HP Today

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HP today

Providing innovation at a price our customers can afford, and delivered with an experience that sets us apart.

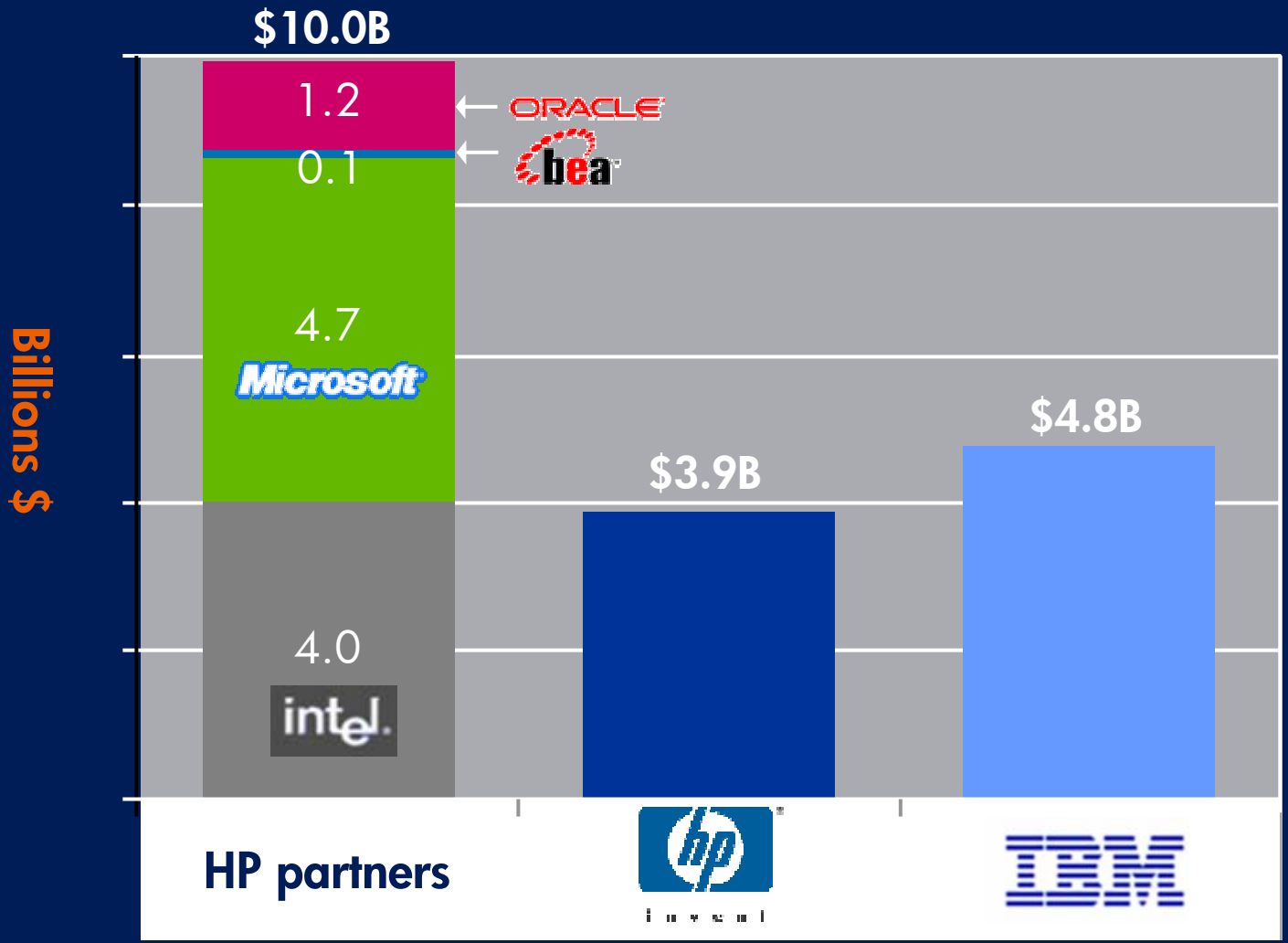
Innovation
Collaboration
Execution
hp

Innovation that drives markets

- Products and technology leadership
- Valuable customer solutions and experiences
- Advanced research in emerging technologies

