

News release



HP Reports Fourth Quarter 2005 Results

- Net revenue of \$22.9 billion, up 7% year-over-year
- Non-GAAP operating profit of \$1.7 billion, \$0.51 earnings per share
- GAAP operating profit of \$232 million, \$0.14 earnings per share
- Cash flow from operations of \$1.9 billion

PALO ALTO, Calif., Nov. 17, 2005 – HP today reported financial results for its fourth fiscal quarter ended Oct. 31, 2005, showing net revenue increased 7% year-over-year to \$22.9 billion. Non-GAAP⁽¹⁾ operating profit was \$1.7 billion, with non-GAAP diluted earnings per share (EPS) of \$0.51, up from \$0.41 in the prior-year period. Non-GAAP financial information for the fourth quarter excludes \$1.1 billion of adjustments⁽¹⁾ on an after-tax basis, or \$0.37 per diluted share, related primarily to restructuring-related costs and amortization of purchased intangibles, offset by a pension curtailment credit. GAAP operating profit was \$232 million and GAAP diluted EPS was \$0.14 per share, down from \$0.37 in the prior-year period.

“HP delivered another strong quarterly performance, with balanced revenue growth, good cost discipline, improved margins in key businesses and strong cash flow,” said Mark Hurd, HP chief executive officer and president. “We are pleased with our progress to date, but there is more work ahead of us.”

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	Q4 FY05	Q4 FY04	Y/Y
Net revenue (\$B)	\$22.9	\$21.4	7%
Non-GAAP operating margin ⁽¹⁾	7.6%	7.0%	
GAAP operating margin	1.0%	6.0%	
Non-GAAP net income ⁽¹⁾ (\$B)	\$1.5	\$1.2	22%
GAAP net income ⁽¹⁾ (\$B)	\$0.4	\$1.1	-62%
Non-GAAP diluted EPS ⁽¹⁾	\$0.51	\$0.41	24%
GAAP diluted EPS	\$0.14	\$0.37	-62%

During the quarter, on a year-over-year basis, revenue in the Americas grew 5% to \$10.0 billion, Europe, the Middle East and Africa grew 8% to \$9.1 billion, and Asia Pacific grew 12% to \$3.8 billion. On a consolidated basis, when adjusted for the effects of currency, fourth quarter revenue grew 6% year-over-year.



Personal Systems Group

Personal Systems Group (PSG) revenue grew 9% year-over-year to \$7.1 billion, with unit shipments up 13%. On a year-over-year basis, desktop revenue increased 1% and notebook revenue grew 23%. Revenue for commercial clients, which includes workstations, grew 8% over the prior-year period, while revenue in consumer clients grew 14%. PSG reported an operating profit of \$200 million, or 2.8% of revenue, up from a profit of \$77 million, or 1.2% of revenue, in the prior-year period.

Imaging and Printing Group

Imaging and Printing Group (IPG) posted quarterly revenue of \$6.8 billion, up 4% year-over-year. On a year-over-year basis, consumer hardware revenue decreased 4%, with printer unit shipments up 6%. Commercial hardware revenue grew 4% over the prior-year period, with printer unit shipments up 16%. Color laser unit shipments increased 41% year-over-year, and enterprise multifunction printer shipments increased 83%, reflecting continued momentum in key growth initiatives. Supplies revenue grew 7%. Operating profit was \$896 million, or 13.2% of revenue, down from a profit of \$1.1 billion, or 16.6% of revenue, in the prior-year period.

Enterprise Storage and Servers

Enterprise Storage and Servers (ESS) reported revenue of \$4.5 billion, up 10% over the prior-year period. On a year-over-year basis, industry-standard server revenue increased 12%, networked storage revenue grew 17% and business-critical systems revenue declined 1%. ESS reported an operating profit of \$405 million, or 9.1% of revenue, up from a profit of \$100 million, or 2.5% of revenue, in the prior-year period.

