Personal Systems Group

Todd Bradley
Executive Vice President
December 13, 2005

Operating strategy

Provide customers with superior products and overall experience

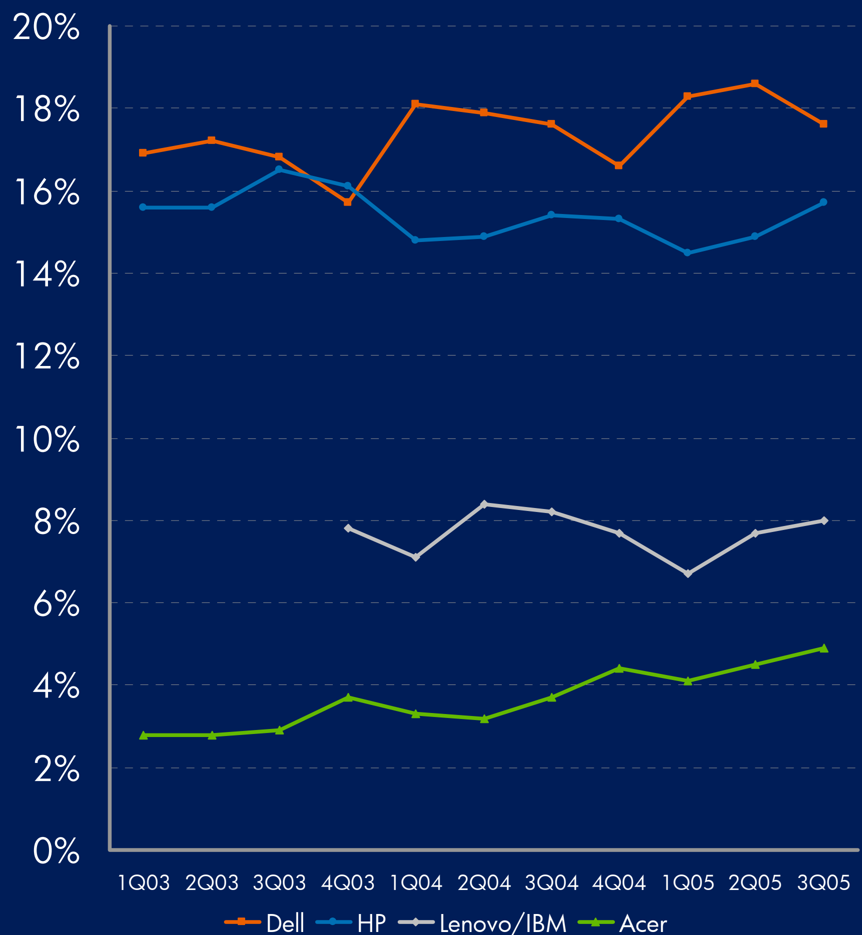
Drive world-class cost structures and processes

