2019 Financial Report

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended October 31, 2019

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-4423

HP INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**94-1081436** (I.R.S. employer identification no.)
1501 Page Mill Road, Palo Alto, California (Address of principal executive offices)	**94304** (Zip code)

(650) 857-1501
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	HPQ	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates was $30,007,738,276 based on the last sale price of common stock on April 30, 2019.

The number of shares of HP Inc. common stock outstanding as of November 30, 2019 was 1,453,187,484 shares.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT DESCRIPTION	**10-K PART**
Portions of the Registrant's definitive proxy statement related to its 2020 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year end of October 31, 2019 are incorporated by reference into Part III of this Report.	III

HP Inc. and Subsidiaries
Form 10-K
For the Fiscal Year ended October 31, 2019
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In this report on Form 10-K, for all periods presented, "we", "us", "our", "company", "HP" and "HP Inc." refer to HP Inc. (formerly Hewlett-Packard Company) and its consolidated subsidiaries.

Forward-Looking Statements

This Annual Report on Form 10-K, including "Business" in Item 1 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of HP Inc. and its consolidated subsidiaries ("HP") may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to, any projections of net revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, deferred taxes, share repurchases, foreign currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring and other charges; any statements of the plans, strategies and objectives of management for future operations, including, but not limited to, our business model and transformation, our sustainability goals, our go-to-market strategy the execution of restructuring plans and any resulting cost savings, net revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief, including with respect to the timing and expected benefits of acquisitions and other business combination and investment transactions; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing HP's businesses; the competitive pressures faced by HP's businesses; risks associated with executing HP's strategy, business model changes and transformation; successfully innovating, developing and executing HP's go-to-market strategy, including online, omnichannel and contractual sales, in an evolving distribution and reseller landscape; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; successfully competing and maintaining the value proposition of HP's products, including supplies; the need to manage third-party suppliers, manage HP's global, multi-tier distribution network, limit potential misuse of pricing programs by HP's channel partners, adapt to new or changing marketplaces and effectively deliver HP's services; challenges to HP's ability to accurately forecast inventories, demand and pricing, which may be due to HP's multi-tiered channel, sales of HP's products to unauthorized resellers or unauthorized resale of HP's products; integration and other risks associated with business combination and investment transactions; the results of the restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of HP's business) and the anticipated benefits of the restructuring plans; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; the hiring and retention of key employees; the impact of macroeconomic and geopolitical trends and events; risks associated with HP's international operations; the execution and performance of contracts by HP and its suppliers, customers, clients and partners; the impact of changes in tax laws, including uncertainties related to the interpretation and application of the Tax Cuts and Jobs Act of 2017 on HP's tax obligations and effective tax rate; the resolution of pending investigations, claims and disputes; and other risks that are described herein, including but not limited to the items discussed in "Risk Factors" in Item 1A of Part I of this report and that are otherwise described or updated from time to time in HP's other filings with the Securities and Exchange Commission ("the SEC"). HP assumes no obligation and does not intend to update these forward-looking statements.

Part I

Item 1. Business.

Business Overview

We are a leading global provider of personal computing and other access devices, imaging and printing products, and related technologies, solutions and services. We sell to individual consumers, small- and medium-sized businesses ("SMBs") and large enterprises, including customers in the government, health and education sectors.

HP was incorporated in 1947 under the laws of the state of California as the successor to a partnership founded in 1939 by William R. Hewlett and David Packard. Effective in May 1998, we changed our state of incorporation from California to Delaware.

As part of the separation of Hewlett Packard Enterprise Company ("Hewlett Packard Enterprise"), Hewlett-Packard Company's former enterprise technology infrastructure, software, services and financing businesses (the "Separation") on November 1, 2015, HP and Hewlett Packard Enterprise entered into a separation and distribution agreement, an employee matters agreement and various other agreements which remain enforceable that provide a framework for the continuing relationships between the parties.

HP Products and Services; Segment Information

We have three reportable segments: Personal Systems, Printing and Corporate Investments. The Personal Systems segment offers commercial and consumer desktop and notebook personal computers ("PCs"), workstations, thin clients, commercial mobility devices, retail point-of-sale ("POS") systems, displays and other related accessories, software, support and services. The Printing segment provides consumer and commercial printer hardware, supplies, solutions and services, as well as scanning devices. Corporate Investments includes HP Labs and certain business incubation and investment projects.

In each of the past three fiscal years, notebook PCs, printing supplies and desktop PCs each accounted for more than 10% of our consolidated net revenue.

Personal Systems

Personal Systems offers commercial and consumer desktop and notebook PCs, workstations, thin clients, commercial mobility devices, retail POS systems, displays and other related accessories, software, support and services. We group commercial notebooks, commercial desktops, commercial services, commercial mobility devices, commercial detachables and convertibles, workstations, retail POS systems and thin clients into commercial PCs and consumer notebooks, consumer desktops, consumer services and consumer detachables into consumer PCs when describing performance in these markets. Both commercial and consumer PCs maintain a multi-operating system, multi-architecture strategies using Microsoft Windows, Google Chrome, Android operating systems and use predominantly processors from Intel Corporation ("Intel") and Advanced Micro Devices, Inc. ("AMD").

