HP Latin America
Manufacturing & Distribution Industries

Rui da Costa
Managing Director HP Latin America & TSG VP
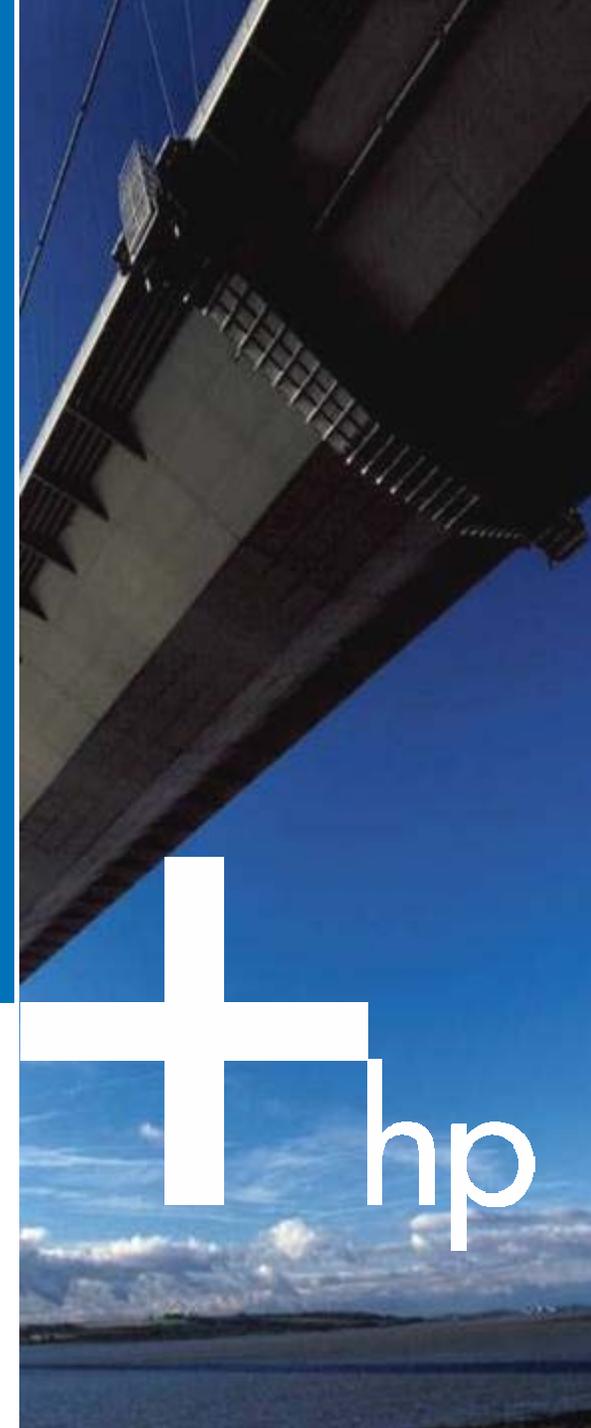
HP today

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

Innovation that drives markets

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

Innovation trends

Worldwide patents [1]
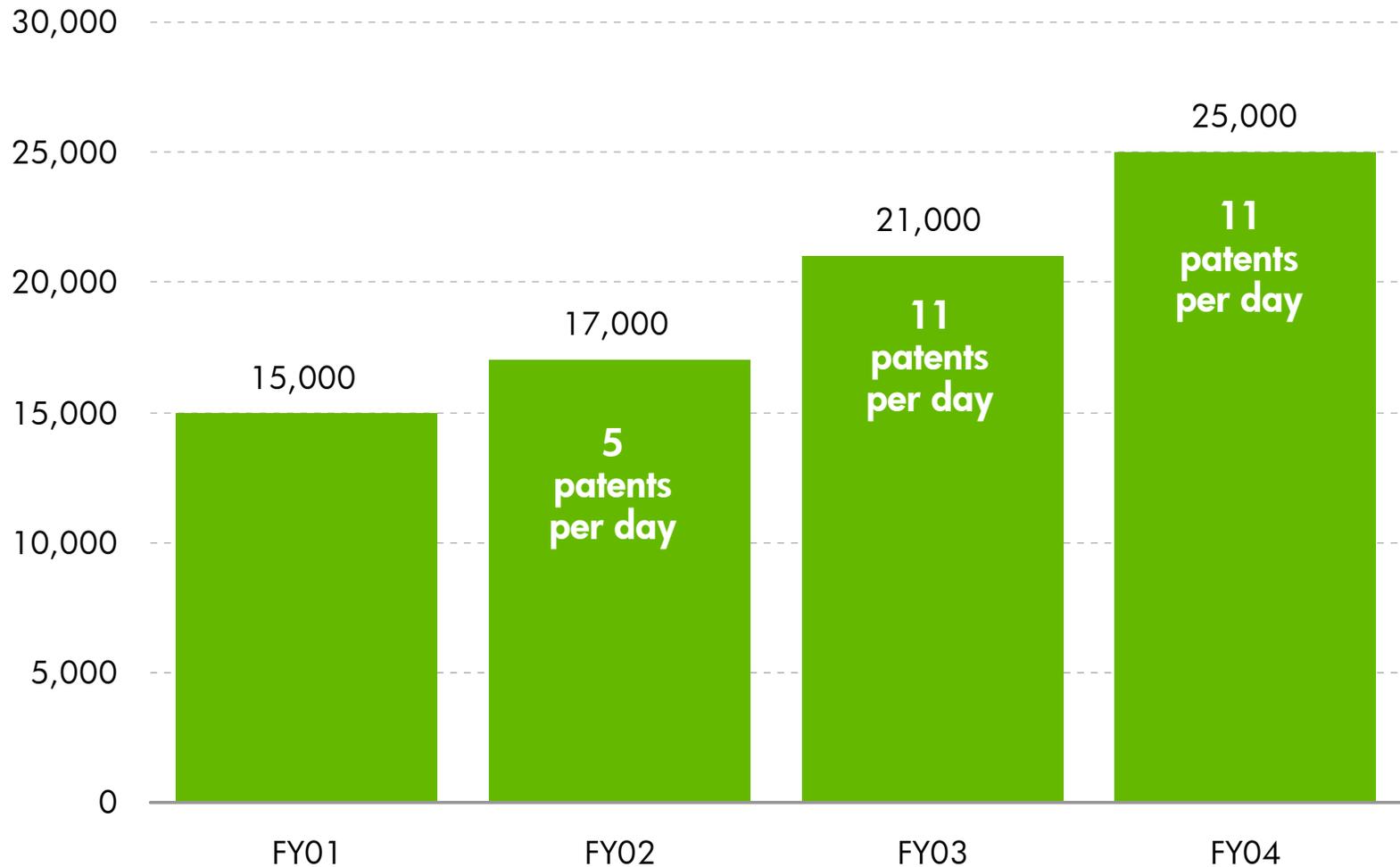
(1) FY01 patents include total patents for HP and Compaq as of October 31, 2001