Leverage breadth of HP portfolio

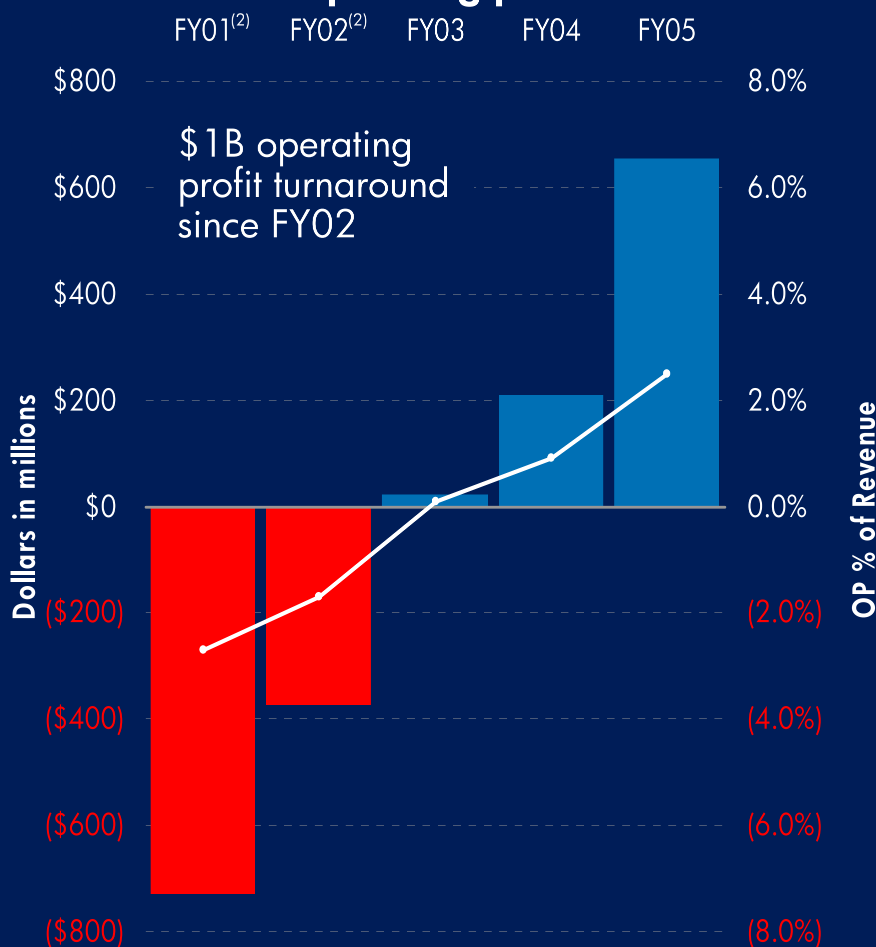
Drive the broadest customer reach

Progress report

WW Total PC client market share[1]



Operating profit



1. IDC Worldwide Quarterly PC Tracker, Q3 2005
2. Based on Combined Company data. See supplemental slides at http://www.hp.com/hpinfo/investor/sam/index.html for a description of periods used for combined company information.

PSG product portfolio

HP iPAQ
Mobile Messenger

HP Workstation
with dual Opteron processors

HP Pavilion Notebook
with QuickPlay

HP Compaq Notebook
with adjustable stand

HP Thin Client in
Consolidated Client
Infrastructure

HP Media Center PC
with LightScribe

Building on positions of strength

	Desktops	Notebooks	Workstations	Handhelds
FY05 profile	• 54% of revenue • 2% growth Y/Y	• 37% of revenue • 16% growth Y/Y	• 5% of revenue • 26% growth Y/Y	• 3% of revenue • 6% decline Y/Y
Addressable market[1]	• 136M units • 5% CAGR to ‘07	• 65M units • 19% CAGR to ‘07	• 2M units • 7% CAGR to ‘07	• 65M units • 33% CAGR to ‘07
PSG strengths	• Media Center PC • Blade PCs/thin client	• Breadth of lineup • Customer choice • Product innovation	• Collaborative engineering • Technology time to market	• Data-centric devices • Enterprise relationships
FY06 priorities	• Expand blade PC • Extend digital entertainment	• Exploit market reach • Wireless WAN	• Add new verticals • Blade workstation solution	• Leverage partnerships • Strengthen roadmap

1. IDC Q3 2005 PC Tracker, IDC Q2 2005 Worldwide Quarterly Workstation Forecast, IDC Worldwide Smart Handheld Device Forecast & Analysis, 2004-2009

Improving business fundamentals

Revenue growth	4 – 6%	• Grow units at/or above market • Lead shift to mobility • Expand emerging country reach • Exploit retail advantage
Operating margin	3 – 4%	• Improve product mix and attach • Reduce product and service costs • Targeted SG&A investments • Drive efficient overhead structure
Return on assets	>50% improvement	• Supply chain improvements • Inventory turns • Asset utilization

Always ready, always on mobile computing

Mobile services & solutions

- Easy access to services
- Mobile security
- Capacity for rich digital media content
- Voice & data convergence
- Mobile applications
- New personalized services

