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FEMALE VOICE 1: Ladies and gentlemen, please welcome Vice-President Investor Relations, Steve Fieler.

MR. STEVE FIELER: Good afternoon, everyone. Thank you for joining the HP Summit,? their Strategy Summit, and we're all very excited to be here at HP. We want to welcome those who've joined us here in person as well as those who are joining us via webcast. In just a few minutes, we'll have Léo here on stage so let me go through a few housekeeping items first. I'll start by reminding everyone that this is being webcast live on HP's Investor Relations website. The webcast will be available shortly after this meeting and at the conclusion of this meeting you'll be able to see it.

The goal of this meeting is simple. It's to share HP's strategy and how it will continue to evolve. You'll hear about HP's point of view, where the market is heading and why and how we're uniquely positioned to win. We have many of our senior leaders here today. Their names and pictures are in the package that you received at the front desk. You have the opportunity to hear from them here on stage as well as interact with them at the reception later this evening.

On a logistical front, we have been able to retain the Yerba Buena Center for the entire day so for the investor audience, we plan to be here through about 5 p.m. The breakout strategy sessions that we previously had planned for the W Hotel are actually going to be here on main stage. So at the conclusion of this meeting, we'll actually walk across the street for the reception.

Now, let's get into the agenda for today. First up is Léo Apotheker, our CEO, who will discuss HP's vision and strategy. Following Léo is Cathie Lesjak, our CFO, who will talk about our profitable growth and shareholder return. We'll take a short break after Cathie's presentation. For the media in the upper part of the room, we'll have the press conference immediately following Cathie's presentation at the W Hotel. For the investor community, we're going to stay here, go to the break out front, and we'll come back after about a ten to 15 minute break.

After the break, when we've convened, we'll drill into our strategy sessions in more detail. We'll have our executives come up and first are Shane Robinson and Dave Donatelli, who will cover Cloud. Next, Todd Bradley will cover connectivity, and then VJ will cover digitization. We'll then take another short break. We'll continue with a couple more strategy sessions when we return including Bill Veghte on security, Ann Livermore, who will discuss services and the opportunity we have there, and Tom Hogan, who will provide an update on our sales transformation efforts. I'll then come back up on stage and will facilitate a Q and A session. For our investor community, we plan on starting our reception at about 5:15 p.m. at the W Hotel, which is on the second floor, which is literally across the street. It's the W Hotel when you walk out the front doors and you hang a left.

Before I turn the meeting over, I'll provide a few disclosures. Please be aware that our discussions today may include some forward looking information that involves risks, uncertainties, and assumptions as noted on this slide. Please refer to the risks described in HP's SCC reports, including our most recent filed 10Q.? In addition, earnings, operating margins, and similar items on the company level are sometimes expressed on a non-gap basis and have been adjusted to exclude certain items, including amortization of purchase and tangibles, restructuring charges, and acquisition related charges. A comparable gap financial information and a reconciliation of non-gap amounts to gap are included in the supplemental slides accompanying today's presentation. So with that, let's start the day.

VIDEO: We have a purpose to deliver secure, seamless, accessed information so that everyone, everywhere has the power to transform their lives, businesses, and the world. Together, we are uniting people and solutions to make a profound impact at any scale. Let's create a world where those who can benefit most from immediate action and vital information, always receive it.

[Music playing] Three, two, one, local.

Let's bring people together from around the world to re-imagine how we create and then share those creations with more people in more surprising ways than ever before. [Music playing] Through new generation of entrepreneurs, let's build services that empower them to start, manage, and grow a

business driving their personal success and the success of entire communities.

What do you think? Try something different. Make the hem shorter. Um, okay.

Let's unleash the power of collaboration to innovate faster and smarter.

Something shinier? I could use those materials. Oh, thanks guys, that's brilliant [kissing noise]. Ciao!

Ultimately, reinventing entire business models. [Music playing] Let's make sure the job always gets done even if it means bridging continents in seconds.

It's that one? Yes. - - guy.

Let's never forget the smallest solutions can have the biggest impact and let's enable businesses and cities to make smarter more sustainable -? - today so we can all benefit from a more prosperous tomorrow. With our ideas, innovations, and efforts seamlessly joined, we can transform information into purpose; purpose for every company, purpose for every endeavor, purpose for everyone. Let's create not just the next chapter of HP, but the next chapter of human progress.

FEMALE VOICE 1: Ladies and gentlemen, please welcome President and CEO, Léo Apotheker.

[Music playing]

MR. LÉO APOTHEKER: Good afternoon and thank you for joining us. As I speak to you today, I have been HP's CEO for about four and a half months. During that time, I have been rolling up my sleeves, digging into the business, and meeting with our employees, customers, and partners and some of our investors. I've discovered extraordinary strengths and also areas that will need additional strategic focus and today, you'll hear about those. You will also hear a point of view on the future of information technology, our strategy to continue leading this industry, and why we are well positioned to create value for customers and for shareholders.

The opportunities before us are enormous, because our role in the world continues to grow. Over the decades, information technology has changed from a tool for productivity to tools

for collaboration. And today IT's becoming the fabric of our global society. We live in the information age. We work in the information age. Data is the world's most valuable raw material and information is the most valuable commodity and it is created, consumed, and delivered in always on connectivity. At HP, our vision is to provide seamless, secure, context aware experiences for a connected world. Everybody on.

For those that know me, my passion is using technology to help customers succeed. The primary reason I came to HP is that I recognize a remarkable opportunity for this company to shape the future of information technology and deliver unprecedented value for our customers. Hewlett Packard has a storied history of innovation from pioneering the field of measurement to pioneering the pocket calculator to pioneering personal printing to now pioneering the converged infrastructure that will be the back bone of a truly connected and intelligent world.

Over the past 70 years, at a series of inflection points, HP has innovated and provided leadership. Today, we also stand at an inflection point and our spirit of innovation is alive and well in the Labs where data deduplication, memristor, and sensor technologies have been invented. In the businesses that brought us C-class blades, Superdome 2, and ePrint. And, as we saw on February 9th, a new ensemble of cool web connected devices from TouchPads to smart phones. Our people are talented, committed, and passionate about our customers and about our company. HP is financially strong. We have a record of delivering growing revenue, expanding operating margins, and delivering EPS growth in any economic cycle.

We have the industry's best and broadest portfolio spanning servers, networking, storage, software, outsourcing, application and consulting services, desktops, notebooks, tablets, and printers and I'm not even being exhaustive. We have market leadership in virtually every category where we compete from the consumer to the enterprise. Our reach and scale are unmatched. And we leverage it with the products we ship and the companies we acquire. 3Com and 3PAR are great examples. And HP is one of the world's most powerful brands with a reputation that opens doors in any market around the world.

Together, these assets add up to an incredible opportunity for HP and the compelling value proposition for our customers, shareholders, and employees. Yes, HP is strong, but we also recognize that the world around us is changing faster than ever. Powerful trends like consumerization, cloud computing, and connectivity are redefining the way people live, businesses operate, and the way the world works. There is an expanding relationship between people and information. The old paradigm of one person with separate consumer and professional life is over. People want a seamless, secure, context-aware experience at home, at work, at play, or on the road. They're looking for simple, elegant technology, and if there's a better answer than enterprise supported solutions, they use it.

That means consumer innovation cycles are pushing enterprises to adapt. And in the enterprise, the need for compliance, security, and manageability are pushing back. And at the heart of all of this, the convergence of cloud computing and connectivity is fundamentally changing how our technology is delivered and how information is consumed. On-premise, proprietary computing resources are gradually being complemented and in some cases even replaced by the massive, agile and open computing resources of the cloud. And the cloud is combining with mobility to create ubiquitous connectivity. The world is connected: people to people, people to machines, machines to machines, and people to the information they care about where and when they want it personally and professionally.

Now, we all know that this is already presenting new challenges. In security, for example, how do we, as individuals, handle the tension between privacy and personalization? How does the CIO keep the site protected and guarded against overwhelming invasion? In the information explosion, how does a sales executive harness vast quantities of unstructured data and transform it into meaningful information to gain insights that help drive growth, or build a more loyal customer base? In managing disruption, look at what the combination of connectivity and cloud has done to the music industry. And think about how it might disrupt publishing, manufacturing, banking, or healthcare. Entire pieces of the value chain are transformed and being digitized. And all of our customers need a trusted

partner to help navigate in this new world, which we see clearly.

At HP, we see a future in which computing resources are scalable, energy efficient, and dynamically flex to meet demands. In which instant on enterprises imbed intelligence into everything they do for a transparent real-time view of information across the businesses. In which customers have a personal, context-aware experience with products and services that makes every interaction feel tailored made. In which developers deliver open innovation on trusted platforms that reach billions of connected endpoints across every segment of the market and every corner of the earth. In which devices connect to an open market place where your personal cloud holds consumer apps and content and enterprise apps and content. In which people live seamlessly and securely across every aspect of their lives.

It is a vision that requires leadership in the consumer, small business, and the enterprise. A rich ecosystem of partners and services, a global delivery model, integrated technology from the data center through the endpoints, and secure information flow across the entire information life cycle and each individual's life style. Who but HP could deliver this? So let's step back and take a look at the technology beneath this vision, how it's provisioned today, and how it will evolve going forward.

Today, the vast majority of information technology is configured along the lines of the traditional stack. It is complex with a dizzying array of proprietary relationships that need to be orchestrated and nobody can deliver more value here than HP. This is a world that HP understands deeply and where we have significant leadership. And we will continue executing against this model to deliver value in the future. We're successfully driving our converged infrastructure strategy and moving into margin rich categories.

We're number one in servers and number two in networking. We have the leading next-generation scale-out storage architecture and a leading position in automation and management software. We're also a major player in enterprise services, which gives us a higher level strategic relationship in the enterprise, helps us pull through the leading products and solutions of the HP ecosystem, and makes

us a trusted aggregator of all the technologies that our customers rely on. As you move up to devices, we're also extremely powerful. HP ships two PCs and two printers a second. Our number one market position in printers, desktops, and notebooks gives us an enormous installed base, which continues to grow. The fact is people like working on PCs and that isn't going to go away. And people like and need to print. Just look at the fast growing geographies like Brazil. As they come online and join the connected world, they can jump into any form factor and they do, including PCs and printers.

They are, in fact, the fastest growing market for our connected devices by far. So traditional technology is something we know, where we compete and win, where we know how to partner, and where we create a lot of value. And we will continue to enhance our core capabilities to strengthen our positions. And, all of this, of course, is important. It is the core of our business, but just as important, is how our current assets position us for the future of technology, to deliver the seamless, secure, context-aware experiences for the connected world. Because just as the forces of cloud and connectivity are changing the model for people's relationship to information, beneath that is a changing model of technology architecture, delivery, and consumption.

On the right is the future of information technology, the cloud, offering significantly less complexity and cost, more flexibility, more agility, more scalability, and a lot more performance. The strengths we've built and investments we've made give us a huge advantage as we work to create a leading platform for cloud and connectivity. And we're off to a strong start.

In our Enterprise Business, we recognize cloud as a new design point And our massively-scalable, converged infrastructure is already the backbone of cloud computing. Today, seven out of 10 cloud service providers are our customers, four of five major search engines, and eight out of 10 of the world's most trafficked sites. And just as we have built core data center capabilities that align to the cloud, we are building device capabilities that align to connectivity. Our PCs and printers make us the leader at the on-ramp and off-ramp of the digital information lifecycle. And printing is, of course, how people bring the content they

care about from the cloud into the analog world, where it can be consumed, shared, and enjoyed.

With our ePrint solutions and web connected printers, people can print from any connected device to any web-enabled printer. And we shipped more than 3 million web-enabled printers in Q1. Some 200 billion pages a year are moving from analog to digital, and the overwhelming majority are high value pages in commercial print, graphics, and retail photo, where Indigo and Sytek give us deep, industry leading IP. And for HP, just about every page captured from commercial printing represents incremental growth in revenue and in margin, with a high connect rate for HP supplies.

The opportunities in the cloud are extraordinary and we're positioned to lead with our portfolio and to lead with our customers who need a trusted partner to help navigate the journey ahead. Different customers will make this journey at different speeds. For many large enterprises, a hybrid environment that combines traditional, private and public clouds will be the prevailing technology mode for a long, long time. We believe that this is the future of infrastructure, information, and applications. And no one is better positioned than HP to help our customers transform from the traditional stack to a hybrid environment.

We offer turnkey solutions, like the HP CloudSystem for building private and public clouds. CloudSystem integrates our converged infrastructure, software, and services into a single solution. And we have a meaningful strategic advantage in HP's outsourcing, application transformation, consulting and managed print services. Our people are already on the ground, trusted partners, helping customers think through where they want to go. For example, HP and DreamWorks have been working together on cloud-based solutions since the development of Shrek 2, when HP provided a farm of servers at our facilities in Palo Alto which DreamWorks leveraged on a utility basis.

Since then, we've helped implement DreamWorks' own private cloud, running entirely on HP's next-generation, converged infrastructure. And, when we look at the evolution from traditional to cloud, HP is well positioned to deliver now and in the future. Our strategy is to optimize the traditional technology stack that our customers depend on, build and manage next-generation cloud base architectures,

enable customer transformation to hybrid models, and define and deliver the connected world from the consumer to the enterprise.

So now, I'd like to turn the discussion towards the three areas of strategic focus that will allow us to deliver on the opportunities we see. These are cloud, connectivity, and the software that enables those and joins them together.

Let's take them in turn starting with the cloud. I've already discussed how our business aligns well to the cloud but there are also important elements that we need to focus on to capture future leadership. Because not only will we help our customers transition to cloud through hybrid architectures, but HP intends to build and run an HP Cloud.

We've launched Infrastructure as a Service for our enterprise customers, and we will be launching a public cloud offering in the near future. We also plan to move into higher value services that offer greater strategic value. For example, Platform Services, formerly known in the old stack as "middleware". We are building an open platform that gives developers a brand that is trusted by both the consumer and the enterprise and all the tools they need to build, test, and deploy services. It will support multiple languages and it will be open to third-parties. And it will give them the reach and scale to drive innovation with impact and financial opportunity. With a combination of our software and services in conjunction with trusted partners and ecosystem, we will build an open marketplace that integrates developer services, a consumer apps store, and an enterprise application and services catalog. We only vet the applications for security and interoperability to facilitate an environment that is both trusted and open. A device-aware HP Cloud will configure and send the appropriate services to the device you are using. And connected devices will intuitively access the services you need. Altogether, this complete ecosystem will deliver a seamless, secure, context-aware experience that spans from the enterprise to the home, and HP is the only company that can integrate all of it into a single, open architecture, from the data center through the cloud and to the devices.

Our next strategic theme is connected experiences. I've spoken a lot about connectivity today already, but I do want to emphasize that we intend to lead. Our first advantage is

our scale and global reach because in this game, size does matter. And we have the potential to deliver more than 100 million WebOS enabled devices a year, including our PCs, our TouchPads, our smart phones, and our printers. You touch the cloud through the device you touch. And we have an innovative ensemble of connected devices as well as an operating system, WebOS, that can provide one user interface across a fully-connected life from the home, to the road, to the office. HP and our ecosystem of partners will provide context-aware experiences for consumers, SMBs, and large enterprises with secure information creation, digitization, transformation and consumption anytime, anywhere.

Across the entire stack is the software that manages, analyzes, and secures all the data moving through the cloud and our devices. HP is also one of the world's largest commercial software suppliers. Our portfolio empowers CIOs to align IT with the business. We manage IT landscape throughout the application lifecycle and we help CIOs to leverage the new realities of a cloud-enabled world. And finally, we manage business threats and risks and deliver competitive differentiation. And we're increasingly moving towards Software as a Service.

Our leading application, validation, data center monitoring and automation offerings are critical differentiators for our hybrid solutions and can be delivered as SaaS or traditionally. We have industry specific services like claims processing and airline ticketing. And information management solutions like our digitization offering, which helps customers address the disruption caused by the digital content explosion. Across every industry, analog processes are being replaced by digital processes, requiring massive conversions from the analog to the digital world, and back again. This solution is a scalable horizontal platform that can be verticalized for specific industries like mortgage, healthcare, and insurance. From the information on ramp to the off ramp, scanning, tagging, storage, search, and printing. With HP's own offering and those of our partners, we'll be expanding our portfolio with additional vertical solutions, provided (as always) in the hybrid fashion.

