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Hewlett-Packard Company F2Q09 (Qtr End 4/30/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) The first question comes from the line of Tony Sacconaghi - Sanford Bernstein.

Tony Sacconaghi - Sanford Bernstein

I was wondering if you could comment on just the overall market environment. Last quarter you said you expected revenues to decline -2 to -5%. You are now saying you expect revenues to decline -4 to -5% even though currency is actually going to be more favorable now than you anticipated before. Your outlook for the year has deteriorated yet you are guiding for normal seasonality. How do we reconcile those points? Do you think the market is actually worse than you had anticipated a quarter ago? Do you feel HP is less competitive in any way? How do we reconcile your guidance from last time versus now?

Mark Hurd

First of all, certainly we don't think HP is less competitive. We think HP is more competitive. That would be how I feel about that point. I think we see the market as roughly the same. We are within the same revenue ranges we talked about before. Currency to us is still volatile so I wouldn't say we have factored every currency spot rate into the number. This is more of a local comparison. Local currency sort of move to move. While we see at a macro level a couple of areas that we see some encouraging signs, I think that would be the right way for me to describe it, China was a little stronger than we have seen it. So we would look at that as good news.

We saw some slight improvement in U.S. consumer. So we would look at that as some good news. In terms of the rest of the market, I could tell you a lot of stories of a lot of signs but I am not ready to call it better beyond the two that I described to you. So I think you should view this as sort of steady as she goes. When you looked back 90 days ago, the quarter for us being Q2 that we just reported, behaved roughly as we expected. There were a few things here or there but generally it behaved at a macro level as we expected.

I would say we were a little better on the bottom line than we expected but the revenue top line was about as we expected and our view is that with the exception of a couple of places that I talked about it is roughly going to be the same the rest of the year. I think that is the way you should view our guidance. Currency tends to be a help. That is great. We are not really factoring in any major improvement in currency in anything we are seeing yet so far either.

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