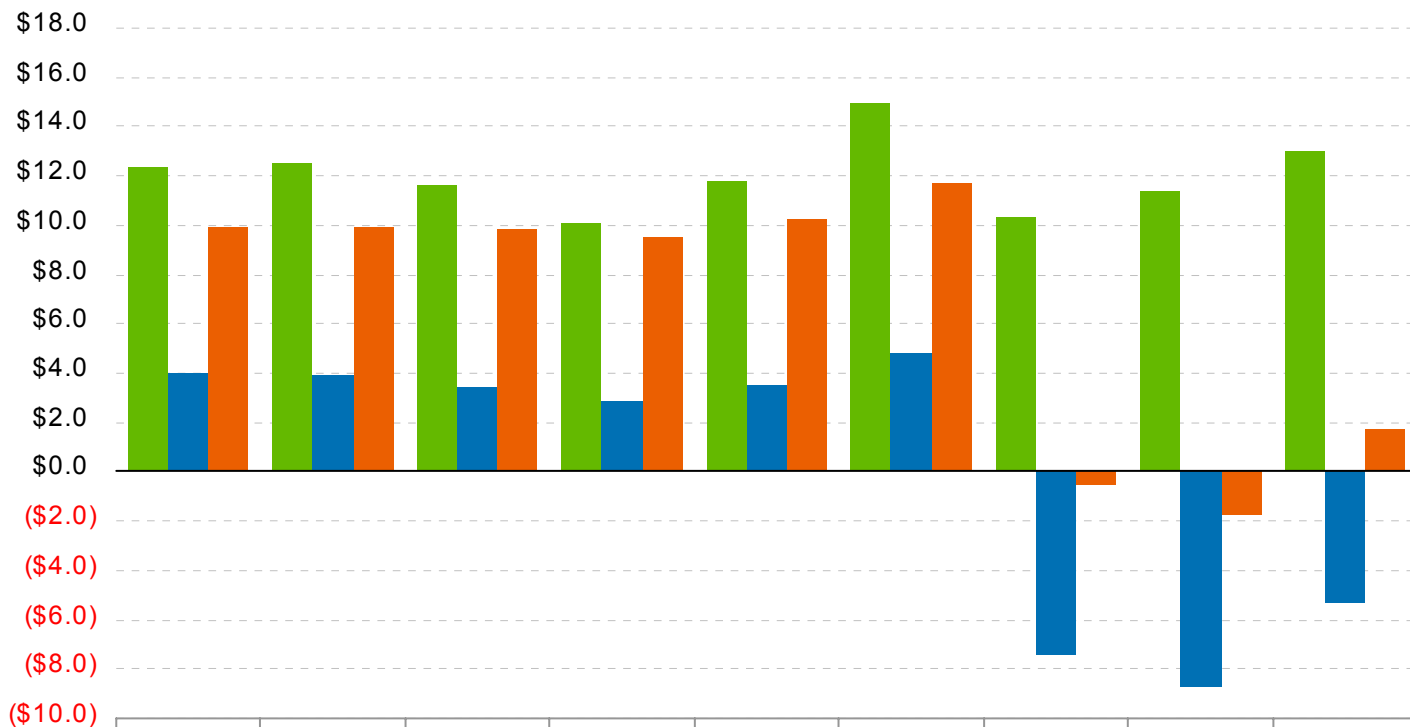
Working capital metrics



1. In Q209 we reclassified certain activity within Other accrued liabilities to Accounts payable. As a result of that reclassification, days payable for prior periods have been revised to conform to the current presentation.