The explosion of digital content is also redefining analytics and business intelligence. Business leaders across the world recognize that right information drives better results and there's a lot of frustration about the current state of

information in many enterprises. At the same time, the volume, the velocity and variety of digitized information is amplifying the demand for technology to meet those needs. And to be clear, ladies and gentleman, we don't need to own a big, transactional application platform. That is something we can easily partner for. In fact, I believe that it is to our advantage that we don't have a legacy franchise to protect. We can leap frog directly to where the market is going and the market is going where our focus is. And our focus will be primarily on analytics for big data, which is the combination of structured data and the much faster growing unstructured data set.

Our recently announced agreement to acquire Vertica Systems indicates where we're heading. In fact, we expect to close the deal in our second fiscal quarter and we hope to have an HP-branded appliance ready for the market very quickly thereafter. In fact, we're going to show you something about that and I'd like to invite Martin Fink on stage to tell us a little more about Vertica. Martin?

MR. MARTIN FINK: Thank you, Léo. Good afternoon. On February 14th, we announced our intent to acquire Vertica Systems. We are very, very excited about this acquisition because it fits so well and seamlessly with everything you're hearing from Léo.

Data is exploding but the influence of the Cloud is creating an effect such that the volume and the types of data will have a tremendous impact in how customers make business decisions going forward but it's critical that they have the ability to do this because this new information and this new analysis will be their competitive advantage. Unstructured data, semi-structured, and even combined with traditional structured data, creates an environment where we can't count on legacy technology and legacy systems in order to make these new business decisions.

So, in comes VERTICA designed from the ground up with technologies like column near execution, storage, and extreme data compression, but what's different here is while our competitors will claim they have these technologies, the difference is they are retrofitting old systems and coming up with suboptimal architectures. Only VERTICA has the ability to load big data, we'll talk a little bit more about that, and analyze it at the same time. So very simply think about

it as big data, Cloud level scaling, real time analytics, with just extremely good price performance. Now, not only does VERTICA position HP to lead in the ability to gain insight from information, when you combine it with the converged infrastructure, it really is a match made in heaven. The day we announced our intent to acquire VERTICA, teams began creating an appliance to deliver an optimized hardware and software solution to the market. In fact, what you are seeing right here is a half rack version of our real time analytics system powered by VERTICA.

So this is a real system, it's a half rack, the only reason we don't have a full rack is because they tend to be a bit heavy for these stages and we're actually going to use this to show you a little bit of how this works. Our intent here is very shortly after we close the acquisition, we will be delivering quarter rack, half rack, and full rack configurations that can be conjoined together for extreme scalability and keep in mind that none of this existed just a few weeks ago. But, when you combine the power of the converged infrastructure and a bunch of really smart people on both the HP and the VERTICA side, we're able to create these solutions in timeframes that are just unheard of in our industry.

So let's talk a little bit about what is big data and what's the implication. So today what happens is customers are forced to deal with summary level information that is in, best case scenarios, updated on a quarterly basis and in some cases, it's significantly worse than that and that's kind of what you see at the bottom of this chart. But, where Léo was talking about where data is moving, is the context part and what you see, what big data is, is adding all of that context of information to each vertical industry that's relevant to their industry and be able to do two things.

One is, rather than deal on summary information that's old, we're able to deal with that data in real time and have current information but the second thing that we can do that we couldn't do before is to actually come that with this context data and be able to do real time analytics on that. So if you're in the retail industry, it could be things like RFID sensors, web browsing, click information, those kinds of things. If you're in manufacturing, things like field service events or what we call phone home kind of data, so that we have access to that all in real time.

So the example I'm going to show you is a car rental example where today decisions on what to charge a customer to the car rental agency is based on very simple information and summarized information that gets old. What we want to do is be able to combine that with real time context information that unstructured data in order to deliver a better answer.

So, if I can ask my crack AV team to switch to my screen here on the podium. So, the first thing you're looking at here, and no, this is not your stereo at home doing extreme base kinds of things, what you're actually seeing is the performance of that machine right there and what you're seeing is a 192 CPU cores continuously loading data. We've already loaded about 100 billion records of information and we're continuously loading new data. So let's start with a very simple example where we don't have context information to make a decision.

So, in this case, I have a friend of mine, his name is Greg, he just landed at SFO, and he wants to rent a car. So, we put in his customer ID number and we see that Greg comes up, he just landed at SFO, and we find out that he can actually rent a Mercedes for about $150 and that's his rate. But, keep in mind now, that what's happened is that rate was decided based on legacy old information and lacks that complete context, but what we've been doing is loading that data and so now if we actually re-profile the data base with all of that current unstructured data, and we actually run that, we can actually see that what's happening is our CPUs are re-profiling through 100 billion records of information doing it in real time. So, what you're seeing here and we're doing in a matter of seconds, the vast majority of customers today would either, A, not be able to do it, or maybe do it on ten percent of the information.

So now that we've re-profiled, if we actually go do the same thing again and say give me a new rate, wow, what we find out is that Greg is perhaps an over enthusiastic driver and maybe we should charge him a higher rate, maybe the weather's gone bad, maybe gas prices have come up, maybe the events of Japan are causing a particular event to occur here, and the list goes on and on, but now we have all of that context and so the car rental agency has lowered its risk and charged a far more appropriate rate, while Greg may not like the answer in this case. So, that's how all this comes together. VERTICA brings big data analytics in real time and the converged

infrastructure delivers us a ready to go appliance with the shortest timed solution. You add to that HP's ability to deliver this in any way customers want and the global reach of support and services, and it's actually a combination that just can't be beat.

So, with that, I'll pass it back to Léo.

MR. APOTHEKER: Thank you, Martin. By the way, this was a live demo, and just to remove any ambiguity here, we will be marketing Vertica Software Service and the appliance will help us do so very successfully. In the same way, ladies and gentlemen, the convergence of the cloud and connectivity is redefining analytics, as we just saw. It is also redefining security and I'm discussing security last because it's a strategic enabler for everything that came before.

The shift to cloud-based computing models, virtualization, consumerization and mobility makes traditional approaches to securing an enterprise totally inadequate. So we've invested in leading edge - - technologies and security services to protect the modern enterprise. You may not know this, but HP's actually the 5th largest IT security company in the world and we have invested where the market is heading. Our focus is on providing the security backbone that enterprises rely on for the visibility and insight across a distributed infrastructure.

For example, with ArcSight, HP is the only company that provides customers with a "single pane of glass" to manage their IT operations and security events. And we can do this in traditional, cloud, or hybrid environments. We can extend beyond security monitoring to detect fraudulent access to electronic patient records, online banking accounts, or sensitive digital information. And we see a unique opportunity to integrate our security and management portfolios to provide a holistic view of events across the entire enterprise. Put all of these pieces together from our core to higher growth areas, and the HP future emerges. We intend to be the platform for cloud and connectivity.

At the center is the HP cloud that provisions IT across a continuum of customers and market segments. The foundation is the hybrid data center that optimizes cost, performance, flexibility and demand. We'll serve enterprise customers by adding both industry specific IP and solutions on top of our

powerful horizontal capabilities. And we're doing this already in today's Enterprise Services. We'll face the consumer market with personal experiences and an ensemble of connected cloud-aware devices. And we'll provide a single open market that integrates consumer, enterprise and developer services, each of us with our own personal cloud comprising our consumer and professional lives, always on and always available, separate, secure and seamless. And in the SMB, where our channel partners, our ecosystem of value added resellers and developers, can innovate on our platform to deliver super-verticalized solutions that tailor our offerings for both local markets niche industries.

At the end of the day, some massively-scaled customers at the bleeding edge of high performance will want to buy our best-of breed gear and configure it themselves. Some customers will want bundled offerings of hardware, software, and services that we have configured, plug and play. And some will want HP to orchestrate their environments and help guide their journey into the hybrid world. HP can do all three.

I've spoken a lot today about the power of the cloud and the power of connectivity in the future, but I want to make sure that you understand how real and close these possibilities are. So here's one powerful example. Counterfeit drugs pose a serious problem across the globe. In some developing countries, it's an epidemic in its own right. It's estimated that 75 billion dollars worth of medication on the market is counterfeit. HP, in partnership with mPedigree, worked together to address this issue. Medication such as anti-Malarial drugs have an authentification code on the packaging and using a basic mobile phone, patients can text the code to the mPedigree system, which will quickly reply telling them whether or not the mediation is legitimate.

HP provides the cloud infrastructure that links pharmaceutical companies, telecommunication companies, and mPedigree to make the system both fast and secure. We can also readily track and trace where drugs are or should be at any given time. And last December, we announced this service in Nigeria and Ghana, but the technology can be leveraged around the planet. In the world of cloud and connectivity, a very simple SMS message can save lives.

I think you can tell that I'm very excited about the future of HP and our role in a connected world, but it also very

exciting for our investors. While the direction is bold, it is evolutionary. The future we intend to lead will feed our core businesses. By focusing on the current and future needs of our customers, we have a unique opportunity to grow our share of wallet, expand into higher value offerings, and thereby expand our growth margins, the basis for a healthy business and cash flow. We will continue to strengthen our sales force in order to cover more of our total addressable market. We will align our sales force and services in order to deliver the full power of our portfolio. We will invest in higher growth cloud and connectivity solutions and we will focus our resources to capture the opportunity in fast growing geographies. And we will deploy a disciplined acquisition process that furthers our strategic goals and creates shareholder return.

Cathie will be out in a few minutes for a more detailed look at the financial implications, but I want to emphasize that I'm personally focused on growth and on operational excellence, and I'm launching initiatives in order to really drive and focus on those and they will be reporting directly to me. Importantly, our strategy allows us to invest into the future and deliver for our stakeholders by optimizing the traditional technology architecture that our customers depend on. Building and managing the next-generation cloud base architecture, by enabling this seamless transformation to the hybrid models, and defining and delivering the connected world from the consumer to the enterprise.

As we look across the globe into fast growth geographies, where connectivity is the entry point to the information economy, across the enterprise and the consumer, where there are multiple devices, two worlds, but only one seamless life that you can hold in the palm of your hand. On the factory floor, in the oil fields, in the laboratory, where billions of intelligence sensors are ready to connect with the enterprise, no company is better positioned than HP. No one else brings together our financial strength, our unmatched scale, our global reach, our leading innovation, our breadth of portfolio, our market leading positions that span the consumer and the enterprise, and our passionate and talented work force. We have an enormous opportunity before us, because our role in the world is growing. At HP, we deliver seamless, secure, context-aware experiences for a connected world. Everybody on.

So thank you for your attention, ladies and gentlemen, and I would like to invite Cathie Lesjak, our CFO, to cover the financial implications of our strategy. Thank you.

MS. CATHIE LESJAK: Thanks, Léo. Good afternoon, everyone. With the strategy that Léo just outlined, HP is skating to where the puck is going. We have a unifying vision to lead the technology industry to opportunities that are created by Cloud, connectivity, and the software that brings it all together. With disciplined execution, we expect this strategy to deliver profitable growth and good returns for our shareholders. Leading is not new at HP. When I joined HP just a few years ago, we were a 7 billion dollar revenue company and I have seen us grow and lead through multiple technology evolutions.

We have and we will continue to execute against a multi-year strategy that leverages our current strengths. Today, HP is the largest information technology company in the world. We have many competitive advantages and over the past decade, we have demonstrated our technology leadership. But, our message her today is that we expect to be the leader for decades to come, that our strength in the client server world are reached, our supply chain and our scale, our consumer and our enterprise expertise, are assets that are being leveraged in the evolving world of Cloud and connectivity. Look at our strengths and ask yourself, who else, who else is as positioned as well as HP is.

Who else has such powerful and sustainable competitive advantages, and this is why we are so confident in our future, and we're confident in our ability to drive profitable growth and shareholder returns as well. As we've done in the past, we planned prudently and we execute aggressively across multiple levers. We'll focus on revenue growth, margin expansion, and a disciplined capital allocations strategy.

Let's start with our growth lever. We're focused on three main areas and these areas are where we have been investing for some time and where we expect to continue to invest. We'll attack our current market opportunities driving better coverage and increasing share of wallet. We'll also expand our market reach with a focus on growth geographies. And finally, we'll continue to invest in a leading portfolio in our core and our adjacencies. We spoke to you in September

about some of the work that we've been leading to grow our sales coverage and generate deeper share of wallet with customers and, as a reminder, today we cover just about half of our total addressable market, and each point of additional coverage translates into a 16 billion market opportunity in fiscal 2013. This is a huge opportunity for HP, and we're making progress in increasing the quantity and the quality of our sales force.

As we discussed before, it does take time for a rep to become fully fire powered. A new ESFM rep, as an example, can have a near return impact and we saw some of that show up in Q1 with 22 percent growth in ESFM year over year. On the other hand, it can take a little over a year to ramp some enterprise service reps so those investments have a longer term pack back, and there are still areas where we can do better. We need to do better and making it easier for our customers and partners to work with Hewlett Packard and we've got to drive more solution selling across our portfolio with more consultative sales, both are great opportunities for HP.

Tom Hogan's going to come up and talk to you a little bit later today about the work we've been doing to drive this more solution oriented and consultative sales force including some of our industry leading training programs. We'll continue to monitor our investments making sure that we're getting the productivity out of the sales expansion that we had expected and so far, we are on track. We're also seeing good progress in our growth geographies. In Q1, we grew brick revenue over 30 percent when excluding PSG China. We'll ensure that our go to market sales and marketing capabilities are well in line with the changes in the markets especially as we add more Cloud, connectivity, and software offerings into our portfolio.

The portfolio that HP has been building gives us a very strong foundation as our industry evolves. In fact, as I talked about in September, we've been investing organically and inorganically for several years, well ahead of the shift to a Cloud and connected world. We've invested nearly 50 billion dollars over the past five years in both RND and MAM and this is a snap shot of some of our innovations and acquisitions. I realize there's a lot of logos on this chart but I think that's great news for Hewlett Packard and our shareholders, but I'm going to highlight just a few.

As you can see, HP has been investing ahead of the market trends that matter most. We've been making investments in Cloud and connectivity and we expect to accelerate investments to further our success. Our investments will help enable seamless, secure, and context aware experiences for our customers from the hybrid infrastructure through to the end device, and of course, software has been and will continue to be a critical part of HP strategy. IT management security, information management, including analytics and digitization, have been focus areas for HP, and as Léo described, these are critical software assets in a world of Cloud and connectivity. Acquisitions such as ArcSight, Mercury, Palm, and even 3Com and 3PAR gives us tremendous software IT assets.

We've been developing unique software in our software business unit as well along with store one and analytic solutions from HP Labs, and many of your ask me over and over again, whether HP will have a larger software presence going forward, and the short answer is clearly, yes. But, we're focused on forward looking technology. We want to lead through market disruptions, not invest in the old software stack of the technology of yesterday. We're focused on IP that helps customers move to and benefit from the Cloud, the IP that help us manage hybrid environments, and the IP that connects hybrid infrastructure, Cloud services, and Cloud aware devices.

Each of our new product releases and our acquisitions take advantage of HP's unique strength including our sales reach and our sale. We operate in over 170 different countries and with the addition of EDS, we have the ability to wrap services into our enterprise offerings and pull through the breadths of the Hewlett Packard portfolio. With compact, HP has the scale and world class supply chain enabling us to drive a winning converged infrastructure strategy. As we look at our strategy and plans to continue to lead, we expect to be an active acquirer of companies at different stages in their life cycles just as we have been in the past. We will continue a disciplined build, buy, and partner strategy.

The second part of our operational model is margin expansion. We expect to drive both an improved portfolio mix and continued focus on operational excellence. When you reflect on the market trend, including the consumerization of IT, Cloud, and connectivity, and connect it with HP's current

strengths, we are well positioned to win, and we are well positioned to win in higher margin categories. We expect to see margin expansion over time from our portfolio mix. Who else in the industry can credibly say this? When you look at our market place, you see some companies moving into lower margins, intensively competitive categories like servers. You also see companies struggling to protect their high margin profit pools like networking or software.