HP Services

HP Services (HPS) revenue grew 6% year-over-year to \$3.9 billion. On a year-over-year basis, Managed Services revenue grew 9%, Technology Services grew 4% and Consulting and Integration grew 11%. Operating profit was \$322 million, or 8.3% of revenue, down from a profit of \$375 million, or 10.2% of revenue, in the prior-year period.

Software

Software reported quarterly revenue of \$311 million, an increase of 11% year-over-year, with revenue in HP OpenView and HP OpenCall increasing 16% and 3%, respectively. Software reported an operating profit of \$27 million, or 8.7% of revenue, compared with a loss of \$7 million in the prior-year period.

Financial Services

HP Financial Services (HPFS) reported revenue of \$514 million, an increase of 3% year-over-year. Finance volume and net portfolio assets declined 1% and 3% respectively. Operating profit was \$52 million, or 10.1% of revenue, up from a profit of \$19 million, or 3.8% of revenue, in the prior-year period.

Asset management

Inventory ended the quarter at \$6.9 billion, up \$233 million sequentially and down \$194 million year-over-year. Accounts receivable increased \$1.1 billion sequentially and decreased \$323 million over the prior-year period to \$9.9 billion. HP's dividend payment of \$0.08 per share in the fourth quarter resulted in cash usage of \$229 million. In addition, HP utilized \$1.4 billion of cash during the fourth quarter to

repurchase stock. HP exited the quarter with \$13.9 billion in gross cash, which includes cash and cash equivalents of \$13.9 billion and short- and certain long-term investments of \$36 million.

Outlook

First quarter FY06 non-GAAP earnings per share is expected to be in the range of \$0.46 to \$0.48, excluding \$0.03 to \$0.04 of stock-based compensation expense, or \$0.42 to \$0.44 including stock-based compensation expense.

Full year FY06 non-GAAP earnings per share is expected to be in the range of \$1.88 to \$1.95, excluding approximately \$0.13 of stock-based compensation expense, or \$1.75 to \$1.82 including stock-based compensation expense.

Non-GAAP earnings per share estimates for Q1 FY06 and full year FY06 exclude after-tax costs of approximately \$0.04 per share and \$0.14 per share respectively, primarily related to the amortization of purchased intangible assets.

More information on HP's quarterly earnings, including additional financial analysis and an earnings overview presentation, is available on HP's Investor Relations website at www.hp.com/hpinfo/investor/.

HP's Q4 FY05 earnings conference call is accessible via an audio webcast at www.hp.com/hpinfo/investor/financials/quarters/2005/q4webcast.html.

About HP

HP is a technology solutions provider to consumers, businesses and institutions globally. The company's offerings span IT infrastructure, global services, business and home computing, and imaging and printing. For the four fiscal quarters ended Oct. 31, 2005, HP revenue totaled \$86.7 billion. More information about HP (NYSE, Nasdaq: HPQ) is available at www.hp.com.

⁽¹⁾ All non-GAAP numbers have been adjusted to exclude certain items. A reconciliation of specific adjustments to GAAP results for this quarter and the prior periods is included in the table below titled: "Non-GAAP Consolidated Condensed Statements of Earnings." A description of HP's use of non-GAAP information is provided under "Use of Non-GAAP Financial Information."

Use of Non-GAAP Financial Information

To supplement HP's consolidated condensed financial statements presented on a GAAP basis, HP uses non-GAAP additional measures of operating results, net earnings and earnings per share adjusted to exclude certain costs, expenses, gains or losses it believes appropriate to enhance an overall understanding of HP's past financial performance and also its prospects for the future. These adjustments to HP's GAAP results are made with the intent of providing both management and investors a more complete understanding of the underlying operational results and trends and HP's marketplace performance. For example, the non-GAAP results are an indication of HP's baseline performance before gains, losses or other charges that are considered by management to be outside of HP's core business segment operational results. In addition, these non-GAAP results are among the primary indicators management uses as a basis for planning and forecasting future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net earnings or diluted earnings per share prepared in accordance with generally accepted accounting principles in the United States.

