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

	Three months ended		
	January 31, 2011	October 31, 2010	January 31, 2010
Net revenue	$ 32,302	$ 33,278	$ 31,177
Costs and Expenses: [a]			
Cost of sales	24,408	24,995	24,027
Research and development	798	814	681
Selling, general and administrative	3,090	3,464	2,967
Amortization of purchased intangible assets	425	424	330
Restructuring charges	158	235	131
Acquisition-related charges	29	51	38
Total costs and expenses	28,908	29,983	28,174
Earnings from operations	3,394	3,295	3,003
Interest and other, net	(97)	(81)	(199)
Earnings before taxes	3,297	3,214	2,804
Provision for taxes	692	676	554
Net earnings	$ 2,605	$ 2,538	$ 2,250
Net earnings per share:			
Basic	$ 1.19	$ 1.13	$ 0.95
Diluted	$ 1.17	$ 1.10	$ 0.93
Cash dividends declared per share	$ 0.16	$ -	$ 0.16
Weighted-average shares used to compute net earnings per share:			
Basic	2,182	2,249	2,358
Diluted	2,226	2,297	2,427

(a) In connection with organizational realignments implemented in the first quarter of fiscal 2011, certain costs previously reported as Costs of Sales have been reclassified as Selling, General and Administrative expenses to better align those costs with the functional areas that benefit from those expenditures.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,
OPERATING MARGIN AND EARNINGS PER SHARE
(Unaudited)
(In millions except per share amounts)

	Three months ended January 31, 2011	Diluted earnings per share	Three months ended October 31, 2010	Diluted earnings per share	Three months ended January 31, 2010	Diluted earnings per share
GAAP net earnings	$ 2,605	$ 1.17	$ 2,538	$ 1.10	$ 2,250	$ 0.93
Non-GAAP adjustments:						
Amortization of purchased intangible assets	425	0.19	424	0.19	330	0.14
Restructuring charges	158	0.07	235	0.10	131	0.05
Acquisition-related charges	29	0.01	51	0.02	38	0.01
Adjustments for taxes	(187)	(0.08)	(184)	(0.08)	(155)	(0.06)
Non-GAAP net earnings	$ 3,030	$ 1.36	$ 3,064	$ 1.33	$ 2,594	$ 1.07
GAAP earnings from operations	$ 3,394		$ 3,295		$ 3,003	
Non-GAAP adjustments:						
Amortization of purchased intangible assets	425		424		330	
Restructuring charges	158		235		131	
Acquisition-related charges	29		51		38	
Non-GAAP earnings from operations	$ 4,006		$ 4,005		$ 3,502	
GAAP operating margin	11%		10%		10%	
Non-GAAP adjustments	1%		2%		1%	
Non-GAAP operating margin	12%		12%		11%	

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

	January 31, 2011 (unaudited)	October 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,934	$ 10,929
Accounts receivable	16,552	18,481
Financing receivables	2,982	2,986
Inventory	6,747	6,466
Other current assets	15,189	15,322
Total current assets	51,404	54,184
Property, plant and equipment	11,575	11,763
Long-term financing receivables and other assets	11,017	12,225
Goodwill and purchased intangible assets	45,937	46,331
Total assets	$ 119,933	$ 124,503
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	$ 3,381	$ 7,046
Accounts payable	13,453	14,365
Employee compensation and benefits	2,976	4,256
Taxes on earnings	789	802
Deferred revenue	6,927	6,727
Other accrued liabilities	16,084	16,207
Total current liabilities	43,610	49,403
Long-term debt	17,022	15,258
Other liabilities	17,754	19,061
Stockholders' equity:		
HP stockholders' equity	41,206	40,449
Non-controlling interests	341	332
Total stockholders' equity	41,547	40,781
Total liabilities and stockholders' equity	$ 119,933	$ 124,503