It will take time for these trends to evolve since customers will move at all different paces and the end state will ultimately be a hybrid environment, but as things evolve, let me give you a few examples of how our strategy drives a better margin mix. As we optimize traditional environments in our core business and build and manage Cloud based architectures, this creates more demand for higher margin converged infrastructure including networking and storage. It also drives more software and services connect.

So, basically, a richer bundle. You saw our gross margins expand 110 basis points and 150 basis points year over year in the last couple of quarters, and also, as we help our customers transition to hybrid models, we'd expect to deliver more higher margin value added services and as more of the world becomes more digital and connected, this should create more demand for connected devices such as digital printers and the webOS, along with more Cloud services. These are margin accretive categories for HP.

Our plan is to continue investing ahead of the curve and funds these investments through growth margin expansion and operational excellence. Operational excellence remains critical to the success of HP. It is a core part of HP's culture and is a never ending process for the company that we are in this competitive industry. We will continue to realize billion dollars of savings from our ongoing initiatives including supply chains, services transformation, and leveraging our corporate infrastructure. We have an extensive pipeline of effectiveness, productivity, and quality initiatives. Some of these savings will be invested back into the business and others will drop to the bottom line.

Our financial performance and cash flow ultimately leads us to our capital allocation strategy, and our capital allocation priorities remain unchanged. Priority one is to

leverage the strength of our balance sheet to create sustainable competitive advantages and invest back into the business. This means capital expenditures, other internal investments, and acquisitions. Priority two is to return cash to our shareholders through repurchases and dividends. As you know, we've been active buying back our shares over the past several quarters because we think it's a good investment. In terms of the dividend, we are pleased today to announce that our Board of Directors has approved a 50 percent increase in our regularly quarterly dividends to 12 cents per share.

In terms of future annual increases, we intend for a year over year percentage increase to be in the double digits. All future dividends, of course, are going to be subject to the approval of the HP Board. The increase will be effective when the Board of Directors declare the next dividends which is expected to occur in May. Our previously announced dividend payable on April 6th for stockholders of records on March 16th will not be increased and will remain at eight cents per share.

To summarize, we have multiple levers to drive profitable growth and increasing shareholder return. Over the next few years, we'd expect to grow at or above market which, depending on the year, puts us at a mid-single digital growth rate. At the same time, we'd expect that our portfolio mix and operational efficiencies will help us reinvest in the business, while at the same time, expanding operating margins and will continue executing a disciplined capital allocation strategy. We hold our leadership team and every employee accountable for delivering consistent and sustainable performance. We expect that the seven steps that I've outlined for you today will deliver at least seven dollars in non-gap PPS per share by 2014 and we're confident in our ability to execute.

I'm excited about our future. We have a winning strategy for today and tomorrow that builds on our core strengths. We'll be aggressive in attacking the large opportunity in front of us and expect to win and create lasting shareholder value. Thank you. I'll ask Steve to come back up on stage.

MR. FIELER: Thanks, Cathie. As I mentioned at the opening, it's now time for a little break. For the investors, 2:20 back in this room. We'll start with the Cloud session with Shane and

Dave. For the media, just so you know, the press conference
is beginning right now in the W Hotel so I'd encourage you to
go over there, but again, the investors, the break is just
out there and we'll meet you back in this room at 2:20. See
you then.

[END PART 1.MP3]

[START PART 2.MP3]

ANNOUNCER: Ladies and gentlemen, please welcome chief strategy and
technology officer Shane Robinson.

[MUSIC]

MR. SHANE ROBINSON: All right, welcome back, everyone. Looks like
we've still got a few good men. So Leo and Kathy took you
through the strategy and what it means for our business. For
the rest of the afternoon in the sessions, we're going to
take you to the next level of detail and try to give you a
little more information about what's behind the strategy and
some of our plans and actions for the coming years. As you
can tell, we're all in in the cloud. I've been talking for a
number of years about everything as a service, which implies
cloud, and so this section is really going to be on cloud,
and I think you'll find it's a pretty comprehensive view of
what HP's doing in the cloud space.

Before we go there, let me refresh what we talked about in
terms of the base strategy for the company. We're going to
continue to run and grow our core business. That core
business is the foundation that we're going to leverage to
add new things in the cloud space and the connectivity space
and in everything delivered through a services based business
model. We'll build and manage cloud infrastructure from
public to private, and that includes hybrid and all the
variations in between. We will deliver a connected world
from the consumer to the enterprise.

So a little bit about why we're positioned the way we are and
why we're so excited about this opportunity. Some of it is
driven by the micro trends that you're all familiar with that
we all see in the marketplace today. So I can't remember a
time in the market when there's been as much sort of change
and opportunity as there is today. Four billion people
online, 31 billion connected devices, 25 million aps, three

data services, and I think that number's probably a little low. At the rate services are coming online, especially in the consumer space, this is just an explosion.

The graphic is intended to give you a feel for why we think HP is positioned so uniquely. All those touch points at the top are where the rubber meets the road in terms of users and their touch points with services. So every one of those devices is an opportunity for us to present services to end users, whether they're enterprise users, small, medium business users or consumers. And if you go down a level, here we are, uniquely positioned with our power in the consumer marketplace and our power in the enterprise marketplace and our ability to leverage both those and in addition bring that to the small/medium business customer.

We have an incredible portfolio. As I said, we're going to grow our core business, and our core business is in data centers and in mobile devices. Using that infrastructure, if you think about what you need in a cloud model, you need these cloud data centers for the next generation architectures, and you need the end points where people can actually have access to the services. So we're positioned very well in both of these segments.

Our strategy--it's always good to have a simple strategy statement--is to build an open cloud marketplace, to deliver secure cloud services and the infrastructure solutions for consumers and enterprises. So a pretty simple strategy, and for the rest of this presentation, we'll tell you what that means.

This is our cloud stack. It was referenced in Leo's presentation. We're going to go by layer and give you more detail on each one. We're going to have connected devices that are always on, always aware, context based delivery of services across this suite of devices. We're going to talk in detail about an open cloud marketplace. We're going to talk about what we're doing in cloud services. We're going to talk about platform as a service, because this is a fundamental enabler for the whole platform, and then the hybrid infrastructure, you get a lot of detail from Dave on how that works.

As you heard earlier, it's key, if you think about the things

that are along the sides, that all of this is automated and
managed appropriately, and that it is first and foremost
secure. That's one of our big differentiators as we go into
the next generation. But not everybody's in this world, so
as you can see on the other side, transformation services is
a big opportunity. There's a lot of software out there today
that needs to be transformed if it's going to run in a cloud
based architecture and in this new model. That's another big
opportunity for us.

So now we'll go into some detail on the different layers of
the stack. This cloud actually touches two layers. This
slide touches two layers. If you look around the perimeter,
HP's going to present services to the marketplace. We're
going to have third parties and partners presenting services
to the marketplace, services coming from private clouds and
services coming from public clouds. We need an open
marketplace where people can find and use those services, and
that's what this is about. We're going to be building out
the infrastructure and support to help facilitate an easy
flow of services in the marketplace. So if you're an
enterprise and you want to publish a service, you'll be able
to use the open cloud marketplace. If you're a consumer and
you want to publish a service or if you want to publish a
whole catalogue of services, you'll be able to use the open
cloud marketplace to do that.

In the center, you can see some examples of the kinds of
things that will be presented from consumers, businesses and
developers. Those are the three segments that we see
participating in this open cloud marketplace. It's also
representative of the kinds of services that we'll offer from
HP. So whether it's testing and storage and compute services
coming from our enterprise or on the far end, photos and
print and music services coming from our consumer business,
we'll present a suite of services, again, in the context of
this open cloud marketplace.

Platform as a service, one of the layers in the previous
architecture. This will enable rapid development of these
mobile services. It's a full development stack. It's a
complete application lifecycle management capability, and
what this chart really represents is the generic set of
services that you need if you're going to have a platform
offering. So at the bottom, it has to be secure. We talked

about our industry leading position there. Bill's going to
give you a lot of details on that later in the afternoon. We
need to build, test and deploy. Again, based on our
strengths, we'll be able to do all that. In the middle,
there's a range of services that typical platform providers
will have. I don't think I've captured everyone here. These
are just representative of the services that you'll need,
everything from reporting to analytics and databases. On top
of that, obviously, there's a developer community, and we
embrace all the standards out there, everything from java to
.net to ruby. Developers will be able to use these open
standards and again, publish back through the open services
marketplace.

What do we have? As I said on the bottom, very strong
position, but I don't think people realize today how much we
have in the platform space. So cloud service automation is a
really critical part of our infrastructure and our ability to
offer that through a software as services business model as a
platform service is critically important. Application life
cycle management, open architectures for printing, web OS
architecture that supports both the developer community and a
range of end user web services and invertica [phonetic],
which is a whole new model for analytics and next generation
database architectures. So very strong position from HP.
We're going to continue to build out this platform layer and
present it as a service that you can build on for your own
clouds.

And finally, we're going to have a public cloud offering, so
this infrastructure as a service will be offered in late 2011
and into 2012, have storage as a service to begin with,
compute as a service and then platform and partner services
that I talked about on the previous slide. This is really
driven by demand from our enterprise customers. Many of our
enterprise customers are asking us to please provide this
extension to what they're doing in their private cloud space
so that they can seamlessly burst into a public cloud
offering and deal with their peaks and loads and demands.
We're going to build it on unique HPIP Plus partnerships.
We're not trying to do everything ourselves, but we've got
some really interesting things to bring to the party here.
We're going to enable an HP ecosystem of customers and
partners and this--one of our key differentiators will be
security and management controls. There will be a lot of

focus on ease of use, and we think there's some really
interesting enterprise opportunities in the billing space and
other normal business process support software applications
so that we can really engage with big enterprise customers.
So the public cloud will be coming on. We've talked about
some of the things we're doing in private cloud, and I'm now
going to turn it over to Dave Donatelli to give you the
details on that.

[MUSIC]

MR. DAVE DONATELLI: All right. Good afternoon, everybody. So
you just heard Shane talk about what HP is going to be doing
in the cloud, and what I'm going to do in my section is talk
about some of the things we already are doing in the cloud in
all of our products that we have out there today. So one of
them is cloud system. Cloud system is a makeup of hardware,
software and services, and these combined give us the most
complete turnkey cloud service that's available on the
marketplace today. So if you go take a look at cloud system,
it starts at its base level with conversion infrastructure.
To that conversation infrastructure, we offer software that
does provisionary monitoring of the cloud itself. We have
full orchestration software on top of that. That
orchestration software enables us to orchestrate the entire
environment, the entire heterogeneous environment at that.
We've added on top of that a complete service catalogue. And
this service catalogue encompasses many of the most popular
applications that you already have on the marketplace today.

Now, this is very important because if you look at enterprise
users, they're trying to take their current infrastructure
and move it to the cloud. In many cases, they want to run
many of the applications in the cloud that they've already
been running today in addition to new applications they'll
have in the cloud. So the fact that we've already built a
service catalogue that enables them to cloud-ize, if you
will, the most popular applications makes it very simple for
them to deploy quite rapidly into the cloud as they want to
do.

And then finally with this service, on top of it, we built
cloud maps. Cloud maps really take advantage of our decades
of experience that we have in building out high availability
infrastructures at great scale. And what they do is they're

step-by-step procedures for how to take applications from really nothing into a fully private cloud or fully hybrid cloud as rapidly as possible. And by using these cloud maps, customers can save either weeks or months of time that they'd have to invest on their own to figure out what the best practices are, the sizing and the appropriate way to go ahead and configure cloud systems.

Now, that's not all. The principles on which we built cloud system are also very unique to Hewlett-Packard. First and foremost, this is a heterogeneous cloud. We support multiple operating systems, multiple virtualization systems, multiple heterogeneous infrastructures across. So we give customers unbelievable choice in how they want to construct their clouds versus other systems that are out in the marketplaces today. In addition to all the software that I've already mentioned, we also are uniquely able to manage this from a single point of view so the people have one screen where they can manage the entire infrastructure all the way in.

So how do we build this? Well, essentially from a software point of view, the cloud system is built up on HP's blade system matrix, which is a software technology now that we've been shipping for more than 18 months. We have literally thousands of customers running this around the world. It enables them to manage their entire infrastructure non-disruptively as one big common pool, which is basically what a cloud is. On top of that from HP software division, we have now combined and added on top HP's cloud service automation software. Now, this is software that we've also spent the last 18 months making major additions to and rewriting. But the combination of the cloud service automation software and our blade system matrix software is unique to Hewlett-Packard, and you'll find when you go look around the industry, it is the most advanced way now to manage both private and public clouds.

Now, in addition to that, what we've done is we've added extensions to the cloud system based on many of the technologies that you know from us. First and foremost, our high performance servers, second of all, our storage that is purpose built for shared environments for the cloud, offering multi-tenancy and the ability to manage mixed workloads, which is really critical in the cloud. Our security software products that enable you to secure not only traditional

environments but also in virtual machine environments as well, our high performance networking products, which you hear have been growing quite rapidly, again, perfectly architected for the cloud and mixed environments. Again, uniquely enabling people to run everything from UNIX to Windows to Linux to multiple --, either individually or mixed and matched any way they choose.

And then finally, the cloud is not just about us offering the cloud, although we will certainly do that. It's also working with our many partners and service provider partners out in the marketplace as well. These have already been long-term relationships, you've heard. You heard earlier we sell to seven of the top ten service providers in the world. And the HP cloud system is made so that we can offer it directly to a customer, our partners can offer it. Our service provider partners can actually either offer it as an HP branded system or one as a white label or private label and resell to others as well. So it's a system that's meant to sell through all of our channels of distribution, and it's meant, again, to serve both the public and private and hybrid cloud system.

Now, as we mentioned, this is a combination of both hardware, software and services, and we believe services are going to be critically important for the cloud. Again, as we mentioned, most enterprises have to get from where they are today to either a private or hybrid cloud. And to get there, it's going to take a lot of help and a lot of energy. So what have we done to make that possible? Well, first, we built a cloud solutions lab. You heard me mention before that we've already mapped the major popular applications into our cloud software already. But enterprises have many custom applications that they depend upon equally and that are very important to them. So if they're going to take those applications to the cloud, one of the things they have to determine is well, what is the right scale for this application, what's the way to architect it, to make sure they can get the proper cloud services available from it?

So in our cloud solutions lab, we give customers the ability to come in, try out their applications and make sure and get them cloud ready before they go ahead and deploy. The cloud map, as I mentioned, have been incredibly popular for us since we've introduced these, and again, they rely upon our decades of experience here in building high end, high scale

mission critical environments and taking that burden away
from customers instead of having them try to figure out how
to do it on their own. It takes all the best practices that
we've had around the world for decades and puts them in one
place for them to leverage and use.

And then finally in services themselves, we offer a whole
host of services here. We can come in and do diagnostic
services that help people decide what do they have today,
what of what they have today do they want to bring to the
cloud, what do they want to leave behind, what new services
do they want in the cloud to offer to end users? Our
services around diagnostics can help people do that. We have
series around application transformation that can help them
transform their applications that exist today and make them
cloud ready. And then we have the ability to completely run
end to end a cloud system for them. So again, no matter what
level of services they require, we have that full and
complete services end to end.

So if you look at cloud system again, it's this unique
combination of the hardware, the software, fully wrapped in
services based on all our experiences that makes it so unique
to anything else that's out in the industry today.

So what is our winning strategy for the cloud? Well, it's a
$143 billion market opportunity for the company by 2013. As
you heard earlier, our vision goes from connectivity of
individuals all the way up to the full cloud infrastructure
all the way through an HP cloud that we offer. We'll have
over 100 million potential connectivity customers out there
with what we already do. You just heard Shane say HP's going
to offer an open cloud marketplace that's going to enable
secure cloud services available to all. Our solutions
uniquely span the private cloud, the hybrid cloud through
service providers and the public cloud. We're going to
enable our current enterprise customers as well as our
current partners who are solution providers to get to the
cloud to a full host of services that we offer, and we're
capable of doing this all at a global scale that only HP has.