Commercial PCs are optimized for use by enterprise, public sector and SMB customers, with a focus on robust designs, security, serviceability, connectivity, reliability and manageability in networked and cloud-based environments. Commercial PCs include the HP ProBook and HP EliteBook lines of notebooks, convertibles, and detachables, the HP Pro and HP Elite lines of business desktops and all-in-ones, retail POS systems, HP Thin Clients, HP Pro Tablet PCs and the HP notebook, desktop and Chromebook systems. Commercial PCs also include workstations that are designed and optimized for high-performance and demanding application environments including Z desktop workstations, Z all-in-ones and Z mobile workstations. Additionally, we offer a range of services and solutions to enterprise, public sector and SMB customers to help them manage the lifecycle of their PC and mobility installed base.

Consumer PCs are optimized for consumer usage, focusing on gaming, consuming multi-media for entertainment, managing personal life activities, staying connected, sharing information, getting things done for work including creating content, staying informed and security. These systems include HP Spectre, HP Envy, HP Pavilion, HP Chromebook, HP Stream, Omen by HP lines of notebooks and hybrids and HP Envy, HP Pavilion desktops and all-in-one lines, and Omen by HP desktops.

Personal Systems groups its global business capabilities into the following business units when reporting business performance:

- *Notebooks* consists of consumer notebooks, commercial notebooks, mobile workstations and commercial mobility devices;
- *Desktops* includes consumer desktops, commercial desktops, thin clients, and retail POS systems;
- *Workstations* consists of desktop workstations and accessories; and
- *Other* consists of consumer and commercial services as well as other Personal Systems capabilities.

Printing

Printing provides consumer and commercial printer hardware, supplies, solutions and services, as well as scanning devices. Printing is also focused on imaging solutions in the commercial and industrial markets. Our global business capabilities within Printing are described below:

Office Printing Solutions delivers HP's office printers, supplies, services, and solutions to SMBs and large enterprises. It also includes some Samsung Electronics Co., Ltd ("Samsung")-branded and Original Equipment Manufacturer ("OEM") hardware and solutions. HP goes to market through its extensive channel network and directly with HP sales.

Home Printing Solutions delivers innovative printing products, supplies, services and solutions for the home, home business and micro business customers utilizing both HP's Ink and Laser technologies (including laser technology from some Samsung-branded products).

Graphics Solutions delivers large-format, commercial and industrial solutions and supplies to print service providers and packaging converters through a wide portfolio of printers and presses (HP DesignJet, HP Latex, HP Stitch, HP Indigo and HP PageWide Web Presses) and related components.

3D Printing and Digital Manufacturing offers a portfolio of additive manufacturing solutions and supplies to help customers succeed in their additive and digital manufacturing journey. HP offers complete solutions in collaboration with an ecosystem of partners.

Printing groups its global business capabilities into the following business units when reporting business performance:

- *Commercial Hardware* consists of office printing solutions, graphics solutions and 3D Printing and Digital Manufacturing, excluding supplies;
- *Consumer Hardware* consists of home printing solutions, excluding supplies; and
- *Supplies* comprises a set of highly innovative consumable products, ranging from ink and laser cartridges to media, graphics supplies and 3D Printing and Digital Manufacturing supplies, for recurring use in consumer and commercial hardware.

Corporate Investments

Corporate Investments includes HP Labs and certain business incubation and investment projects.

Sales, Marketing and Distribution

We manage our business and report our financial results based on the business segments described above. Our customers are organized by consumer and commercial groups, and purchases of HP products, solutions and services may be fulfilled directly by HP or indirectly through a variety of partners, including:

- retailers that sell our products to the public through their own physical or internet stores;
- resellers that sell our products and services, frequently with their own value-added products or services, to targeted customer groups;
- distribution partners that supply our products and solutions to resellers; and
- system integrators and other business intermediaries that provide various levels of services, including systems integration work and as-a-service solutions, and typically partner with us on client solutions that require our products and services.

The mix of our business conducted by direct sales or channel sales differs by business and geographic market. We believe that customer buying patterns and different geographic market conditions require us to tailor our sales, marketing and distribution efforts to the geographic market and sub-geographic specificities for each of our businesses. We are focused on driving the depth and breadth of our market coverage while identifying efficiencies and productivity gains in both our direct and indirect routes to market. Our businesses collaborate to accomplish strategic and process alignment where appropriate. For example, we typically assign an account manager to manage relationships across our business with large enterprise customers. The account manager is supported by a team of specialists with product and services expertise and drives both direct and indirect sales to their assigned customers. For other customers and for consumers, we typically manage both direct online sales as well as channel relationships with retailers mainly targeting consumers and small businesses and commercial resellers mainly targeting SMBs and mid-market accounts.