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

	Three months ended	
	January 31, 2011	January 31, 2010
Cash flows from operating activities:		
Net earnings	$ 2,605	$ 2,250
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,255	1,162
Stock-based compensation expense	180	181
Provision for bad debt and inventory	86	92
Restructuring charges	158	131
Deferred taxes on earnings	632	(192)
Excess tax benefit from stock-based compensation	(64)	(128)
Other, net	(104)	87
Changes in assets and liabilities:		
Accounts and financing receivables	1,752	1,875
Inventory	(333)	(543)
Accounts payable	(912)	(1,268)
Taxes on earnings	(242)	479
Restructuring	(272)	(400)
Other assets and liabilities	(1,671)	(1,319)
Net cash provided by operating activities	3,070	2,407
Cash flows from investing activities:		
Investment in property, plant and equipment	(926)	(821)
Proceeds from sale of property, plant and equipment	543	112
Purchases of available-for-sale securities and other investments	(19)	(9)
Maturities and sales of available-for-sale securities and other investments	53	-
(Payments) receipts made in connection with business acquisition, net	(14)	7
Net cash used in investing activities	(363)	(711)
Cash flows from financing activities:		
(Repayment) issuance of commercial paper and notes payable, net	(3,710)	78
Issuance of debt	2,117	29
Payment of debt	(138)	(80)
Issuance of common stock under employee stock plans	430	1,319
Repurchase of common stock	(2,290)	(2,713)
Excess tax benefit from stock-based compensation	64	128
Dividends	(175)	(189)
Net cash used in financing activities	(3,702)	(1,428)
(Decrease) increase in cash and cash equivalents	(995)	268
Cash and cash equivalents at beginning of period	10,929	13,279
Cash and cash equivalents at end of period	$ 9,934	$ 13,547

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

	Three months ended		
	January 31, 2011	October 31, 2010	January 31, 2010
Net revenue: [a]			
Services	$ 8,607	$ 9,125	$ 8,790
Enterprise Servers, Storage and Networking	5,634	5,888	4,610
HP Software	697	763	663
HP Enterprise Business	14,938	15,776	14,063
Personal Systems Group	10,449	10,283	10,584
Imaging and Printing Group	6,630	6,995	6,206
HP Financial Services	827	809	719
Corporate Investments	78	135	60
Total Segments	32,922	33,998	31,632
Eliminations of intersegment net revenue and other	(620)	(720)	(455)
Total HP Consolidated Revenue	$ 32,302	$ 33,278	$ 31,177
Earnings from operations: [a]			
Services	$ 1,375	$ 1,500	$ 1,379
Enterprise Servers, Storage and Networking	828	888	607
HP Software	123	261	172
HP Enterprise Business	2,326	2,649	2,158
Personal Systems Group	672	568	530
Imaging and Printing Group	1,129	1,220	1,054
HP Financial Services	79	73	67
Corporate Investments	(183)	(157)	(56)
Total Segments	4,023	4,353	3,753
Corporate and unallocated costs and eliminations	149	(239)	(88)
Unallocated costs related to stock-based compensation expense	(166)	(109)	(163)
Amortization of purchased intangible assets	(425)	(424)	(330)
Restructuring charges	(158)	(235)	(131)
Acquisition-related charges	(29)	(51)	(38)
Interest and other, net	(97)	(81)	(199)
Total HP Consolidated Earnings Before Taxes	$ 3,297	$ 3,214	$ 2,804

(a) Certain fiscal 2011 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2010, the reclassifications resulted in the transfer of revenue and operating profit among the Enterprise Servers, Storage and Networking, Services, HP Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of the networking business from Corporate Investments to Enterprise Servers, Storage and Networking, the transfer of the communications and media solutions business from HP Software to Services, and the transfer of the business intelligence business from HP Software to Corporate Investments. There was no impact on the previously reported financial results for the Personal Systems Group, HP Financial Services and Imaging and Printing Group segments.