So putting it all together at HP, we're helping everybody on
the cloud. So that, thank you very much, and now what I'd
like to do is turn it over to Todd Bradley. He's going to
talk about connectivity.

[MUSIC]

MR. TODD BRADLEY: Thanks, Dave. And thanks for joining us today.
     You know, people share a very powerful need to connect.
     Really, that's why we're here today, to talk about that, and
     I thank you for coming live to connect with us.

     Typically, connectivity occurs digitally. Most people have
     three, four, five devices that allow them to connect and stay
     connected. Today, what 'I'm going to share with you is
     really around the need customers have for connected
     experiences and how HP is very uniquely positioned to bring
     both technology and an ecosystem approach to that. We're
     going to take a brief look at some of the products that we've
     recently announced. We're going to take a brief look at some
     of the capabilities that we're bringing to market today.

     As Leo mentioned, what we're focused on is really taking
     advantage of our core strengths, of our unique assts and
     extending them to attractive new markets. I don't think
     anybody knows more about devices that connect information,
     content and services that are important to our customers to
     them than HP. As we've said before, we ship two PCs a
     second, two printers a second, four servers a minute. We
     serve customers, small businesses, enterprises, public
     sectors in more than 170 countries around the world, and we
     do it with 88,000 retail locations, 145,000 sales partners
     and over 200,000 service providers.

     And we'll bring all this to bear on an emerging market for
     connected experiences that span the segments and span the
     devices that we already have a very, very strong position in.
     So let's take a look at what this space looks like for our
     customers. To keep up with all of our collective need for
     24/7 connectivity, we now tap into an increasing number of
     information services, social media networks and clearly, web
     content. You know, we may connect to access reports, to
     check on sales, to check on stock prices. Or you may connect
     for more personal reasons--taking a call from your son or
     daughter, checking on the score of an important game. What
     it really boils down to is what is the customer's problem?
     That problem is really around the need for a solution that
     gives effortless access to their digital universe, no matter
     which device they use. A solution that really responds to
     how people want to look for information, how they want to

access entertainment, how they want to stay connected on the go.

The CIO's problem, clearly different. How do they ensure what works for an individual also works for the enterprise? For seamless access to those critical business applications in a very safe and secure environment. And this is precisely where we, where HP is focusing on delivering value. Seamlessly and securely connecting our customers' worlds continually. And we're applying all of our resources to focus on innovation and scale, to bring a family of products that are the building blocks of this long-term strategy, a long-term strategy that will enhance our existing leadership position and enable us to create those connected experiences.

Beyond our scale and our reach that's well known, we have unique and differentiated technology in the form of web OS, and web OS is becoming the basis, the foundation of our connected ecosystem. It's a foundation for third party developers, enterprise IT departments, all to develop that portfolio of products that allow access to this ecosystem that we've talked about. Web OS was really built, its genesis was to be mobile, to be web connected and to be scalable, and to address the migration of information and content that's now moving to the cloud. We've seen this happening for years and addressed it very aggressively as we acquired --.

More importantly, web OS will deliver a differentiated customer experience. Because what really matters is how we use great technology to make great products. We've accomplished this with web OS because of the unique architecture and functionality that it permits and because it's deeply integrated in hardware, software and services in a way that's only possible when you own and control all of those elements.

Our vision for web OS is to make our customers' online world not only available to them but make it available in a way that's delightful to use, that's easy to access and able to do it in an extremely intuitive way, no matter what device they use and no matter where they use it and what they use it for. That's why features like synergy are important, because we get that people want to keep information and content in lots of places. Synergy merges that information from the

cloud across different applications and brings it together on a user's device in an integrated, easy to access, easy to use way. If information changes in the cloud, like a photo on Facebook, a contact in LinkedIn, it's automatically updated in your web OS powered device. That's why multitasking is such a core element of web OS design, a feature from the start, because today's consumer is usually juggling two, three, four, multiple tasks at one time. And with web OS, you just can easily manage multiple open applications simultaneously.

That's why the differentiated features that users love go on and on, including things like gesture-based navigation, over the air updates, touchtone technology and touch to share. Very unobtrusive notifications, the best 3-D gaming experience in the market, full access to the web including flash and rich content from books to magazines to movies and to music.

The family of products that we announced last month, the Veer [phonetic], the pre-3 Smartphone, the HP Touchpad, each offer the same great web OS experience ubiquitously across the device. I want to take a look at a short video to just give you a view of this seamless web OS powered connected experience on the new HP Touchpad. Will you go ahead and roll the video?

[VIDEO: The HP Touchpad is an amazing new device. It's the first tablet to run web OS. Here are a few applications that I was using. This is my email, messaging, photos and so on. We call each of these a card. To work with a card, I just touch it, and I can see the application full screen. I can rotate the device to landscape, and all the applications orient themselves and I can press the center button to go back to the card view. What I can do is stack them together. To open a new application, I can either use the quick launch bar at the bottom, or I can touch here to bring up the launcher. Let me launch the calendar application.

Our calendar application synchronizes with multiple sources, such as Exchange, Facebook and Google. I can view all my appointments in a single view layered together using Synergy. Press the center button and go back, and when I'm done using an application, I can just swipe it off the screen and close it. Email is another application that makes great use of the

large screen of the touchpad. To see the rest of my Gmail inbox, I can drag this handle to the right and there it is, and just drag this handle to the right once again, and easily switch to my Exchange inbox.

Of course, the Touchpad is great for fun stuff as well. Here's the video that a friend of mine sent to show my daughter. The Touchpad supports Adobe Flash so you can experience more of the web. The Touchpad is great for playing 3-D games, like Armageddon Squadron 2, very addictive. It's not just about immersive gaming. The Touchpad is a great experience for immersive reading as well, and for that, we have partnered with Amazon for Kindle. The Kindle application gives me access to my Kindle library but also new books from the Kindle store.

It looks like I am receiving a call. Hey, Dave. How are you doing?

Great, --. How are you doing? You got a minute?

Not really. I'm kind of busy right now. Can I call you back?

Sure.

All right. Bye, Dave. I'm planning to have dinner tonight with a friend, and he was going to email me a restaurant recommendation. Why don't I use Just Type and search for it? I can just type my friend's name. There, I see two emails from him. I select the email about the restaurant. There I go. Touch the URL, and that loads the restaurant website. But I have to head out, and I'm not taking my Touchpad with me. However, I am taking my pre-3, and when I bring the two together and touch, we call this touch to share. It allows us to pair web OS devices and to share information between them.

And that's the magic of HP web OS.]

MR. BRADLEY: So good view, good visual--a picture always says 1,000 words--of some of the capabilities of web OS. While we talk a lot about consumers, at the same time, we recognize that for most people, life's a blend of both personal and professional responsibilities that need to be addressed. And

we're in a very unique position to deliver a superior end
user experience and help CIOs in the enterprise deliver
custom applications, custom services to manage their mobile
devices and to maintain security.

For example, an employee working at the hotel could easily
log into their email, get authenticated and from there,
process a travel report then hop back to check their Facebook
page. Relative to the more consumer oriented applications
and service marketplaces, the enterprise marketplace is still
in its very, very early days. And we're anticipating, we're
planning, we know there will be very significant
opportunities in the enterprises, and you'll see us build a
set of horizontal capabilities that make web OS powered
products enterprise ready. We'll support data at rest
encryption, password recovery and other application
restrictions.

You know, we couldn't be more excited about our new products
and the work we're doing to make web OS even better than it
is today. But we recognize that it's the work of content
creators and app developers who really bring the full power
of web OS to life. Web OS is as differentiated for
developers as it is for consumers. We're open to both
consumer and enterprise developers, content owners and
service providers, and our catalogue will support the views
of enterprise applications. We're making it as easy for
these developers to participate in the growth of our
ecosystem as we are customers to access their content.

And with web OS, customers can now write an application once
and deploy it across multiple applications, smart phones,
touchpads. They have unique integration opportunities that
no other platform includes, no other platform offers,
including core functionalities like Synergy, like
multitasking, like just type and touch to, all very unique
ways for developers to be creative and bring their products
to market. All this helps to move away from the siloed
solutions and create a richer, more integrated experience
that's frankly more useful for customers. We also give
developers the choice of powerful developmental tools.
They're all easy to use, easy to access.

They include a new browser based developer environment,
Aries, and our plug in developer kit, which helps developers

support apps written for other platforms easily and quickly to web OS.

Now just last month, we introduced a new framework called ENYO [phonetic] to developers, and the reaction has been phenomenal. We've seen over 3,000 downloads since that announcement of the ENYO pre-release. And we've seen a 30% uplift in new developers coming to the web OS platform. Clearly, a compelling set of opportunities for them. Our vision extends to the enterprise, as we've talked about, where we're working closely with HP software and services to make sure that our enterprise customers can leverage the same power of web OS, the same set of opportunities to deliver custom business and productivity applications to their employees, to their customers.

I think it's clear, back to where Shane started this. Our goal with web OS and our unique opportunity is really to extend web OS to the broadest range of products available, the broadest range of devices for our customers, the largest installed base for our developers. With this in mind, we'll be extending the ecosystem beyond smart phones and tablets. Development teams across HP are working to bring web OS and the web OS experience to the Windows PCs. Next year, we'll migrate tens of millions of web connected printers into the ecosystem.

Again, expanding the reach for developers exponentially. In the figure, across smart phones, touchpads, PCs, printers, we have the potential to deliver tens if not hundreds of millions of web OS enabled devices annually into a huge installed base. And as we look further out into the future, clearly, we envision a broader web OS footprint. We look at it across endpoint devices as diverse as thin clients, as digital signage, even devices from third parties that complement our portfolio and enhance our customers' experience.

So to summarize, I think it's fair to say that we believe we're uniquely positioned to leverage our very distinct and differentiated assets and to market advantages to solve real customer needs, web OS and the easy to use experience HP will deliver to customers using this truly differentiated platform. It's a true example of us bringing innovation that matters to customers to helping them seamlessly connect their

worlds through the cloud. HP is committed and continues to
be committed to develop the full potential of web OS in the
marketplace, and this means all of HP. We're investing in
the build out of this ecosystem, from small to big, from
professional to personal, from cloud enablers to connected
devices that are both local and global, and obviously, we've
embraced the developer community to ensure that in classic HP
fashion, we're keeping the developer tools in the garage,
unlocked so they can write apps for multiple devices at one
time and grow this catalogue and give end users and CIOs the
most from a family of devices in the productive, secure,
entertaining and always engaging world.

We're excited. We're thrilled about the products that will
come to market this summer and later this year, and the task
for HP is on to deliver a great connected experience for all
our customers. Thank you very much. I'd now like to
introduce VJ, who's going to talk about the opportunities of
digitalization.

MR. VYOMESH JOSHI: Good afternoon, everyone. What I want to do
today is to talk about how our strategy aligns with the
overall HP strategy that Leo laid out with respect to the
cloud connectivity and software. If you think about what we
have been doing in the last 24 months through innovation, we
are gaining share in our core business, making sure that our
traditional core business is healthy. The cost structure
will permit to take the cost out to reinvest in the business
is a very important first step.

The second one is building this cloud based architecture.
Every single printer we ship above $99, both inkjet and laser
jet, including even design jet, are cloud aware and web
connected. This is very important for building that
infrastructure. As a matter of fact, we're building four key
assets with this cloud based architecture.

The first one is for the consumer and microbusiness. This
cloud based, cloud aware architecture helps us in making sure
that we build web services platform, and we also have our app
store, with which customers can customize their printer and
load applications directly onto the printers. The second key
asset that we are building is for the -- enterprise with our
future smart and OXP architecture. Again, they're all web
connected and cloud aware. We can build vertical solutions,

content solutions that I'm going to talk a little bit about.

The third key asset is building our print service provider network. The ecosystem that we want to build that customers can capture the content anywhere any time and print anywhere any time to any print service provider, to a retailer--we want to make sure that that content could be taken and printed anywhere any time. The fourth key asset is our go to market asset. You want to make sure that we build solution based go to market apps. Think about we went from transactional printing to services with our managed print services. Now we are taking other assets and making sure that we can sell very effective solutions.

So that's the four key aspects we are building on our cloud architecture. The other important part is transitions, seamless transitions from our client service based model to the cloud. The great thing about imaging and printing is we are really building our install base with cloud aware and web connected. Leo talked about we already shipped three million web connected cloud aware printers in the first quarter. This year, we will be shipping close to 20 million cloud aware web connected printers, and we will continue to build that install base and seamlessly transition. Everything will be cloud aware web connected.

The four important parts in this connected world--the onramp and off ramp are going to be cloud aware, and this one HP architecture about having really understanding that content that we are capturing could secure that, it could store that and then the off ramp is all going to be really a key asset for Hewlett-Packard.

So let's talk about now, you know, this in detail. The four key trends that Leo and Shane talked about--the first one is about the content explosion. Now, the important part for us is printable content explosion. A lot of people talk about printing is going to go away. Printing is not going to go away. We absolutely believe that printable content is going to triple in the next three years, and that's the content that we want to capture and print anywhere, any time. The second key trend is about mobility on the web, and that's the reason we build this architecture, our EPCL or OXP, the fundamental what I call the midware of the platform as a service, as Leo talked about, allowing customers to write

solutions so they're printing better.

The third key trend is about analog to digital. This is a very important trend, because all the 53 trillion pages, only 10% is digital. We think that every single media type, from photos to newspapers to magazines to books to labels, everything will go digital. And with our solution, especially our print service provider solution, this is going to be very important for us. Let me give an example. The web press that uses our scalable inkjet printing technology is a great device to transform, for example, the book industry. Think about the book industry.

Forty percent of books are never read, and now, customers can print what they need. That's the power of our web press, and that's the power of going digital. The other good thing from the business model point of view about this web press, they print millions of pages. Some of our customers print 80 million pages a month, and that's gallons of ink, which is a very good thing for our business model, because if we could have just one device that could take gallons of ink, print profitably, as Leo talked about, every page that we get out is the high gross margin which we really like. Taking the scalable inkjet print technology and then driving this digitization is a very important trend for us.

The fourth key trend is everything is a service. This is the reason the retail publishing is very important. This is the reason our managed print services and taking that to the solutions and the content solution is very important for us. So these four key trends really drive the $292 billion total addressable market for our imaging and printing. And that opportunity is what we are looking at. So the important part is really going after value pages, making sure that we can expand our margins so that we can make sure we reinvest into our unit is very important for us.

The important part is grow faster than the market, build the cloud based web connected architecture and go after the solutions. So we look at -- three steps, the core printing, which is $175 billion market and for the last 27 years, we are number one. The important part here is invested innovation. The important part here is even in this tough environment, we want to gain share. That's the cost, taking out, reinvesting and gaining share is very important for us.

We want to make sure that we continue to drive innovation, go after the emerging geography. The emerging geographers are very important here, because the PC penetration is very low. The printing opportunity is very huge. So we want to make sure we continue to drive our core business.

Then look at all those pages that I talked about, the printable content. Make sure that we capture those high value pages, tremendous opportunity when things go digital. The next part is the services. Five years ago, we were not really in managed print services. In the last five years, we have become number one. Number one in managed print services. We started out optimizing the infrastructure, putting everything on the network, capturing those -- pages because that's what we want to do and we grew this business tremendously.

Now, with that, what we have, 3,000 enterprise customers, and they all are saying okay, you helped us in managing our environment. Now look at all the paper based -- and help us to streamline those. Another important part was retail publishing for us, because when we look at our scalable inkjet printing technology, we can take that into the retail publishing environment, initially with photos, then posters, now with publishing. Tremendous opportunity. Thousands of retail stores are now using HP technology for retail publishing, big accounts like Wal-Mart, Tesco, K-Mart. The important part here now is to continue to grow that footprint and continue to drive very profitable growth for imaging and printing.

So think about what we have done. We started with the printing, core printing, leading for the last 27 years. Build our services, build a go to market asset. Now we are number one, and this is very important for us. So make sure that our core business is healthy. We can take that printable content and continue to drive that. As you could see in the first quarter, we grew 8% in revenue. We have grown market share in every single category that we've participated in.

