HP Q2 FY11 Earnings Announcement

May 17, 2011

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

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 financial 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, earnings per share, 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 the impact of macroeconomic and geopolitical trends and events; the competitive pressures faced by HP's businesses; 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 protection of HP's intellectual property assets, including intellectual property licensed from third parties; integration and other risks associated with business combination and investment transactions; the hiring and retention of key employees; 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, 2010 and HP's other filings with the Securities and Exchange Commission, including HP's Quarterly Report on From 10-Q for the fiscal quarter ended January 31, 2011. As in prior periods, the financial information set forth in this presentation, 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 April 30, 2011. In particular, determining HP's actual tax balances and provisions as of April 30, 2011 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.

Q2 HIGHLIGHTS

- Solid Q2 results with revenue up 3%, non-GAAP EPS up 14%, and cash flow from operations up 28% Y/Y
  - Revenue from HP commercial businesses increased 8% Y/Y
  - Expanded gross margins 100 bps and non-GAAP operating margins 10 bps Y/Y
  - Generated strong cash flow from operations with a 28% increase Y/Y
  - Strength in BRIC countries continues with revenue up 19% Y/Y

- Strength in commercial businesses continues
  - Converged infrastructure winning in the datacenter with ESSN growing revenue 15% Y/Y
  - PSG and IPG capitalizing on continued commercial demand, with year-over-year growth in commercial PC client and commercial printer revenue of 13% and 7%, respectively
  - Strong Software performance with revenue up 17% Y/Y and recent acquisitions ahead of plan

- Capitalizing on shift to digital printing
  - IPG continued its market leadership, growing revenue 5% Y/Y, gaining share, and demonstrating a winning product portfolio
  - Well-positioned for long-term shift from analog to digital

- Accelerating alignment of services business with HP strategy to improve long-term performance
  - Investing in Services to drive more value-added solutions and migration to cloud

- Executing strategy to lead in cloud and connectivity
  - Gaining momentum in cloud with strong customer interest and successful launch of HP Cloud System
  - Driving connectivity strategy with continued PC leadership, web-connected printers, and focus on TouchPad release

Q2 FY11 RESULTS OVERVIEW

Financial Summary

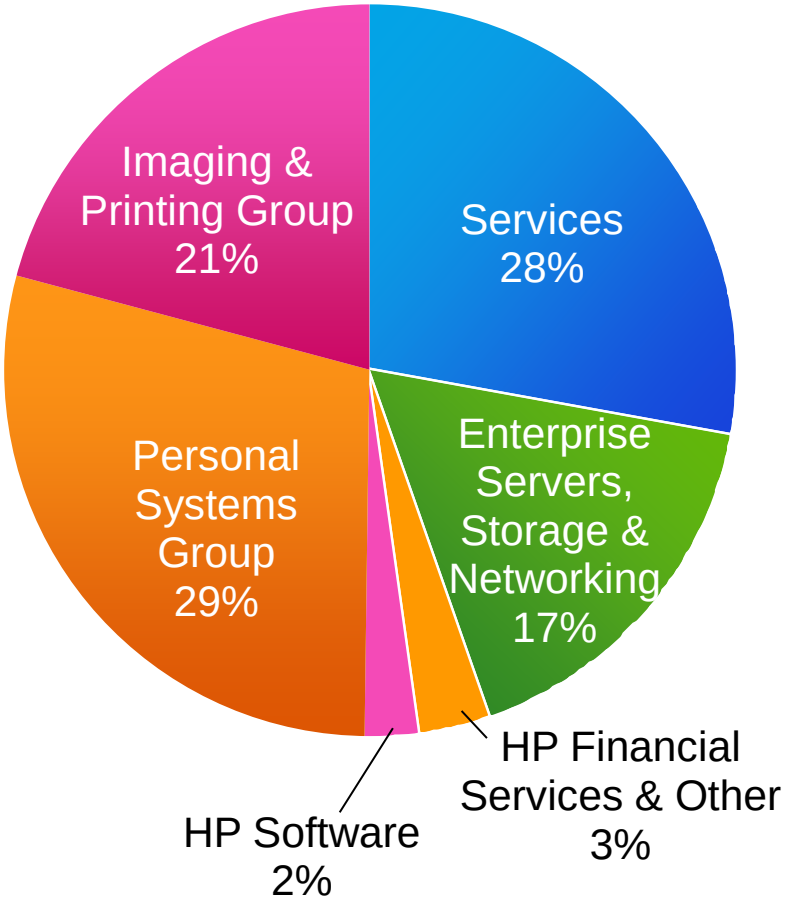
- Net revenue of $31.6B, up 3% Y/Y, up 1% Y/Y in constant currency
- Non-GAAP[1] diluted EPS of $1.24, up 14% Y/Y
- GAAP diluted EPS of $1.05, up 15% Y/Y
- Cash flow from operations of $4.0 billion
- $2.7B in share repurchases and $182M in dividends

$ in millions	Q2 Revenue	Growth Y/Y%	OP $	OP % of rev	OP $ Y/Y	OP % Y/Y
Services	$8,977	2%	$1,361	15.2%	($40)	(0.6) pts
Enterprise Servers, Storage and Networking	$5,556	15%	$766	13.8%	$142	0.9 pts
HP Software	$764	17%	$154	20.2%	($13)	(5.4) pts
Enterprise Business	$15,297	7%	$2,281	14.9%	$89	(0.4) pts
Personal Systems Group	$9,415	(5%)	$533	5.7%	$68	1.0 pts
Imaging and Printing Group	$6,745	5%	$1,144	17.0%	$46	(0.2) pts
HP Financial Services	$885	17%	$83	9.4%	$14	0.3 pts
Total HP[2]	$31,632	3%	$3,560 [1]	11.3% [1]	$98 [1]	0.1pts [1]

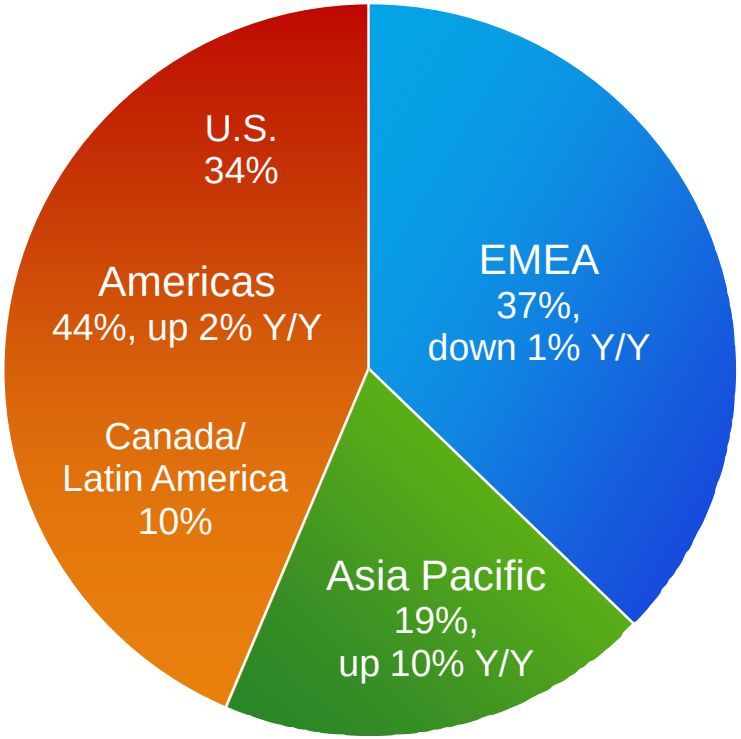
1. All non-GAAP numbers have been adjusted to exclude certain items. A reconciliation of specific adjustments to GAAP results for this quarter and prior periods is included on slide 17 and in the GAAP to non-GAAP slides that appear as part of the supplemental slides of this presentation. A description 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 FY11 REVENUE