Focused R&D investments

… and leveraging partners' research



Execution that makes a difference

Focused on improving business performance

- The right people, the right senior management team
- The right portfolio
- The right partners
- The right capabilities

HP today

Broad capabilities

- Fortune 11 company
- Leadership in virtually every market, customer segment and region
- Operations in 170 countries
  - 43 currencies, 15 languages
- 150,000 employees
- 70,000 service partners
- 210,000 sales partners
- 11 patents a day

Leadership across the board

	Share Percent	Market Position
• Disk Storage Systems	**48.0%**	**1**
• Storage Area Network Systems[1]	**23.9%**	**2**
• External RAID Storage Systems[1]	**16.1%**	**2**
• UNIX Servers[1]	**29.5%**	**1**
• Linux Servers[1]	**27.7%**	**1**
• Windows Servers[1]	**36.2%**	**1**
• Blade Servers[1]	**35.2%**	**2**
• Handhelds	**26.0%**	**2**
• Notebook PCs[2]	**14.0%**	**2**
• Desktop PCs	**14.8%**	**2**
• Workstations	**27.1%**	**2**
• Laserjet Printers[3]	**41.5%**	**1**
• Inkjet Printers[3]	**42.0%**	**1**

[1] Factory Revenue; other percentages are Units
[2] Classified as "portables" by IDC
[3] Includes color and monochrome; single and multi-function
Source: IDC CQ1 2005 Worldwide Data

HP ships more servers than anyone

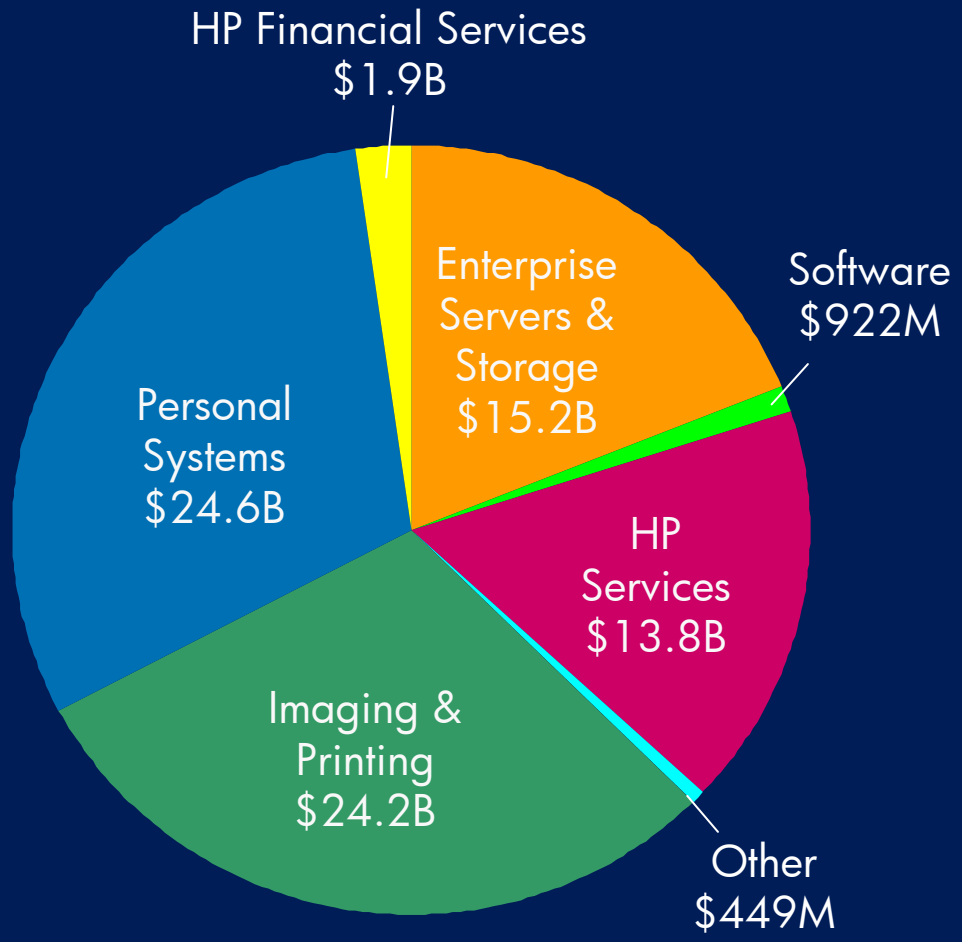
- HP out ships all vendors for 12 straight quarters[1]
- HP shares #1 position in worldwide server revenue[2]
- #1 ProLiant servers continue to lead market for 35 consecutive quarters (nearly 9 years)[3]
- Blade server revenue more than doubled[3]
- #1 in x86-64-based servers, leading in both AMD Opteron™ and Intel Xeon™-based systems[3]
- Outgrew the market in Itanium 2 revenue and units, nearly doubling revenue YoY
- 33.6% Linux server unit growth YoY