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
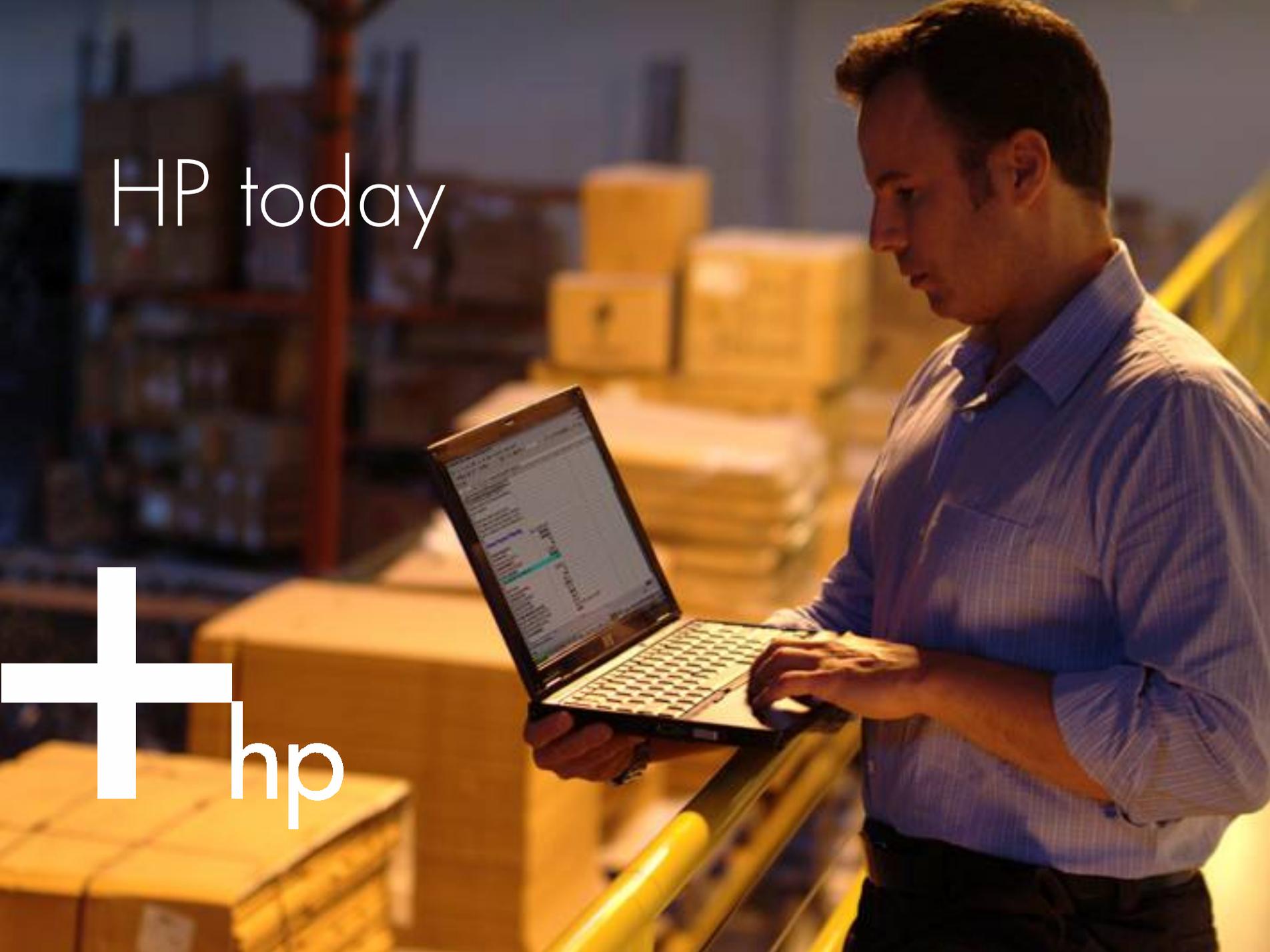
Broad capabilities