Manufacturing and Materials

We utilize a significant number of outsourced manufacturers ("OMs") around the world to manufacture HP-designed products. The use of OMs is intended to generate cost efficiencies and reduce time to market for HP-designed products. We use multiple OMs to maintain flexibility in our supply chain and manufacturing processes. In some circumstances, third-party suppliers produce products that we purchase and resell under the HP brand. Additionally, we manufacture finished products from components and sub-assemblies that we acquire from a wide range of vendors.

We utilize two primary methods of fulfilling demand for products: building products to order and configuring products to order. We build products to order to maximize manufacturing and logistics efficiencies by producing high volumes of basic product configurations. Alternatively, configuring products to order enables units to match a customer's hardware and software customization requirements. Our inventory management and distribution practices in both building products to order and configuring products to order seek to minimize inventory holding periods by taking delivery of the inventory and manufacturing shortly before the sale or distribution of products to our customers.

We purchase materials, supplies and product sub-assemblies from a substantial number of vendors. For most of our products, we have existing alternate sources of supply or alternate sources of supply are readily available. However, we have relied on sole sources for some laser printer engines, LaserJet supplies, certain customized parts and parts for products with short life cycles (although some of these sources have operations in multiple locations, mitigating the effect of a disruption). For instance, we source the majority of our A4 and a portion of A3 portfolio laser printer engines and laser toner cartridges from Canon. Any decision by either party not to renew our agreement with Canon or to limit or reduce the scope of the agreement could adversely affect our net revenue from LaserJet products; however, we have a long-standing business relationship with Canon and anticipate renewal of this agreement.

We are dependent upon Intel and AMD as suppliers of x86 processors and Microsoft for various software products. We believe that disruptions with these suppliers would have industry-wide ramifications, and therefore would not disproportionately disadvantage us relative to our competitors. See "Risk Factors—We depend on third-party suppliers, and our financial results could suffer if we fail to manage our suppliers effectively," in Item 1A, which is incorporated herein by reference.

Like other participants in the information technology ("IT") industry, we ordinarily acquire materials and components through a combination of blanket and scheduled purchase orders to support our demand requirements for periods averaging 90 to 120 days. From time to time, we may experience significant price volatility or supply constraints for certain components that are not available from multiple sources. We also may acquire component inventory in anticipation of supply constraints or enter into longer-term pricing commitments with vendors to improve the priority, price and availability of supplies. See "Risk Factors—We depend on third-party suppliers, and our financial results could suffer if we fail to manage our suppliers effectively," in Item 1A, which is incorporated herein by reference.

Sustainability also plays an important role in the manufacturing and sourcing of materials and components for our products. We strive to make our products in an ethical and sustainable manner. We have committed to building an efficient, resilient and sustainable supplier network, and we collaborate with our suppliers to improve their labor practices and working conditions, and to reduce the environmental impact of their operations. These actions, together with our broader sustainability program, help us in our effort to meet customer sustainability requirements and comply with regulations, for example, regarding supplier labor practices and conflict minerals disclosures. For more information on our sustainability goals, programs, and performance, we refer you to our annual sustainability report, available on our website (which is not incorporated by reference herein).

International

Our products and services are available worldwide. We believe this geographic diversity allows us to meet both consumer and enterprise customers' demand on a worldwide basis and draws on business and technical expertise from a worldwide workforce. This provides stability to our operations, provides revenue streams that may offset geographic economic trends and offers us an opportunity to access new markets for maturing products. In addition, we believe that future growth is dependent in part on our ability to develop products and sales models that target developing countries. In this regard, we believe that our broad geographic presence as well as our focus on diversity and inclusion, gives us a solid base on which to build future growth.

Research and Development

Innovation across products, services, business models and processes is a key element of our culture. Our development efforts are focused on designing and developing products, services and solutions that anticipate customers' changing needs and desires, and emerging technological trends. Our efforts also are focused on identifying the areas where we believe we can make a unique contribution and the areas where partnering with other leading technology companies will leverage our cost structure and maximize our customers' experiences.

HP Labs, together with the various research and development groups within our business segments, is responsible for our research and development efforts. HP Labs is part of our Corporate Investments segment.

We anticipate that we will continue to have significant research and development expenditures in the future to support the design and development of innovative, high-quality products and services to maintain and enhance our competitive position.

For a discussion of risks attendant to our research and development activities, see "Risk Factors—If we cannot successfully execute our strategy and continue to develop, manufacture and market innovative products and services, our business and financial performance may suffer," in Item 1A, which is incorporated herein by reference.

Patents

Our general policy has been to seek patent protection for those inventions likely to be incorporated into our products and services or where obtaining such proprietary rights will improve our competitive position. At October 31, 2019, our worldwide patent portfolio included over 27,000 patents.