- **#1 in total UNIX® server revenue**
- **#1 in Windows units and revenue**
- **#1 in Linux server market**
- **Outpaced the market in x86, blade and Intel® Itanium® 2 (EPIC)-based servers[3]**

(1) Source: IDC's Worldwide Quarterly Server Tracker, May 2005.
(2) Factory revenue according to IDC's Worldwide Quarterly Server Tracker, May 2005.
(3) YoY in revenue and units

Financial strengths

- $80 billion annual run rate
- $7 billion in organic growth in FY04
- $13 billion in gross cash at end FY04
- Generating >$5 billion in cash from operations annually



FY04 revenue: $80B

Q2 FY05 company overview – record quarter revenue

$21.6B revenue, up 7% Y/Y

Enterprise Storage & Servers	+ 6%
HP Services	+14%
Software	+23%
Personal Systems Group	+ 6%
Imaging and Printing Group	+ 5%
HP Financial Services	+16%

Non-GAAP operating profit **$1.3B**

*Non-GAAP EPS **37¢***

GAAP operating profit **$1.2B**

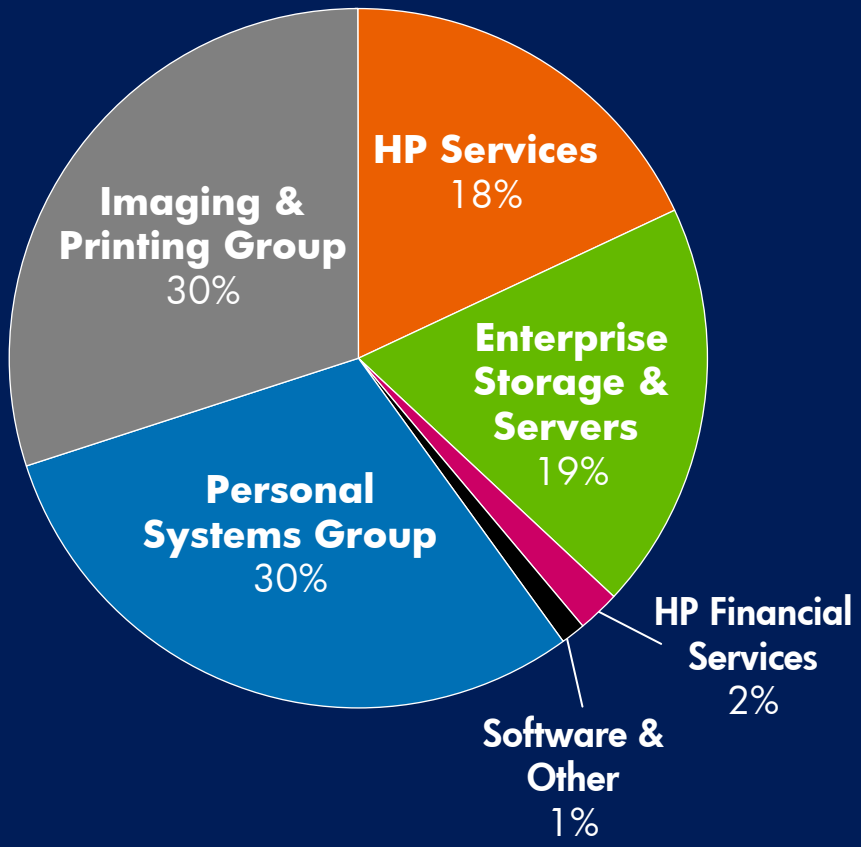
*GAAP EPS **33¢***

Cash flow from operations **$2.4B**

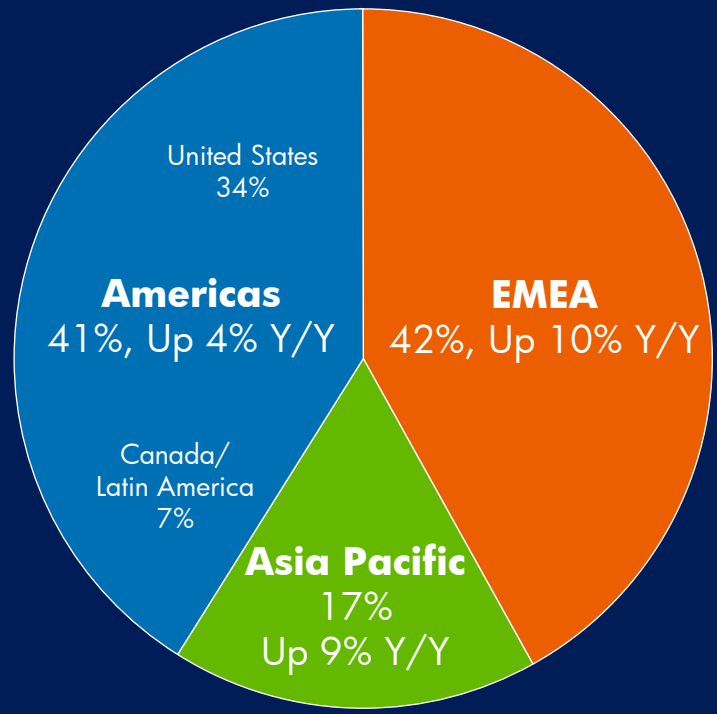
Source: HP Consolidated Statement of Earnings, May 17, 2005

