

# Hewlett-Packard Turns 3Q Profit but Revenue Falls

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NEW YORK (AP) — Hewlett-Packard made a profit in the latest quarter, reversing a huge loss a year ago that stemmed from an \$8 billion charge. But the technology bellwether's revenue declined amid weakness in the PC market that shows no signs of easing.

Hewlett-Packard Co. said Wednesday that it earned \$1.39 billion, or 71 cents per share, in the fiscal third quarter that ended on July 31. That's up from a loss of \$8.86 billion, or \$4.49 per share, a year ago when the results included a charge to reflect the shrinking value of Electronic Data Systems, a technology consulting service HP bought for \$13 billion in 2008.

Excluding one-time items, HP earned 86 cents per share in the latest quarter, a penny below Wall Street's expectations.

"I remain confident that we are making progress in our turnaround," said CEO Meg Whitman in a statement. She added that HP is already seeing "significant improvement" in its business.

Nonetheless, revenue fell in nearly all of the company's business segments, with total revenue down 8 percent to \$27.2 billion from \$29.7 billion. Analysts expected slightly higher revenue of \$27.3 billion, according to FactSet.

HP has been trying to ease the pain of the declining PC market by cutting costs and focusing on more profitable areas. It cut expenses by 34 percent in the latest quarter, to \$25.37 billion from \$38.5 billion a year ago. But the PC slump still weighs on results. Worldwide shipments were down 11 percent in the April-June quarter, according to data from research firms Gartner and IDC. The industry is experiencing the longest consecutive decline in its history, according to Gartner.

Like many PC makers, HP was slow to respond to the shift to mobile computing. The company stumbled in recent years trying to catch up with the likes of Apple Inc. and Samsung Electronics. Whitman is trying to turn the company around, but she has warned that it will be a long-term endeavor.

For the full year, HP said it expects adjusted earnings of \$3.53 to \$3.57 per share, roughly in line with the \$3.56 per share analysts are expecting. Without giving a

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number, Whitman said the company is unlikely to see year-over-year revenue growth in fiscal 2013.

Shares of Palo Alto, Calif.-based Hewlett-Packard slipped 27 cents to \$25.11 in after-hours trading. The stock had closed down 46 cents at \$25.38.

HP also reassigned its chief operating officer, Bill Veghte. He will now be executive vice president and general manager of the HP Enterprise Group. The company didn't name a replacement. Dave Donatelli, the group's previous head, will "take on a new role focused on identifying early-stage technologies," HP said.

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