- 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

HP Latin America market share positions

HP rank – Latin America

#1

	Share
Disk storage	44.2%
SAN storage	29.3%
UNIX servers	38.5%
Linux servers	49.6%
Windows servers	42.8%
Software	10.2%
Notebooks	30.5%
Desktops	9.0%
Laserjets	55.2%
Inkjets	50.2%

#2

	Share
HW support/deploy	11.5%
Handhelds	16.0%

#3

	Share
Total IT Services	4.8%

Financial strengths

- Revenue up 6% Y/Y

- $6.8 billion in revenue growth in FY05

- $13 billion in gross cash at end FY05

- Generating $6.6 billion in free cash from operations annually

HP Financial Services
$2.1B

Enterprise Servers & Storage
$16.7B

Software
$1.1B

Personal Systems
$26.7B

HP Services
$15.5B

Imaging & Printing
$25.2B
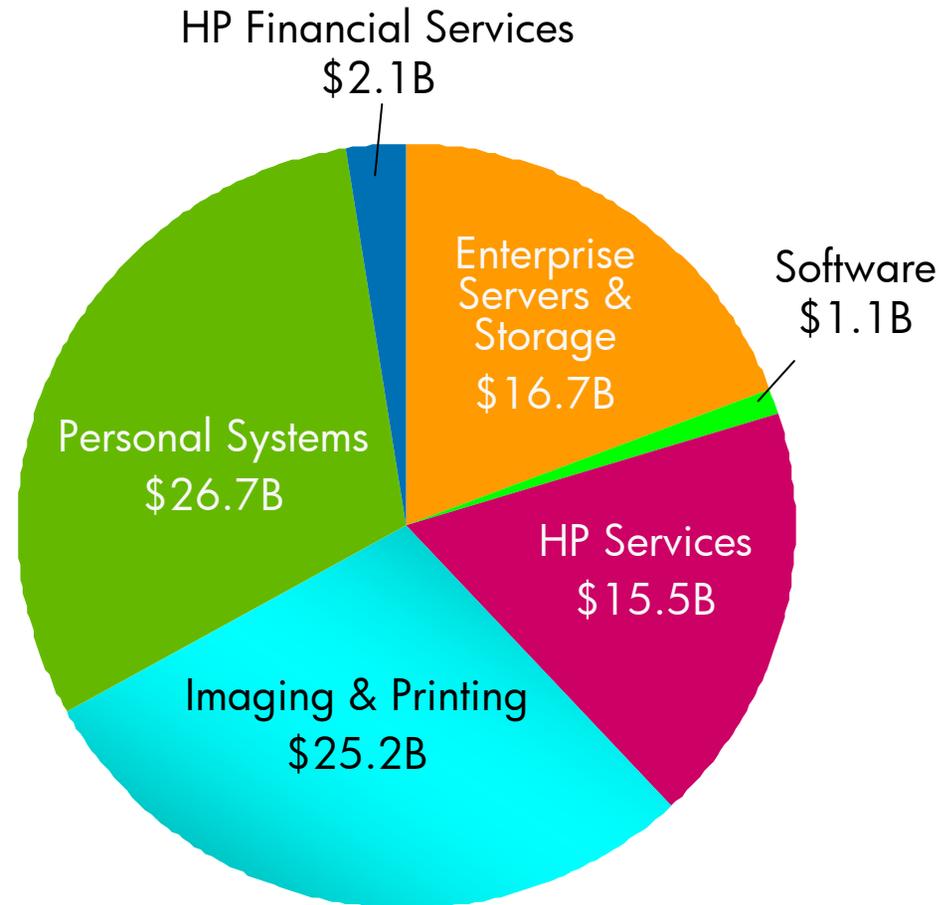
FY05 revenue: $86B

Q1 FY06 Revenue

Revenue by segment

- Imaging & Printing Group 29%
- HP Services 17%
- Enterprise Storage & Servers 19%
- Personal Systems Group 32%
- Software & Other 1%
- HP Financial Services 2%

Revenue by region

- U.S. 35%
- Americas 43%, Up 10% Y/Y
- Canada/ Latin America 8%
- EMEA 42%, Up 1% Y/Y
- Asia Pacific 15%, Up 6% Y/Y