Q2 FY05 company overview

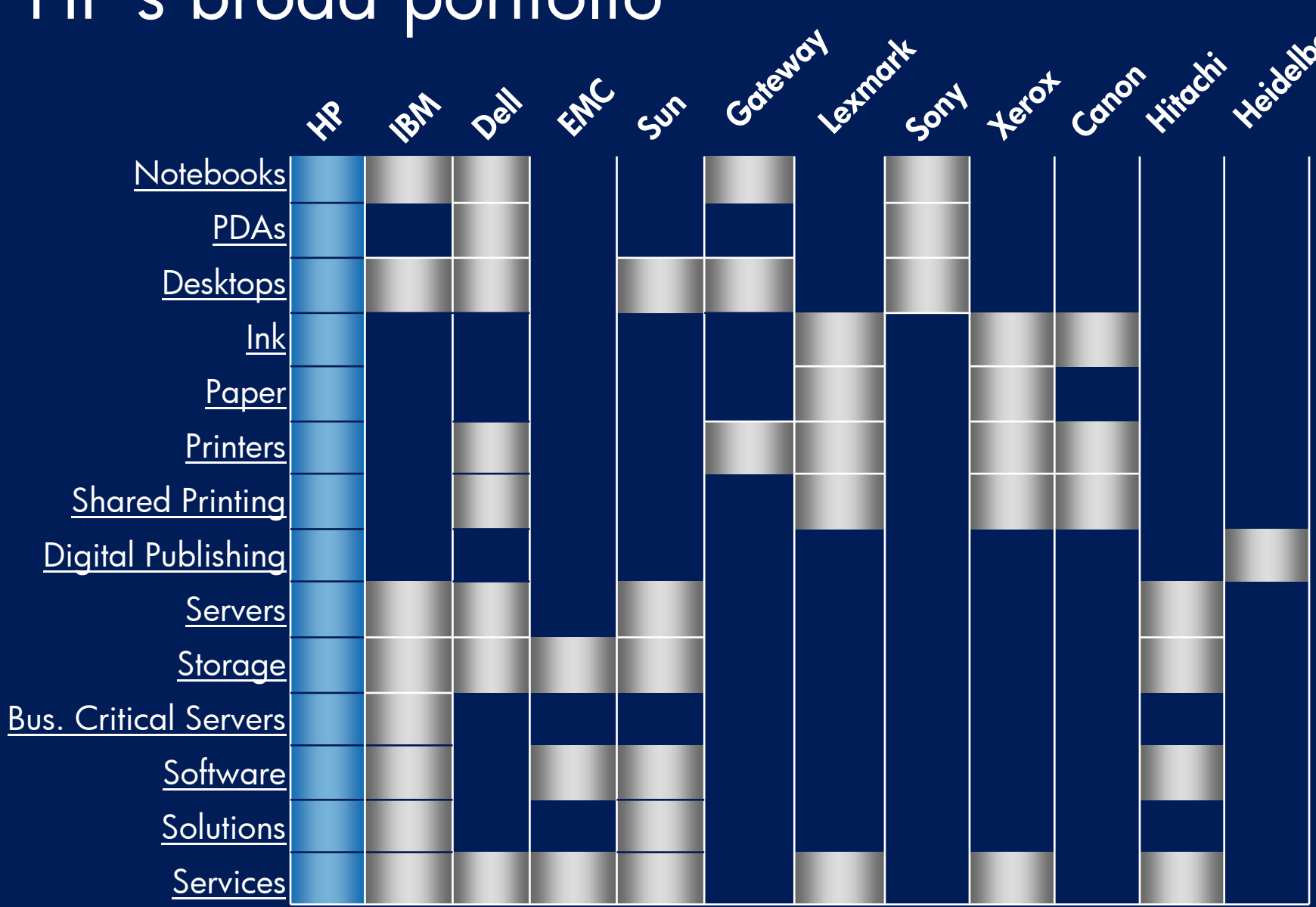
Revenue by segment



Revenue by region



HP's broad portfolio



Unprecedented reach

HP:

- Enables more than 100 million mobile phone subscribers
- Handles two out of three credit-card transactions
- Powers 106 of the world's 120 stock exchanges
- Supports 95% of the world's securities transactions
- Provides LAN-based carrier communications for 18 million people
- Ships approximately 1 million printers per week

Partnerships and alliances

Leveraging the best of the industry

HP in Financial Services

- Powers 130+ exchanges, including 18 of the world's largest
- Supports 95% of the world's exchange transactions
- HP is a leader in handling card transactions and electronic funds transfers
- Leading player in retail banking delivery channels and core banking