Innovation is key. Nobody has this web connected cloud aware printing. We are the only company, and we're going to continue to build that out, build out that install base, because this is very important for us. Supply is good at the

end of the day, from our business model point of view, we want to make sure we --. We had a 7% supplies growth in Q1. We want to make sure that we take care of that innovation engine that we have. We want to make sure that we take the cost out and continue to investing, because supplies growth is very, very vital for us.

Now, what we want to do, in addition to all this, we want to bring our strong services momentum. We want to make sure that now, we can find and view incremental opportunities to grow our core business. That's where the services come in. Now we have 3,000 customers. We have thousands of retail stores. We want to grow that business. The other important part is once we have those 3,000 customers, all that web connected printers, we want to go after content digitization.

Think about all that media type going digital, all those paper based processes which are not very efficient and not very effective. Customers are coming. When we do have managed print services contracts, 75% of the customers say we want to build a solution. We want to use our partners and look at those paper based processes, deconstruct those processes and reconstruct those processes so we can streamline that. So think about that $55 billion opportunity now. We can have access, because what we have is this great onramp, the great off ramp and build that cloud based architecture that we have built.

As I mentioned, every printer that we ship above $99 is cloud aware and web connected. The other important part is we can have one key architecture. We can take the content, tag that content, make sure we use our software assets that we have, which is very important for us and build that end to end system from the content solution, and that's the opportunity that I want to talk about.

So think about all those paper documents, all the stuff that people have for a very long time, those inefficient, multistep processes. The other important thing that we hear, especially from financial services, from big corporations, that authentication and the compliance is very important for them, because that's the -- process to paper based processes. So what they want to do is really digitize that and once you have that digital information and authentication, compliance, the security, all that you could apply, and this is an IT

problem. This is not just an imaging printing problem. And
we being the number one IT company in the world, we will be
able to offer that service and that solution that no other
company can do that.

So think about that whole capture, authentication, store and
then personalization and customization cycle that I'm talking
about and build out solutions that we will be able to
monetize, because at the end of the day, we want to make sure
that we can monetize this to build a new opportunity to grow
imaging and printing. And here, this whole cloud based
architecture and connectivity plays a very important role
because the software is the glue, and that's what we are
working on. That's what the opportunity we have in making
that into a reality.

Now, I can talk about this--I want to have a customer tell us
how we are making that happen. Please roll the video.

[VIDEO: What differentiates Humana is our ability to innovate and
continue to recreate ourselves.

It's important that we have a solution that enables business.

It's important that our communications are accurate so that
we're able to stay compliant.

Perfect service is a culture at Humana. It really goes to
the core of our business practices. Our communications
before were pretty standard.

Can't do any personalization, can't really easily blend
static and dynamic content.

We spend millions of dollars a year in outbound
communications to our members.

A very large company, lots of systems, lots of really diverse
kinds of data. Every time business wanted a change, they had
to call IT to make that change.

One of the greatest benefits about HP extreme is the ability
to allow us to deliver personalized communication. This was
a changing time for our business. We nearly doubled in
memberships and looking for a platform that really would

enable us to deliver a broader array of communications, leveraging kind of a core infrastructure that kept things simple from a development perspective, a design perspective and also business management processes around that.

Proof of contact was really the -- for us. It showed that it could handle the various types of data that we bring to bear. HP is a solution for us that's really key. It's helped us rationalize the number of communication type solutions that we have at Humana. HP was in lockstep with us all along the way.

HP partners with us on developing new solutions and working with us in the product development phase and understanding our business strategy so that we can develop these solutions together. The features that drove us -- HP were design flexibility, scalability.

Empowering the business, data integration and personalization.

Members that receive these personalized communications are about 16% more likely to renew with Humana. They are about 6 or 7% more likely to say something good about Humana. We have on average saved $2 to $4 million a year by consolidating communications.

Time to market, tremendous. We went from signing a contract to having a statement out there in about five months.

Our partnership with HP has been great. We've worked with them for over five years. They stayed connected to our strategy, working to build solutions and support us going forward.]

MR. JOSHI: I think the important part here is value creation, making sure we capture new customers, former customers. Compliance is key, and at the same time, really re-engineering the whole business process that they have so they can reduce the cost and be very effective. Now, the important part here I want to show you is we already have lots and lots of consumers and SMB enterprise solutions.

Now, some of the solutions are with old partners. We absolutely believe that this is the way we can continue to

drive profitable growth and opportunity. You want to make
sure that we build on the core architectures that we held
right now with which we could bring new customers and new
partners to drive this ecosystem that I'm talking about. So
why can we win? We have the -- coming in our direction. All
the pages going digital is a big deal. Connected world,
cloud based architecture gives us a tremendous opportunity to
continue to grow our business beyond our core business.

Now, core is absolutely important to us and we are going to
drive the cost down and supplies growth. But in addition to
that, we will own with this architecture, because we own that
onramp and the off ramp, and that architecture allows us to
win in the marketplace. Thank you very much. This is all
about seamless secured, and I'm going to bring Steve Fieler
here, and he's going to talk about the next steps. Thank you
very much.

[MUSIC]

MR. FIELER: Okay. Time for our next break here. First of all,
    if you haven't seen it, we do have some Touchpads out on
    break, so I really encourage you to see it. They're really
    cool devices. That's the first thing. Second thing, 3:40
    sharp, so be back at 3:35 based upon the last break, because
    we're starting at 3:40 sharp, and up next, we have Bill
    Veghte, who's going to kick it off on securities, and we'll
    have Ann and Tom Hogan who will follow that. Look forward to
    seeing you back at 3:40 sharp.

[END PART 2.MP3]

[START PART 3.MP3]

[START BILL VEGHTE PRESENTATION]

FEMALE VOICE: Ladies and gentlemen, please welcome Executive Vice
    President HP Software Bill Veghte.

MR. BILL VEGHTE: Hi. Good afternoon. Thank you guys so much for
    joining us. Before we dive in, and I am itching to talk to
    you about securities, I've got to tell you a personal story.
    I've been sitting down front all afternoon and pretty
    exciting day. I joined HP nine and a half months ago after
    twenty years of building software products and business at
    Microsoft. I came to HP based on four beliefs. First is
    that we are at a remarkable inflection in how information

technology is delivered. I believe that Hewlett Packard is
uniquely positioned in its ability to reposition itself
further up in that value chain. The third belief that I
joined on the basis of was the breadth and depth of
leadership at this company and you got a sense of it this
afternoon if you listened to VJ and Todd and Shane and Dave
and you listen to Ann Hogan and Tom in a moment. But the
final piece that I want--it's a great combination too. The
final piece that I want to highlight is that the software is
glue and we do a lot of software at HP and we can do it well.

So let me dive in and give you an example of that in the
security context. If you think about the words that Leo
kicked off the session this afternoon around, he talked about
the fact that IT was the fabric of the global community. It
was the fabric and as we think about the ambition and the
mission that we're on as a company it's about how do we
optimize this traditional environment. How do we enable a
seamless transition to Cloud? How do we deliver in a
connected world? How do we do that? The reality is that
customers are struggling today, even as they move to a Cloud,
even as they move to a connected world. Just think about the
last week. In the last week we've learned that the French
finance ministry was hacked.

It shut down 10,000 computers because people were looking at
documents that they had around the G20. If you think about
Google and the Android marketplace, 56 bad applications were
posted jeopardizing the personal information on 260,000
phones. The reality is that customers are struggling today.
As we move to a Cloud based model, as we move in a more
consumer driven IT world security and compliance will be an
even greater challenge. Those businesses, those individuals
are looking for a new and better approach. They're looking
for market leadership where someone steps up and can be a
trusted advisor for them; and we see that as a unique
opportunity that HP can deliver on.

Let me just give you a couple numbers so you can get a sense
of the market. This is a market where customers are spending
a lot. They're spending a lot on two dimensions. One is in
the security space, but I want you to think about when you
model this market, think about it not only in the context of
security but think about it in compliance as well. It's $159
billion market growing in the high single digits. The market
we're going to hone in on and focus on is the inner section

between those. This is what we call the security
intelligence and risk management space. This is a space
where the customer spends a dollar and they're not only
getting more secure but they're getting more compliant. The
way I think about it is businesses are managing the risk.
They're managing the risk and they want to ensure as they
manage that risk that they're secure and compliant. This is
a business that's growing in the twelve percent range and
it's a business in this market transition that I've talked
about that we see as growing in its importance.

Let me just walk you through to make my case. As you think
about the transition from mainframe to client server to web
and now the Cloud, in every step in those transitions
businesses have become more and more digital in how they run
their business in the business processes. As you think back
on those transitions I want you to reflect back on the key
challenges in those transitions; things like code red and
ninda [phonetic]. The client server was at massive scale and
massive deployment. Security has consistently been the tip
of the sphere. Now, as you think about those transitions,
just think about it, with every transition there's been more
threat, more threat but less visibility.

We have a heck of a lot more data. More data, but is it
helping us with our prioritization? It's not. You look at
it in the context of the impact, the impact that these
attacks are having on business, enormous impact, but my
agility and ability to respond is actually less. And of
course, what happens is you have these impacts, you get this
virtuous, and virtuous is probably a euphemism, but you get
this cycle between risk and regulation. And so, think about
the amount of regulation that's been introduced in the modern
business in the last two years. Think about the amount of
regulation that's been introduced and the amount of cost that
represents both at a horizontal level or at a vertical level,
from PCI to HIPAA to FISMA [phonetic] and the list goes on
and on and one. Business is digital and it's harder for them
to manage that risk.

Let's talk about architecturally how we got here and what
vendors in the marketplace are trying to do. As someone that
built, managed the development of many parts of Windows, our
approaches were predicated on the fact that we thought we
could lock down the infrastructure. We thought we could lock
down the infrastructure, put a lock around it, lock on it,

put a chain in essence around the applications and services and through things like access control lists and directory services put handcuffs on the user. Something happened along the way. The scale got too large and the user won. The user wants that access. They want that flexibility. The definition of the user got a lot more complicated because it was no longer just an employee, it was a partner. It was a supplier. It was a customer that needs access; and as you think about the market trends that we're facing or that we're embracing, these challenges are going to get even more. So if you think about that big market opportunity and these market trends and the challenges businesses and individuals are going to face, what are we going to do about it?

So what we at HP are going to do and what we are doing is we're building out what we call a security intelligence and risk platform. Okay. And the preset behind it is actually very, very simple. The way you ensure security and the way you ensure compliance is on the basis of being able to see it, understand it, and act on it. We at HP believe you can't be secure if you can't see what's going on. That you cannot be compliant if you can't understand what's going on. And that you can't manage your business risk appropriately if you can't act aggressively and decisively. So we are building a set of capabilities that gives that visibility so that you can understand what's happening, and then act on it. Let me double click in again.

If you think about the way the industry grew up, there was a security silo and there was a management silo and they were different. Now, if we took a step back we'd say well, isn't security a management problem in the first place? That isn't the way it evolved or devolved depending on how you look at it. And what's happened in the security space is that you've got tools layer by layer by layer in the market place. You've got tools at the user layer, the network layer, the data layer, the device layer. Those tools are actually now, if you did a survey out in the Fortune 2000, you would find that generally they are running at least two dozen tools at each layer in that security stack or security offering. Those tools are generating an enormous amount of data and insight at the layer level. The problem is it really isn't helping the business manage the risk in being able to quickly identify where the challenges or threats are.

So the first piece of what we're doing would be assets that
we have in Fortify, Arc Site and Tipping Point is unify those
security layers, working and partnering with other market
leading security vendors but making sure that we're very
promiscuous in consuming all of those different events in
that context within the security stack. The second piece of
it is that no one has ever connected the security stack with
the IT operations stack. Why is that important? As
businesses are thinking about running their business in a
digital fashion, let's say for example you have an
interruption or a hiccup in your application service. You
don't know whether that's a hardware failure, a design
problem in the application or an attack.

By unifying the operations visibility with the security
visibility and context you get better insight and the ability
to answer that basic question. We have market leading assets
on the security side. We have our heritage in HP software
has been in the IT operations and IT management space where
we've got fantastic assets, the best assets in monitoring for
example the application service, your application of service
or your hardware. You combine those, you've got more
visibility than anyone else in the marketplace. But in the
same way the eye is connected to the brain, then it just
becomes a big data problem like Leo was characterizing
earlier and Martin.

What Martin and Leo talked about in that Vertica [phonetic]
demo was information, lots and lots of information, gobs of
information. How do you put context around it? We have the
event, we have the context, and so then you can consolidate
into security intelligence. You do that, then you get to
have a conversation at the business level around how they
should manage their risk and how they should manage their
compliance in a cost effective and agile way. That is what
we are building. As we build that, it's not only how we
build it, it's how we deliver it. We deliver it on premise
with great security assets like Fortify, Tipping Point and
Arc Site. We deliver it through our Cloud services that
Shane and Dave talked about. And then finally we deliver
security and compliance as a service; so leveraging the
historic strengths and capabilities that Hewlett Packard has
in delivery but also reflecting the new consumption and
business model that the Cloud affords us and affords our
customers.

I want to just give you a little double click one more to give you a sense of the sophistication of the system we have today with the assets that we have today. Let me just stay on the security side of things for a second. If you think about the assets that we've been accruing, Fortify gives you very good visibility into what's going on in the application, very good visibility. Arc Site is the market leader in security information and even monitoring. What that longwinded acronym means is that they have great visibility into what is happening across all the different events that could impact security. Finally, in Tipping Point, you've got the best intrusion prevention solution in the market place. You combine these together and you can get a degree of a highly sophisticated set of insights and action around it.

So here is a scenario just to show you. Let's say you and I are in the electronic ticketing business. We sell tickets. Every millisecond, every minute, every hour, every day that that site is down we're losing money. We're losing business. For that, so IT is business for this business. Probably the hardest attack for them to deal with is being able to distinguish--let's say they're selling tickets to a political event and we saw this actually with Wikileaks, right? You watched people, political hacktivism was the term of art, where you watched people attacking people that were not supporting Wikileaks. In this case, let's say this site is being attacked by people who don't want tickets to this political event to be sold. So they're going to flood the system with requests. With the combination of these three tools we can distinguish between legitimate and illegitimate and we can isolate the illegitimate so the legitimate users and transact.

So what's the bottom line? The bottom line is that this market transition, the market needs a new approach to security and compliance, one that is about visibility, visibility and understanding and action; and with the assets that we have and the capabilities that we're building, HP is uniquely positioned to build out a security intelligence and risk platform and that opportunity is now. We do that well and we secure everybody so they can be on.

So with that, it is my privilege to introduce Ann Livermore to talk about services. Thank you. Welcome Ann.

[START ANN LIVERMORE PRESENTATION]

MS. ANN LIVERMORE: Good afternoon, everyone. As most of you
    know, I run the enterprise business for HP and Tom Hogan
    leads the sales marketing and strategy for the enterprise
    business. You've heard from two of the other enterprise
    business leaders this afternoon already, Dave Donatelli who
    leads our server storage and networking business and Bill
    Veghte just now, who leads our software business. So what I'm
    going to do in this section is focus on services. Then, of
    course, Tom is going to talk about our sales transformation
    and in particular I'm going to share with you the things that
    we're doing to be able to produce better growth in our
    services business.

    You heard our HP strategy articulated earlier by Leo and
    certainly the enterprise business is at the core of
    delivering against that strategy. It provides great
    opportunity for us from a growth perspective and also
    delivering even greater value to our clients. The services
    business is right at the heart of this strategy. If you look
    at each of these four statements, services is wrapped all
    around them, whether it's in the traditional environment,
    whether it's helping people be able to build and manage a
    Cloud based architecture, whether it's the hybrid nature of
    it, providing the services to be able to transform from the
    traditional to the Cloud and then manage both at the same
    time; and then finally, as well, the connectivity aspect of
    our strategy. So just great growth opportunity for us here.