Patents generally have a term of twenty years from the date they are filed. As our patent portfolio has been built over time, the remaining terms of the individual patents across our patent portfolio vary. We believe that our patents and patent applications are important for maintaining the competitive differentiation of our products and services, enhancing our freedom of action to sell our products and services in markets in which we choose to participate, and maximizing our return on research and development investments. No single patent is essential to HP as a whole or to any of HP's business segments.

In addition to developing our patent portfolio, we license intellectual property ("IP") from third parties as we deem appropriate. We have also granted and continue to grant to others licenses, and other rights, under our patents when we consider these arrangements to be in our interest. These license arrangements include a number of cross-licenses with third parties.

For a discussion of risks attendant to IP rights, see "Risk Factors—Our financial performance may suffer if we cannot continue to develop, license or enforce the intellectual property rights on which our businesses depend", "Risk Factors—Our products and services depend in part on IP and technology licensed from third parties" and "Risk Factors—Third-party claims of IP infringement are commonplace in our industry and successful third-party claims may limit or disrupt our ability to sell our products and services" in Item 1A, which is incorporated herein by reference.

Backlog

We believe that backlog is not a meaningful indicator of future business prospects due to our diverse products and services portfolio, including the large volume of products delivered from finished goods or channel partner inventories and the shortening of some product life cycles.

Seasonality

General economic conditions have an impact on our business and financial results. From time to time, the markets in which we sell our products and services experience weak economic conditions that may negatively affect sales. We experience some seasonal trends in the sale of our products and services. For example, European sales are often weaker in the summer months and consumer sales are often stronger in the fourth calendar quarter. Demand during the spring and early summer months also may be adversely impacted by market anticipation of seasonal trends. See "Risk Factors—Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable," in Item 1A, which is incorporated herein by reference.

Competition

We encounter strong competition in all areas of our business activity. We compete on the basis of technology, innovation, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service and support, security, availability of application software and internet infrastructure offerings, and our sustainability performance.

The markets for each of our key business segments are characterized by strong competition among major corporations with long-established positions and a large number of new and rapidly growing firms. Most product life cycles are short, and to remain competitive we must develop new products and services, periodically enhance our existing products and services and compete effectively on the basis of the factors listed above. In addition, we compete with many of our current and potential partners, including OEMs that design, manufacture and often market their products under their own brand names. Our successful management of these competitive partner relationships will be critical to our future success. Moreover, we anticipate that we will have to continue to adjust prices on many of our products and services to stay competitive.

We have a broad technology portfolio spanning personal computing and other access devices, imaging and printing-related products and services. We are the leader or among the leaders in each of our key business segments.

The competitive environment in which each key segment operates is described below:

Personal Systems. The markets in which Personal Systems operates are highly competitive and are characterized by price competition and introduction of new products and solutions. The PC market units showed marginal growth. Our primary competitors are Lenovo Group Limited, Dell Inc., Acer Inc., ASUSTeK Computer Inc., Apple Inc., Toshiba Corporation and Samsung Electronics Co., Ltd. In particular geographies, we also experience competition from local companies and from generically-branded or "white box" manufacturers. Our competitive advantages include our broad product portfolio, our innovation and research and development capabilities including security features, our designs, our brand and procurement leverage, our ability to cross-sell our portfolio of offerings, our extensive service and support offerings and the accessibility of our products through a broad-based distribution strategy from retail and commercial channels to direct sales.

Printing. The markets for printer hardware and associated supplies are highly competitive. Printing's key customer segments each face competitive market pressures in pricing and the introduction of new products. Our primary competitors include Canon Inc., Lexmark International, Inc., Xerox Corporation Ltd., Seiko Epson Corporation, The Ricoh Company Ltd. and Brother Industries, Ltd. In addition, independent suppliers offer non-original supplies (including imitation, refill and remanufactured alternatives), which are often available for lower prices but which can also offer lower print quality and reliability compared to HP original inkjet and toner supplies. These and other competing products are often sold alongside our products through online or omnichannel resellers or distributors, or such resellers and distributors may highlight the availability of lower cost non-original supplies. Our competitive advantages include our comprehensive high-quality solutions for the home, office and publishing environments, our innovation and research and development capabilities including security features, sustainability, our brand, and the accessibility of our products through a broad-based distribution strategy from retail and commercial channels to direct sales.

For a discussion of risks attendant to these competitive factors, see "Risk Factors—We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance," in Item 1A, which is incorporated herein by reference.

Sustainability

At HP, we believe in the power of technology to enable people and communities to change the world for the better. Sustainable impact is fundamental to our reinvention journey-fueling our innovation and growth, strengthening our business for the long term and enabling us to develop and deliver the best solutions to our customers.

Our approach covers a broad range of sustainability issues across three pillars: Planet, People and Community. We prioritize issues to address based on their relative importance to our culture, business success and sustainable development.

Planet. We aim to grow our business, not our footprint - and support our customers to do the same by transforming our entire business to drive a more efficient, circular, and low-carbon economy and enabling our customers to invent the future through our most sustainable portfolio of products and services.

People. We champion dignity, respect and empowerment for all people with whom we work by working to embed diversity and inclusion in everything we do and helping to enable all people who help bring our products to market to thrive at work, at home and in their communities.