Banks who have embraced HP Solutions, Services and Technology

Decisions

Rationale for change

- Customers
- Employees
- Cost structure
- Operating model

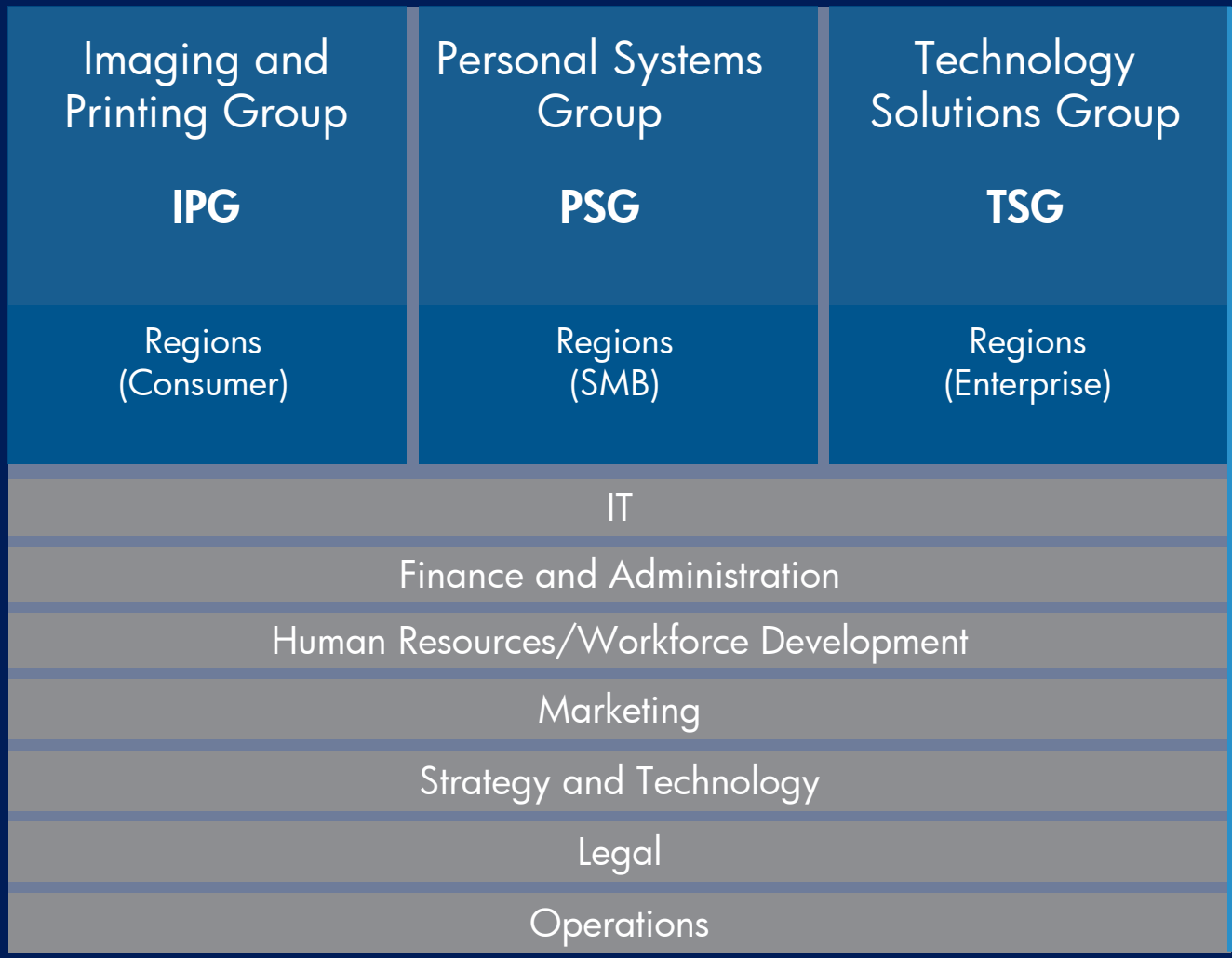
Our opportunity

- Grow profitable market share
- Successful, financially healthy company for long-term
- Employees have pride working at HP
- Loyal customers
- Increased investor confidence

