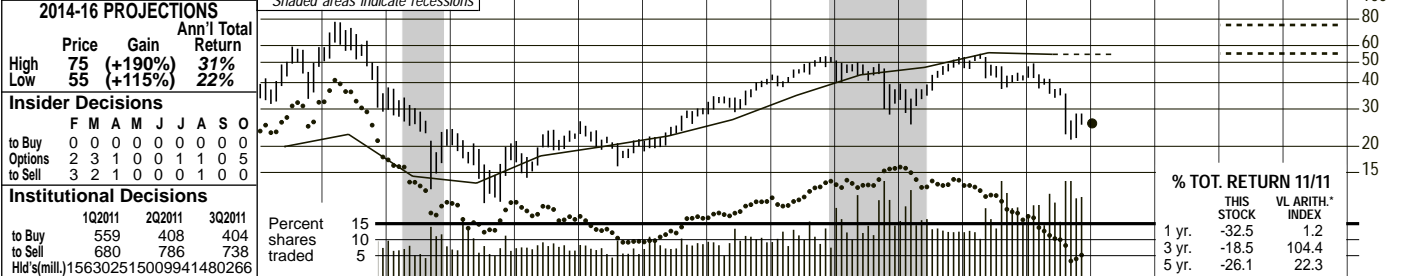


TIMELINESS 3 Raised 10/7/11	High: 77.8	37.9	24.1	23.9	26.3	30.3	41.7	53.5	51.0	52.9	54.8	49.4	Target Price Range
SAFETY 2 Lowered 1/6/12	Low: 29.1	12.5	10.8	14.2	16.1	18.9	28.3	38.2	28.2	25.4	37.3	21.5	2014 2015 2016
TECHNICAL 1 Raised 1/6/12	LEGENDS — 9.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 10/00 Options: Yes Shaded areas indicate recessions												
BETA 1.00 (1.00 = Market)	160 120 100 80 60 40 20 15												



2014-16 PROJECTIONS		2014-16 PROJECTIONS												2014-16 PROJECTIONS						
Price	Gain	Ann'l Total Return												%						
High	Low	75	55	+190%	+115%	31%	22%											1 yr.	3 yr.	5 yr.
75	55	+190%	+115%	31%	22%											-32.5	-18.5	-26.1		
Insider Decisions F M A M J J A S O to Buy 0 0 0 0 0 0 0 0 0 0 Options to Buy 2 3 1 0 0 1 1 0 0 5 to Sell 3 2 1 0 0 0 0 1 0 0														% TOT. RETURN 11/11 THIS STOCK VS. ARITH. INDEX 1 yr. -32.5 1.2 3 yr. -18.5 104.4 5 yr. -26.1 22.3						
Institutional Decisions 12/2011 2012/11 30/2011 to Buy 559 408 404 to Sell 680 786 738 Hld's(mill.) 156302515009941480266														© VALUE LINE PUB. LLC 14-16						

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC 14-16	
15.45	18.94	20.60	23.17	21.09	25.05	23.32	23.77	24.01	27.45	30.56	33.55	40.42	49.01	48.44	57.18	63.91	67.55	Sales per sh ^A	70.00
1.75	1.96	2.25	2.43	2.21	2.53	1.60	1.49	2.00	2.22	2.49	2.97	3.86	4.84	5.26	6.16	6.06	6.05	"Cash Flow" per sh	7.90
1.16	1.27	1.48	1.44	1.50	1.73	.89	.79	1.16	1.33	1.62	2.03	2.68	3.25	3.14	3.69	3.32	3.20	Earnings per sh ^B	4.80
.18	.21	.26	.30	.32	.32	.32	.32	.32	.32	.32	.32	.32	.32	.32	.32	.40	.48	Div'ds Decl'd per sh ^C	.70
.78	1.09	1.12	.98	.56	.89	.79	.56	.66	.73	.70	.93	1.18	1.24	1.56	1.88	2.28	2.60	Cap'l Spending per sh	3.20
5.80	6.63	7.76	8.33	9.11	7.30	7.20	11.91	12.40	12.90	13.10	13.96	14.93	16.13	17.13	18.50	19.59	23.15	Book Value per sh ^E	37.75
2039.8	2028.2	2082.1	2030.8	2009.1	1947.3	1939.0	3044.0	3043.0	2911.0	2837.0	2732.0	2580.0	2415.0	2365.0	2204.0	1991.0	1850.0	Common Shs Outst'g ^D	2000.0
14.2	18.2	19.5	21.1	27.7	33.3	31.7	22.4	16.3	15.9	14.1	16.2	16.5	14.2	12.0	12.9	11.3		Avg Ann'l P/E Ratio	14.0
.95	1.14	1.12	1.10	1.58	2.16	1.62	1.22	.93	.84	.75	.87	.88	.85	.80	.82	.70		Relative P/E Ratio	.95
1.1%	.9%	.9%	1.0%	.8%	.6%	1.1%	1.8%	1.7%	1.5%	1.4%	1.0%	.7%	.7%	.8%	.7%	1.1%		Avg Ann'l Div'd Yield	1.0%