March 28, 2006

HP's broad portfolio

	HP	IBM	Dell	EMC	Sun	Gateway	Lexmark	Sony	Xerox	Canon	Hitachi	Heidelberg
Notebooks	■	■	■			■		■				
PDAs	■		■			■		■				
Desktops	■	■	■		■	■		■				
Ink	■						■		■	■		
Paper	■						■		■	■		
Printers	■		■			■	■		■	■		
Shared Printing	■		■				■		■	■		
Digital Publishing	■											■
Servers	■	■	■		■						■	
Storage	■	■	■	■	■						■	
Bus. Critical Servers	■	■										
Software	■			■	■						■	
Solutions	■	■			■							
Services	■	■	■	■	■		■		■		■	

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

Enterprise

A global leader in technology and services for today's enterprise

- Technology
  - Blades, grid, utility computing, Integrity servers, Information Lifecycle and Business Management software
- Business and IT services
- Platform share of Oracle, SAP, Microsoft and Siebel
- 65,000 service and support professionals
- Public Sector, Financial Services, Manufacturing and Network Solutions Providers

Small and mid-sized businesses

- Leading IT provider among micro, small and mid-sized businesses worldwide

- Specialized expertise
  - HP support and 210,000 global channel partners

- Technologies that work simply and transparently, allowing SMBs to focus on business, not on IT
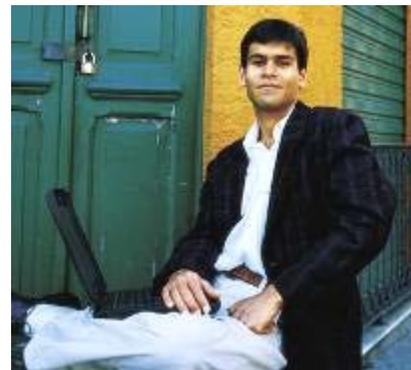
Consumer

- #1 consumer IT company in the world*

- 110,000 retail outlets in more than 178 countries

- Established global leader in printing and home PCs

- Leader in home digital photography

- Key player in digital entertainment market

* Source: IDC WW PC Tracker, Nov. 29, 2004 C3Q04 Unit Market Share

HP organization

CEO & President
Mark Hurd

Personal Systems Group	Imaging & Printing Group	Technology Solutions Group	Finance & Administration	Legal
Todd Bradley	**Vyomesh Joshi**	**Ann Livermore**	**Bob Wayman**	**Ann Baskins**

Operations	Marketing	Information Technology	Human Resources	Strategy & Technology
Gilles Bouchard	**Cathy Lyons**	**Randy Mott**	**Marcela Perez De Alonso**	**Shane Robinson**
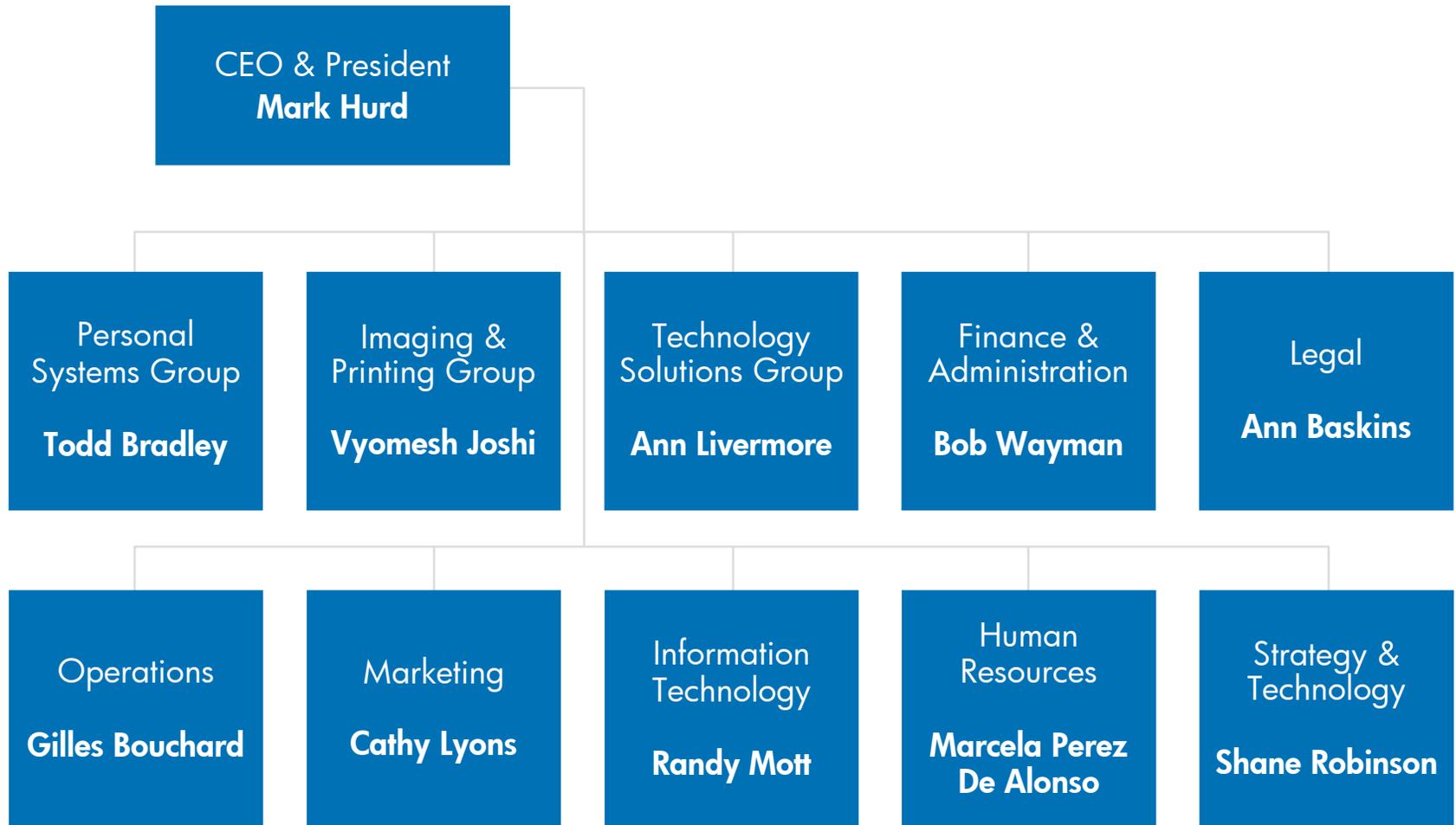
Global Business Units