Our objective

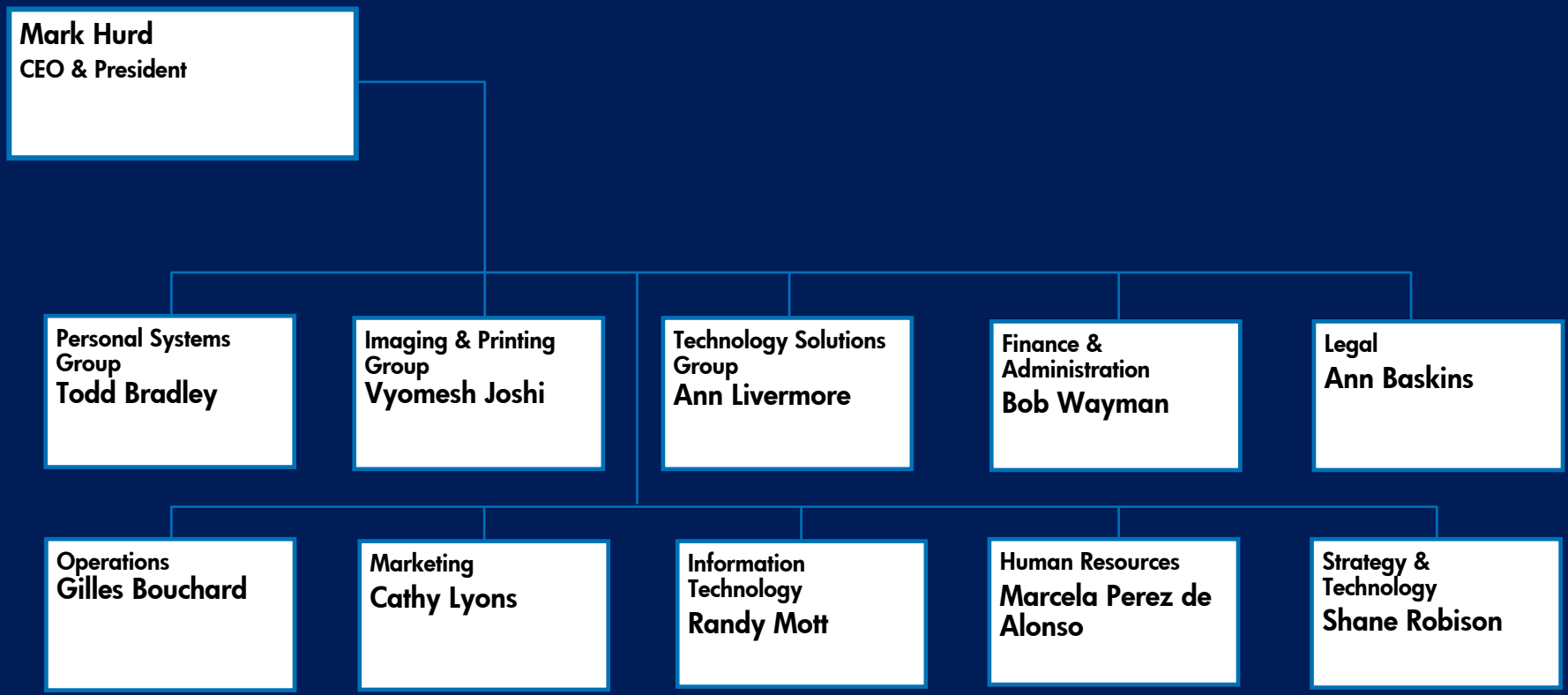
- A critical step toward realizing HP's full potential and build successful, financially healthy company
  - Create a simpler operating model with clear accountability
  - Create a competitive cost structure
  - Improve our go-to-market efforts