    Our services business is strategically important to us and
    it's a core component of HP's overall strategy. As you know,
    it's a large attractive market. This represents the
    enterprise market and you can see about three quarters of it
    is services, the top two blocks on the bar chart. It's a
    fragmented market. The top five players represent less than
    twenty percent of the market share. This is good news for HP
    because in addition to competing against the large players
    like IBM we have lots of little players where we have very
    clear strategic advantages competing against them. We're a
    leader in this market with very significant capabilities and
    as you might remember, last year our revenue FY10 for
    services $35 billion and we've got roughly 200,000 employees
    in this business. So it's certainly very important to us and
    it's at the heart of us being able to deliver solutions and
    also provide even higher value added relationships with our
    customers.

The other thing that's very important is we know that in clients where we have a very significant services present we have a larger share of wallet in every single product category that we have in the company; and along with that presence we also have the ability to drag along, pull through with services, products. You've heard us talk about our success here where we've had double digit growth in the product pull through with our enterprise services business for nine quarters.

So every quarter since we acquired EDS we've seen that pull through growing, which has been very good for us. It's also important to us because in the execution of our strategy we need to be able to provide solutions around the traditional current environment, the new environment and the transformation. HP being able to do this is dependent on those capabilities that we have. We have key IP and also--in the form of software, and also key intellectual capital in terms of what our services people know to really give us a really strong position here; and given all these things, you can be confident that our services business has the full attention and full focus or our entire management team.

A lot is going well in our services business and particularly when we look back at Q1 there are a number of things that we were pleased with. First of all, we had very solid long term signings and this has been true for several quarters. We had a record number of mega deals which means deals over $100 million in TCB in Q1 and the good news with that is over half of them were new logos. So while we renewed current contracts, which is very important, we also added a number of very important new clients to HP.

I already mentioned the product pull through which we're pleased with and is important to us; and we also felt good about our technology services business because when you take out the impact of a decision we made not to focus on reselling third party products we actually grew two percent, which was in line with the market. But there were other aspects of our performance that we weren't as pleased with and areas where we're putting additional focus and management attention to make sure we can drive even better results, because that's important for us.

We were disappointed in the growth of our applications services business. We know we need to drive more growth in

that business and it's a very attractive market space, so the growth opportunity is there. We also need to do a better job with some of the short term projects, selling into our installed base and matching the available resources that we have free to do work with the demand in the market place. We've hired some new people onto our team that bring deep and long services expertise, particularly in the application services market and particularly around the sales of such services; and we're also doing some things to build out our portfolio.

So let me tell you a little bit about the portfolio because many of you do not know about the depth we have in industry solutions and this is an area that certainly provides a growth opportunity for HP going forward. We have five main areas of focus where we have depth in our IP, in our intellectual capital. The first is around health care. We are the market leader when it comes to Medicaid and Medicare processing. We manage Medicaid for twenty two of the states and manage about a billion claims a year, a little over a billion claims a year. What we do is to provide the real time online adjudication of the claims; and we also streamline and make more effective the eligibility verification, which is very important to states so that they can ensure they're properly paying people who make claims.

In the state of Alabama our experience was that they were able to achieve 25% cost reduction by outsourcing this work to HP and working with us. We believe the state of Kansas is the best practice in the US in doing these administrative tasks. Again, HP at the core of that process for them. They've gotten to a point where they have low single digit GNA. If you go to Florida we have a great example of where we were able to help the state do fraud detection and as a result stop paying inappropriate claims. So clearly a deep area. You'll see us expand and do even more in the health care space, some exciting things around digital hospitals and other solutions.

Another area where HP has deep expertise is around transportation; and particularly around airline services. We manage about 500 million reservations in a year and we have a number of the top name airlines working with us. Recently Virgin Atlantic has agreed or taken the decision to modernize their customer reservation environment, working with HP. We do the same and have gotten that award with Travel Sky in

China and Travel Sky provides the services for many of the large airlines in China. Continental United with their merger have decided that the new United is going to use the existing reservation platform from HP Shares to manage their environment and then also one of HP's very large customers in the airline space, American Airlines, working with us in the passenger reservation area, but also in many of the other areas of their application development and the full management of their IP infrastructure. So in addition to these airline examples, other things that we're going to be doing that you'll see us be able to expand to in transportation and also hospitality.

If you look at CME, communications media and entertainment, this is a deep area of expertise for HP for over twenty years. We've got over 400 implementations in the OSS environment, that's the operations support systems for the communications companies, also very strong in BSS, the business systems, for them; and we see in particular great opportunities for us here in some of the eastern and central European countries and also throughout Asia Pacific.

If you look at the public sector, this is another very strong area for us and something that the acquisition of EDS certainly strengthened for HP. We're particularly strong in defense, in security and in social services. We've got over 300 different government entities working with HP and particularly another area of strength for us is around eligibility management and providing to the citizens access to government services. A great example of this is a very large customer for HP, the UK Department of Works and Pension. We manage a full process for them. It's an end to end solution. We manage the IT as the utility out of state of the art data centers and also their application environment.

One last area around financial services, this is another area of strength for us from a business process outsourcing perspective where we do credit card processing. We've got many, many decades of expertise in this field. We're doing services for clients on over five continents, over five billion transactions a year we're doing. Barclay's Bank is one of the large customers for us here where they're doing a full business process outsourcing for us including the contact centers. We also have quite a bit of depth around insurance policy administration with eighty of the largest

insurance companies who have outsourced work to us. So you can see all these areas where we have a strong footprint and also an ability to be able to expand even further off of the strong parts--points of value add that we have for these clients.

We also have a number of strengths in some of what we call horizontal solutions. These are solutions that we can sell across multiple industries. So you'll see us providing these solution areas to almost every industry on the planet. You've heard us talk quite a bit today about Cloud and certainly we have deep services expertise here, starting with the one to two day workshop where we can help clients be able to figure out their whole road map of what their plans are around the Cloud, what they want to modernize from an infrastructure perspective and also an application perspective. We're able to work with clients to, in as short as thirty days, help them to stand up a private Cloud to much longer transformation projects for them. We certainly do, as you heard Dave say, work for all the leading Cloud service providers, but in addition to that, all the enterprises around the world and also the governments who are looking at being able to make this kind of transformation.

Applications transformation, this is another area of strength for HP and a good growth opportunity for us to improve on through the coming quarters. We're able to deliver services across the whole life cycle and to use the software assets that we have that Bill described as part of this activity. So we can go from the dev activities, the test activities, the securing of the application, the management of the application, the modernization of the application. In some cases we do work around custom applications, around standard packages like SAP, Oracle and Microsoft packages and in other cases we're also doing work to help with the migration. So another area of strength for HP.

Services around converged infrastructure, there is absolutely no one in the world who is a better services delivery organization than HP when it comes to modernizing data centers and delivering the value from a converged infrastructure. As you know we're number one or number two in almost all the technology areas and we take that technology depth and use it in our services as well as in our R and D. We retrofit existing data centers. We build new data centers. We work on the energy efficiency and

sustainability of the data centers and we have depths of technical expertise in our organization. No one has more certified VM ware experts than HP. We have 16,000 Microsoft technology experts. Over 5000 networking experts, over 6000 consultants who can help build out a mission critical environment so companies can deliver the five nines of reliability and availability that they have. We also have over 12,000 consultants who are experts on - -, so we can work on the standards and processes for how to manage these environments as well as building them out. We have HP software tools to have the depth and expertise even more than many other providers have. So we have the software, we have the services expertise, we have the products.

You just heard Bill talk about enterprise security and this is another area of great strength for HP in our services organization. We can certainly help with the securing of the applications and the network, again with our services team, using our own software products as well as expertise they have on other industry leading software products. We're securing over a million applications for our clients and we have especially strong engagement we've done in financial services and in the public sector. This is about a billion dollar services business for us and I stand HP up against anybody else in the world when it comes to cyber security and protecting the assets that most nations around the world consider to be their most valuable.

We also have services capabilities around information optimization to be able to help customers with the on ramps of the information, the off ramps of the information, moving from physical to digital and back to physical. Again, our software and services play nicely together here and when you look at our clients today we've done over 400 projects that are around helping people be able to manage this content and information explosion issue that they have. We've got a series of consultants who are very steeped in this and you can bet that as we close the Vertica [phonetic] acquisition you'll see our consultants helping customers do great things with the big data management and analytics they can do around this. So another area where we have very strong expertise.

So when you look at those solution areas, those industry areas of expertise we have as well as the technology solutions our focus is all around ensuring that on a sustained basis both improving the growth in the short term

and then on a sustained basis driving growth for the long term. We have short term action as well as long term action that we're taking around the portfolio, around things we're doing from a selling perspective and also things we're doing around the delivery perspective to drive the growth of this business. Particularly around the portfolio the focus is all on enhancing some of the higher value added services, like you just heard me talk about; particularly the application services and delivering more value to our clients, deepening the IP that we have and the consultative capabilities that we have there as well as the capabilities around the Cloud.

So you'll see the portfolios continue to enhance that. We have a number of things we're doing around delivery which we believe help us drive growth and improve growth. You heard us last June announce our transformation initiative. This initiative is all focused on helping HP have the most modern, best services delivery in the industry. We're doing things here around modernizing the data centers, modernizing the networking and fully deploying HP software to drive more automation than anyone else has in services.

Now these kinds of actions drive quality and they also drive the competitiveness that we can have from a pricing perspective. Also, in the delivery area you'll see us focus more and more on driving and building the industry's best services supply chain. You've heard us talk for years about our product supply chain and I believe HP has the best product supply chain in the industry. There is an opportunity for us over a multi year period to create the same thing for services in terms of the advancement, the automation and the capabilities to match the supply of resources to the customer demand that's available. That's something we're also working on improving in the short term with some more basic steps that we believe we can take and this is another thing that is important to the improvement that we're going to drive over the next few quarters in our services growth rate.

And then finally, the selling activities themselves. There are a number of things we're doing from a selling perspective. One of the things we're doing is investing in more and better services sales capabilities, having our services sales people be more consultative in the nature by which they sell. We're also doing some things around special incentives so that we incent more of the HP sales force to

drag along and position our services for us, particularly with our top accounts. Then in our services business in particular we're not yet satisfied with the sales discipline and rigor that we have and the balance that we need to deliver in terms of the work that we do on the short term, selling opportunities, as well as the long term contracts. Great results on the long term contracts. We know we can do better selling some of the shorter term contracts and work as well.

So these are all the things that we're driving and focused on. We believe that we have a great opportunity in front of us with the services business. We know we can grow this business more aggressively than we've been able to do to date. I believe we've got the right set of actions in place and the right talent that we've added to our team to be able to drive this as we go forward. Certainly the transformation that Tom Hogan and his team are driving will help us with the services sales as well as the broader overall enterprise portfolio. So what I'd like to do now is turn the stage over to Tom and let him share a little bit about what we're doing with our sales transformation. Tom?

[START TOM HOGAN PRESENTATION]

MR. TOM HOGAN: Thanks, Ann. The scary thing that most of you don't know is that Ann's real husband's name is Tom also and the more scary thing is I've already got a text message from Tom referencing my new career. So an example, a real example of the everybody on world that we all live in.

Cathie and Leo have referred, as did Ann, several times during the course of the session today to the sales transformation. What I'd like to do and I'm going to be fairly brief is put some context around what that means. A lot of you may be sitting there thinking well, what does it mean to transform a sales force and then I'm going to share with you some milestones.

So first, when we began this journey a year ago we made a conscious choice and we said if we're going to do this, let's not do something incremental. We don't want to get this much better or that much better as a sales and marketing organization. We want to get exponentially better and that's kind of the root of what we're trying to do from a transformational perspective. The good news is we started

this journey a year ago. Today you've heard about some
exciting new developments as it relates to our strategy that
will involve more solution selling. The good news is we're
not starting in parallel with this strategy. We began that
journey twelve months ago. The bad news is it was a three
year journey. You cannot wave a wand in an organization of
this scale and transform the organization overnight. So we
have more work to do. The other good news is I would tell
you twelve months into this journey we're ahead of schedule
and I couldn't be more pleased with the progress we're making
in driving this transformation. You can say all right, what
does that mean? How do you define success as a
transformational sales force? There are a couple things.

First, we've established a couple goals. One is we want to
be viewed as the partner of choice by the enterprise market
for any solution that's rooted in technology; or more simply,
if I have a problem or an opportunity that can be solved with
technology I want our customers to pick up the phone and have
HP be the first person they call. Second, we want to
maintain and extend the leadership position we have in
loyalty. One of the great benefits and strengths of the
Hewlett Packard company is customers trust us and they like
us and we want to protect and preserve that loyalty. Then
ultimately, we'll measure our success in this journey by the
growth in market share that we drive.

Let me now switch gears after some context and spend a minute
on some milestones and some things we're doing to enable that
transformation. We have a fairly, as you would expect given
the breadth of the portfolio in both the enterprise and
consumer space, the products we serve, the markets--whether
it's enterprise, consumer, S and B, and the geographies
around the world--we have a fairly, as you would hope,
complex go to market model. When you take a step back from
that and say hang on a minute, what does it really take to
drive excellence in sales and marketing you can actually boil
it down to some simple things. One is just the raw quantity
of coverage that you have in the market and I'll talk
specifically about that in a second. Two are the quality of
the people that you've hired and you're deploying in that
effort. Three is to make sure you're maximizing the
alignment of your go to market with your corporate strategy;
and last, give those people the tools they need to be

productive and succeed. Let me talk about each of those on a high level.

First on a quantity front, you've already heard and you saw on the slide that Cathie referenced and for those of you that were part of the session back in September, we committed then to driving a pretty aggressive expansion in our coverage and our sales force. I'm pleased to share with you that we are ahead of schedule. The thing that I think is most positive about that is that I believe is an indication of the marketplace's view of HP as a place to work and the opportunity we have. So our focus now, what that translates to by the way, and it varies by business group, but we have expanded our sales force by over 10% since we talked last; and our focus candidly now, given that we're ahead of schedule, is to focus on the onboarding and the productivity of those people to make sure that we're capturing the return on investment we expect. That expansion in terms of the addressable market that we've talked about adds roughly $60-70 billion of new opportunity that HP is covering. So that's one. More bodies, more resources.

But we also want to get after this kind of from an intelligent perspective. So it's not just more dollars and more people. We're trying to be smarter about how we cover the market. That manifests itself in a few examples that I'll share with you. One is given that the portfolio has expanded significantly into the software and services area, our customers have reached out to say listen, we need somebody on our account that can be a partner and think of it as an account architect to help us understand HP's portfolio and how to better leverage our assets and help guide us as we move forward. So some portion of this investment will be architects that will be assigned to our largest accounts with the larges TAM [phonetic].

Second, you've heard us make reference several times to our focus on growth markets. So as we deploy this incremental investment in coverage we've prioritized first growth markets and it can be emerging growth or developed growth markets; so whether it's the brick countries or markets like Venezuela and Columbia or truly growth markets like Africa, Ethiopia, Mozambique, what you're seeing there is a pretty aggressive ramp in terms of coverage, opening offices and making sure that HP is well positioned as those markets mature and grow over the years.

The last example I'll give you is in routes to market. You all know the classic direct sales. You know tele-sales. You understand our rich commitment to partners, HP.com for commerce, but we think we're leading the way from a technology company perspective in leveraging new digital channels, digital communities, social networking, to make sure we're leveraging the economics and the reach of those channels to raise awareness, drive commerce and serve our customers. That's the quantity front.

I'm going to switch gears now and talk about quality. There's really two things we're doing there. One is the profiling of the people we hire. To put it very simply we want and we expect to hire the best people in the industry. It's not just best. It's also mapping skills. We want more people who have a heritage, who have experience in selling solutions, software, services and for our large accounts people who have expertise in that specific industry. So we have much more rigor and profiling around our hiring. The second piece is once we have those people, in addition to all the good people we already have, we've made--we talked about this last year--a major investment in training our people. So we talked about our plans to launch HP University. I'm pleased to tell you since we met last in September, the doors are open. We opened a world class campus and facility in Plano, Texas. It's over 10,000 square feet. It's staffed with some brilliant people.