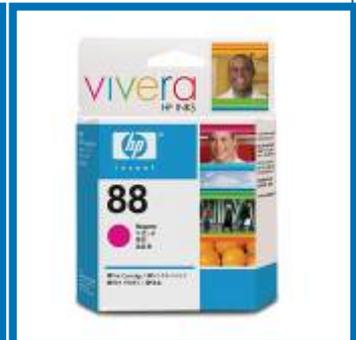## Personal Systems Group

- Business PCs
- Consumer PCs
- Notebook PCs
- Handhelds
- Workstations

Global Business Units

Imaging & Printing Group

- Inkjet Systems
- LaserJet Business
- Digital Photography & Entertainment
- Graphics and Imaging Business
- Imaging and Printing Supplies
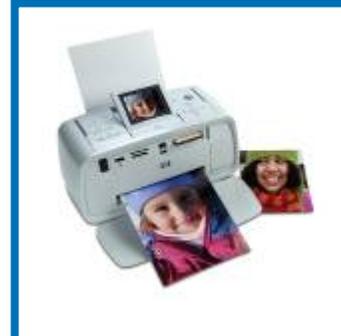
Global Business Units

Technology Systems Group

- Enterprise Storage & Servers
- Consulting & Integration
- Managed Services
- Technology Services
- Imaging & Printing Group Services
- Software Global Business Unit

c2   double check this slide with the Bu's
           Lisa, 11/16/2005

The evolving world of MFG

Yesterday…

Management

- Static environment
- Time to react
- Less complexity

Management was all about the infrastructure…

…Today management is about managing technology at the pace of change

Management

- Dynamic environment
- No time to react
- Increasing complexity
- Device proliferation

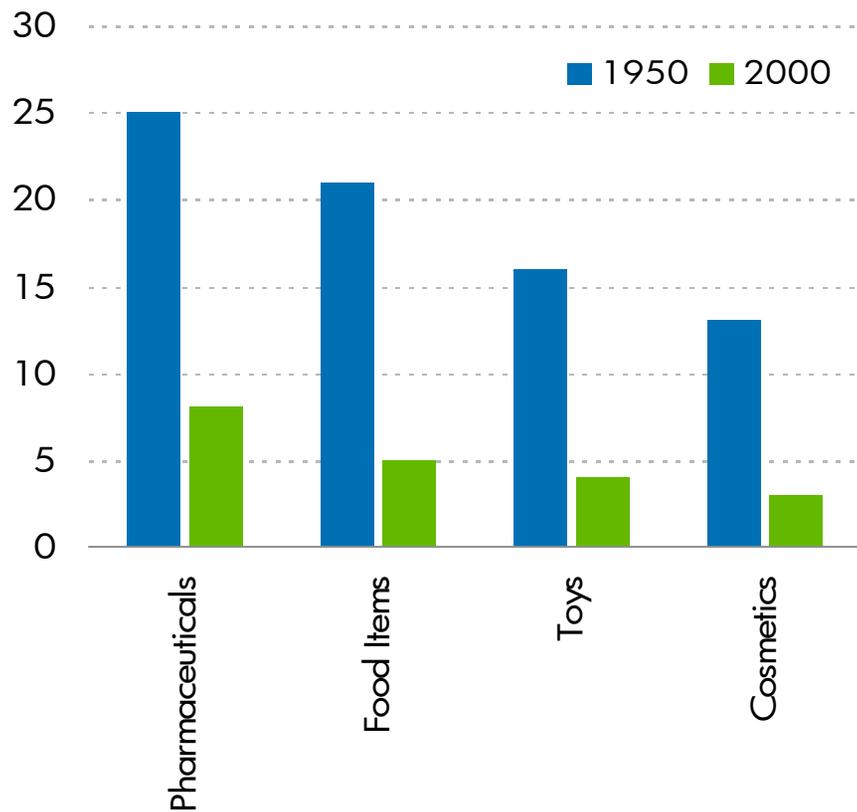**… and it has become the key to success in a fast-changing world**