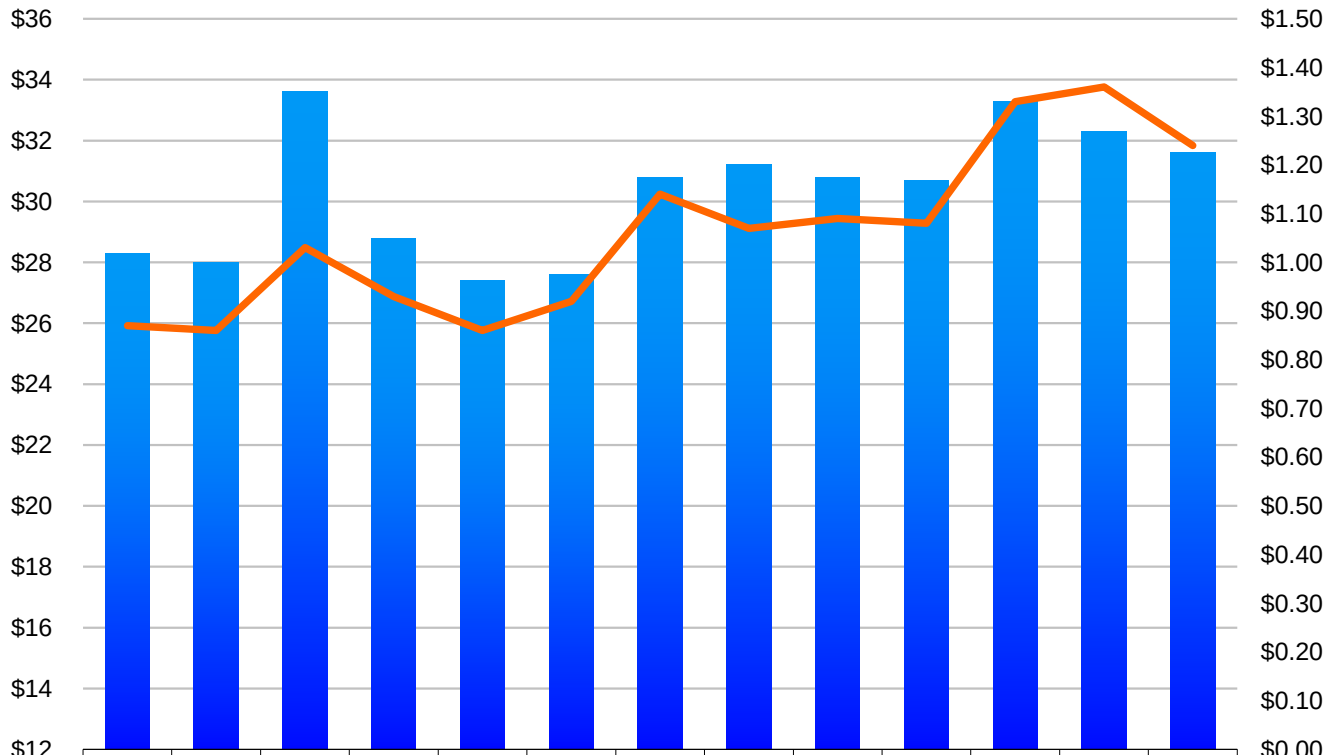
By Segment



By Region

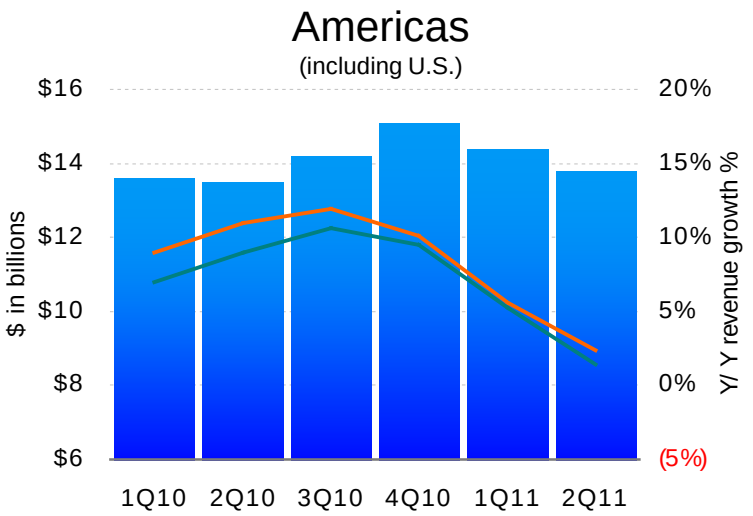


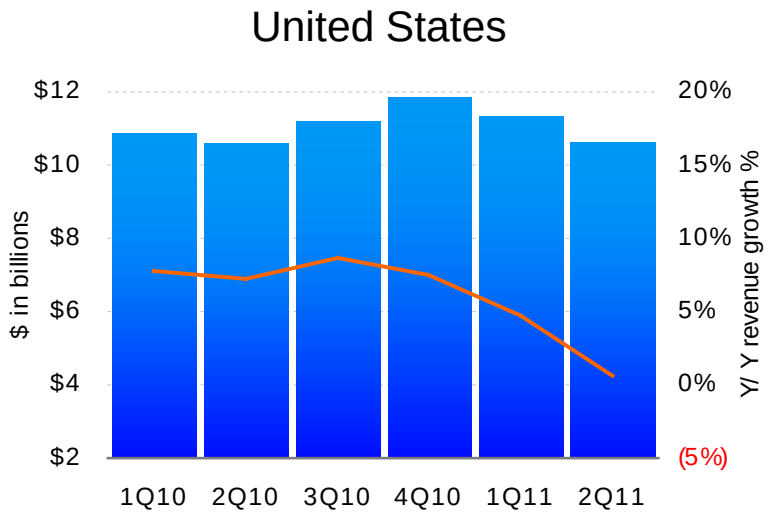
REVENUE & EPS PERFORMANCE

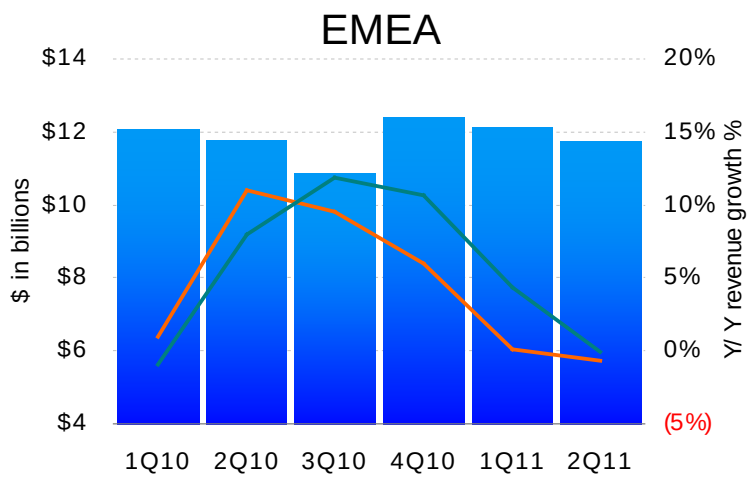


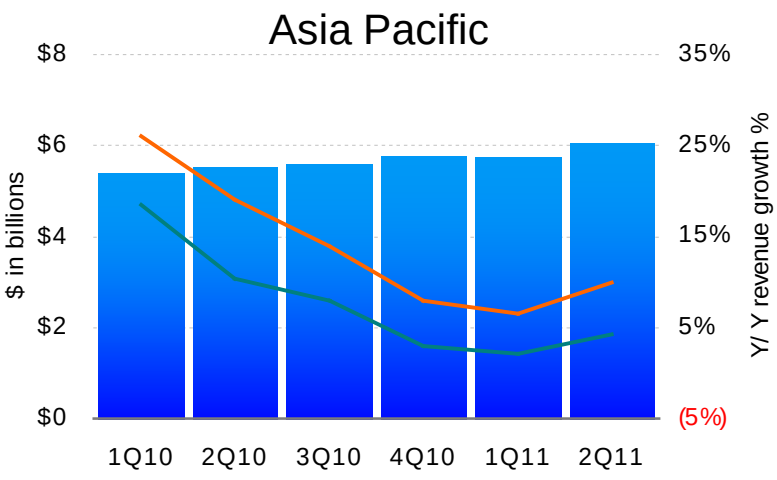
	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Revenue (in billions)	$28.3	$28.0	$33.6	$28.8	$27.4	$27.6	$30.8	$31.2	$30.8	$30.7	$33.3	$32.3	$31.6
Non-GAAP EPS	$0.87	$0.86	$1.03	$0.93	$0.86	$0.92	$1.14	$1.07	$1.09	$1.08	$1.33	$1.36	$1.24

REGIONAL REVENUE TRENDS



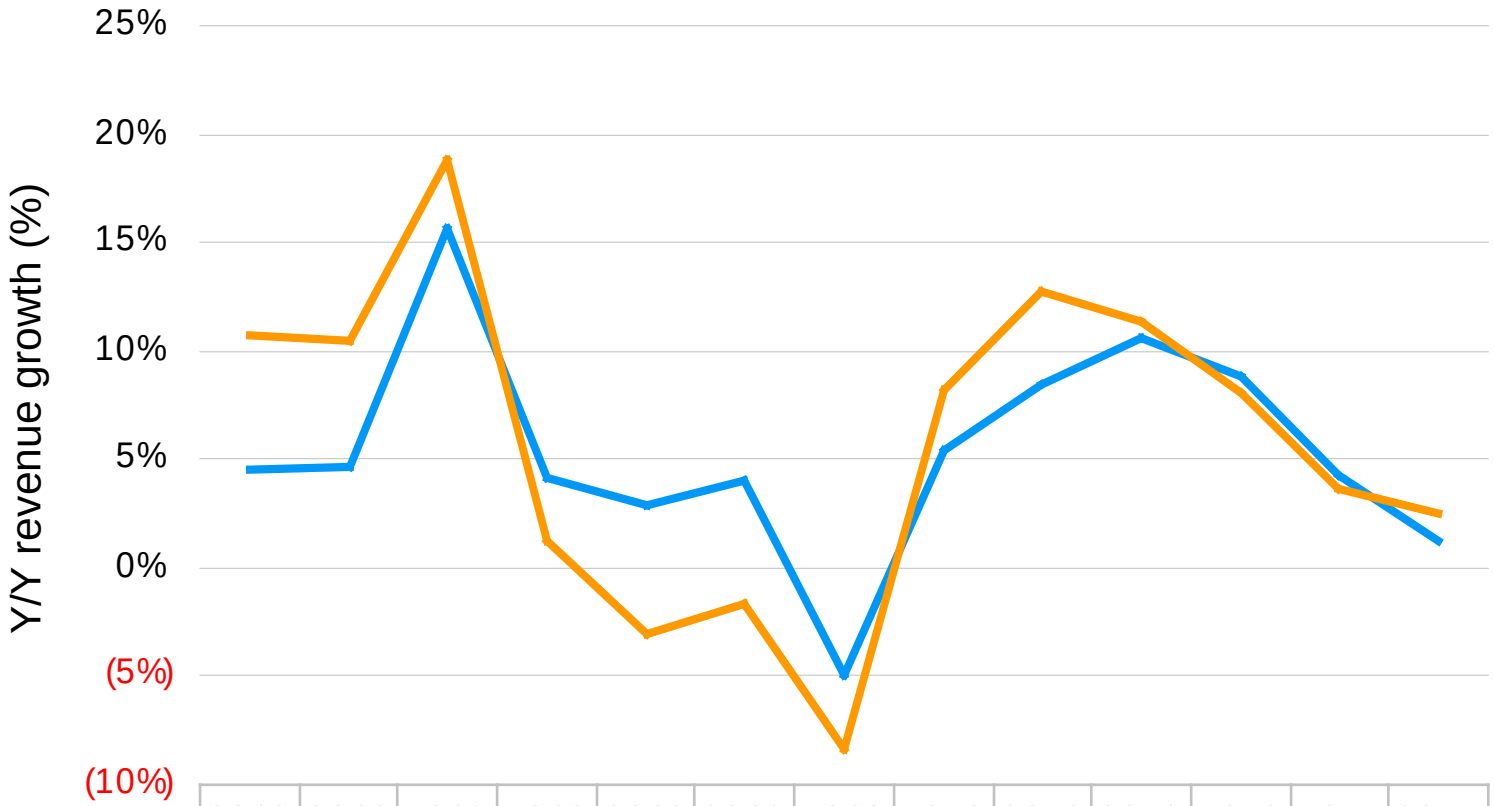






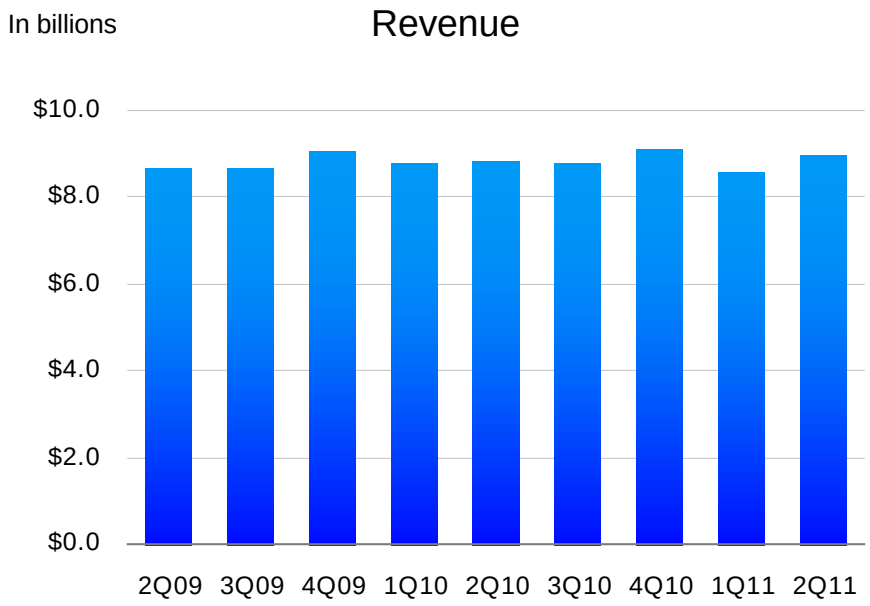
Y/Y revenue growth %
Y/Y constant currency revenue growth %