Community. Through our technology, time and resources, we work to catalyze positive change in communities where we live, work and do business. As a result, we aim to unlock educational and economic opportunity through the power of technology and improve the vitality and resilience of our local communities.

Goals. Our current long-term sustainability goals are:

Planet

- Use 30% post-consumer recycled content plastic ("RCP") across our personal systems and print portfolio by 2025 (which refers to RCP as a percentage of total plastic used in all HP personal systems, printer hardware, and print cartridges shipped during the reporting year);
- Use 100% renewable electricity in our global operations by 2035, with an interim goal of 60% by 2025;
- Consistent with a science-based reduction target in line with 1.5˚C, reduce Scope 1 and Scope 2 greenhouse gas ("GHG") emissions in our global operations by 60% by 2025, compared to 2015;
- Reduce the GHG emissions intensity of HP's product portfolio use (which refers to per unit GHG emissions during anticipated product lifetime use weighted by contribution of personal systems and printing products to overall revenue arising from the use of more than 99% of HP product units shipped each year) by 30% by 2025, compared to 2015;
- Reduce first-tier production supplier and product transportation-related GHG emissions intensity (which refers to the portion of first-tier production and product transportation suppliers' reported GHG emissions attributable to HP divided by HP's annual net revenue) by 10% by 2025, compared to 2015;

- Help suppliers cut 2 million tonnes of carbon dioxide equivalent ($CO2_e$) emissions between 2010 and 2025;
- Achieve zero deforestation associated with HP brand paper and paper-based product packaging (which includes the box that comes with the product and all paper inside the box) by 2020;
- Recycle 1.2 million tonnes of hardware and supplies by 2025, since the beginning of 2016; and
- Reduce potable water consumption in global operations by 15% by 2025, compared to 2015;

People

- Develop skills and improve well-being of 500,000 factory workers by 2025, since the beginning of 2015;
- Double factory participation in our supply chain sustainability programs by 2025, compared to 2015; and
- Maintain greater than 99% completion rate of annual Integrity at HP (formerly Standards of Business Conduct) training among active HP employees and the Board of Directors.

Community

- Enable better learning outcomes for 100 million people by 2025, since the beginning of 2015;
- Enroll 1 million HP LIFE (Learning Initiative for Entrepreneurs) users between 2016 and 2025;
- Contribute $100 million in HP Foundation and employee community giving cumulatively by 2025 since the beginning of 2016; and
- Contribute 1.5 million employee volunteering hours cumulatively by 2025, since the beginning of 2016.

For more information on our sustainability goals, programs, and performance, we refer you to our annual sustainability report, available on our website (which is not incorporated by reference herein).

Environment

Our operations are subject to regulation under various federal, state, local and foreign laws concerning the environment, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contaminated sites. We could incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, and third-party damage or personal injury claims, if we were to violate or become liable under environmental laws.

Many of our products are subject to various federal, state, local and foreign laws governing chemical substances in products and their safe use, including laws regulating the manufacture and distribution of chemical substances and laws restricting the presence of certain substances in electronics products. Most of our products also are subject to requirements applicable to their energy consumption. In addition, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, and their safe use.

We proactively evaluate and at times replace materials in our products and supply chain, taking into account, among other things, published lists of substances of concern, new and upcoming legal requirements, customer preferences and scientific analysis that indicates a potential impact to human health or the environment.

We are also subject to legislation in an increasing number of jurisdictions that makes producers of electrical goods, including computers and printers, financially responsible for specified collection, recycling, treatment and disposal of past and future covered products (sometimes referred to as "product take-back legislation"). We are also subject to standards set by public and private entities related to sustainability issues such as energy consumption, reusing or recycling. We intend for our products to be easily reused and recycled, and we provide many of our customers with reuse and recycling programs.

In the event our products become non-compliant with these laws or standards, our products could be restricted from entering certain jurisdictions or from being procured by certain governments or private companies, and we could face other sanctions, including fines.

Our operations, supply chain and our products are expected to become increasingly subject to federal, state, local and foreign laws, regulations and international treaties relating to climate change, such as carbon pricing or product energy efficiency requirements. As these and other new laws, regulations, treaties and similar initiatives and programs are adopted and implemented throughout the world, we will be required to comply or potentially face market access limitations or other sanctions, including fines. We strive to continually improve the energy and carbon efficiency of our operations, supply chain and product portfolio and deliver more cost-effective and less greenhouse gas-intensive technology solutions to our customers. We believe that technology will be fundamental to finding solutions to achieve compliance with and manage those requirements, and we are collaborating with industry, business groups and governments to find and promote ways that HP technology can be used to address climate change and to facilitate compliance with related laws, regulations and treaties.

We are committed to complying with all environmental laws applicable to our operations, products and services and to reducing our environmental impact across all aspects of our business. This commitment is reflected and outlined in our sustainability policy, our comprehensive environmental, health and safety policy, strict environmental management of our operations and worldwide environmental programs and services.