Forward-Looking Statements

This press release contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of HP may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, charges, earnings or other financial items; any statements of the plans, strategies, and objectives of management for future operations, including execution of any restructuring plans; any statements concerning the expected development, performance or market share relating to products or services; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include macroeconomic and geopolitical trends and events; execution and performance of contracts by suppliers, customers and partners; employee management issues; the challenge of managing asset levels, including inventory; the difficulty of aligning expense levels with revenue changes; assumptions related to pension and other post-retirement costs; and other risks that are described from time to time in HP's Securities and Exchange Commission reports, including but not limited to the risks described in HP's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2005 and other reports filed after HP's Annual Report on Form 10-K for the fiscal year ended October



31, 2004. As in prior years, the financial information set forth in this release, including tax-related items, are estimates based on information available at this time. While HP believes these estimates to be meaningful, these amounts could differ materially from actual reported amounts in HP's 10-K. In particular, determining HP's actual tax balances and provisions as of October 31, 2005 and for the fiscal year then ended requires extensive internal and external review of tax data (including consolidating and reviewing the tax provisions of numerous domestic and foreign entities) which is being completed in the ordinary course of preparing HP's Form 10-K. HP assumes no obligation and does not intend to update these forward-looking statements.

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

	Three months ended		
	October 31, 2005	July 31, 2005	October 31, 2004 ^(a)
Net revenue	\$ 22,913	\$ 20,759	\$ 21,389
Costs and expenses:			
Cost of sales	17,532	15,942	16,393
Research and development	859	863	873
Selling, general and administrative	2,786	2,761	2,632
Amortization of purchased intangible assets	136	168	165
Pension curtailment gain	(199)	-	-
Restructuring charges	1,565	112	13
Acquisition-related charges	-	-	24
In-process research and development charges	2	-	-
Total costs and expenses	<u>22,681</u>	<u>19,846</u>	<u>20,100</u>
Earnings from operations	232	913	1,289
Interest and other, net	132	119	2
Gains (losses) on investments	14	(6)	(1)
Dispute settlement	<u>3</u>	<u>7</u>	<u>-</u>
Earnings before taxes	381	1,033	1,290
(Benefit from) provision for taxes	<u>(35)</u>	<u>960</u>	<u>199</u>
Net earnings	<u>\$ 416</u>	<u>\$ 73</u>	<u>\$ 1,091</u>
Net earnings per share:			
Basic	\$ 0.15	\$ 0.03	\$ 0.37
Diluted	\$ 0.14	\$ 0.03	\$ 0.37
Cash dividends declared per share	\$ -	\$ 0.16	\$ -
Weighted-average shares used to compute net earnings per share:			
Basic	2,850	2,873	2,968
Diluted	2,908	2,907	2,991

(a) Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation.



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

	Twelve months ended October 31,	
	2005	2004 ^(a)
Net revenue	\$ 86,696	\$ 79,905
Costs and expenses:		
Cost of sales	66,440	60,811
Research and development	3,490	3,563
Selling, general and administrative	11,184	10,496
Amortization of purchased intangible assets	622	603
Pension curtailment gain	(199)	-
Restructuring charges	1,684	114
Acquisition-related charges	-	54
In-process research and development charges	<u>2</u>	<u>37</u>
Total costs and expenses	<u>83,223</u>	<u>75,678</u>
Earnings from operations	3,473	4,227
Interest and other, net	189	35
(Losses) gains on investments	(13)	4
Dispute settlement	<u>(106)</u>	<u>(70)</u>
Earnings before taxes	3,543	4,196
Provision for taxes	<u>1,145</u>	<u>699</u>
Net earnings	<u>\$ 2,398</u>	<u>\$ 3,497</u>
Net earnings per share:		
Basic	\$ 0.83	\$ 1.16
Diluted	\$ 0.82	\$ 1.15
Cash dividends declared per share	\$ 0.32	\$ 0.32
Weighted-average shares used to compute net earnings per share:		
Basic	2,879	3,024
Diluted	2,909	3,055

(a) Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation.