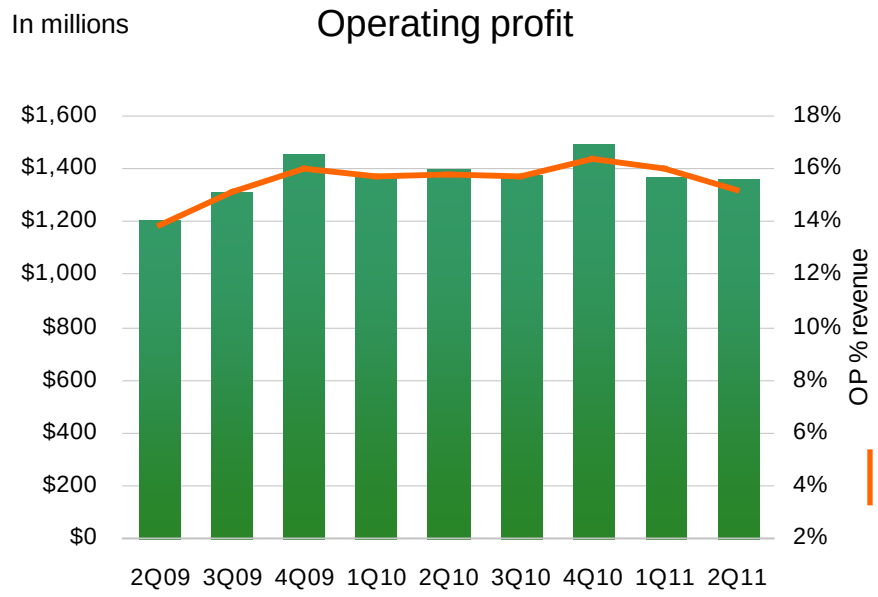
REVENUE GROWTH

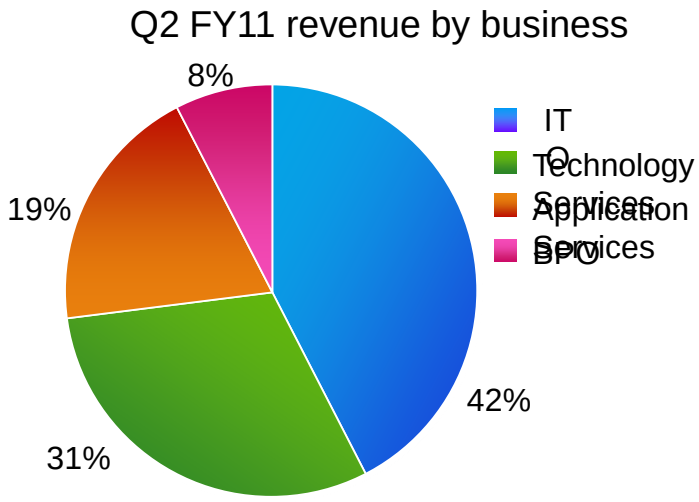


	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Constant currency	4.5%	4.7%	15.6%	4.2%	2.9%	4.0%	-5.0%	5.4%	8.4%	10.6%	8.8%	4.3%	1.3%
As reported	10.7%	10.5%	18.8%	1.2%	-3.1%	-1.6%	-8.4%	8.2%	12.7%	11.4%	8.1%	3.6%	2.5%

SERVICES

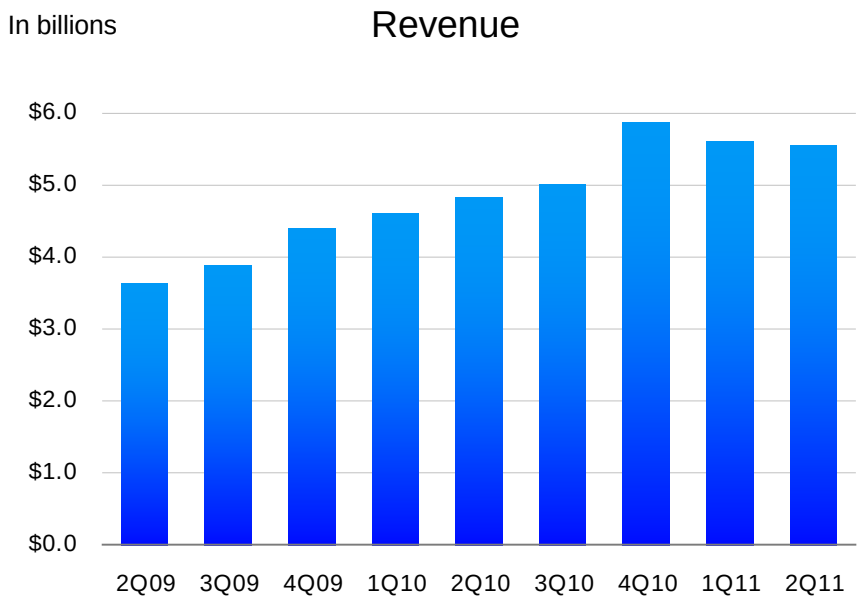


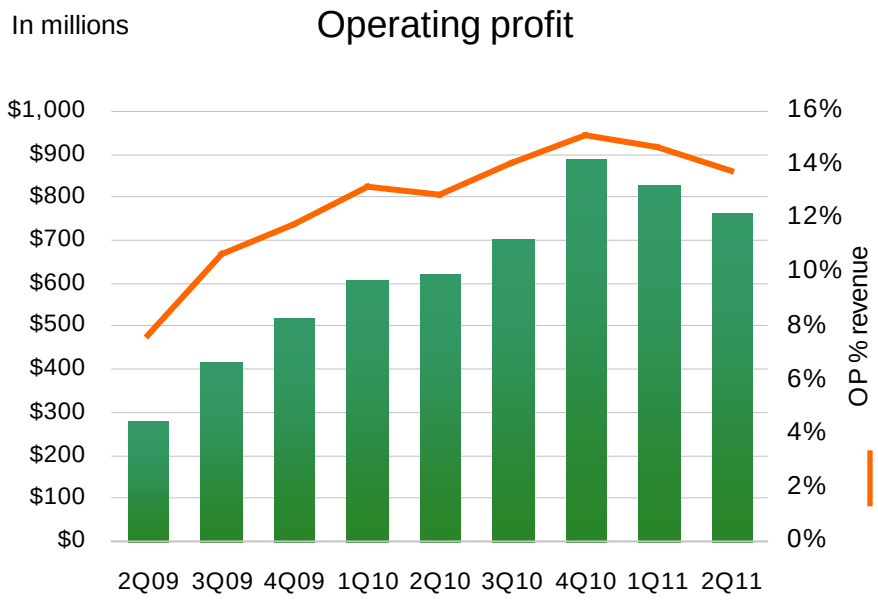


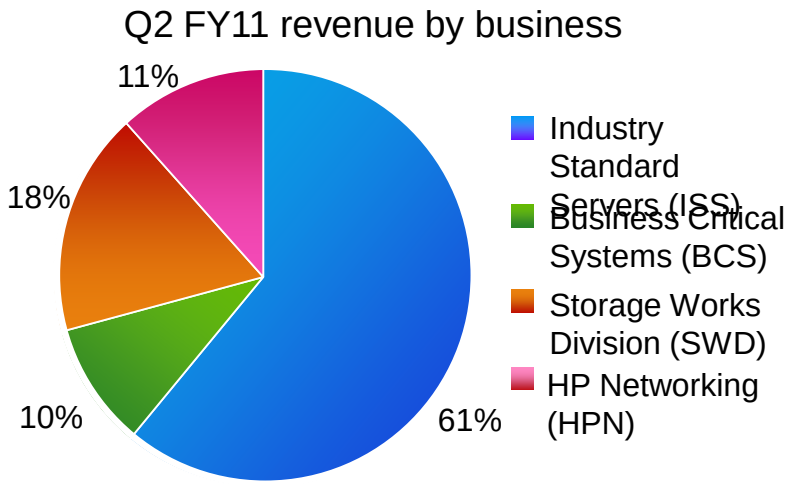


- Services revenue of $9.0B, up 2% Y/Y
- Operating profit of $1.4B, 15.2% of revenue
- ITO revenue up 2% Y/Y
- Technology Services revenue up 2% Y/Y
- Application Services revenue up 2% Y/Y
- BPO revenue down 6% Y/Y (up 1% Y/Y, excluding the ExcellerateHRO divestiture)

ENTERPRISE SERVERS,STORAGE AND NETWORKING (ESSN)