Gross cash and net cash

In billions

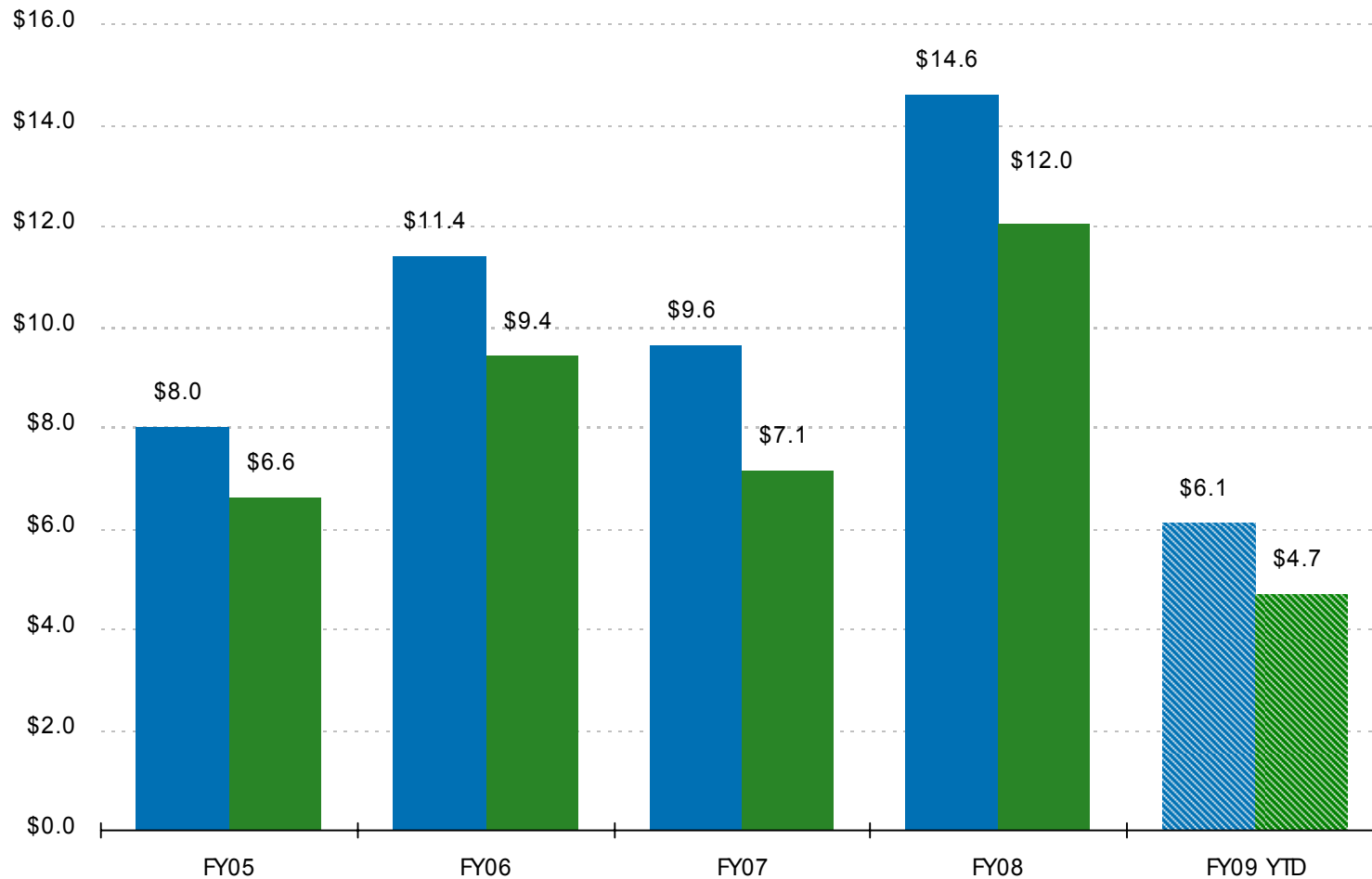


| | 2Q07 | 3Q07 | 4Q07 | 1Q08 | 2Q08 | 3Q08 | 4Q08 | 1Q09 | 2Q09 |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|------------------------|---------|---------|
| Gross cash ⁽¹⁾ | \$12.3 | \$12.5 | \$11.6 | \$10.1 | \$11.8 | \$14.9 | \$10.3 | \$11.3 | \$13.0 |
| Net cash ⁽²⁾ | \$4.0 | \$3.9 | \$3.4 | \$2.9 | \$3.5 | \$4.8 | (\$7.4) | (\$8.7) | (\$5.3) |
| Net cash excl. HPFS Debt ⁽³⁾ | \$9.9 ⁽⁴⁾ | \$9.9 ⁽⁴⁾ | \$9.8 ⁽⁴⁾ | \$9.5 ⁽⁴⁾ | \$10.2 ⁽⁴⁾ | \$11.7 ⁽⁴⁾ | (\$0.5) ⁽⁴⁾ | (\$1.8) | \$1.8 |

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
4. Prior periods have been restated to conform to current presentation