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
NON-GAAP CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
Excluding adjustments itemized below
(Unaudited)
(In millions except per share amounts)

	Three months ended		
	October 31, 2005	July 31, 2005	October 31, 2004 ^(a)
Net revenue	\$ 22,913	\$ 20,759	\$ 21,389
Costs and expenses:			
Cost of sales	17,532	15,942	16,393
Research and development	859	863	873
Selling, general and administrative	<u>2,786</u>	<u>2,761</u>	<u>2,632</u>
Total costs and expenses	<u>21,177</u>	<u>19,566</u>	<u>19,898</u>
Non-GAAP earnings from operations	1,736	1,193	1,491
Interest and other, net	132	119	2
Dispute settlement	3	7	<u>-</u>
Non-GAAP earnings before taxes	1,871	1,319	1,493
Provision for taxes	<u>375</u>	<u>258</u>	<u>266</u>
Non-GAAP net earnings	<u>\$ 1,496</u>	<u>\$ 1,061</u>	<u>\$ 1,227</u>
Non-GAAP net earnings per share:			
Basic	\$ 0.52	\$ 0.37	\$ 0.41
Diluted	\$ 0.51	\$ 0.36	\$ 0.41
Weighted-average shares used to compute non-GAAP net earnings per share:			
Basic	2,850	2,873	2,968
Diluted	2,915	2,915	2,991
An itemized reconciliation between net earnings on a GAAP basis and non-GAAP basis is as follows:			
GAAP net earnings	\$ 416	\$ 73	\$ 1,091
Amortization of purchased intangible assets	136	168	165
Pension curtailment gain	(199)	-	-
Restructuring charges	1,565	112	13
Acquisition-related charges	-	-	24
In-process research and development charges	<u>2</u>	<u>-</u>	<u>-</u>
Total non-GAAP adjustments to earnings from operations	1,504	280	202
(Gains) losses on investments	(14)	6	1
Income tax effect of reconciling items	(410)	(86)	(67)
Non-recurring American Jobs Creation Act income tax expense	<u>-</u>	<u>788</u>	<u>-</u>
Non-GAAP net earnings	<u>\$ 1,496</u>	<u>\$ 1,061</u>	<u>\$ 1,227</u>

(a) Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation.



HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
NON-GAAP CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
Excluding adjustments itemized below
(Unaudited)
(In millions except per share amounts)

	Twelve months ended October 31,	
	2005	2004 ^(a)
Net revenue	\$ 86,696	\$ 79,905
Costs and expenses:		
Cost of sales	66,440	60,811
Research and development	3,490	3,563
Selling, general and administrative	11,184	10,496
Total costs and expenses	81,114	74,870
Non-GAAP earnings from operations	5,582	5,035
Interest and other, net	189	35
Dispute settlement	(106)	(70)
Non-GAAP earnings before taxes	5,665	5,000
Provision for taxes	957	933
Non-GAAP net earnings	\$ 4,708	\$ 4,067
Non-GAAP net earnings per share:		
Basic	\$ 1.64	\$ 1.34
Diluted	\$ 1.62	\$ 1.33
Weighted-average shares used to compute non-GAAP net earnings per share:		
Basic	2,879	3,024
Diluted	2,917	3,055
An itemized reconciliation between net earnings on a GAAP basis and non-GAAP basis is as follows:		
GAAP net earnings	2,398	3,497
Amortization of purchased intangible assets	622	603
Pension curtailment gain	(199)	-
Restructuring charges	1,684	114
Acquisition-related charges	-	54
In-process research and development charges	2	37
Total non-GAAP adjustments to earnings from operations	2,109	808
Losses (gains) on investments	13	(4)
Income tax effect of reconciling items	(600)	(234)
Non-recurring American Jobs Creation Act income tax expense	788	-
Non-GAAP net earnings	\$ 4,708	\$ 4,067

(a) Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation.