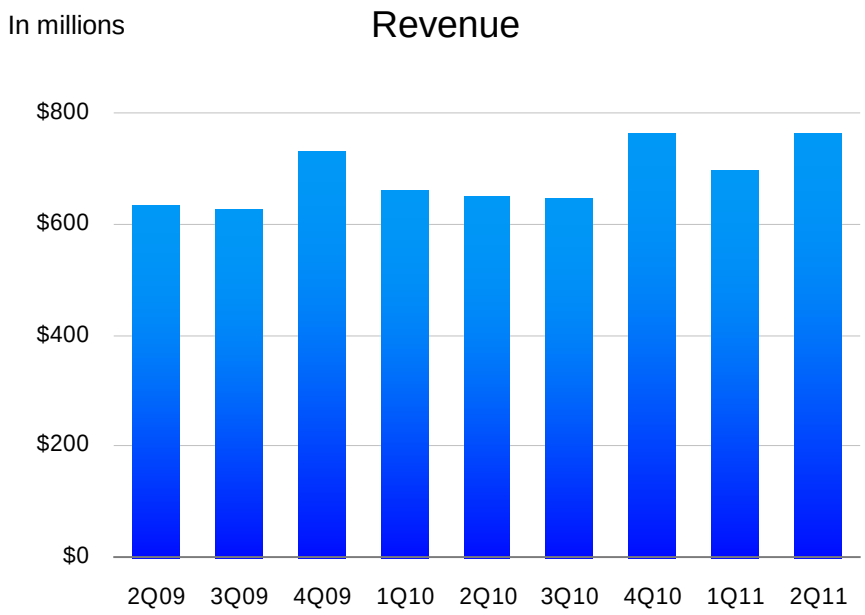


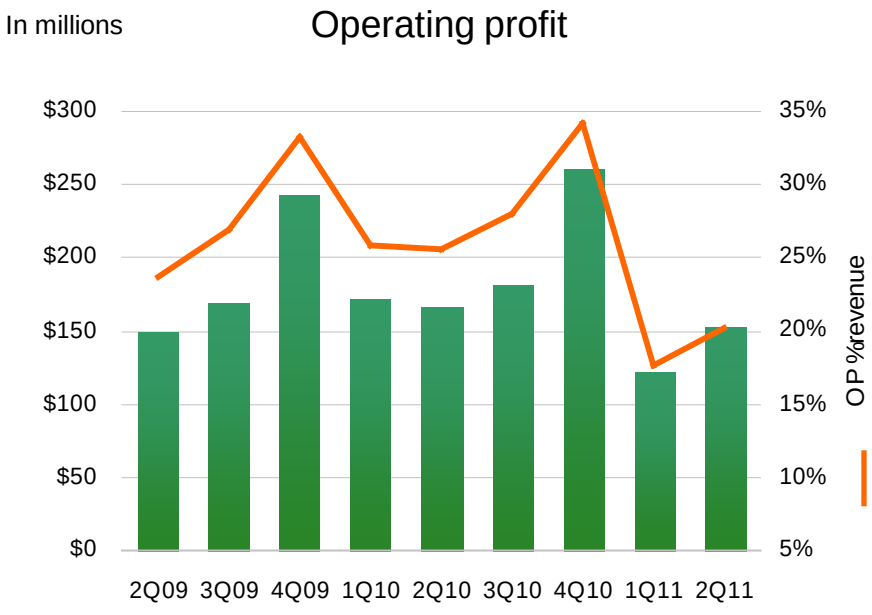


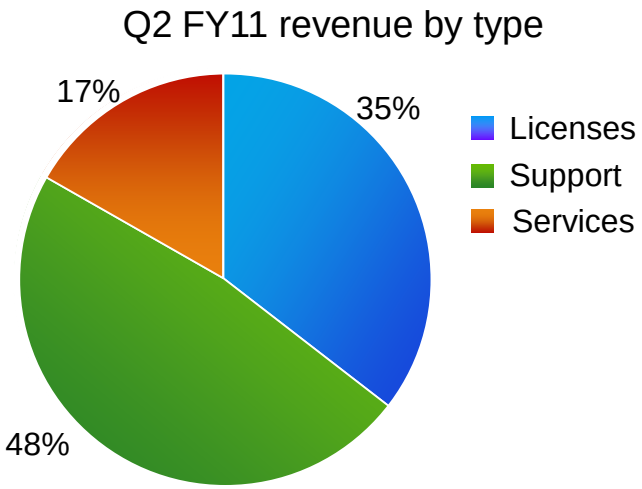


- ESSN revenue of $5.6B, up 15% Y/Y
- Operating profit of $766M, 13.8% of revenue
- ISS revenue up 11% Y/Y
- BCS revenue up 1% Y/Y
- Storage revenue up 3% Y/Y
- Networking revenue up 118% Y/Y
- ESS Blades revenue up 20% Y/Y

HP SOFTWARE

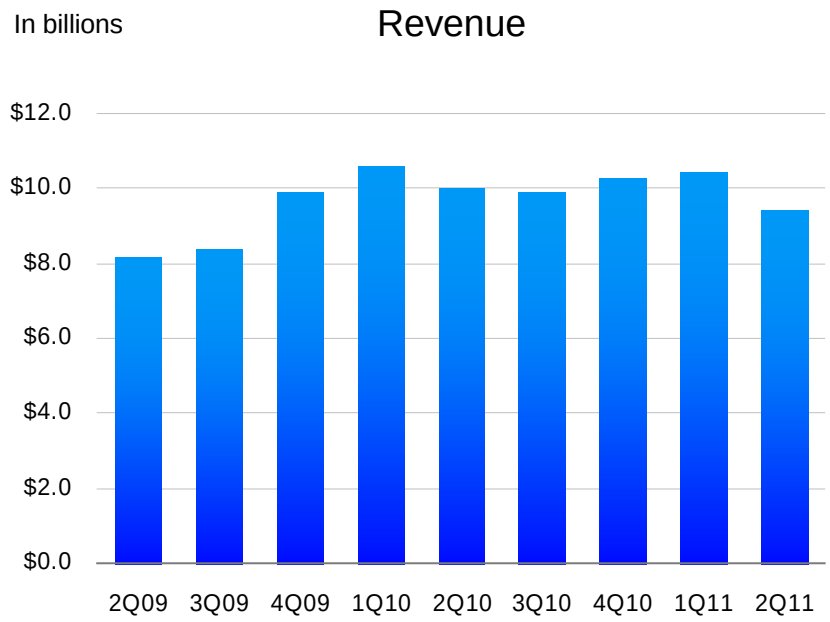


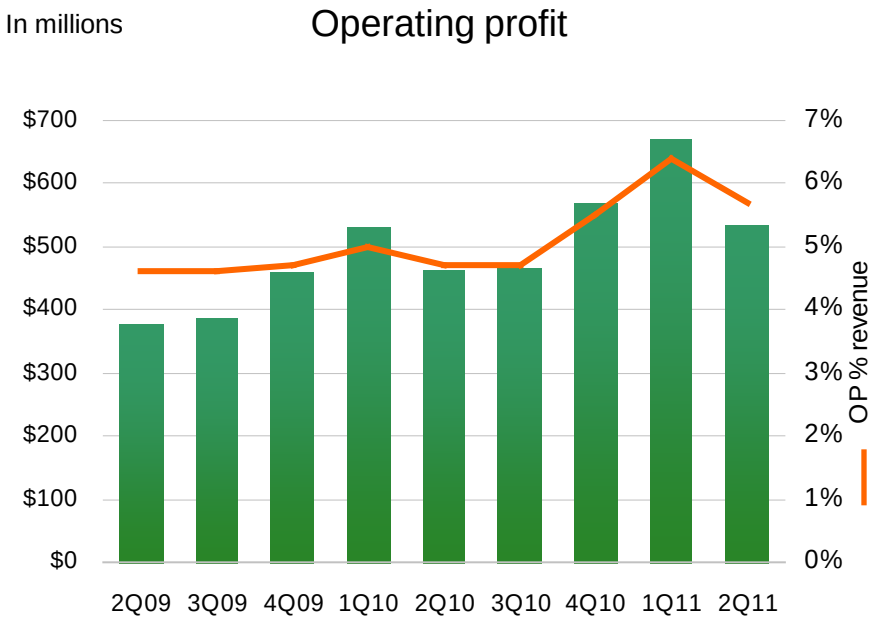


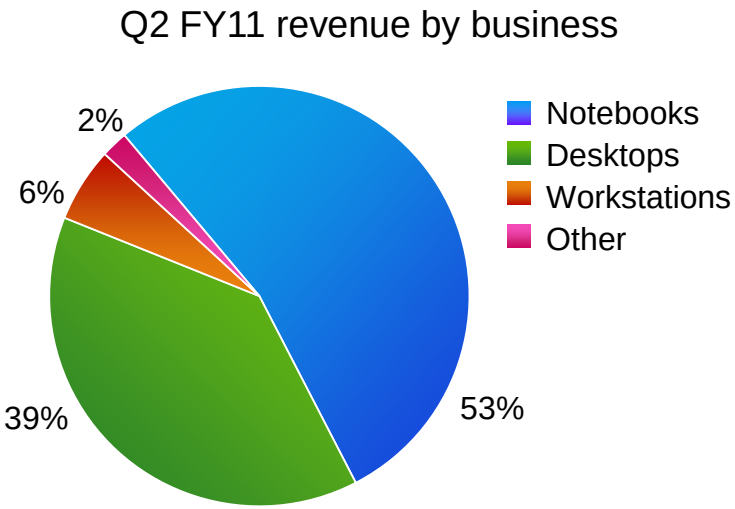


- Software revenue of $764M, up 17% Y/Y
- Operating profit of $154M, 20.2% of revenue
- Licenses revenue up 29% Y/Y
- Support revenue up 8% Y/Y
- Services revenue up 22% Y/Y

PERSONAL SYSTEMS GROUP (PSG)