The goal there, in terms of participation, if you're new to the company your first year you'll spend two weeks in Plano on site; so an onboarding week and then more of an advanced session. Then for the people that have been here longer they'll come through that campus for one week every year. The goal at HPSU is not to provide product education. We will use other channels to educate people on new software releases, new infrastructure, our service offerings and so on. That campus is really designed to help elevate the discussion to help our people become more consultative, solution selling, value added representatives and client execs that help bring the power of the HP portfolio to our client. The feedback, just to give you another data point, the doors opened in December.

We have put roughly 10% of that sales force through the university. The feedback, and this is internal obviously, but the feedback behind closed doors has been unbelievably

positive in helping our people better position the portfolio and link it with the needs, business requirements of our customers; and I'm confident, more confident today than I was six or nine months ago, that this investment will pay huge dividends in enabling the transformation.

The other two pieces I talked about were alignment and tools. On the alignment front, Ann's already referenced you'd like to think that everybody wakes up every day and does the right thing. But if any of you work for a large organizations, unless you're a stakeholder in a ten person firm, the fact is you've got to align your compensation with your strategy to make sure and not depend on people doing the right thing every day. So as our strategies evolve to a greater focus on solutions, outcomes, software and services we've morphed the compensation for the sales force to include a richer mix and more incentives to make sure we're driving those outcomes.

By the way, it's not just the classic enterprise business portfolio, we've also gold measured and paved these corporate account client executives on the entire IPG and PSG portfolio, which is absolutely critical if you start thinking about this convergence and the unique value prop of both the world of the Cloud and connected and mobile devices to make sure that our client execs that are in talking to the biggest customers in the world have not only the education but the motivation to bridge those two worlds and bring again the power of the portfolio to our customers.

The other thing we've done is when you talk to large clients, they'll tell you I will invest in the client exec or the rep you send me. I will bring them into my inner circle. I'll disclose our strategy. I'll talk about our business. The only thing I ask is send me people that can bring value and don't change that person every six or twelve months. I want that person to be my trusted partner and get to know my business and stay with me for three, five, seven years. So we've put some incentives in place, we call it the long term growth initiative or incentive, to reward people to stay with our top accounts for an extended period of years.

The last piece are tools. I won't talk--we're doing a lot of things that probably aren't all that interesting for this group to elevate the productivity, which is a big thing we're focused on, making sure we're getting the productivity out of this investment. So tools for productivity. The one thing I

will highlight is again, as you're trying to bring the power
of HP's portfolio to the customer, one of the critical
success factors, those client execs are convening on a
regular basis with the representatives from the hardware
group from Dave's team and Bill Veghte's and the services
team and VJ and Todd. So all the people that are expert
specialists in the different parts of the business need to
come together to collaborate and plan to really drive maximum
value. So we made a commitment. We happened to select Jive.
We'll be rolling the Jive platform out in May to our sales
force, both as a tool for rapid access to better information
but importantly to enable that collaboration across the
extended virtual HP team.

So there are a whole long list of things that are kind of
part of this transformation. I tried to share some of the
highlights and importantly some of the things that we've
talked about not too long ago that we've actually done so
that you're comfortable that we're dead serious about this
and making progress. So our job simply in the sales and
marketing function is to bridge the chasm between a robust
and getting better every day portfolio and a market place of
consumers and customers that want a seamless, secure, context
aware experience and I think we're on the right path and
candidly our biggest challenge and our priority at this point
is to accelerate that transformation and get to end of job as
fast as we can.

So with that I'll turn it back over to Steve Fieler. Steve?

MR. STEVE FIELER: Thanks, Tom. It's a great ending to the day.

[END PART 3.MP3]

[START PART 4.MP3]

[START STEVE FIELER PRESENTATION]

MR. STEVE FIELER: We've just finished our prepared remarks, and
    we'll switch into Q&A. Before we do, we just want to pause
    for a second to our opening, where we laid out some simple
    goals for the day. Number one is to share a point of view of
    the market, number two is to talk about HP's strategy and
    vision for addressing that market, and three is talk about
    why and how HP is uniquely positioned to win.

And if you think about today, think about the start, with Léo's presentation on our strategy and the financial implications of that strategy, and then the deep dives into the supporting detail of how we're going to go execute that strategy, and finally, how we're going to use services and sales to go drive this into the future, we feel like we've accomplished our objective today.

So now let's turn it over to Q&A, and for Q&A I'm going to invite Léo, Cathie, Ann, Todd and V.J. up on stage with Shane. We also have mikes for Tom, Bill, Martin and Dave. So while they're walking up I'll just talk about a couple of ground rules here. The first thing, we've got some mikes that are around the room, so I'll ask you to raise your hand and we'll bring a microphone to you to ask the question. The second piece of this is we ask you to keep it to one question. So with that being said, let's kick it off. Yeah, right there.

MALE VOICE: This is for Todd. So when you think about Web OS on a PC, the question that comes to mind for me is, is Web OS a friend or a foe to Windows in 2012? How should we think about that?

MR. TODD DONATELLI: I don't think about it as a friend or foe. I think about it as the ability, first Web OS will be on the PC through the browser to give you access to all those applications that you want for your Web OS experience, so I think of it as an enhancement and a benefit to the HP customer base.

MR. FIELER: Next question. Keith.

MR. KEITH BACHMAN: Hi. Thanks. Keith Bachman from BMO. I wanted to direct this to you, Ann, and also to Léo. I think there's some ongoing concerns about the services business, so I wanted to hear a little more color. Specifically on the last conference call, you suggested that growth would improve by the end of the year, but it seems like with all the cost cutting going on that's happened the last few years, there's still a lot of infrastructure to build on services. How do you really get there for growth as we approach the end of the year, and as important, as we look longer-term?

MR. LEO APOTHEKER: So Ann and I will answer this together. Let me just make the position very clear in your mind the role that services plays inside HP. It's a - - role. I think

we tried to make it very clear today that our services offering really stands all the things that we are doing at HP. And going forward, I would actually believe that they would become even more important than in the past.

Which means, therefore, that while we're doing what we're doing in services, we also need to transform some of our services so we can move services to the leading edge, the tip of the spear of our activities. I want just to make sure that you understand this, that this is not just a one quarter transformation thing. We really want to drive services forward and we want to use services as a tool in the - - capability and across - - . Ann?

MS. ANN LIVERMORE: Yeah, so I tried to bucket, during my presentation, the actions we're taking in the three different categories, and there are important steps we need to take in each one to first make improvements in the short-term as well as in the long-term. In the sales execution itself, we'll continue to add some sales resources into services. That's one of the areas where the ramping takes a little bit longer in terms of the expertise. And we're also not quite as far along down the path of adding resources. The other thing, from a sales perspective, is we didn't execute as well the plan of the combination of short-term and long-term signings that we expected in Q1.

As we go into the quarter, we know our backlog and we know the runoff, and we had a plan for a combination of short-term and long-term signings, and we did more long-term and not enough short-term. But part of that we can solve with reallocation of resources in terms of our sales resources and the number on the longer projects versus the ones who are working on the more in quarter, in year revenue activity, so that's a step there. We also know that when you look at the fastest part of the market growth, the fastest part of the growth in the market is in application services, and we do need some more consultative selling capabilities there. So those are all sales execution things for us, some of which we can address quickly and others which take a little bit longer to make happen.

On the delivery side, another one of the areas where we're going to drive improvement is better visibility and matching of available resources to the opportunities that are in front of us, and we need to get more sophisticated in our supply

and demand matching. We come from a heritage with EDS where resources were more account focused, and now what we're trying to do is be able to leverage them even more broadly through our global capability, so that's the second area that we're working on.

And then finally, I mentioned the portfolio, just always making sure we've got the capabilities and the focus in our portfolio for the things customers are most interested in. And I feel good about some of the enhancements we're making to the portfolio. So we're working all three steps of those things. Some happen faster and some take a little bit longer just to be able to execute.

MR. FIELER: Okay, we'll move to the next question. Bill?

MR. BILL SHOPE: I'm Bill Shope, Goldman Sachs. A question for Léo, if I could. You've outlined in quite a bit of detail some of the significant opportunities HP has in several IP intensive, high margin segments, many of which are pretty small for HP right now. But clearly HP does have formidable assets in these segments.

So when we look at that and we consider the fact that the competition in these segments is also formidable—Apple, EMC, IBM, Oracle, just to name a few in some of the segments you're pointing towards—how shall we think about how HP's investment pace may need to change going forward, particularly from what we've seen over the past several years? And when you say you have an evolutionary approach to the strategy, does that suggest that the investment pace will increase on an evolutionary basis as well, or at a modest paced basis as well?

MR. LÉO APOTHEKER: Well, let me try to answer the question the following way. Just to put some numbers in your mind, whatever investment we may be required to make, it's already firmly baked into the guidance, so it's a number there. So it could be early on. We do aspire to be in a situation where we'll be able to provide at least seven dollars EPS and that commitment including whatever investment we have to make. That's point number one.

Point number two, I think what we will be able to be doing is to fund some of these investments through ongoing improvements in our operating capability, so we'll try to be able to even be more effective and more efficient in the way

we operate so we can generate better margins, so that we can reinvest into some of these capabilities. And the other sources, of course, is growth, is our growth capabilities and our gross margin capabilities, and all of these will converge in order to create enough capital where we can do what we need to do.

MR. FIELER: We'll go to the next question over here. Yeah, Mark.

MR. MARK MOSKOWITZ: Thank you. Good afternoon. Mark Moskowitz, JP Morgan. The question is for you, Cathie. I wanted to see if you could talk a little more about the bridge to at least seven dollars of EPS for 2014. The - - went out there quickly. Can you just talk a little more about how investors should think about the drivers in terms of how much is going to be related to revenue, next shifts and then operating efficiencies? I ask this because the way the stock's behaved in the last month, it seems like HP is not getting as much credit for the OpEx efficiencies given how your guidance for 2011 revenue is brought down, but EPS was actually okay. Thank you.

MS. CATHIE LESJAK: So I'd have to agree with you. I don't think we're getting the credit that we deserve at all. But let me talk a little bit about how you get to at least seven bucks a share in 2014, and it's really across three major levers, right? There's growth. We expect to grow at or above the market. We think that that growth is roughly the mid single digits. We see that growth as being in higher margin categories, so we're getting gross margin leverage.

At the same time, we're continuing our maniacal focus on operational excellence. And so if you kind of add those two together, and M&A that would be in that mix, we expect that operating profit is going to grow faster than revenue and that EPS growth will be faster than operating profit growth as a result of a share repurchase. And so it's the combination of all of those that give us the confidence that you get to at least seven bucks a share.

If you actually do just a real quick what if scenario and you look at revenue growth and then you look at share repurchase, then you kind of triangulate what operating margins need to do. They don't need to move very far at all. It's very modest increases in operating margin for us to get to at least seven bucks a share in 2014.

MR. FIELER: Next question. Ben?

BEN: Yeah, thanks a lot. Léo, could you talk a little bit more
     about your acquisition strategy? Obviously sometimes CEOs
     come in and try to do a big deal to make a splash and put
     their mark on the company. I mean, what are we thinking?
     Are we doing tuck in deals? Is there a certain size limit
     that you have in mind and/or shall we brace for another
     Compaq? And, you know, we really want to know, and bit of a
     way to maybe put even more of a framework behind it in terms
     of whether you do tuck ins or the big deal, we'd really love
     to hear it now so we're not surprised in the future. Thanks.

MR. APOTHEKER: So I don't believe I'm the type of a person who
     wants to make a big splash. I have simply intentions,
     together with the team, to drive HP forward. Before gave you
     today a bit of a vision of where we want to take HP towards,
     and whatever we'll do in acquisitions, it will be frameworked
     by this strategy. It will also be frameworked by a very
     rigid, stringent approach towards acquisition.

     Whatever acquisition we want to do will have to meet at least
     two criteria. It has to meet the strategy and it has to
     create value for shareholders. Anything that doesn't meet
     these criteria will not be considered. Third, it has to fit
     into the global framework.

     So let me put your mind at ease about at least one domain.
     Although it has been written in some newspapers in the past,
     it must be because I come from a certain origin, that it
     would be massive, that it would be sizeable. I tried to
     indicate this morning that…or this afternoon that in order to
     meet our strategy's objective, we don't need to own a large
     transaction or application, like an ERP. We can very well
     partner with these providers and we'd really like to - -
     we'll continue to partner. So that gives you at least one
     parameter.

     So in order to fill the space in our strategy we'll be
     relying on our own capabilities or partner, and wherever we
     really feel that we need to own the control point, that we
     need to own a certain part of technology that we can't
     develop ourselves, we'll go buy it. But it will always meet
     the criteria of meeting the strategy and it has to be in the
     framework of delivering value to shareholders.

MR. FIELER: We'll go in this other room. Tony.

MR. TONY SACCONAGHI: Yeah, thank you. Tony Sacconaghi with
    Bernstein. Léo, I was wondering if you could provide a
    candid assessment of employee morale at HP, perhaps your
    qualitative opinion, and then specifically where turnover has
    been over the last three months relative to history. And
    finally, maybe you could comment on your top 20. A year from
    now, how many of them are still here, and what is your
    expectation for your top 20 in terms of retention and
    changes?

MR. FIELER: Is that one question there, Tony, or…?

MR. APOTHEKER: Concerning—let me…maybe I'll start by the more
    general question about employee morale. I'll be candid about
    it. We did a voice of the web folk analyzers at the
    beginning when I joined HP. It happened to be a coincidence.
    And it wasn't very good. It wasn't very good for very
    obvious reasons. The company has been quite in turmoil, and
    that's tough. And it's tough on the people and it's tough on
    the employees. It doesn't really boost people's morale.

    And I'd like to pay highly vocal and highly…and very explicit
    and very public tribute to the team that's assembled here,
    because they did a great job in actually pulling the company
    through that particular turmoil and through that particular
    crisis.   - - crisis. I think it's becoming a lot better.
    I think we're doing a lot as a team to really drive company
    morale forward.

    We haven't done a measurement recently, so I can't really
    give you a number, but just subjectively speaking, and I must
    have met by now altogether about 100,000 people, I do believe
    that there is a lot of enthusiasm and a lot of commitment, a
    lot of fire back into the company, and that gave me the
    confidence to say this morning or this afternoon when I spoke
    to you that we have highly committed, very passionate people
    inside HP that really wanted to drive the company forward.

    As to the top 20, why just limit it to the top 20? Why not
    talk about the top hundred or top two hundred? We had
    recently, actually last week, a meeting of the top 200
    leaders of HP. I just got some data on that, and it was a
    very good meeting, and I believe I can speak on behalf of all
    of them when I say that it's a highly committed team which is
    actually on fire and really wants to grow the - - strategy.

MS. LIVERMORE: You know one other thing, Tony, I'd add to it is
    we have a tremendously high get rate recruiting, and when
    people join the company, they don't just talk to the
    executives or manager that's recruiting them, they talk to
    lots of people inside the company about whether they ought to
    join. And whether it's in our sales organization, where we
    have lots and lots of candidates for every open position, in
    our services organization we just recently hired three of the
    top executives in the service industry to come join us from
    our competitors.

    We're getting a very high get rate and a lot of enthusiasm
    when they come inside HP about what they see and the
    opportunity they think we have compared to the company that
    they left. So I think that's another positive thing. And
    those leaders and people become an important, enthusiastic
    part of the population.

MS. LESJAK: And actually, just to put some statistics out there,
    I think in 2010 we hired over 40,000 new employees, and we
    didn't have a difficult time kind of bringing them in the
    door. And it's because of the opportunities that exist for
    HP. And many of the ones that we laid out for you today,
    we've got significant competitive advantages. We've got a
    great position in the market today and it sets us up well for
    the future.

MR. FIELER: Great. Rich?

MR. RICH GARDNER: Thanks. Rich Gardner from Citi. There's been
    a lot of talk today about consultative sales, more vertical
    expertise, more solutions selling, and yet as I take a look
    at HP in particular, and your presentation, it seems like a
    lot of the vertical expertise you have in the function is
    various different acquisitions that HP has done over the
    years as opposed to some grand design on where the company
    really wanted to focus its efforts.

    So I guess the question is I'm still not clear just how deep
    you want to go in building out this vertical expertise,
    whether it's simply in support of a more effective ERP
    implementation business or whether you actually want to go
    whole hog into sort of an IBM BTO type scenario, and whether
    you can do this organically or whether it has to be through
    acquisition. And maybe if you could just give us a better
    sense of your roadmap on what you want.