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

	October 31, 2005 (unaudited)	October 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,911	\$ 12,663
Short-term investments	18	311
Accounts receivable, net	9,903	10,226
Financing receivables, net	2,551	2,945
Inventory	6,877	7,071
Other current assets	10,074	9,685
Total current assets	43,334	42,901
Property, plant and equipment, net	6,451	6,649
Long-term financing receivables and other assets	7,502	6,657
Goodwill and purchased intangibles, net	20,030	19,931
Total assets	\$ 77,317	\$ 76,138
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,223	\$ 9,377
Notes payable and short-term borrowings	1,831	2,511
Employee compensation and benefits	2,343	2,208
Taxes on earnings	2,367	1,709
Deferred revenue	3,815	2,958
Accrued restructuring	1,119	193
Other accrued liabilities	9,762	9,632
Total current liabilities	31,460	28,588
Long-term debt	3,392	4,623
Other liabilities	5,289	5,363
Stockholders' equity	37,176	37,564
Total liabilities and stockholders' equity	\$ 77,317	\$ 76,138

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

	Three Months Ended October 31, 2005	Twelve Months Ended October 31, 2005
Cash flows from operating activities:		
Net earnings	\$ 416	\$ 2,398
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	545	2,344
Provision for bad debt and inventory	64	376
(Gains) losses on investments	(14)	13
Pension curtailment gain	(199)	(199)
Restructuring charges	1,565	1,684
Deferred taxes on earnings	(38)	(162)
Other, net	124	(10)
Changes in assets and liabilities:		
Accounts and financing receivables	(1,129)	666
Inventory	(260)	(208)
Accounts payable	1,153	846
Taxes on earnings	(130)	748
Restructuring	(125)	(243)
Other assets and liabilities	(86)	(225)
Net cash provided by operating activities	1,886	8,028
Cash flows from investing activities:		
Investment in property, plant and equipment, net	(522)	(1,995)
Proceeds from sale of property, plant and equipment	76	542
Purchases of available-for-sale securities & other investments	(5)	(1,729)
Maturities and sales of available-for-sale securities & other investments	119	2,066
Net cash paid for business acquisitions, net of acquisition costs	(302)	(641)
Net cash used in investing activities	(634)	(1,757)
Cash flows from financing activities:		
Decrease in notes payable and short-term borrowings, net	(280)	(1)
Issuance of debt	66	84
Payment of debt	(307)	(1,827)
Issuance of common stock under employee plans	363	1,161
Repurchase of common stock	(1,399)	(3,514)
Dividends	(229)	(926)
Net cash used in financing activities	(1,786)	(5,023)
(Decrease) increase in cash and cash equivalents	(534)	1,248
Cash and cash equivalents at beginning of period	14,445	12,663
Cash and cash equivalents at end of period	\$ 13,911	\$ 13,911