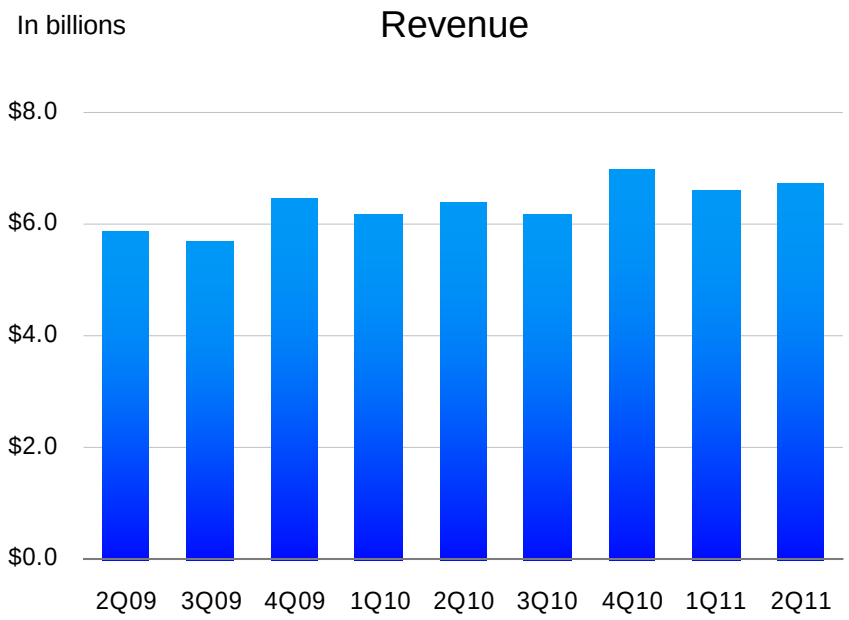


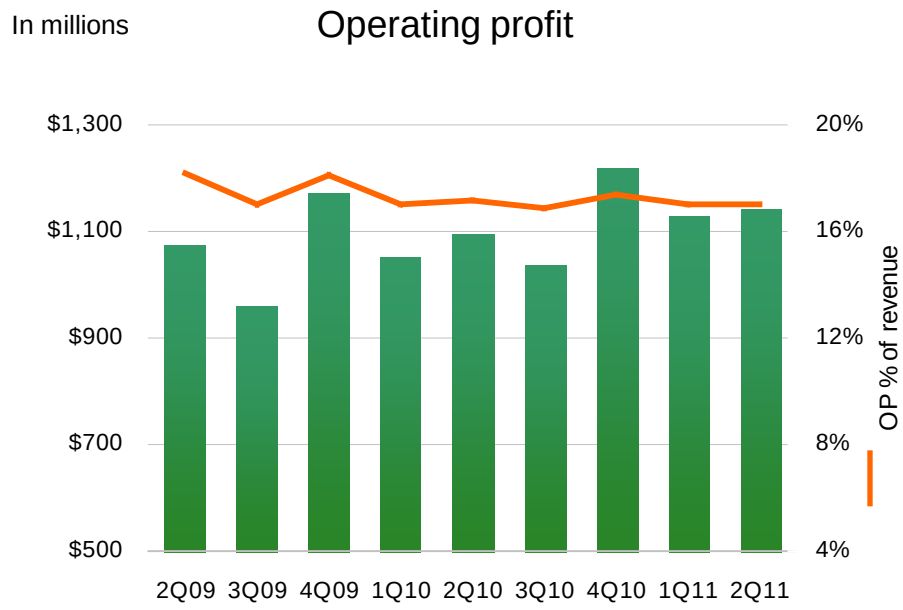


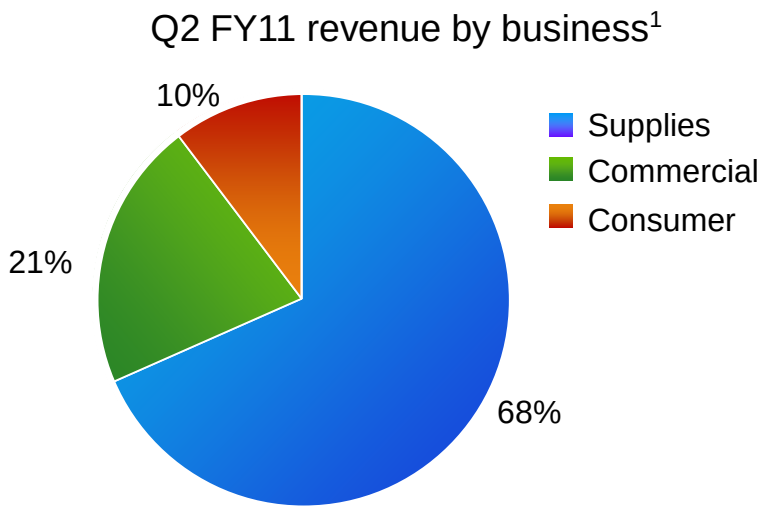


- PSG revenue of $9.4B, down 5% Y/Y
- Operating profit of $533M, 5.7% of revenue
- Total units up 1% Y/Y
- Notebook revenue down 9%, units up 1% Y/Y
- Desktop revenue down 4%, units up 1% Y/Y
- Consumer client revenue down 23% Y/Y, Commercial client revenue up 13% Y/Y

IMAGING & PRINTING GROUP (IPG)



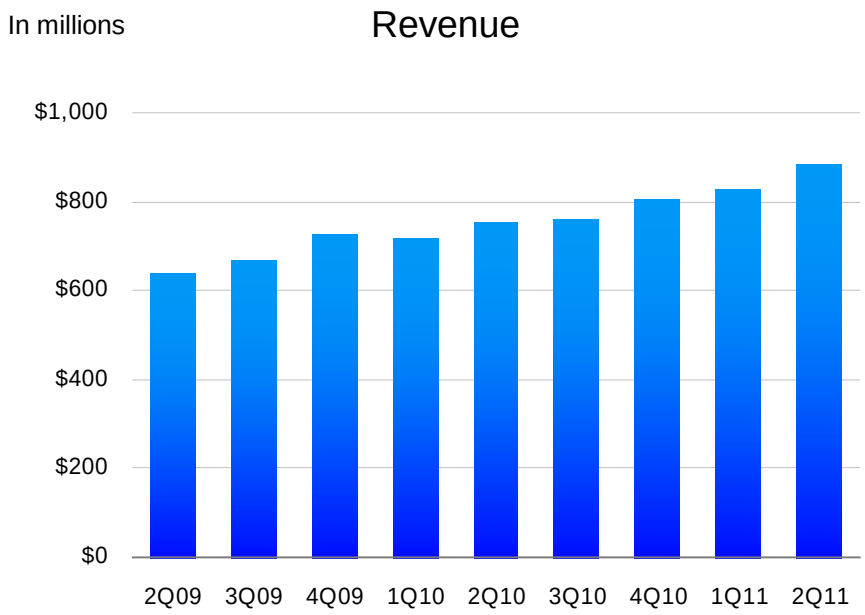


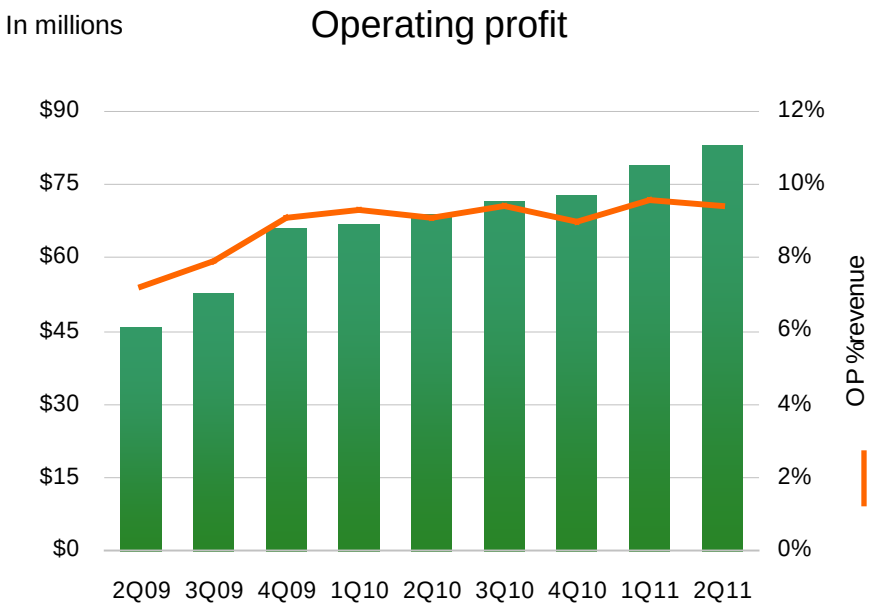


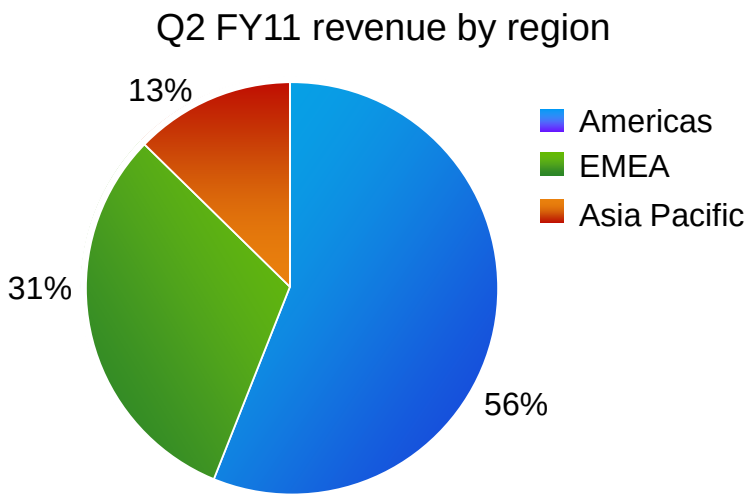
- IPG revenue of $6.7B, up 5% Y/Y
- Operating profit of $1.1B, 17.0% of revenue
- Supplies revenue up 7% Y/Y
- Total printer hardware units up 12% Y/Y, Consumer printer hardware units up 4% Y/Y, Commercial printer hardware units up 41% Y/Y
- Color LaserJet units up 26% Y/Y
- Printer-based MFP units up 60% Y/Y
- Indigo digital press page volume up 22% Y/Y

1. Numbers may not sum due to rounding

HP FINANCIAL SERVICES (HPFS)







- HPFS revenue of $885M, up 17% Y/Y
- Operating profit of $83M, 9.4% of revenue
- Financing volume up 14% Y/Y
- Net portfolio assets of $12.1B, up 18% Y/Y