A liability for environmental remediation and other environmental costs is accrued when we consider it probable that a liability has been incurred and the amount of loss can be reasonably estimated. Environmental costs and accruals are presently not material to our operations, cash flows or financial position. Although there is no assurance that existing or future environmental laws applicable to our operations or products will not have a material adverse effect on our operations, cash flows or financial condition, we do not currently anticipate material capital expenditures for environmental control facilities.

For a discussion of risks attendant to these environmental factors, see "Risk Factors—Our business is subject to various federal, state, local and foreign laws and regulations that could result in costs or other sanctions that adversely affect our business and results of operations," in Item 1A, which is incorporated herein by reference. In addition, for a discussion of our environmental contingencies see Note 14, "Litigation and Contingencies" to the Consolidated Financial Statements in Item 8, which is also incorporated herein by reference.

Information about our Executive Officers

The following are our current executive officers:

Claire Bramley; age 42; Global Controller

Ms. Bramley has served as Global Controller since December 2018. Previously, Ms. Bramley served as the Regional Head of Finance for Europe-Middle East-Africa from June 2015 to December 2018 and Vice President of Worldwide Financial Planning and Analysis from May 2013 to June 2015.

Alex Cho; age 47; President, Personal Systems

Mr. Cho has served as President, Personal Systems since June 2018. From 2014 to 2018, Mr. Cho served as Global Head and General Manager of Commercial Personal Systems at Hewlett-Packard Company. Prior to that role, Mr. Cho served as the Vice President and General Manager of the LaserJet Supplies team from 2010 to 2014.

Steve Fieler; age 46; Chief Financial Officer

Mr. Fieler has served as Chief Financial Officer since July 2018. Previously, Mr. Fieler served as Head of Global Treasury from January 2017 to June 2018. Prior to that role, he was Chief Financial Officer at Proteus Digital Health from June 2014 to January 2017. Mr. Fieler served in a range of finance and operational roles at Hewlett-Packard Company prior to its separation, including Vice President, Chief Financial Officer of HP Software from January 2012 to June 2014.

Tracy S. Keogh; age 58; Chief Human Resources Officer

Ms. Keogh has served as Chief Human Resources Officer since November 2015. Previously, Ms. Keogh served as Executive Vice President, Human Resources of Hewlett-Packard Company from April 2011 to November 2015. Prior to joining Hewlett-Packard Company, Ms. Keogh served as Senior Vice President of Human Resources at Hewitt Associates, a provider of human resources consulting services, from May 2007 until March 2011.

Enrique Lores; age 54; President and Chief Executive Officer

Mr. Lores has served as President and Chief Executive Officer since November 2019. Throughout his 30-year tenure with the company, Mr. Lores held leadership positions across the organization, most recently serving as President, Printing, Solutions and Services from November 2015 to November 2019, and prior to that role, leading the Separation Management Office for HP Inc. Previously, Mr. Lores was the Senior Vice President and General Manager for Business Personal Systems. Before his Business Personal Systems role, Mr. Lores was Senior Vice President of Customer Support and Services.

Kim Rivera; age 51; President, Strategy and Business Management and Chief Legal Officer

Ms. Rivera has served as President, Strategy and Business Management and Chief Legal Officer since January 2019. Previously, she served as Chief Legal Officer and General Counsel from November 2015 to January 2019. Prior to joining us, she served as the Chief Legal Officer and Corporate Secretary at DaVita Health Care Partners where she was employed from 2010 to 2015. From 2006 to 2009, she served as Vice President and Associate General Counsel at The Clorox Company. Prior to that, Ms. Rivera served as Vice President Law and Chief Litigation Counsel to Rockwell Automation as well as General Counsel for its Automation Controls and Information Group.

Christoph Schell; age 48; Chief Commercial Officer

Mr. Schell has served as Chief Commercial Officer since November 2019. From November 2018 to October 2019, he served as the President of 3D Printing & Digital Manufacturing. Before that, he served as President of the Americas region from November 2015 to November 2018 and managed the Americas region for the HP Print and Personal Systems business from August 2014 to November 2015. Prior to rejoining HP in August 2014, Mr. Schell served as Executive Vice President of the Lighting business in Growth Markets at Philips. Prior to Philips, Mr. Schell held various roles at HP and Procter & Gamble.

Tuan Tran; age 52; President of Imaging, Printing and Solutions

Mr. Tran served as President of Imaging, Printing and Solutions since November 2019. Previously, he served as Global Head & General Manager of the Office Printing Solutions business from 2016 to November 2019, and Global Head & General Manager of the LaserJet and Enterprise Solutions business from 2014 to 2016.