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

	Three months ended		
	October 31, 2005	July 31, 2005	October 31, 2004 ^(a)
Net revenue:			
Enterprise Storage and Servers	\$ 4,471	\$ 3,999	\$ 4,080
HP Services	3,900	3,837	3,681
Software	<u>311</u>	<u>249</u>	<u>280</u>
Technology Solutions Group	<u>8,682</u>	<u>8,085</u>	<u>8,041</u>
Imaging and Printing Group	6,785	5,913	6,543
Personal Systems Group	7,113	6,386	6,540
HP Financial Services	514	489	497
Corporate Investments	<u>142</u>	<u>143</u>	<u>119</u>
Total Segments	23,236	21,016	21,740
Eliminations of intersegment net revenue and other			
	<u>(323)</u>	<u>(257)</u>	<u>(351)</u>
Total HP Consolidated	<u>\$ 22,913</u>	<u>\$ 20,759</u>	<u>\$ 21,389</u>
Earnings from operations:			
Enterprise Storage and Servers	\$ 405	\$ 150	\$ 100
HP Services	322	256	375
Software	<u>27</u>	<u>(40)</u>	<u>(7)</u>
Technology Solutions Group	<u>754</u>	<u>366</u>	<u>468</u>
Imaging and Printing Group	896	771	1,088
Personal Systems Group	200	163	77
HP Financial Services	52	58	19
Corporate Investments	<u>(35)</u>	<u>(37)</u>	<u>(43)</u>
Total Segments	1,867	1,321	1,609
Corporate and unallocated costs and eliminations			
	(131)	(128)	(118)
Pension curtailment gain	199	-	-
Restructuring charges	(1,565)	(112)	(13)
Amortization of purchased intangible assets	(136)	(168)	(165)
Acquisition-related charges	-	-	(24)
In-process research and development charges	(2)	-	-
Interest and other, net	132	119	2
Gains (losses) on investments	14	(6)	(1)
Dispute settlement	<u>3</u>	<u>7</u>	<u>-</u>
Total HP Consolidated Earnings Before Taxes	<u>\$ 381</u>	<u>\$ 1,033</u>	<u>\$ 1,290</u>

(a) HP has reflected certain fiscal 2005 organizational realignments on a backward-looking basis to provide improved visibility and comparability. In any given quarter, no segment's operating profit changed more than \$8 million as a result of these realignments, with typical movements ranging from \$3 million to \$5 million.



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

	Twelve months ended October 31,	
	2005	2004 ^(a)
Net revenue:		
Enterprise Storage and Servers	\$ 16,701	\$ 15,074
HP Services	15,536	13,848
Software	<u>1,077</u>	<u>933</u>
Technology Solutions Group	<u>33,314</u>	<u>29,855</u>
Imaging and Printing Group	25,155	24,199
Personal Systems Group	26,741	24,622
HP Financial Services	2,102	1,895
Corporate Investments	<u>523</u>	<u>449</u>
Total Segments	87,835	81,020
Eliminations of intersegment net revenue and other		
	<u>(1,139)</u>	<u>(1,115)</u>
Total HP Consolidated	<u>\$ 86,696</u>	<u>\$ 79,905</u>
Earnings from operations:		
Enterprise Storage and Servers	\$ 810	\$ 161
HP Services	1,151	1,282
Software	<u>(59)</u>	<u>(156)</u>
Technology Solutions Group	<u>1,902</u>	<u>1,287</u>
Imaging and Printing Group	3,413	3,843
Personal Systems Group	657	205
HP Financial Services	213	125
Corporate Investments	<u>(174)</u>	<u>(179)</u>
Total Segments	6,011	5,281
Corporate and unallocated costs and eliminations		
	(429)	(246)
Pension curtailment gain	199	-
Restructuring charges	(1,684)	(114)
Amortization of purchased intangible assets	(622)	(603)
Acquisition-related charges	-	(54)
In-process research and development charges	(2)	(37)
Interest and other, net	189	35
(Losses) gains on investments	(13)	4
Dispute settlement	<u>(106)</u>	<u>(70)</u>
Total HP Consolidated Earnings Before Taxes	<u>\$ 3,543</u>	<u>\$ 4,196</u>

(a) HP has reflected certain fiscal 2005 organizational realignments on a backward-looking basis to provide improved visibility and comparability. In any given quarter, no segment's operating profit changed more than \$8 million as a result of these realignments, with typical movements ranging from \$3 million to \$5 million.