Non-GAAP[1] FINANCIAL INFORMATION

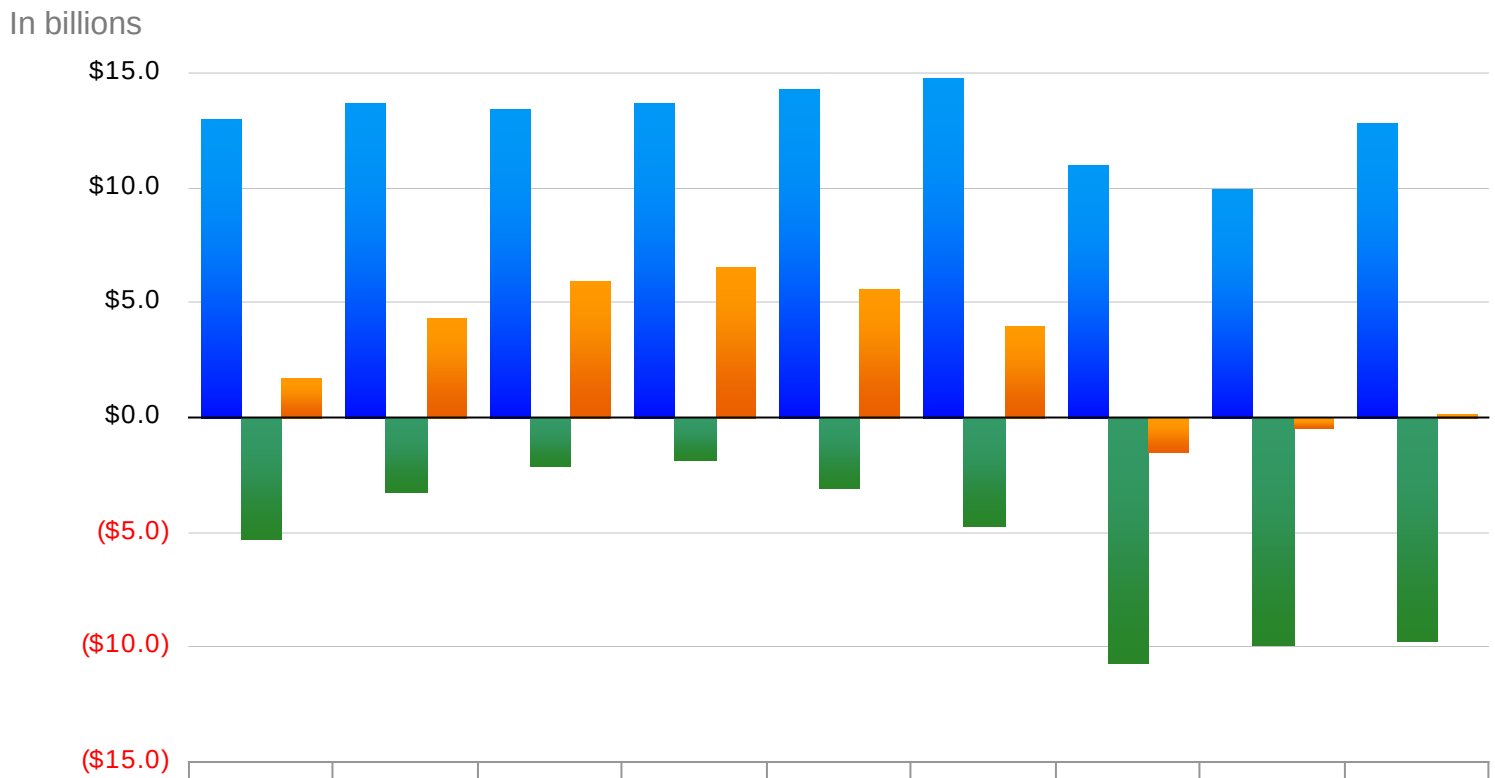
In millions except per share amounts	Q2 FY11		Q1 FY11		Q2FY10	
Revenue	$31,632	100%	$32,302	100%	$30,849	100%
Cost of sales	23,860	75.4%	24,408	75.6%	23,569	76.4%
Total OpEx	4,212	13.3%	3,888	12.0%	3,818	12.4%
Operating profit	3,560	11.3%	4,006	12.4%	3,462	11.2%
Interest & other, net	(76)		(97)		(91)	
Pre-tax earnings	3,484	11.0%	3,909	12.1%	3,371	10.9%
Income tax	767		879		738	
Net earnings	2,717	8.6%	3,030	9.4%	2,633	8.5%
EPS	$1.24		$1.36		$1.09	

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."

Q2 FY11 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$31,632				$31,632
Cost of sales	23,860				23,860
Total OpEx	4,804	(413)	(158)	(21)	4,212
Operating profit	2,968	413	158	21	3,560
Interest & other, net	(76)				(76)
Pre-tax earnings	2,892	413	158	21	3,484
Income tax	588	126	46	7	767
Tax rate	20.3%				22.0%
Net earnings	$2,304				$2,717
EPS	$1.05				$1.24

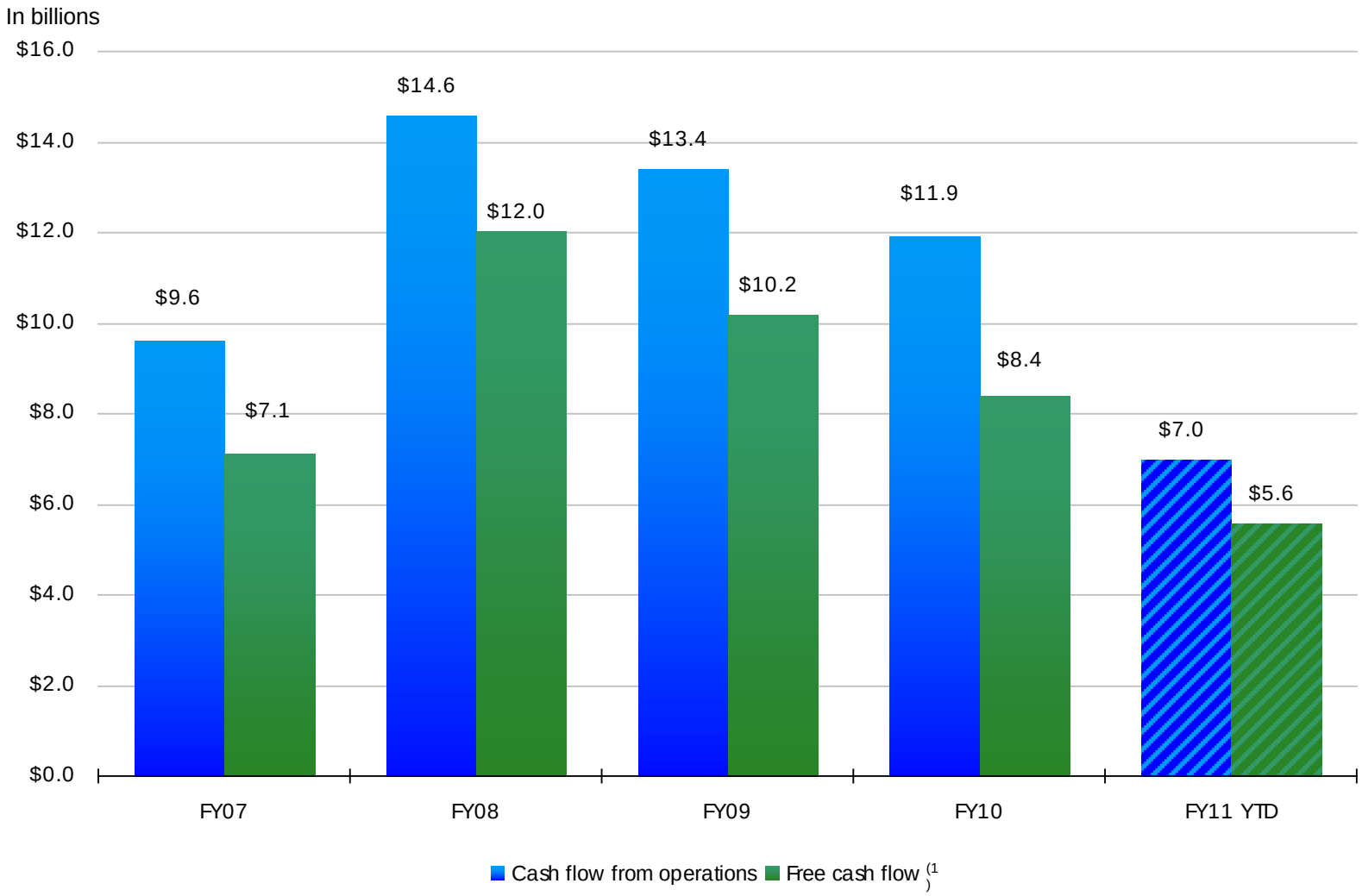
GROSS CASH & NET CASH



	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Gross cash[1]	$13.0	$13.7	$13.4	$13.7	$14.3	$14.8	$11.0	$10.0	$12.8
Net cash	($5.3)	($3.2)	($2.1)	($1.8)	($3.0)	($4.7)	($10.6)	($9.9)	($9.7)
Net cash excl. HPFS Debt[3]	$1.8	$4.3	$6.0	$6.6	$5.6	$4.0	($1.5)	($0.4)	$0.2