Employees

We had approximately 56,000 employees worldwide as of October 31, 2019.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available on our website at http://investor.hp.com, as soon as reasonably practicable after HP electronically files such reports with, or furnishes those reports to, the Securities and Exchange Commission. HP's Corporate Governance Guidelines, Board of Directors' committee charters (including the charters of the Audit Committee, Finance, Investment and Technology Committee, HR and Compensation Committee, and Nominating, Governance and Social Responsibility Committee) and code of ethics entitled "Integrity at HP" (none of which are incorporated by reference herein) are also available at that same location on our website. If the Board grants any waivers from Integrity at HP to any of our directors or executive officers, or if we amend Integrity at HP, we will, if required, disclose these matters via updates to our website at http://investor.hp.com on a timely basis. We encourage investors to visit our website from time to time, as information is updated and new information is posted. The content of our website is not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our website are intended to be inactive textual references only.

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Item 1A. Risk Factors.

The following discussion of risk factors contains forward-looking statements. These risk factors may be important for understanding any statement in this Form 10-K or elsewhere. The following information should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and related notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

Because of the following factors, as well as other variables affecting our results of operations, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods.

Risks related to our business

If we are unsuccessful at addressing our business challenges, our business and results of operations may be adversely affected and our ability to invest in and grow our business could be limited.

Our business faces many challenges we must address. One set of challenges relates to dynamic and accelerating market trends, which may include declines in the markets in which we operate. For example, a competitive pricing environment and weakened market in certain geographies with associated customer pricing sensitivity has presented market challenges in Printing. A second set of challenges relates to changes in the competitive landscape. Our primary competitors are exerting increased competitive pressure in targeted areas and are entering new markets; our emerging competitors are introducing new technologies and business models; and our alliance partners in some businesses are increasingly becoming our competitors in others. A third set of challenges relates to business model changes and our go-to-market execution. For example, we may fail to develop innovative products and services, maintain the manufacturing quality of our products, manage our global, multi-tier distribution network, limit potential misuse of pricing programs by our channel partners, adapt to new or changing marketplaces or successfully market new products and services, any of which could adversely affect our business and financial condition.

In addition, we have in the recent past and may again in the future face macroeconomic challenges, including weakness in certain geographic regions and global political developments that impact international trade, such as trade disputes and increased tariffs. We may also be vulnerable to increased risks associated with our efforts to address such challenges given the broad range of geographic markets in which we and our customers and partners operate. If we experience these challenges and do not succeed in our efforts to mitigate them, or if these efforts are more costly or time-consuming than expected, our business and results of operations may be adversely affected, which could limit our ability to invest in and grow our business.

We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance.

We encounter aggressive competition from numerous and varied competitors in all areas of our business, and our competitors have targeted and are expected to continue targeting our key market segments. We compete on the basis of our technology, innovation, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service and support, security, availability of application software and internet infrastructure offerings, and our sustainability performance. If our products, services, support and cost structure do not enable us to compete successfully, our results of operations and business prospects could be harmed.

We have a large portfolio of products and must allocate our financial, personnel and other resources across all of our products while competing with companies that have smaller portfolios or specialize in one or more of our product lines. As a result, we may invest less in certain areas of our business than our competitors, and our competitors may have greater financial, technical and marketing resources available to their products and services compared to the resources allocated to our competing products and services.

Companies with whom we have alliances in certain areas may be or may become our competitors in other areas. In addition, companies with whom we have alliances also may acquire or form alliances with our competitors, which could reduce their business with us. If we are unable to effectively manage these complicated relationships with alliance partners, our business and results of operations could be adversely affected.

We face aggressive price competition and may have to continue lowering the prices of many of our products and services to stay competitive, while at the same time trying to maintain or improve our revenue and gross margin. In addition, competitors who have a greater presence in some of the lower-cost markets in which we compete, or who can obtain better pricing, more favorable contractual terms and conditions, or more favorable allocations of products and components during periods of limited supply, may be able to offer lower prices than we are able to offer. Our cash flows, results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures.

Industry consolidation may also affect competition by creating larger, more homogeneous and potentially stronger competitors in the markets in which we operate. Additionally, our competitors may affect our business by entering into exclusive arrangements with our existing or potential customers or suppliers.

Because our business model is based on providing innovative and high-quality products, we may spend a proportionately greater amount of our revenues on research and development than some of our competitors. If we cannot proportionately decrease our cost structure (apart from research and development expenses) on a timely basis in response to competitive price pressures, our gross margin and, therefore, our profitability could be adversely affected. In addition, if our pricing and other facets of our offerings are not sufficiently competitive, or if there is a negative reception to our product decisions, we may lose market share in certain areas, which could adversely affect our financial performance and business prospects.

Even if we are able to maintain or increase market share for a particular product, its financial performance could decline because the product is in a maturing industry or market segment or contains technology that is becoming obsolete. Financial performance could also decline due to increased competition from other types of products. For example, non-original supplies (including imitation, refill or remanufactured alternatives) for some of our LaserJet toner and InkJet cartridges compete with our Printing Supplies business.

Customers are increasingly using online and omnichannel resellers and distributors to purchase our products. These resellers and distributors often sell our products alongside competing products, including non-original supplies, or they may highlight the availability of lower cost non-original supplies. We expect this competition will continue, and it may negatively impact our financial performance, particularly if large commercial customers purchase competing products instead of HP products.