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

	Three months ended		
	October 31, 2005	July 31, 2005	October 31, 2004 ^(a)
Net revenue:			
Business Critical Systems	\$ 1,037	\$ 885	\$ 1,044
Industry Standard Servers	2,501	2,316	2,237
Storage	932	798	799
Other	<u>1</u>	<u>-</u>	<u>-</u>
Enterprise Storage and Servers	<u>4,471</u>	<u>3,999</u>	<u>4,080</u>
Technology Services	2,418	2,394	2,332
Managed Services	753	753	693
Consulting & Integration	729	690	659
Other	<u>-</u>	<u>-</u>	<u>(3)</u>
HP Services	<u>3,900</u>	<u>3,837</u>	<u>3,681</u>
OpenView	200	164	172
OpenCall & Other	<u>111</u>	<u>85</u>	<u>108</u>
Software	<u>311</u>	<u>249</u>	<u>280</u>
Technology Solutions Group	<u>8,682</u>	<u>8,085</u>	<u>8,041</u>
Commercial Hardware	1,773	1,624	1,706
Consumer Hardware	1,187	842	1,239
Supplies	3,759	3,389	3,528
Other	<u>66</u>	<u>58</u>	<u>70</u>
Imaging and Printing Group	<u>6,785</u>	<u>5,913</u>	<u>6,543</u>
Desktops	3,664	3,335	3,619
Notebooks	2,795	2,418	2,267
Workstations	351	317	273
Handhelds	186	171	273
Other	<u>117</u>	<u>145</u>	<u>108</u>
Personal Systems Group	<u>7,113</u>	<u>6,386</u>	<u>6,540</u>
HP Financial Services	514	489	497
Corporate Investments	<u>142</u>	<u>143</u>	<u>119</u>
Total Segments	<u>23,236</u>	<u>21,016</u>	<u>21,740</u>
Eliminations of intersegment			
net revenue and other	<u>(323)</u>	<u>(257)</u>	<u>(351)</u>
Total HP Consolidated	<u>\$22,913</u>	<u>\$20,759</u>	<u>\$21,389</u>

(a) HP has reflected certain fiscal 2005 organizational realignments on a backward-looking basis to provide improved visibility and comparability. In any given quarter, no segment's operating profit changed more than \$8 million as a result of these realignments, with typical movements ranging from \$3 million to \$5 million.



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

	Twelve months ended October 31,	
	<u>2005</u>	<u>2004^(a)</u>
Net revenue:		
Business Critical Systems	\$ 3,812	\$ 3,759
Industry Standard Servers	9,513	8,118
Storage	3,375	3,201
Other	<u>1</u>	<u>(4)</u>
Enterprise Storage and Servers	<u>16,701</u>	<u>15,074</u>
Technology Services	9,665	8,886
Managed Services	3,031	2,446
Consulting & Integration	2,840	2,515
Other	<u>-</u>	<u>1</u>
HP Services	<u>15,536</u>	<u>13,848</u>
OpenView	701	585
OpenCall & Other	<u>376</u>	<u>348</u>
Software	<u>1,077</u>	<u>933</u>
Technology Solutions Group	<u>33,314</u>	<u>29,855</u>
Commercial Hardware	6,731	6,390
Consumer Hardware	4,162	4,335
Supplies	14,010	13,197
Other	<u>252</u>	<u>277</u>
Imaging and Printing Group	<u>25,155</u>	<u>24,199</u>
Desktops	14,321	14,031
Notebooks	9,763	8,423
Workstations	1,280	1,018
Handhelds	836	886
Other	<u>541</u>	<u>264</u>
Personal Systems Group	<u>26,741</u>	<u>24,622</u>
HP Financial Services	2,102	1,895
Corporate Investments	<u>523</u>	<u>449</u>
Total Segments	<u>87,835</u>	<u>81,020</u>
Eliminations of intersegment net revenue and other	<u>(1,139)</u>	<u>(1,115)</u>
Total HP Consolidated	<u>\$86,696</u>	<u>\$79,905</u>

(a) HP has reflected certain fiscal 2005 organizational realignments on a backward-looking basis to provide improved visibility and comparability. In any given quarter, no segment's operating profit changed more than \$8 million as a result of these realignments, with typical movements ranging from \$3 million to \$5 million.