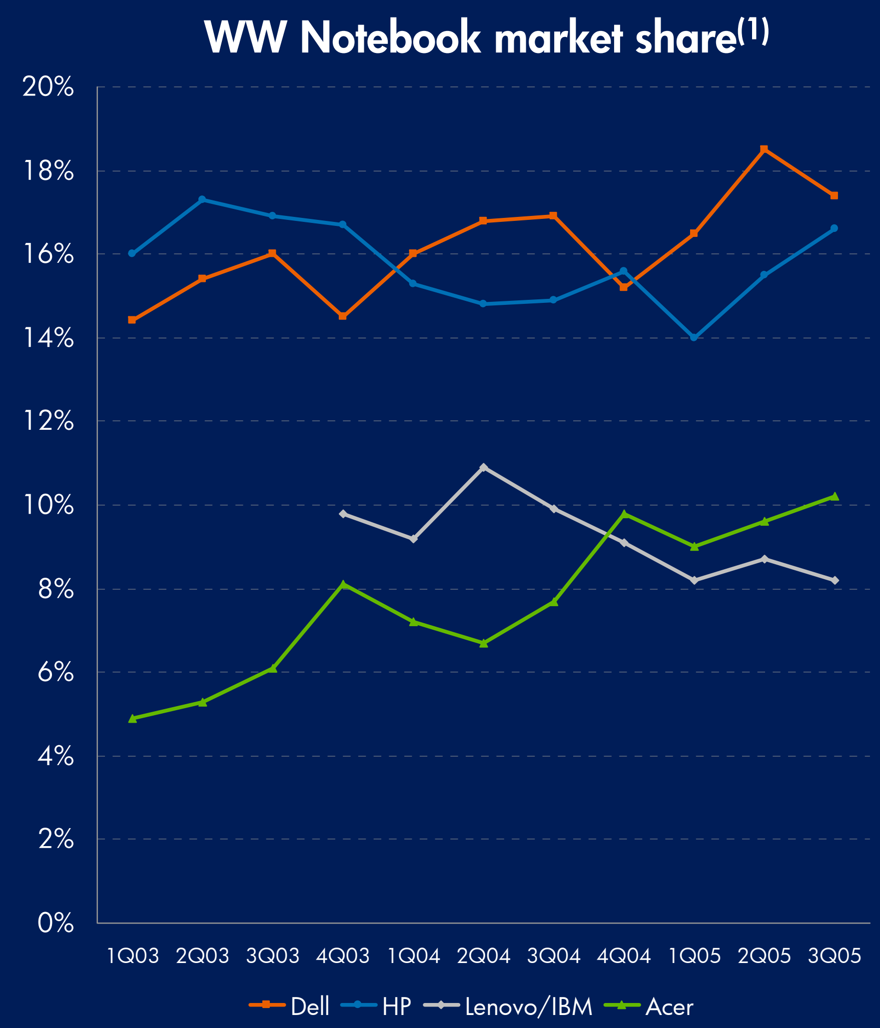
Mobile technology

Infrastructure → SW & Services → Devices

- Security
- Management software
- Service development and delivery platforms
- Network service provider partners
- Go-to-market

Leading the shift to mobility

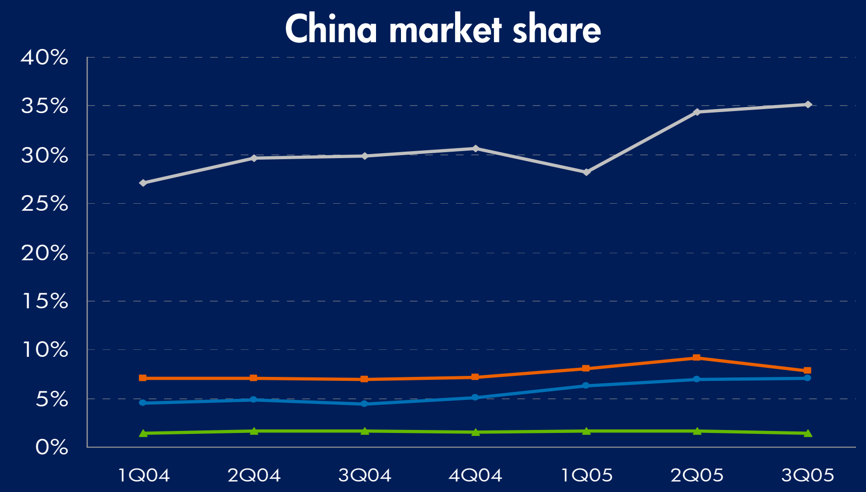
- Award-winning, broad product portfolio
- Innovation to improve the customer experience
- Enabling customers to buy the way they choose