Corporate and product life spans are shorter

Average lifespan of products (years)

Legend: 1950, 2000

Categories: Pharmaceuticals, Food Items, Toys, Cosmetics

Average lifetime of S&P 500 companies

Avg. life of a S&P 500 company has fallen from ~65 years in the 1930s to ~20 years in the 1990s

Trend

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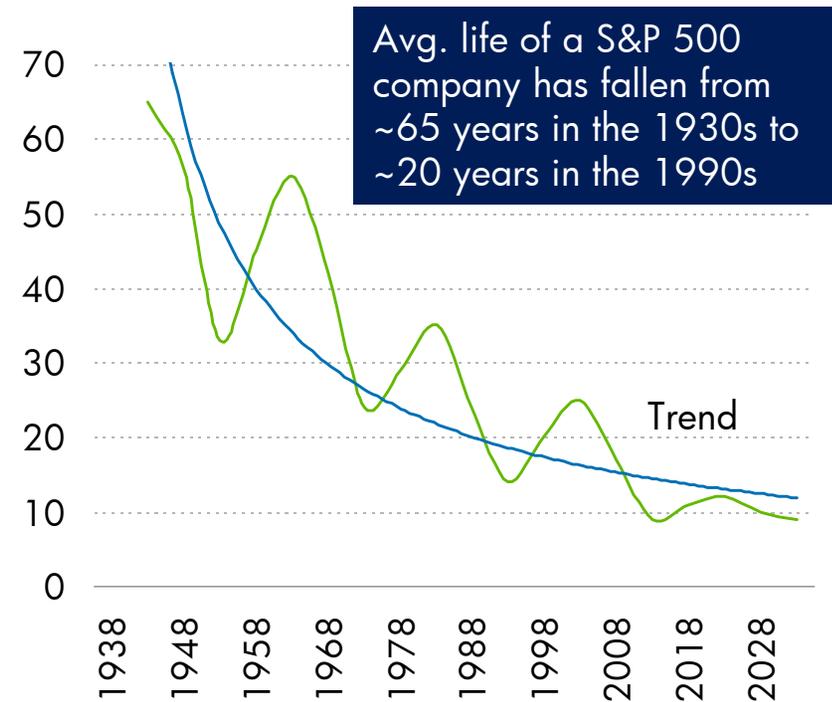
Speed in business is increasing dramatically

30 minutes ➝ 5 seconds	**Trading analytics**
20 minutes ➝ 30 seconds	**Airline operations**
8 hours ➝ 10 seconds	**Call center inquiries**
1 day ➝ 5 minutes	**Track financial position**
1 day ➝ 15 minutes	**Supply chain updates**
3 days ➝ 30 seconds	**Mail / express / fax / e-mail**
3 days ➝ 45 seconds	**Document transfer**
3 days ➝ 1 hour	**Phone activation**
1 month ➝ 1 hour	**Refresh data warehouse**
5 days ➝ 1 day	**Trade settlement**
6 weeks ➝ 24 hours	**Build-to-order PC**

10^7 10^6 10^5 10^4 1,000 100 10 1 Seconds ➝

The CIO's balancing act

Increase agility:
- Enable the business organization and operations to adapt to changing business needs