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

	Three months ended		
	January 31, 2011	October 31, 2010	January 31, 2010
Net revenue: [a]			
Infrastructure Technology Outsourcing	$ 3,636	$ 3,851	$ 3,675
Technology Services	2,602	2,733	2,631
Application Services	1,632	1,763	1,681
Business Process Outsourcing	658	695	734
Other	79	83	69
Services	8,607	9,125	8,790
Industry Standard Servers	3,448	3,530	2,946
Storage	1,012	1,044	889
Business Critical Systems	555	695	556
HP Networking [b]	619	619	219
Enterprise Servers, Storage and Networking	5,634	5,888	4,610
HP Software [c]	697	763	663
HP Enterprise Business	14,938	15,776	14,063
Notebooks	5,808	5,623	6,138
Desktops	3,896	3,928	3,853
Workstations	535	529	375
Other	210	203	218
Personal Systems Group [d]	10,449	10,283	10,584
Supplies	4,358	4,707	4,081
Commercial Hardware	1,464	1,541	1,291
Consumer Hardware	808	747	834
Imaging and Printing Group	6,630	6,995	6,206
HP Financial Services	827	809	719
Corporate Investments	78	135	60
Total Segments	32,922	33,998	31,632
Eliminations of intersegment net revenue and other	(620)	(720)	(455)
Total HP Consolidated Revenue	$ 32,302	$ 33,278	$ 31,177

(a) Certain fiscal 2011 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2010, the reclassifications resulted in the transfer of revenue among the Enterprise Servers, Storage and Networking, Services, HP Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of the networking business from Corporate Investments to Enterprise Servers, Storage and Networking, the transfer of the communications and media solutions business from HP Software to Services, and the transfer of the business intelligence business from HP Software to Corporate Investments. In addition, revenue was transferred among the business units within the Services and Personal Systems Group segments. There was no impact on the previously reported financial results for the HP Financial Services and Imaging and Printing Group segments or for the business units within the Imaging and Printing Group segment.

(b) The networking business was added to the Enterprise Servers, Storage and Networking segment in fiscal 2011.

(c) The Business Technology Optimization and Other Software business units were consolidated into a single business unit within the HP Software segment in fiscal 2011.

(d) The Handhelds business unit, which includes devices that run on Windows Mobile software, was reclassified into the Other business unit within the Personal Systems Group in fiscal 2011.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
SEGMENT REVENUE SUMMARY DATA
(Unaudited)
(In millions)

	Three months ended	Revenue growth rate (%)	
	January 31, 2011	Y/Y	Q/Q
Net revenue: [a]			
Infrastructure Technology Outsourcing	$ 3,636	(1%)	(6%)
Technology Services	2,602	(1%)	(5%)
Application Services	1,632	(3%)	(7%)
Business Process Outsourcing	658	(10%)	(5%)
Other	79	14%	(5%)
Services	8,607	(2%)	(6%)
Industry Standard Servers	3,448	17%	(2%)
Storage	1,012	14%	(3%)
Business Critical Systems	555	0%	(20%)
HP Networking	619	183%	0%
Enterprise Servers, Storage and Networking	5,634	22%	(4%)
HP Software	697	5%	(9%)
HP Enterprise Business	14,938	6%	(5%)
Notebooks	5,808	(5%)	3%
Desktops	3,896	1%	(1%)
Workstations	535	43%	1%
Other	210	(4%)	3%
Personal Systems Group	10,449	(1%)	2%
Supplies	4,358	7%	(7%)
Commercial Hardware	1,464	13%	(5%)
Consumer Hardware	808	(3%)	8%
Imaging and Printing Group	6,630	7%	(5%)
HP Financial Services	827	15%	2%
Corporate Investments	78	30%	(42%)
Total Segments	32,922	4%	(3%)
Eliminations of intersegment net revenue and other	(620)	36%	(14%)
Total HP Consolidated Revenue	$ 32,302	4%	(3%)