Cash flow

In billions

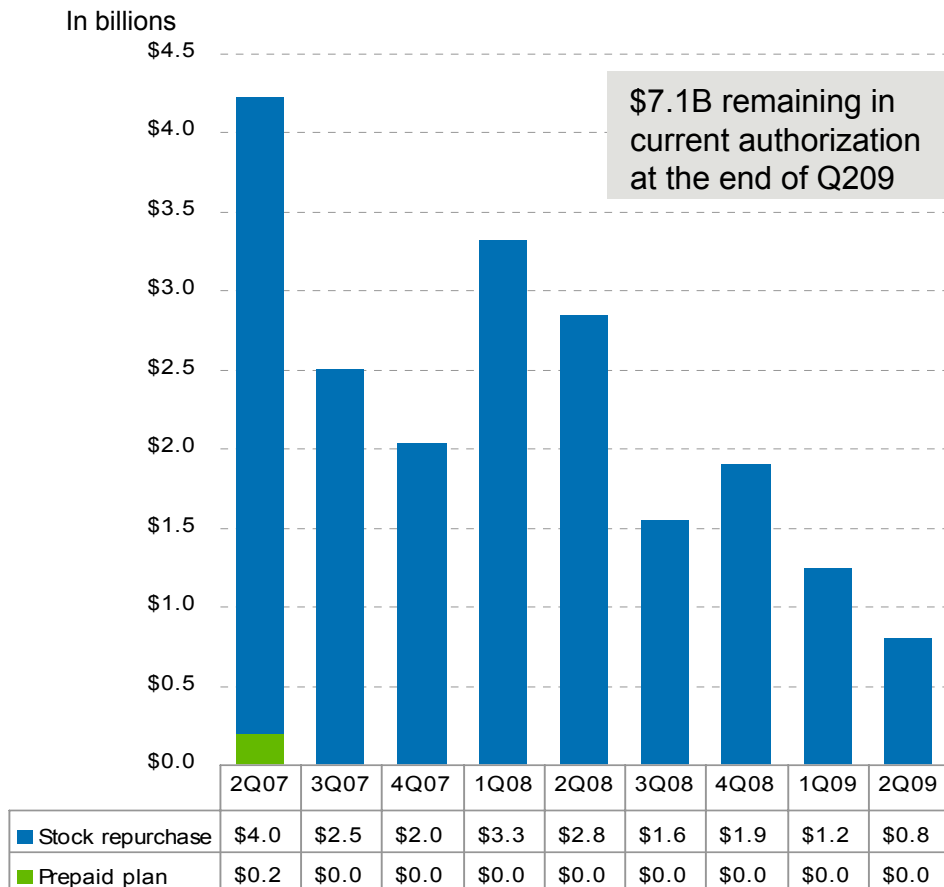


■ Cash flow from operations ■ Free cash flow

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

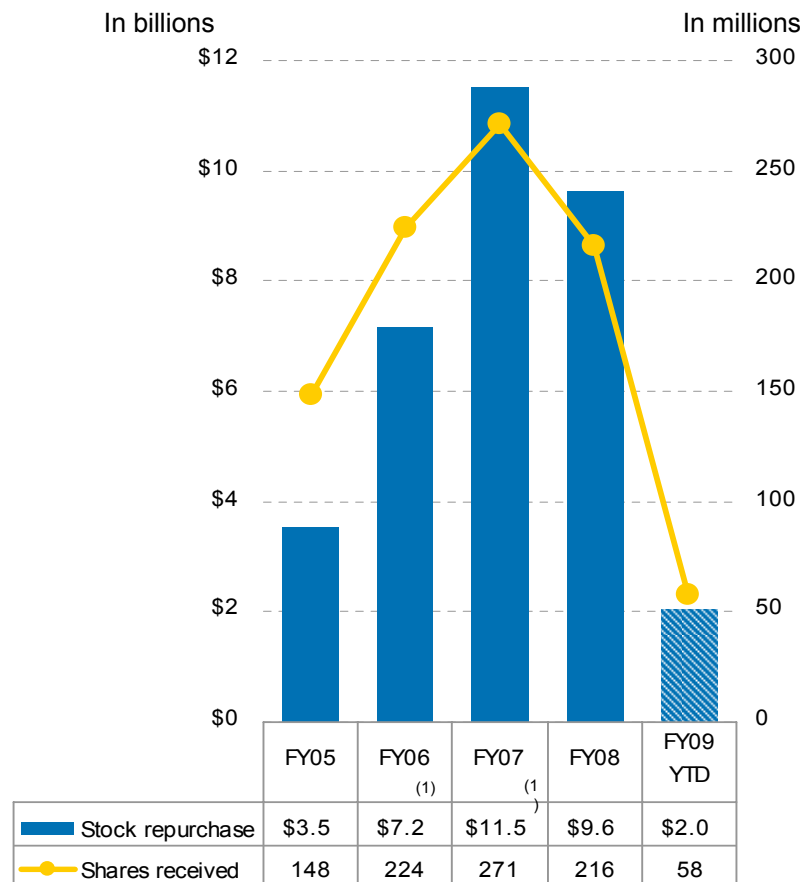
Stock repurchase

Quarterly trends



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

FY05 – FY09



Outlook

Q3 FY09 guidance

| | |
|-----------------------------|---|
| Revenue | Approximately flat to a decline of 2% Q/Q |
| GAAP EPS | \$0.64 - \$0.68 |
| Non-GAAP EPS ⁽¹⁾ | \$0.88 - \$0.90 |