Maximize return:
- Improve business results; grow revenue and earnings, cash flow, reduced cost-of-operation
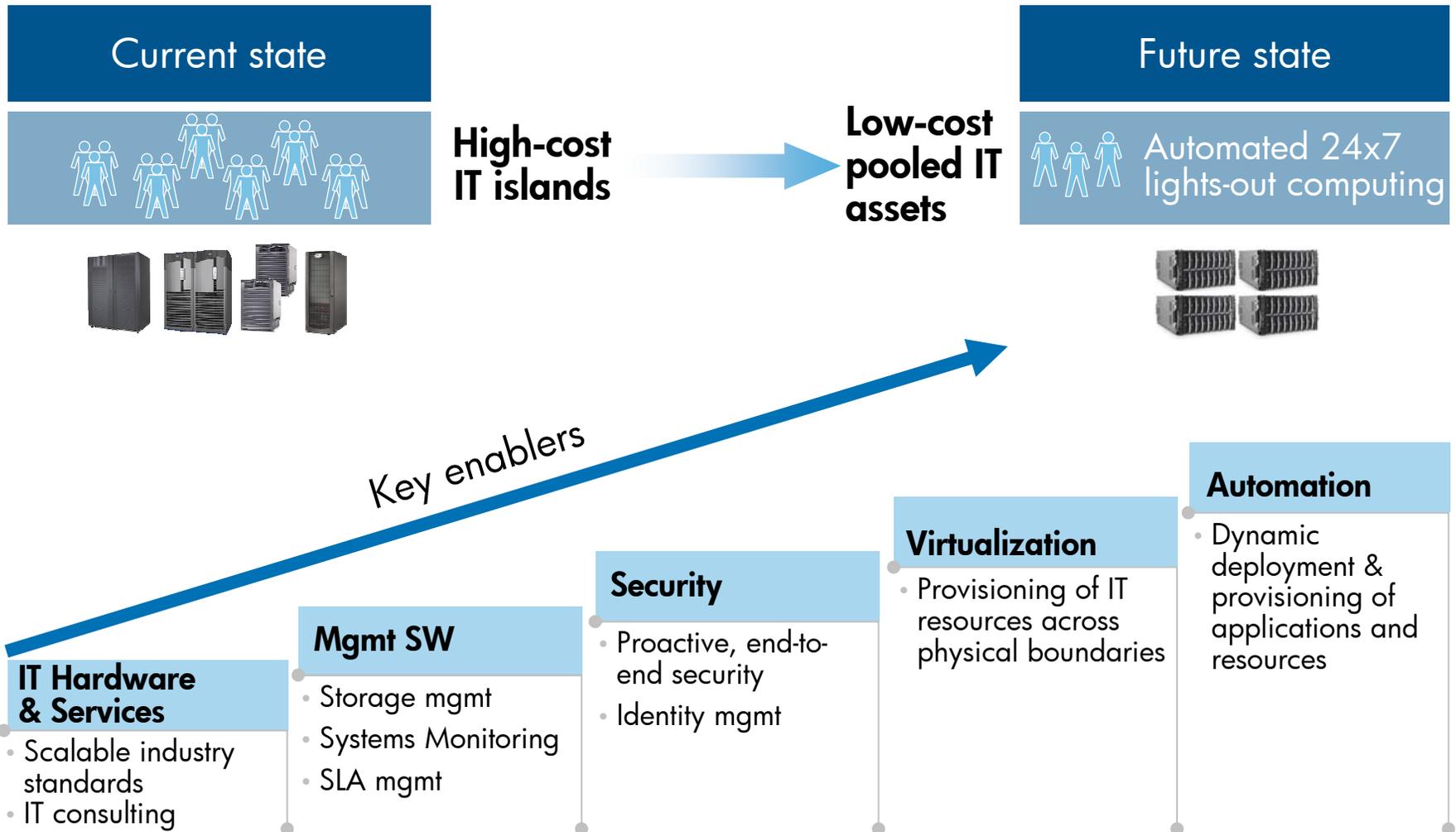
Mitigate risk:
- Ensure security and continuity of internal business operations, while minimizing exposure to external risk factor

Improve performance:
- Improve business operations performance end-to-end across the enterprise
- Increase customer and employee satisfaction

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![HP invent logo]

Next-generation data center architecture

Advancing the adaptive enterprise

Current state	Future state

High-cost IT islands → **Low-cost pooled IT assets**

Automated 24x7 lights-out computing

Key enablers

IT Hardware & Services
- Scalable industry standards
- IT consulting

Mgmt SW
- Storage mgmt
- Systems Monitoring
- SLA mgmt

Security
- Proactive, end-to-end security
- Identity mgmt

Virtualization
- Provisioning of IT resources across physical boundaries

Automation
- Dynamic deployment & provisioning of applications and resources

HP Manufacturing in LA

HP Manufacturing Facts WW

- 10th largest Industrial Supply Chain in the world
  - Largest in the High Tech segment as measured by dollars, breaths and complexity of products and global reach
  - 60,000 products
  - 100,000+ suppliers

- Has diverse products and services ranging from cameras, hand-helds, and PC's to high-end Superdome technology platforms

- Over the past years has eliminated $ 3 billion in costs, $1.5 billion of which is associated with manufacturing and supply chain efficiencies

Hewlett-Packard in the Manufacturing Industry LAC

- Three Hubs Guadalajara, Campinas y Aguadilla
- Complete portfolio of products for Latin America and Worldwide
- Research and Development Activities
- More that 2100 MFG employees

Hewlett-Packard Manufacturing Guadalajara

- Facility Size 30,000 square feet
- Employees : 250 HP + 600 outsourced
- ISO 9001 certified
- Avg. Monthly Unit Volume: + 5,000

HP Guadalajara Evolution
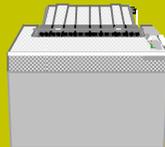

1985
Charter
Computer manufacturing

Market:
México

Competences:
Manufacturing
Quality

1988
Charter
Impact Printers

Market:
México → LAR

Competences:
Business Management
P&L
OEM Management
Product Strategy
Development

1993
Charter
Paper handlers
FW/SW Development

Market:
World Wide

Competences
P&L
FW/SW capacity Added
OEM (Canon/BDT)
Product Strategy
Market knowledge

2001
Charter
MFP copiers design center

Market:
World Wide

Competences:
Devlopment platforms
Solutions
Customer Experience

Hewlett-Packard Manufacturing Campinas

- Facility Size: 12,000 m2
- Avg. Monthly Unit Volume: + 20,000
- Capability: Assembly, test, integration and Solutions;
- ISO 90001 Registered and re-certified Annually