(a) Certain fiscal 2011 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2010, the reclassifications resulted in the transfer of revenue among the Enterprise Servers, Storage and Networking, Services, HP Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of the networking business from Corporate Investments to Enterprise Servers, Storage and Networking, the transfer of the communications and media solutions business from HP Software to Services, and the transfer of the business intelligence business from HP Software to Corporate Investments. In addition, revenue was transferred among the business units within the Services and Personal Systems Group segments. There was no impact on the previously reported financial results for the HP Financial Services and Imaging and Printing Group segments or for the business units within the Imaging and Printing Group segment.

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

	Three months ended	Change in Operating Margin (pts)	
	January 31, 2011	Y/Y	Q/Q
Non-GAAP Operating Margin: [a]			
Services	16.0%	0.3 pts	(0.4 pts)
Enterprise Servers, Storage and Networking	14.7%	1.5 pts	(0.4 pts)
HP Software	17.6%	(8.3 pts)	(16.6 pts)
HP Enterprise Business	15.6%	0.3 pts	(1.2 pts)
Personal Systems Group	6.4%	1.4 pts	0.9 pts
Imaging and Printing Group	17.0%	0.0 pts	(0.4 pts)
HP Financial Services	9.6%	0.3 pts	0.6 pts
Corporate Investments	(234.6%)	(141.3 pts)	(118.3 pts)
Total Segments	12.2%	0.3 pts	(0.6 pts)
Total HP Consolidated Non-GAAP Operating Margin	12.4%	1.2 pts	0.4 pts

(a) Certain fiscal 2011 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. For each of the quarters in fiscal year 2010, the reclassifications resulted in the transfer of revenue and operating profit among the Enterprise Servers, Storage and Networking, Services, HP Software and Corporate Investments financial reporting segments. Reclassifications between segments included the transfer of the networking business from Corporate Investments to Enterprise Servers, Storage and Networking, the transfer of the communications and media solutions business from HP Software to Services, and the transfer of the business intelligence business from HP Software to Corporate Investments. There was no impact on the previously reported financial results for the Personal Systems Group, HP Financial Services and Imaging and Printing Group segments.

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

	Three months ended		
	January 31, 2011	October 31, 2010	January 31, 2010
Numerator:			
Net earnings	$ 2,605	$ 2,538	$ 2,250
Denominator:			
Weighted-average shares used to compute basic EPS	2,182	2,249	2,358
Dilutive effect of employee stock plans	44	48	69
Weighted-average shares used to compute diluted EPS	2,226	2,297	2,427
Net earnings per share:			
Basic[(a)]	$ 1.19	$ 1.13	$ 0.95
Diluted[(b)]	$ 1.17	$ 1.10	$ 0.93

(a) Basic earnings per share was calculated based on net earnings and the weighted-average number of shares outstanding during the reporting period.

(b) Diluted earnings per share included any dilutive effect of outstanding stock options, performance-based restricted units, restricted stock units and restricted stock.

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

	Three months ended		
	January 31, 2011	October 31, 2010	January 31, 2010
Numerator:			
Non-GAAP net earnings	$ 3,030	$ 3,064	$ 2,594
Denominator:			
Weighted-average shares used to compute basic EPS	2,182	2,249	2,358
Dilutive effect of employee stock plans	44	48	69
Weighted-average shares used to compute diluted EPS	2,226	2,297	2,427
Non-GAAP net earnings per share:			
Basic[a]	$ 1.39	$ 1.36	$ 1.10
Diluted[b]	$ 1.36	$ 1.33	$ 1.07

(a) Basic non-GAAP earnings per share was calculated based on non-GAAP net earnings and the weighted-average number of shares outstanding during the reporting period.

(b) Diluted non-GAAP earnings per share included any dilutive effect of outstanding stock options, performance-based restricted units, restricted stock units and restricted stock.