CAPITAL STRUCTURE as of 10/31/11		CAPITAL STRUCTURE as of 10/31/11												CAPITAL STRUCTURE as of 10/31/11	
Total Debt	\$30634 mill.													Total Debt	\$23659 mill.
LT Debt	\$22551 mill.													LT Debt	\$400.0 mill.
45226	72346	73061	79905	86696	91658	104286	118364	114552	126033	127245	125000	Sales (\$mill) ^A	140000		
7.6%	7.3%	9.7%	9.3%	9.1%	9.7%	12.0%	13.1%	15.4%	15.5%	14.4%	11.5%	Operating Margin	14.0%		
1369.0	2119.0	2527.0	2395.0	2344.0	2353.0	2705.0	3356.0	4773.0	4820.0	4984.0	4900	Depreciation (\$mill)	5600		
1739.0	2409.0	3557.0	4067.0	4708.0	5761.0	7264.0	8329.0	7660.0	8761.0	7074.0	6250	Net Profit (\$mill)	10150		
21.9%	23.7%	22.0%	18.7%	16.9%	19.9%	20.8%	20.5%	18.6%	20.2%	21.2%	22.0%	Income Tax Rate	22.0%		
3.8%	3.3%	4.9%	5.1%	5.4%	6.3%	7.0%	7.0%	6.7%	7.0%	5.6%	5.0%	Net Profit Margin	7.3%		
7341.0	11765	14366	14313	11874	12414	8142.0	d1211	9536.0	4781.0	579.0	4000	Working Cap'l (\$mill)	6000		
3729.0	6035.0	6494.0	4623.0	3392.0	2490.0	4997.0	7676.0	13980	15258	22551	25500	Long-Term Debt (\$mill)	32000		
13953	36262	37746	37564	37176	38144	38526	38942	40517	40781	39004	42850	Shr. Equity (\$mill)	75500		
10.2%	5.9%	8.5%	9.9%	11.8%	14.3%	17.1%	18.2%	14.5%	16.1%	11.9%	9.5%	Return on Total Cap'l	9.5%		
12.5%	6.6%	9.4%	10.8%	12.7%	15.1%	18.9%	21.4%	18.9%	21.5%	18.1%	14.5%	Return on Shr. Equity	13.5%		
8.0%	4.4%	6.8%	8.2%	10.2%	12.8%	16.7%	19.3%	17.0%	19.6%	16.0%	12.5%	Retained to Com Eq	11.5%		
36%	33%	27%	24%	20%	16%	12%	10%	10%	9%	12%	15%	All Div'ds to Net Prof	15%		

MARKET CAP: \$51.1 billion (Large Cap)		MARKET CAP: \$51.1 billion (Large Cap)	
CURRENT POSITION	2009	2010	10/31/11
Cash Assets	13334	10934	8043
Receivables	19212	18481	18224
Inventory (FIFO)	6128	6466	7490
Other	13865	18303	17264
Current Assets	52539	54184	51021
Accts Payable	14809	14365	14750
Debt Due	1850	7046	8083
Other	26344	27992	27609
Current Liab.	43003	49403	50442

