

HP Consolidated

(Fiscal year end: Oct 31)

	2006e	% of	Change	2005	% of	Change	2004	% of
	(\$ Mill)	Rev	05/04	(\$ Mill)	Rev	04/03	(\$ Mill)	Rev
Revenue		101%			100%			100%
Business Segments (est)								
Eliminations	\$629			\$1,169			\$1,141	
Total Revenue	\$91,658	0.0%	5.7%	\$86,696	0.0%	8.5%	\$79,905	0.0%
Before eliminations	\$92,287			\$87,865			\$81,046	
4Q06 Actual	\$24,910		7.2%	\$23,236				
Costs								
Cost of Revenue	\$67,700	73.4%	6.8%	\$63,370	72.1%	5.8%	\$59,890	73.9%
Unallocated Costs				\$3,070			\$921	
Total Costs	\$67,700	73.4%	1.9%	\$66,440	75.6%	9.3%	\$60,811	75.0%
Gross Profit/Margin	\$23,958	26.1%	18.3%	\$20,256	23.4%	6.1%	\$19,094	23.9%
Expenses								
Sales, General & Marketing	\$12,722	13.9%	13.8%	\$11,184	12.9%	6.6%	\$10,496	13.1%
Restr. & Other Charges				\$2,109			\$808	
Research & Development	\$3,793	4.1%	8.7%	\$3,490	4.0%	-2.0%	\$3,563	4.5%
Total Expenses	\$16,515	18.0%	-1.6%	\$16,783	19.4%	12.9%	\$14,867	18.6%
Operating Profit (Loss) as reported	\$7,443	8.1%	114.3%	\$3,473	4.0%	-17.8%	\$4,227	5.3%
4Q06 Actual	\$1,998	8.0%	34.2%	\$1,489	6.4%			
Other Income (Loss)	\$83	0.1%	18.6%	\$70	0.1%	-325.8%	(\$31)	-0.0%
Income (Loss) Before Tax	\$7,526	8.2%	112.4%	\$3,543	4.1%	-15.6%	\$4,196	5.3%
Income Tax (Benefit)	\$1,206	16.0%		\$1,145	16.7%		\$699	12.1%
Net Income (Loss)	\$6,320	6.9%	163.6%	\$2,398	2.8%	-31.4%	\$3,497	4.4%
# shares (basic)	2.74			2.88			3.02	
Earnings per share (basic)	\$2.31		176.9%	\$0.83			\$1.16	

Pro Forma Valuation

	P/E Ratio	Rev Ratio	Market Cap (est.)		Spin-off	Actual
			Rev	Combined	Benefit	(11/16/06)
Industry Segment Avg	17.00	1.00	\$220,215	\$91.66	\$110,153	
HP Corporate Actual	23.46	1.22	\$148.26	\$111.82	\$101.42	\$100.69
HP Broken-up	15.58	1.07			\$98.45	(\$2.96)

Source: Annex Research