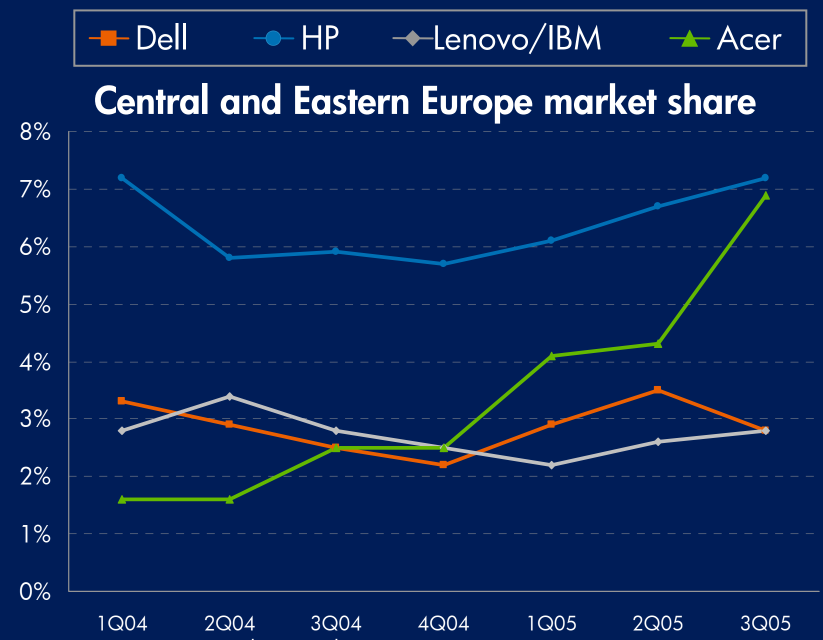


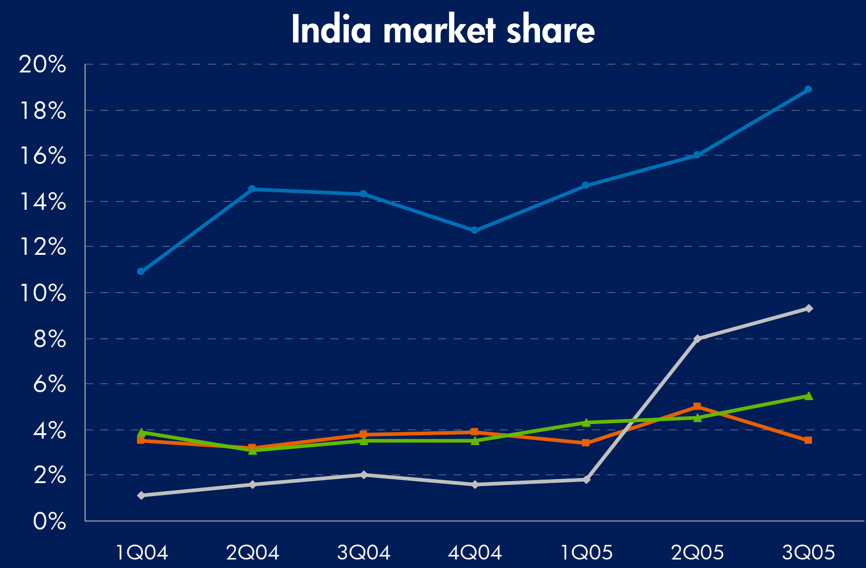
1. IDC's Q3 2005 Final Top 10 Vendor Rankings by Form Factor

Capitalizing on emerging markets

- Expanding to second and third tier cities
- Leveraging local retail and commercial channels
- Applying proven business models and processes







Source: IDC's Q3 2005 Final PC Tracker

Delivering best customer experience creates preference and loyalty

- First to market with differentiated solutions
- Industry-leading customer support
- Flexibility to choose product technology

Key success factors for PSG

- Capitalize on mobility and emerging markets
- Optimize direct and indirect
- Deliver innovation that matters
- Continue to improve customer satisfaction
- Maintain balance of profit and share

invent