Product Portfolio in Campinas

Industry Standard Servers

700 series
500 series
300 series
100 series
New
DL

500 series
300 series
100 series
New
ML

Business Critical Servers

rp7420
rp7405/10
rp4440
rp5400 series
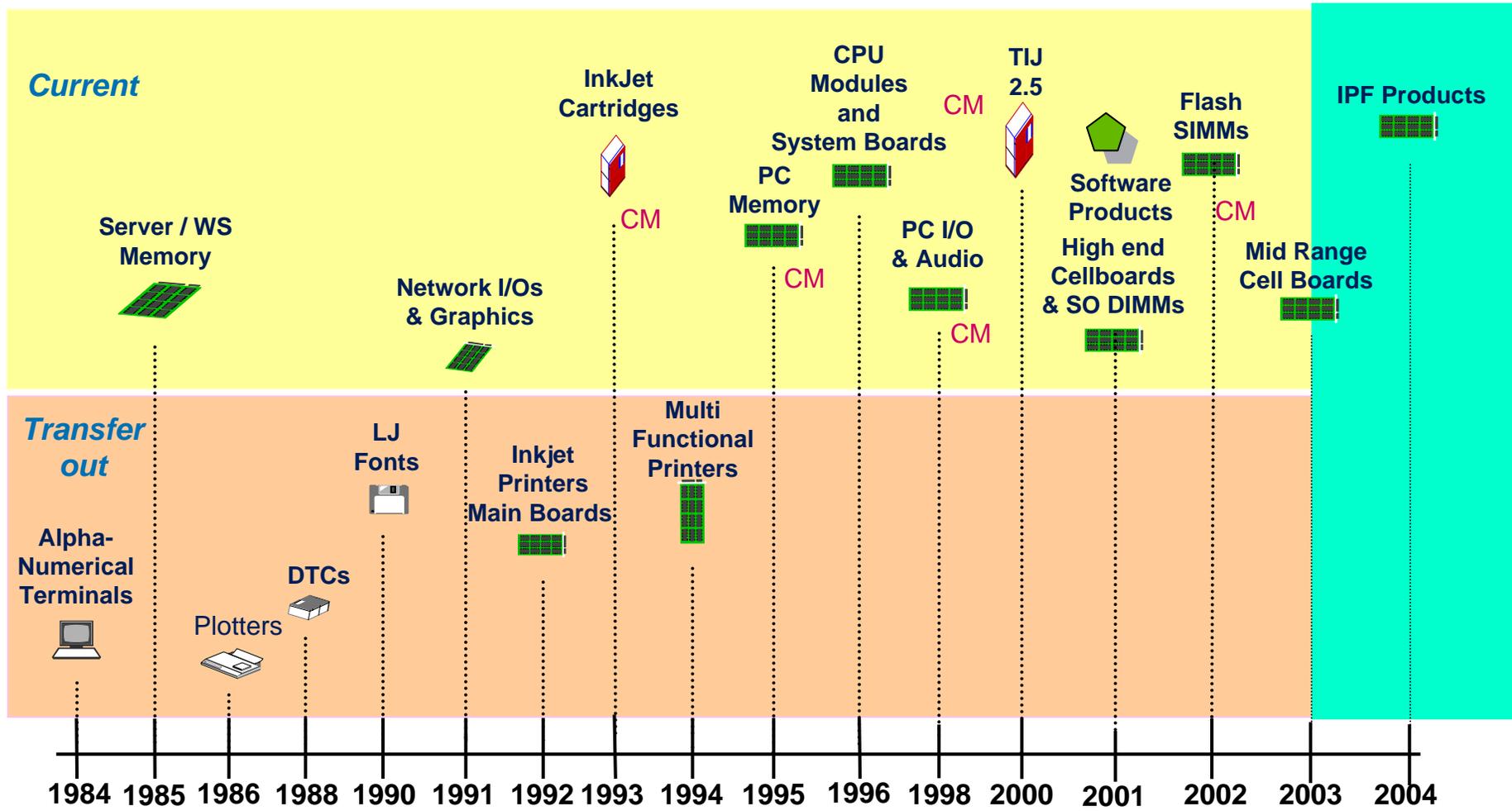rp2400 series
Integrity rx4640
Integrity rx2600

Hewlett-Packard Manufacturing Aguadilla

- 600,000 square feet
- Employees : 1800
- ISO 9001 certified
- Manufactures over 180 different networking, memory, CPUs and ink-jet printer cartridge products Satisfying from 40% to 100% of HP Global requirement

Hewlett Packard Puerto Rico Evolution

Current

Transfer out

- Server / WS Memory
- Network I/Os & Graphics
- InkJet Cartridges — CM
- PC Memory — CM
- CPU Modules and System Boards
- PC I/O & Audio — CM
- TIJ 2.5 — CM
- Software Products
- High end Cellboards & SO DIMMs — CM
- Flash SIMMs
- Mid Range Cell Boards
- IPF Products

- Alpha-Numerical Terminals
- Plotters
- DTCs
- LJ Fonts
- Inkjet Printers Main Boards
- Multi Functional Printers

1984 1985 1986 1988 1990 1991 1992 1993 1994 1995 1996 1998 2000 2001 2002 2003 2004

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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

- Breadth and depth of the HP portfolio

- R&D investments from HP and industry leading partners

- Global citizenship