HP operating model

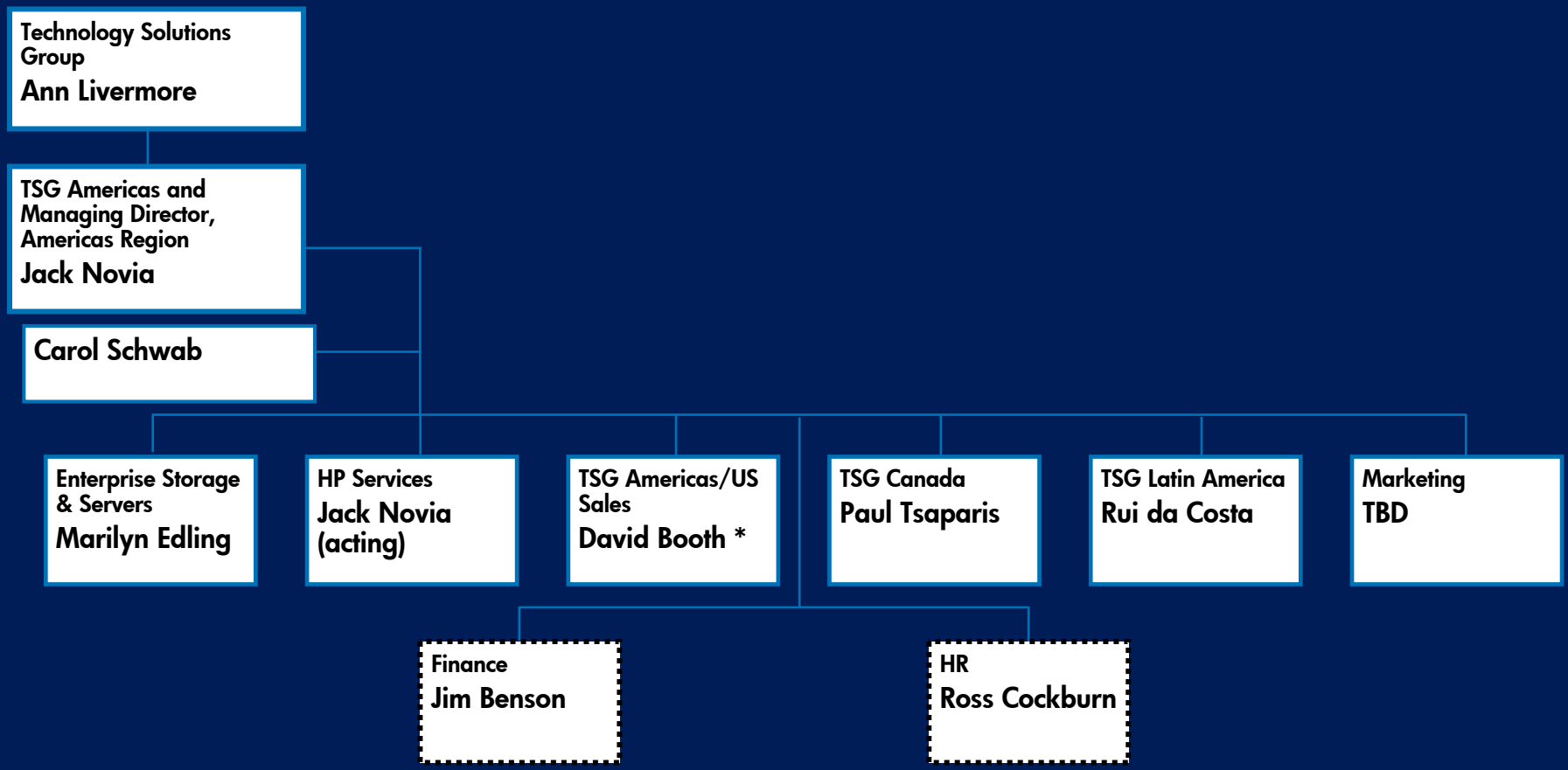


- Accountability
- Simplicity & flexibility
- Competitive alignment
- Customer focus

HP organization



Americas Region
Technology Solutions Group



* Includes software

HP … a company like no other

Innovation, Collaboration, Execution

- Commitment to customers
- Collaboration with partners
- Character and capability
- Leveraging our size, scope and scale to serve a broad spectrum of customers
- Focused innovation that enhances industry standard building blocks
- Power of the portfolio – breadth and depth
- R&D investments from HP and industry leading partners
- Global citizenship

Our commitment to customers

- As the needs of people, communities, governments and businesses evolve, HP will continue to innovate, collaborate and execute to serve them.