Full year FY09 guidance

| | |
|-----------------------------|-------------------------------------|
| Revenue | Declines approximately 4% to 5% Y/Y |
| GAAP EPS | \$3.02 – \$3.16 |
| Non-GAAP EPS ⁽²⁾ | \$3.76 – \$3.88 |

1. Q3 FY09 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.22 to \$0.24 per share, related primarily to the amortization of purchased intangible assets and restructuring charges.
2. Full year FY09 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately \$0.72 to \$0.74 per share, related primarily to the amortization of purchased intangible assets and restructuring charges.

Supplemental slides



EDS Acquisition

HP completed its acquisition of Electronic Data Services Corporation on August 26, 2008. Results of, and comparisons to, the three and six months ended April 30, 2008 do not include the results of operations of EDS for those prior periods.

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 | 28,800 | | | | | 28,800 |
| Cost of sales | 22,069 | | | | | 22,069 |
| Total OpEx | 4,237 | (412) | (146) | (6) | (48) | 3,625 |
| Operating profit | 2,494 | 412 | 146 | 6 | 48 | 3,106 |
| Interest & other, net | (232) | | | | | (232) |
| Pre-tax earnings | 2,262 | 412 | 146 | 6 | 48 | 2,874 |
| Income tax | 408 | 117 | 47 | - | 17 | 589 |
| Tax rate | 18.0% | | | | | 20.5% |
| Net earnings | 1,854 | | | | | 2,285 |
| 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 |

This table has been restated to conform to fiscal year 2009 presentation

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 |

This table has been restated to conform to fiscal year 2009 presentation

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 |

This table has been restated to conform to fiscal year 2009 presentation

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 |

This table has been restated to conform to fiscal year 2009 presentation

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 |

This table has been restated to conform to fiscal year 2009 presentation

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 |

This table has been restated to conform to fiscal year 2009 presentation

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 |

This table has been restated to conform to fiscal year 2009 presentation

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 |

This table has been restated to conform to fiscal year 2009 presentation

Q2 FY07 GAAP to non-GAAP bridge

| In millions except per share amounts | GAAP | Amort. of Intangibles | Re- structuring | In-process R&D | Pension curtail- ment | Non-GAAP |
|---|--------|--------------------------|--------------------|-------------------|-----------------------------|----------|
| Revenue | 25,534 | | | | | 25,534 |
| Cost of sales | 19,233 | | | | | 19,233 |
| Total OpEx | 4,173 | (212) | (453) | (19) | 508 | 3,997 |
| Operating profit | 2,128 | 212 | 453 | 19 | (508) | 2,304 |
| Interest & other, net | 100 | | | | | 100 |
| Pre-tax earnings | 2,228 | 212 | 453 | 19 | (508) | 2,404 |
| Income tax | 453 | 53 | 155 | — | (177) | 484 |
| Tax rate | 20.3% | | | | | 20.1% |
| Net earnings | 1,775 | | | | | 1,920 |
| EPS | \$0.65 | | | | | \$0.70 |

This table has been restated to conform to fiscal year 2009 presentation

Q1 FY07 GAAP to non-GAAP bridge

| In millions except per share amounts | GAAP | Amort. of Intangibles | Re- structuring | In-process R&D | Pension curtail- ment | Non-GAAP |
|---|--------|--------------------------|--------------------|-------------------|-----------------------------|----------|
| Revenue | 25,082 | | | | | 25,082 |
| Cost of sales | 19,088 | | | | | 19,088 |
| Total OpEx | 4,151 | (201) | 41 | (167) | 9 | 3,833 |
| Operating profit | 1,843 | 201 | (41) | 167 | (9) | 2,161 |
| Interest & other, net | 121 | | | | | 121 |
| Pre-tax earnings | 1,964 | 201 | (41) | 167 | (9) | 2,282 |
| Income tax | 417 | 50 | (8) | — | (3) | 456 |
| Tax rate | 21.2% | | | | | 20% |
| Net earnings | 1,547 | | | | | 1,826 |
| EPS | \$0.55 | | | | | \$0.65 |