ANNUAL RATES		ANNUAL RATES	
Past 10 Yrs	Past 5 Yrs	Est'd '09-'11	to '14-'16
of change (per sh)			
Sales	9.5%	13.0%	3.5%
"Cash Flow"	10.5%	18.0%	5.0%
Earnings	9.5%	15.5%	6.0%
Dividends	1.0%	1.5%	12.0%
Book Value	9.0%	6.5%	12.5%

FISCAL YEAR ENDS		QUARTERLY SALES (\$mill.) ^A				Full Fiscal Year
Year	Ends	Jan.31	Apr.30	Jul.31	Oct.31	Fiscal Year
2008		28467	28262	28032	33603	118364
2009		28807	27383	27585	30777	114552
2010		31177	30849	30729	33278	126033
2011		32302	31632	31189	32122	127245
2012		30800	31000	31300	31900	125000

FISCAL YEAR ENDS		EARNINGS PER SHARE ^{A B}				Full Fiscal Year
Year	Ends	Jan.31	Apr.30	Jul.31	Oct.31	Fiscal Year
2008		.80	.80	.80	.84	3.25
2009		.75	.71	.69	.99	3.14
2010		.93	.91	.75	1.10	3.69
2011		1.17	1.05	.93	.12	3.32
2012		.61	.75	.85	.99	3.20

FISCAL YEAR ENDS		QUARTERLY DIVIDENDS PAID ^C				Full Year
Year	Ends	Mar.31	Jun.30	Sep.30	Dec.31	Fiscal Year
2008		.08	.08	.08	.08	.32
2009		.08	.08	.08	.08	.32
2010		.08	.08	.08	.08	.32
2011		.08	.08	.12	.12	.32
2012		.12				.32

(A) Fiscal year ends Oct. 31st. (B) Diluted earnings per share. Quarters may not sum due to change in shares. Excludes nonrecurring losses: '96, 4¢; '98, 6¢; '99, 1¢; '01, 68¢; '02, \$1.15; '03, 33¢; '04, 18¢; '05, 80¢ gain; '06, 15¢; gains from disc. ops.; '99, 18¢; '00, 7¢. Next earnings report late Feb. (C) Dividends historically paid in early January, April, July, and October. Dividend reinvestment plan available. (D) In millions, adjusted for split. (E) Includes intangibles. As of 10/31/11, \$55.4 bill., \$27.85 a share.

Hewlett-Packard's October-quarter earnings were reduced by \$1.05 a share of unusual items, including charges related to the acquisition of software provider Autonomy and to discontinuing a tablet computer product. Profits in the services, printing, and server divisions were also disappointing. The November decision not to spin off its personal systems business should dispel some of the confusion shared by investors and customers regarding the company's direction. The confusion arose when H-P's former chairman floated the idea last August of spinning off the business. But in October, H-P's new chairman, Meg Whitman, said the company would retain the operation because divesting it would be costly and due to the linkages (in supply, distribution, and efficiencies) with its other product groups. Hewlett-Packard is getting back to basics. Management believes that some of H-P's underperformance in recent years, especially the unfavorable shift in its services mix, was due to underinvesting in its businesses. It now plans to correct that. It also intends to rebuild the balance

sheet. Due to Autonomy and stock repurchases, cash assets have declined and debt has risen. Additional large acquisitions are on the back burner for now. The year ahead will be a tough one, although the absence of fiscal 2011's distractions (the CEO change and confusion as to the fate of the personal systems group, which may have scared away some customers) should allow H-P to focus on operations in 2012. But the economic climate, notably in Europe, remains uncertain. Improving the services mix will take years. Channel inventories of printer supplies are still high. And flooding in Thailand reduced supplies of hard disk drives. The company looks for reported earnings in fiscal 2012 (which ends October 31, 2012) of at least \$3.20 a share, which would represent a decline from the prior year. Only very patient investors should consider Hewlett-Packard shares, given the slow recovery we envision. That said, activist investor Ralph Whitworth of Relational Investors recently took a seat on the board, no doubt in an effort to accelerate H-P's comeback.

Theresa Brophy
January 6, 2012

Company's Financial Strength	A+
Stock's Price Stability	80
Price Growth Persistence	80
Earnings Predictability	95

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