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

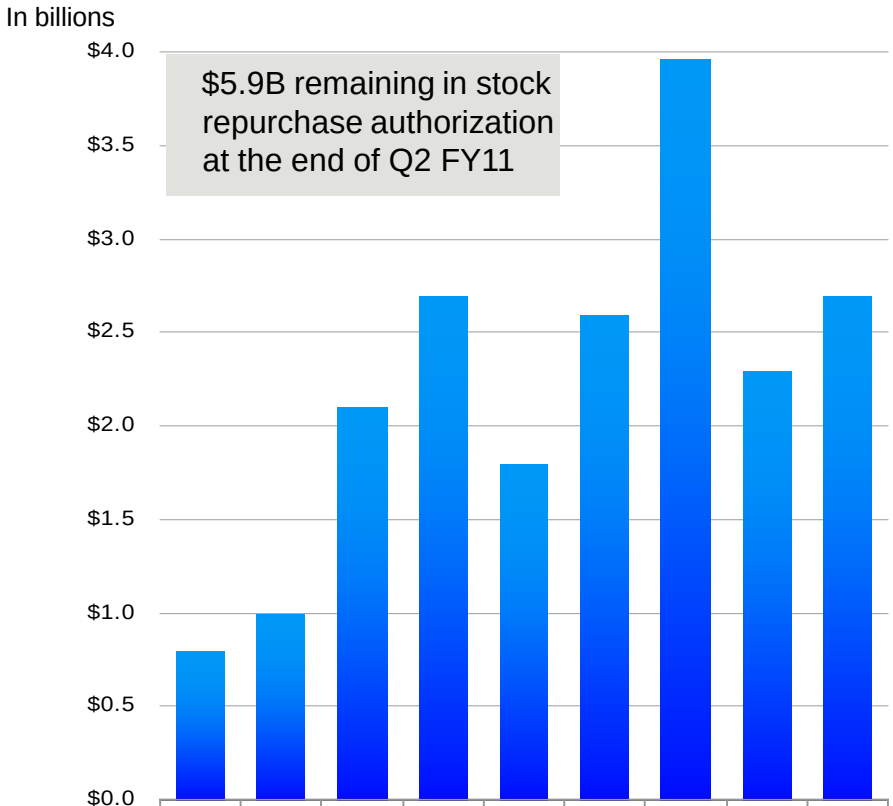
CASH FLOW



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

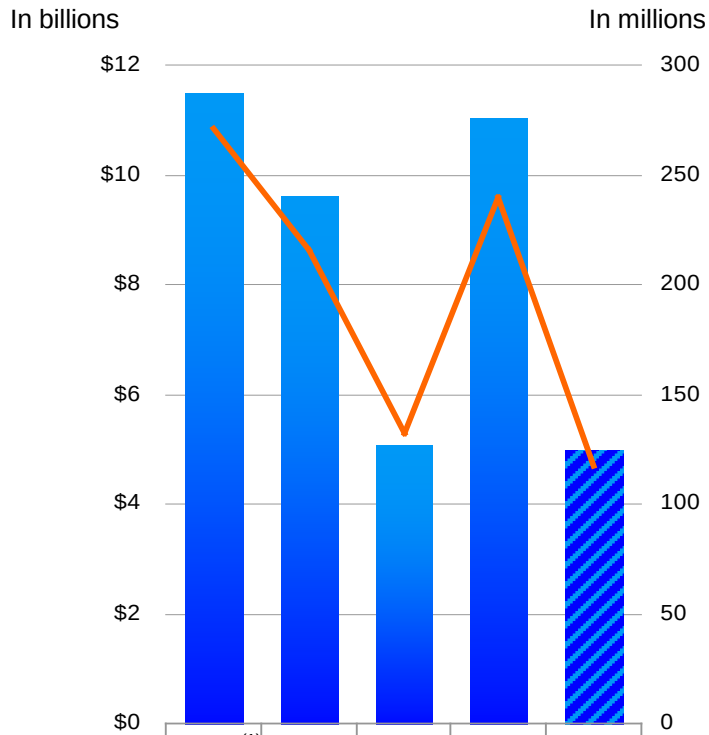
STOCK REPURCHASE

Quarterly trends



	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Stock repurchase	$0.8	$1.0	$2.1	$2.7	$1.8	$2.6	$4.0	$2.3	$2.7

FY07 – FY11



	FY07 [1]	FY08	FY09	FY10	FY11 YTD
Stock repurchase	$11.5	$9.6	$5.1	$11.0	$5.0
Shares received	271	216	132	240	117

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.

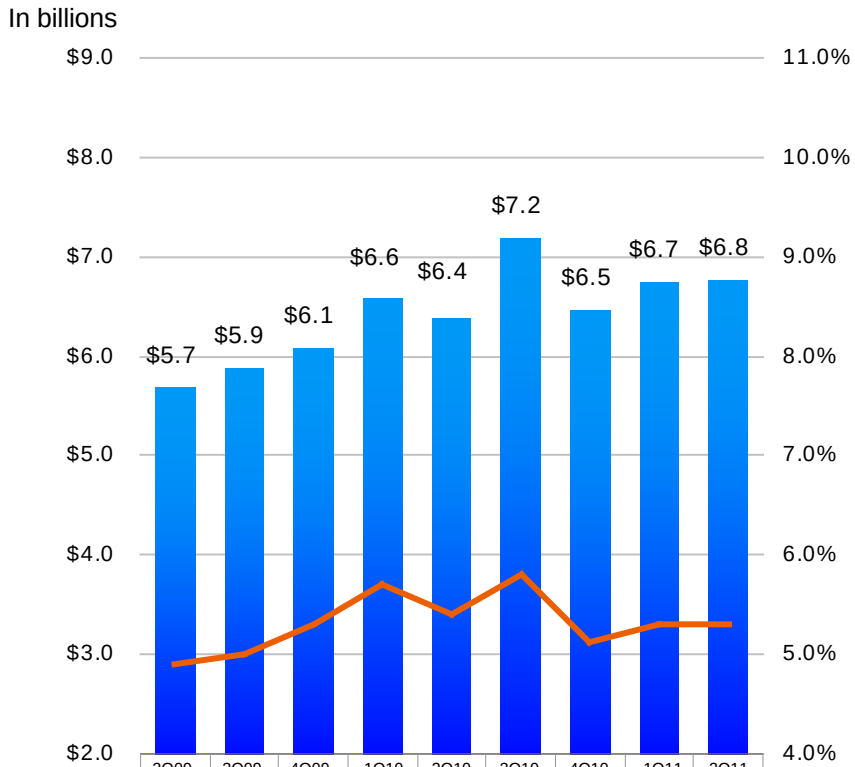
OUTLOOK

Q3 FY11 guidance	
Revenue	$31.1B – $31.3B
GAAP EPS	Approximately $0.90
Non-GAAP EPS[1]	Approximately $1.08
Full year FY11 guidance	
Revenue	$129B - $130B
GAAP EPS	At least $4.27
Non-GAAP EPS	At least $5.00

1. Q3FY11 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately $0.18 per share, related primarily to the amortization of purchased intangible assets, restructuring charges and acquisition-related charges.
2. Full year FY11 non-GAAP diluted earnings per share estimates exclude after-tax costs of approximately $0.73 per share, related primarily to the amortization of purchased intangible assets, restructuring charges and acquisition-related charges.

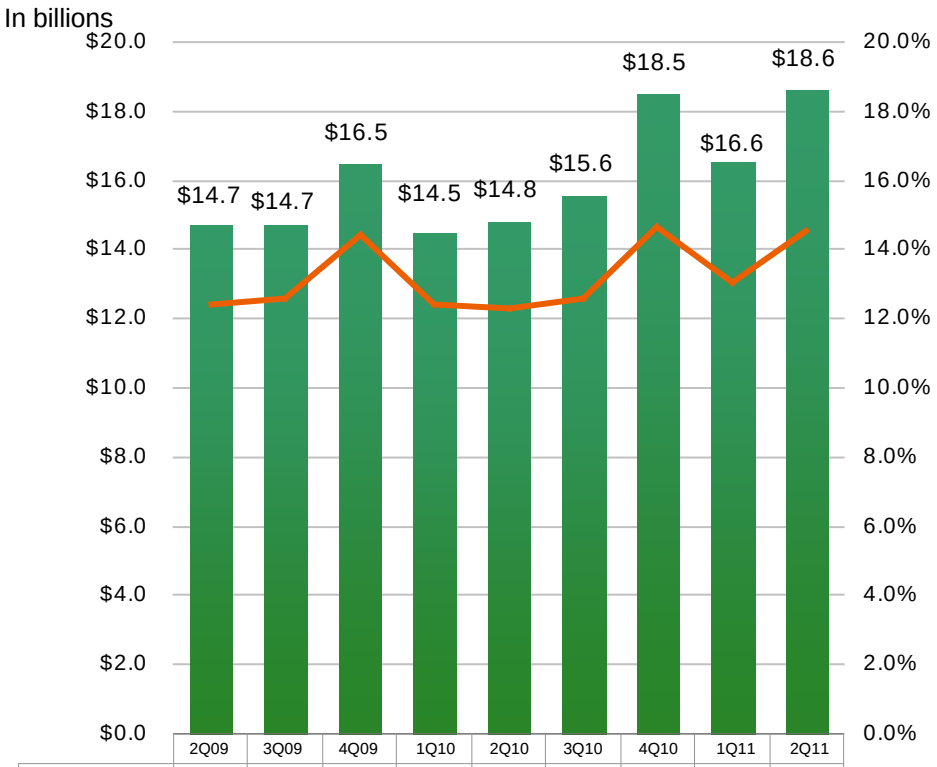
INVENTORY & ACCOUNTS RECEIVABLE

Inventory



	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Inventory	$5.7	$5.9	$6.1	$6.6	$6.4	$7.2	$6.5	$6.7	$6.8
% of Rev	4.9%	5.0%	5.3%	5.7%	5.4%	5.8%	5.1%	5.3%	5.3%

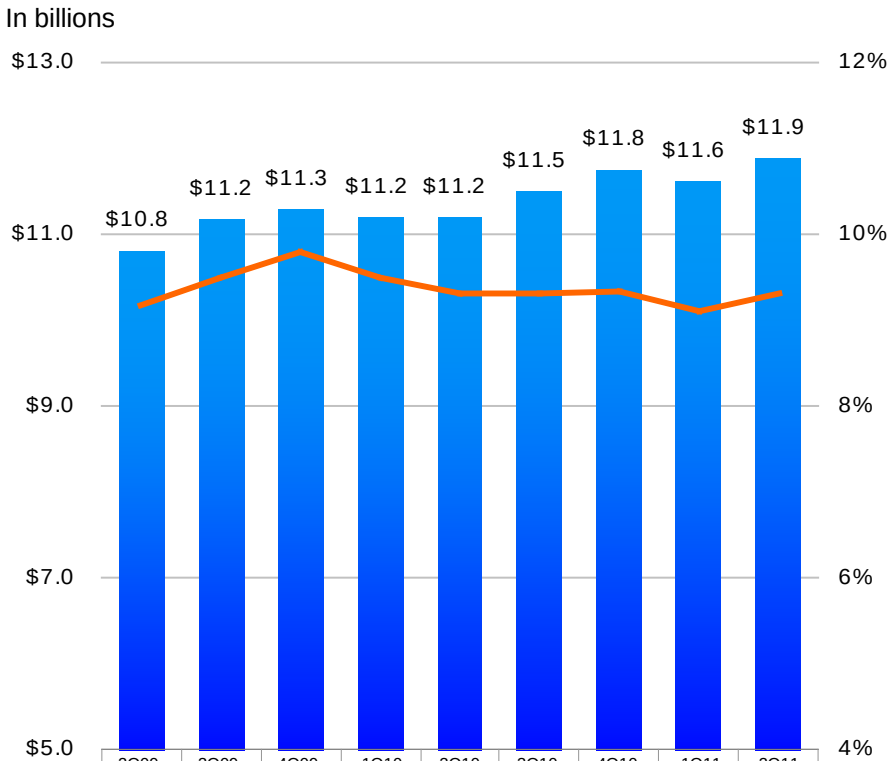
Accounts receivable



	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Receivables	$14.7	$14.7	$16.5	$14.5	$14.8	$15.6	$18.5	$16.6	$18.6
% of Rev	12.4%	12.6%	14.4%	12.4%	12.3%	12.6%	14.7%	13.0%	14.6%