This table has been restated to conform to fiscal year 2009 presentation

FY06 GAAP to non-GAAP bridge

| In millions except per share amounts | GAAP | Amort. of Intangibles | Re- structuring charges | In-process R&D | (G)/L Invest. | Non-GAAP |
|---|--------|--------------------------|-------------------------------|-------------------|------------------|----------|
| Revenue | 91,658 | | | | | 91,658 |
| Cost of sales | 69,427 | | | | | 69,427 |
| Total OpEx | 15,671 | (604) | (158) | (52) | | 14,857 |
| Operating profit | 6,560 | 604 | 158 | 52 | | 7,374 |
| Interest & other, net | 631 | | | | (25) | 606 |
| Pre-tax earnings | 7,191 | 604 | 158 | 52 | (25) | 7,980 |
| Income tax | 993 | 175 | 45 | | (10) | 1,203 |
| Tax rate | 13.8% | | | | | 15.1% |
| Net earnings | 6,198 | | | | | 6,777 |
| EPS | \$2.18 | | | | | \$2.38 |

This table has not been restated to conform to fiscal year 2009 presentation

Q4 FY06 GAAP to non-GAAP bridge

| In millions except per share amounts | GAAP | Amort. of Intangibles | Re- structuring | (G)/L Invest. | Non-GAAP |
|---|--------|--------------------------|--------------------|------------------|----------|
| Revenue | 24,555 | | | | 24,555 |
| Cost of sales | 18,593 | | | | 18,593 |
| Total OpEx | 4,061 | (153) | (152) | | 3,756 |
| Operating profit | 1,901 | 153 | 152 | | 2,206 |
| Interest & other, net | 204 | | | (14) | 190 |
| Pre-tax earnings | 2,105 | 153 | 152 | (14) | 2,396 |
| Income tax | 408 | 45 | 43 | (5) | 491 |
| Tax rate | 19.4% | | | | 20.5% |
| Net earnings | 1,697 | | | | 1,905 |
| EPS | \$0.60 | | | | \$0.68 |

This table has not been restated to conform to fiscal year 2009 presentation

Q3 FY06 GAAP to non-GAAP bridge

| In millions except per share amounts | GAAP | Amort. of Intangibles | Re- structuring | (G)/L Invest. | Non-GAAP |
|---|--------|--------------------------|--------------------|------------------|----------|
| Revenue | 21,890 | | | | 21,890 |
| Cost of sales | 16,472 | | | | 16,472 |
| Total OpEx | 3,908 | (153) | (5) | | 3,750 |
| Operating profit | 1,510 | 153 | 5 | | 1,668 |
| Interest & other, net | 228 | | | (7) | 221 |
| Pre-tax earnings | 1,738 | 153 | 5 | (7) | 1,889 |
| Income tax | 363 | 43 | 2 | (2) | 406 |
| Tax rate | 20.9% | | | | 21.5% |
| Net earnings | 1,375 | | | | 1,483 |
| EPS | \$0.48 | | | | \$0.52 |

This table has not been restated to conform to fiscal year 2009 presentation

Q2 FY06 GAAP to non-GAAP bridge

| In millions except per share amounts | GAAP | Amort. of Intangibles | Re- structuring | In-process R&D | (G)/L Invest. | Non-GAAP |
|---|--------|--------------------------|--------------------|-------------------|------------------|----------|
| Revenue | 22,554 | | | | | 22,554 |
| Cost of sales | 16,970 | | | | | 16,970 |
| Total OpEx | 3,927 | (151) | 14 | (2) | | 3,788 |
| Operating profit | 1,657 | 151 | (14) | 2 | | 1,796 |
| Interest & other, net | 163 | | | | (6) | 157 |
| Pre-tax earnings | 1,820 | 151 | (14) | 2 | (6) | 1,953 |
| Income tax ⁽¹⁾ | (79) | 44 | (4) | | (4) | (43) |
| Tax rate ⁽¹⁾ | NM | | | | | NM |
| Net earnings ⁽¹⁾ | 1,899 | | | | | 1,996 |
| EPS ⁽¹⁾ | \$0.66 | | | | | \$0.69 |

This table has not been restated to conform to fiscal year 2009 presentation

1. On June 6, HP upwardly revised Q2 FY06 earnings following the signing of a settlement agreement by the Internal Revenue Service resolving federal income tax matters for HP's 1996 through 1998 tax years. GAAP and Non-GAAP EPS for Q2 FY06 were previously reported as \$0.51 and \$0.54, respectively. Notification from the IRS on June 1 prior to the filing of HP's Q2 FY06 Form 10-Q required this revision to HP's reported Q2 FY06 results.