MS. LIVERMORE: Sure. Well, in particular, the acquisition we did
    that gave us the industry expertise was mostly EDS because
    the industries I spoke up today, they brought a lot of
    intellectual property along with that acquisition. If I step
    back, what you'll see us do is pick particular industries
    where we want to own unique intellectual property. And that
    may take the form of software assets or it may take the form
    of services framework for services expertise. So the five I
    went through today are five industries where we have, today,
    unique IP that belongs to HP.

    You know, in healthcare, in transportation, in CME, in
    financial services and public sector we have unique IP that's
    been developed. And the CME came from HP heritage, and the
    other areas were all things we got with the acquisition of
    EDS. We believe that you'll see us continue to invest in
    that IP, but we'll pick areas where we can really drive a
    transformation, where we can do something to take that
    industry to a future state. You'll still see us partner with
    a lot of companies.

    In many cases where I talked about the technology solutions
    that we have from that perspective, there will be a software
    partner we'll team with as well, like an SAP for ERP, just as
    an example of that, or maybe Siebel for CRM type
    implementation. But you'll definitely see us invest in those
    areas, grow those areas, extend those areas, but with that
    focus, you know, real clarity on where do we want to have
    unique IP and where are we going to partner for the industry
    specific knowledge.

MR. APOTHEKER: Let me maybe add a couple of comments to what Ann
    has just said. In a certain sense, with all due respect, it
    doesn't really matter where these vertical capabilities are
    coming from. What really does matter is how do we aggregate
    them and how we leverage them. Let me two examples that we
    actually addressed today, just to give you a little bit of a
    flavor of the potential that we have in vertical industries.

    One is vertical analytics, that we would actually be really
    leveraging some of the skills and capabilities Ann just
    talked about and we would translate it into real IP that sits
    on a vertical type application, and deliver this to customers
    as a service, I think it would position HP in a totally
    different space and would give us a lot of capability, and we
    have every intention of doing this.

The other thing is what my friend V.J. just talked about in his presentation earlier on, are these platforms where we can actually help people move from analog to digital processes. This is horizontal capability, but we can easily translate it into a very much verticalized capability, for example, for health care. Now, if you combine the two, you can actually end up with a real end to end capability where you give people the analytical insight into what's going on in their business and then help them transform at the same time. Actually, very few companies, if any, would know how to do this. HP has every intention to be in the lead for that.

MR. FIELER: Our next question. Lou?

MR. LOU MISCIOSCIA: Okay, thank you. This is one for Cathie. Lou Miscioscia, Collins Steward. Cathie, I guess if you look back maybe five years ago or ten years ago, HP was very decentralized, and obviously a lot of efficiencies you've gotten is by centralizing a variety of different functions. Could you give us an idea as to how far down the path you are both in the U.S. and also in Europe in maybe standardizing and pulling into a centralized operation HR, legal, finance, all the different functions? And we'd love to get a dollar amount for additional cost savings you could draw for us there.

MS. LESJAK: So in terms of kind of the centralization, we're done with legal, IT, real estate, finance and HR. Those are…we have EVPs heading those organizations, for the most part. They report in to Léo. I'll take finance as an example. I own the entire finance organization. And what Léo holds me accountable for is certain service levels, so I'm making sure that I'm delivering the appropriate service levels to the businesses, and a cost structure. And we're driving, and as of the end of 2010, most of those groups were at a world class kind of cost per revenue dollar or cost metric and delivering on the sales quality.

So I think that we're in great shape from that perspective, and we're continuing to focus on now standardizing and optimizing kind of the service delivery across the organization. At least that's what finance is spending a lot of time on, making sure we've got people in the right place and then we've got standards and automated processes which give us, frankly, an opportunity to get better than world class cost structure, but get to a best in class perspective.

And everybody in those five global functions are focused on getting there.

MR. APOTHEKER: Maybe one additional comment to what Cathie has just said that goes beyond your question. I believe that the various functions you just mentioned are optimized and are on world class levels, but we still have opportunities, and there's an ongoing process. And every company has this opportunity always, is to be even more efficient and effective across the line in horizontal capabilities so we can actually deliver better supply chain.

Ann mentioned earlier the supply chain for services. That is a domain that we want to focus on. And a few other initiatives like this where we believe we can generate additional capabilities for a significantly better utilization of resources, and therefore either create more bottom line or have more capability to reinvest into the business. That's an initiative that we're driving, that I'm driving. I'll be leading this. And it's an ongoing process for many years to come. You're never done with that.

MS. LESJAK: And Léo's focus isn't on just the global functions, it's on basically a cost structure of $110 billion, and so the opportunity to just get a little bit more efficient drops a lot of money to the bottom line, or drops a lot of opportunity for reinvestment back into the business.

MR. FIELER: Katy?

MS. KATY HUBERTY: Yeah, thanks. Katy Huberty, Morgan Stanley. I have a follow-up on guidance for Cathie and Léo. If you go back a year and a half ago in the analyst meeting that your prior CEO led, the company talked about four to six percent revenue growth. Today you're talking about a single digit revenue growth, so not really a change, despite the fact that we're in a healthier IT market. You've invested heavily in both internal sales force efforts as well as acquisition. Why hasn't the growth rate accelerated in light of those investments, or is this just a matter of you needing to invest to offset some of the declines in PCs or elsewhere? Thanks.

MS. LESJAK: So maybe I'll just start. So our view of the PC market has fundamentally changed over the last 18 months, for sure, with the PC growth not being what we originally thought it was going to be. And a lot of that is due to this

consumer softness, and we talked a lot about that coming out of Q1. But for that, I think that our growth is roughly on track, if not, in some cases, ahead of where we thought it was going to be. When we talk about mid single digits, we're talking about a fairly long-term view of the market. And clearly, as we say often, and what I said earlier today, we plan prudently and then we go after it aggressively. And obviously if we're able to grow faster than that, there will be an upward opportunity there.

MR. APOTHEKER: And I will add to that with maybe one additional point. I think this entire strategy we have tried to lay out today is all geared towards maximizing our opportunities for profitable growth. It's not just about generating growth, it's about finding sources of profitable growth. Given the size and scale of HP, I actually feel that certain percentages become a little bit less relevant than if you talk about a smaller company.

Take last year, the last fiscal year. We grew single digit, or close to the high end of single digit, and we still generated $12 billion of additional revenue. So at the end of the day, what you really need to look at is even if you would continue—even, and that's…and I put the caveat on that word even—even if you would just grow a single…at market rate, mid single digit, it would still be generating significant billions of dollars of additional revenue, and basically generate a Fortune 200 company every year just in growth.

MS. LESJAK: And that revenue is in higher growth margin categories, and so that obviously puts us in a very different position from an EPS growth than a revenue growth, where EPS is growing double digits versus mid single digit revenue growth.

MR. JASON OWEN: Thank you. Jason Owen with Baird. A question for Léo on HP cloud. It's a major initiative, obviously. How large are you ambitions, and how should we think about the near term CAPX investment required to get you to where you want to go?

MR. APOTHEKER: So yes, this is an important initiative. I just want to make sure that everyone understands that it is a multi-prong initiative. It's not just a public cloud, it's all the capabilities we're going to continue to deliver in

the private cloud. So you need to view this as a spectrum
and you need to view this as a stack. For example, when we
talk about infrastructure as a service, or even more
importantly, platform as a service, also this will be going
on the one hand into the public cloud, but also into private
cloud.

So it's a multi-pronged, multi-level initiative, and I don't
even want to talk about devices when that's pretty obvious.
This being said, the good news is a lot of investments have
already happened in the past. We have done a lot of work,
when you look at the data centers and a lot of the converged
infrastructure and a few other things. I'm not trying to say
that there are no additional investments, but the bulk, a lot
of it, has already been happening, and as we've been trying
to convey to all of you during this session today, these
investments are baked into the numbers we're talking about.

MR. FIELER: The next question, please.

MR. ED CROWLEY: Ed Crowley, Photizo Group. A question for Léo.
   One of the key strengths and key challenges that HP has is
   the incredible level of technology and capabilities in the
   silos. How are you going to break down the silos? What are
   your top two or three things that you're doing to address
   that now?

MR. APOTHEKER: That's a great question. We can probably talk
   about that for a few hours. But I appreciate the fact that
   you recognize that we actually produce great technology.
   That's good, and we're very proud of that, and we'll continue
   to produce great technology. Now, I think our opportunity,
   not so much a challenge, but mostly an opportunity, is to do
   both at the same time, is to continue to produce great
   technology within the silos and deliver them as a silo and,
   at the same time, deliver them as a more holistic solution.

   Let's take a very simple example just to clarify this. Take
   security that Todd just talked about earlier on. That can be
   sold as a—forgive me for the term—point solution. You can
   deliver that type of capability to a customer as a point
   solution. You can also deliver it as an integral part of a
   complete stack, so it now becomes a solution to enable other
   capabilities plus solutions.

   That's one of the things we're trying to do in the sales
   force transformation that Tom is driving, that our sales

force has the capability and the knowledge to look at the issues that we have holistically. Now, we need to enable that, not just training, and even though Tom and his team are doing a great job, we need to do a little bit more. So one of the things that they're also driving is they're creating more for solution capability.

In other words, capabilities where we create solutions like a SKU almost that we can hand over to the sales force as it assembles all of the valid elements of the so-called silos—I really don't like that term—in order to really create solutions that the sales force can deliver which have a much higher value than each element separately.

MR. VYOMESH JOSHI: Well, I'll build on it. I think look at the management solutions. I think Tom mentioned that. The last three years we are really leveraging all the work that the enterprise business has done so that we can have access to all the account managers through which we could build out. And now we will be able to take that next opportunity, management to the solution.

The same way, you know, think about the e-print center and all the web services we are building in a common architecture. We are working very closely with Bill and they're working closely with Dave so that we have one HP architecture rather than having multiple architectures. Those are two key examples.

MALE VOICE: The other thing to think about on the initiatives we've talked about throughout the afternoon, these are not group specific initiatives. They cross the boundaries between the groups. So I'll just use one example, cloud. We've got a team of the top technologists from across the company together to design a cloud architecture for HP. So we'll have a single architecture. There's been some fantastic group work that was done early across a couple of groups between Bill Veghe's team and Dave Donatelli's team to get a lot of these cloud start architectures in the early services work and the early architecture work done.

Now we're extending that into services, into PSG, so that we'll have a common architecture across all the groups. We have a designated team in place, and they report out to this group. And the policy will be we're going to use the same

architecture throughout the company for all implementations that require a cloud stack.

FEMALE VOICE: Shannon Cross, Cross Research. A question, I think, for V.J. and Todd, although I'm sure it will cross others. Just the earthquake in Japan. I believe all of your employees are safe, which is by far the most important thing, but from a business perspective, can you talk a little about near term, long-term impact and what you're hearing from your partners?

MR. JOSHI: Well, let me start. On the near term, we are in continuous communication with Cannon, especially the kind of business, the LaserJet business. So the hardware factories are in the southern part of Japan, which is a good thing. There is one toner factory which is in the northern part. We are trying to make sure that the factory's okay. It's all about the logistics and the parts. I think those are the two key things that we are making sure that we get the right kind of a product at the right time.

Long-term I think will not be an issue. I think we can really manage in the coming months making sure the supply chain is healthy and we have—you know, their partners, essentially the part that they get from Japan in making the LaserJet and supplies is going to be an issue. But we are working on it and we are trying to avoid, as much as possible, a very tough situation which is happening in Japan.

MS. LESJAK: But I think it's really important. It's a little early to know exactly what the implications are. We are in constant contact. We are setting up centers for our customers in Japan to help them with the problems that they are—the challenges that they're struggling with, and then also understanding exactly what the long-term or nearer term ramifications are for parts of our business.

MR. BRADLEY: Yeah, I wouldn't…I don't have a lot to add to either V.J. or Cathie's comments. We're monitoring supply chain partners we have in Japan. They're predominantly kind of sub suppliers. We don't have a lot of major suppliers in Japan, although they may have Japanese ownership. But we're just monitoring it hourly, as people come back online and come back to work. And I see you're still consistent, Shannon. Five years, you're still carrying your Apple laptop. It has been five years, right?

MR. FIELER: So we've got two more questions, one here and one
    there. So either Brian or…

MR. BRIAN MARSHALL: Brian Marshall at Gleacher. My question is
    with respect to the granularity of the financial guidance for
    a longer term basis. Is it safe to assume that embedded in
    the guidance is the fact that operating margins would
    actually grow faster than gross margins over that four year
    time horizon?

MS. LIVERMORE: Yes. Operating margins are growing faster than
    gross margins, and EPS is growing faster than operating
    margins because of the share repurchase that we've built into
    the plan.

MR. FIELER: Go ahead, question, please.

MR. AMIT DARYANANI: Amit Daryanani, RBC Capital. Just have two
    questions. One I'll lay—

MR. FIELER: One question, Amit.

MR. DARYANANI: Fair enough. If you look at the portfolio, are
    there assets that you think that are non-core that could be
    potentially a divestiture down the road? And secondly, if
    you have - - the connectivity side, and are going to try to
    close the app gap that you have with the Apple and Android
    systems, and we talk about 100 million plus Web OS products
    that are out there - - PCs with Web OS you sell, is that
    accurate?

MR. APOTHEKER: - - answer both questions and - - and I will
    try to give you sort of - - . So let me start with the
    portfolio. I hope I made it reasonably clear this afternoon
    how all of the elements of the portfolio really hang
    together, and how holistically they all contribute to make HP
    into a much more valuable company. What we've been trying to
    do after weeks and months is to articulate the strategy where
    HP is significantly more than just the sum of its parts. And
    I hope that the strategy, as we have laid it out to you
    today, actually achieves this. We'll execute along those
    lines, and therefore all of the elements of the portfolio are
    essential to make that happen, just to be absolutely clear.

    Now, there is an additional element, because it's probably
    more of a pointed question that you asked that I want to
    address. It's actually an advantage, in a period of time

when there's a lot of consumerization happening in IT, to have a strong leg in the consumer business. It helps drive innovation, provided you really know how to drive innovation, and it helps to bring a lot of these capabilities that actually originate on the consumer side into the enterprise side, harbor it and make it into a much better business.

I believe it's a huge opportunity, and I'm convinced of this, in creating this unique capability where we would serve the consumer and be capable of helping the consumer manage his or her private life and business life on the same device. I think we have the capability of doing this in a very secure way, and this is another reason why we need the entire portfolio. Web OS stuff?

MR. BRADLEY: Yeah, the question is around number of applications? Yeah, look, I think we've said very publicly we'll execute with over 30,000 applications. We've got a very, very—as you saw from my presentation—a very focused effort to create a developer environment that's very simple, very attractive, and we've gotten very, very good traction on that in the last three weeks since we put it out. So we'll probably never be as…we won't have the open field that Google has.

I'm not sure that I think that's advantageous for customers. Actually, we've seen lots of problems in the Android ecosystem with some of the security issues that Bill talked about as well as just performance issues. So I think we're well positioned. I feel comfortable with where we are. I feel comfortable with our value proposition.

MR. APOTHEKER: And just to add to what Todd is pointing out, and he said it himself, and I just want to emphasize it, it's not so much the number of applications that counts, it's the quality and the impact that they have. So one of the things that we're focusing on right now as we're getting ready to roll out Web OS on a massive scale is also to make sure that they have the relevant enterprise applications available. So it's not just about the consumer, it's also about the enterprise and trying to find the two that really work together and really have a differentiated position out there. And I'm sure that the team, our top leadership, is going to make that happen.

MR. FIELER: Great. It's a great way to end it. The strengths of the enterprise consumer, strengths of the cloud, the

connectivity, a lot of the questions that were asked. So we're done with today. Thanks again for all those who came here in person and those who are on the webcast. Logistically, we're going to have the reception over at the W Hotel. I believe it's the second floor. And we'll have our executives there for a little meet and greet. Look forward to seeing you there. Thank you.

[Applause]

[END RECORDING]