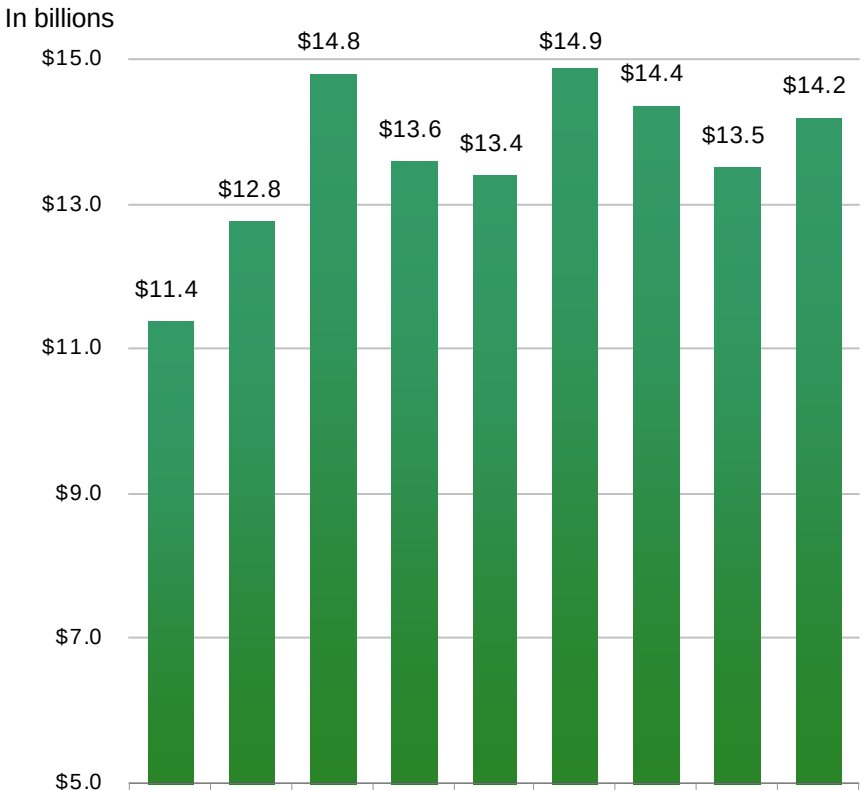
PP&E & ACCOUNTS PAYABLE

Net PP&E



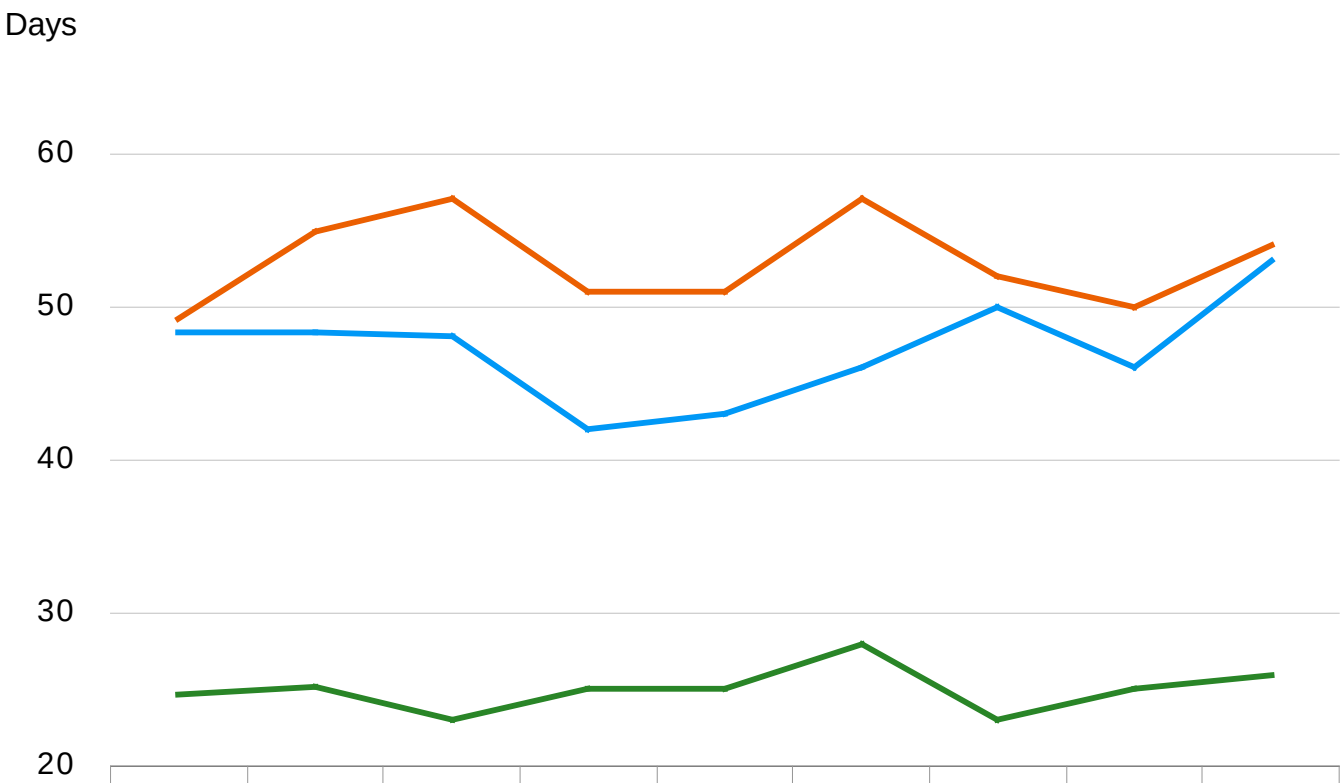
	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
PP&E	$10.8	$11.2	$11.3	$11.2	$11.2	$11.5	$11.8	$11.6	$11.9
% of Rev	9.2%	9.5%	9.8%	9.5%	9.3%	9.3%	9.3%	9.1%	9.3%

Accounts payable



	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Payables	$11.4	$12.8	$14.8	$13.6	$13.4	$14.9	$14.4	$13.5	$14.2

WORKING CAPITAL METRICS



	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Days receivables	48	48	48	42	43	46	50	46	53
Days inventory	25	25	23	25	25	28	23	25	26
Days payable	49	55	57	51	51	57	52	50	54

HPFS SUPPLEMENTAL DATA

In millions	Q2 FY11	Q2 FY10	Q1 FY11
Depreciation [1]	$418	$343	$404
Net capital expenditures [1]	$594	$515	$465
Sequential increase in net financing receivables	$335	$37	$143

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

Q1 FY11 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$32,302				$32,302
Cost of sales	24,408				24,408
Total OpEx	4,500	(425)	(158)	(29)	3,888
Operating profit	3,394	425	158	29	4,006
Interest & other, net	(97)				(97)
Pre-tax earnings	3,297	425	158	29	3,909
Income tax	692	129	48	10	879
Tax rate	21.0%				22.5%
Net earnings	2,605				3,030
EPS	$1.17				$1.36

FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$126,033				$126,033
Cost of sales	95,956				95,956
Total OpEx	18,598	(1,484)	(1,144)	(293)	15,677
Operating profit	11,479	1,484	1,144	293	14,400
Interest & other, net	(505)				(505)
Pre-tax earnings	10,974	1,484	1,144	293	13,895
Income tax	2,213	391	342	83	3,029
Tax rate	20.2%				21.8%
Net earnings	8,761				10,866
EPS	$3.69				$4.58

Q4 FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$33,278				$33,278
Cost of sales	24,995				24,995
Total OpEx	4,988	(424)	(235)	(51)	4,278
Operating profit	3,295	424	235	51	4,005
Interest & other, net	(81)				(81)
Pre-tax earnings	3,214	424	235	51	3,924
Income tax	676	98	68	18	860
Tax rate	21.0%				21.9%
Net earnings	2,538				3,064
EPS	$1.10				$1.33

Q3 FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$30,729				$30,729
Cost of sales	23,365				23,365
Total OpEx	5,041	(383)	(598)	(127)	3,933
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

Q2 FY10 GAAP to non-GAAP BRIDGE

In millions except per share amounts	GAAP	Amort. of Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$30,849				$30,849
Cost of sales	23,569				23,569
Total OpEx	4,422	(347)	(180)	(77)	3,818
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 Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$31,177				$31,177
Cost of sales	24,027				24,027
Total OpEx	4,147	(330)	(131)	(38)	3,648
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 Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$114,552				$114,552
Cost of sales	87,489				87,489
Total OpEx	16,927	(1,578)	(640)	(242)	14,467
Operating profit	10,136	1,578	640	242	12,596
Interest & other, net	(721)				(721)
Pre-tax earnings	9,415	1,578	640	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 Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$30,777				$30,777
Cost of sales	23,466				23,466
Total OpEx	4,178	(401)	(38)	(60)	3,679
Operating profit	3,133	401	38	60	3,632
Interest & other, net	(132)				(132)
Pre-tax earnings	3,001	401	38	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 Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$27,585				$27,585
Cost of sales	21,022				21,022
Total OpEx	4,350	(379)	(362)	(59)	3,550
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 Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$27,383				$27,383
Cost of sales	20,937				20,937
Total OpEx	4,153	(380)	(94)	(75)	3,604
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 Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$28,807				$28,807
Cost of sales	22,064				22,064
Total OpEx	4,246	(418)	(146)	(48)	3,634
Operating profit	2,497	418	146	48	3,109
Interest & other, net	(232)				(232)
Pre-tax earnings	2,265	418	146	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 Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$118,364				$118,364
Cost of sales	89,699				89,699
Total OpEx	18,192	(1,012)	(270)	(41)	16,869
Operating profit	10,473	1,012	270	41	11,796
Interest & other, net	-				-
Pre-tax earnings	10,473	1,012	270	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 Purchased Intangibles	Restructuring	Acquisition related charges	Non-GAAP
Revenue	$33,603				$33,603
Cost of sales	25,853				25,853
Total OpEx	5,009	(369)	(251)	(41)	4,348
Operating profit	2,741	369	251	41	3,402
Interest & other, net	(98)				(98)
Pre-tax earnings	2,643	369	251	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 Purchased Intangibles	Restructuring	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 Purchased Intangibles	Restructuring	Non-GAAP
Revenue	$28,262			$28,262
Cost of sales	21,205			21,205
Total OpEx	4,467	(224)	(4)	4,239
Operating profit	2,590	224	4	2,818
Interest & other, net	3			3
Pre-tax earnings	2,593	224	4	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