If we cannot successfully execute our strategy and continue to develop, manufacture and market innovative products and services, our business and financial performance may suffer.

Our strategy is focused on leveraging our existing portfolio of products and services to meet the demands of a continually changing technological landscape and to offset certain areas of industry decline. To successfully execute this strategy, we must emphasize the aspects of our core business where demand remains strong, identify and capitalize on natural areas of growth, innovate and develop new products and services that will enable us to expand beyond our existing technology categories and adapt to new and changing marketplaces for our products. For example, our go-to-market strategy, including online, omnichannel and contractual sales, needs to evolve in-line with market dynamics, forces and demand. If we cannot innovate, develop and execute evolutionary strategies in this changing environment, then we may not be able to successfully compete and maintain the value proposition of our products, including supplies. Any failure to successfully execute this strategy, including any failure to invest sufficiently in strategic growth areas, could adversely affect our business, results of operations and financial condition.

The process of developing new high-technology products and services and enhancing existing products and services is complex, costly and uncertain, and any failure by us to anticipate customers' changing needs and emerging technological trends accurately could significantly harm our market share, cash flows, results of operations and financial condition. For example, our strategy includes advancing our position in the Personal Systems and Printing markets. In Personal Systems, we are focused on reinventing computing experiences, growing the lifetime value of our products, and accelerating services and solutions; in Printing, we are focused on driving print innovation, maximizing the value of our installed base of printers, accelerating our contractual business model and pivoting our business models to providing customers choice. Our strategy also includes disrupting in our industrial businesses, primarily by expanding our Graphics and 3D Printing solutions and unlocking new sources of value from microfluidics.

We must optimize our cost structure, make long-term investments, develop or acquire and appropriately protect intellectual property, and commit significant research and development and other resources before knowing whether our predictions will accurately reflect customer demand for our products and services. Any failure to accurately predict technological and business trends, control research and development costs or execute our strategy could harm our business and financial performance. Our research and development initiatives or other investments may not be successful in whole or in part, including research and development projects which we have prioritized with respect to funding and/or personnel, and our customers may not adopt our new business models.

Our industry is subject to rapid and substantial innovation and technological change. Even if we successfully develop new products and technologies, future products and technologies may eventually supplant ours if we are unable to keep pace with technological advances and end-user requirements and preferences and timely enhance our existing products and technologies or develop new ones. Our competitors may also create products that replace ours. As a result, any of our products and technologies may be rendered obsolete or uneconomical.

After we develop a product, we must be able to manufacture appropriate volumes quickly while also managing costs and preserving margins. To accomplish this, we must accurately forecast volumes, mixes of products and configurations that meet customer requirements, and we may not succeed at doing so within a given product's lifecycle or at all. Any delay in the development, production or marketing of a new product, service or solution could result in us not being among the first to market, which could further harm our competitive position. Moreover, new products and services may not be profitable, and even if they are profitable, operating margins for some new products and businesses may not be as high as the margins we have experienced historically.

If we cannot continue to produce high-quality and secure products and services, our reputation, business and financial performance may suffer.

In the course of conducting our business, we must address quality and security issues associated with our products and services, including defects in our engineering, design and manufacturing processes, unsatisfactory performance under service contracts, and unsatisfactory performance or malicious acts by third-party contractors or subcontractors or their employees. Our business is also exposed to the risk of defects in third-party components included in our products, including security vulnerabilities, as illustrated by the "Spectre" and "Meltdown" side-channel exploit threats. In order to address quality and security issues, we work extensively with our customers and suppliers and engage in product testing to determine the causes of problems and to develop and implement effective solutions. However, the products and services that we offer are complex, and our regular testing and quality control efforts may not be completely effective in controlling or detecting all quality and security issues or errors, particularly with respect to defects or security vulnerabilities in components manufactured by third parties.

If we are unable to determine the cause or find an effective solution to address quality and security issues with our products, we may delay shipment to customers, which would delay revenue recognition and receipt of customer payments and could adversely affect our net revenue, cash flows and profitability. In addition, after products are delivered, quality and security issues may require us to repair or replace such products. Addressing quality and security issues can be expensive and may result in additional warranty, repair, replacement and other costs, adversely affecting our financial performance. In the event of security vulnerabilities or other issues with third-party components, we may have to rely on third parties to provide mitigation techniques such as firmware updates. Furthermore, mitigation techniques for vulnerabilities in third-party components may be ineffective or may result in adverse performance, system instability and data loss or corruption. If new or existing customers have difficulty operating our products or are dissatisfied with our services, our results of operations could be adversely affected, and we could face possible claims if we fail to meet our customers' expectations. In addition, quality and security issues, including those resulting from defects or security vulnerabilities in third-party components, can impair our relationships with new or existing customers and adversely affect our brand and reputation, which could, in turn, adversely affect our cash flows, results of operations and financial condition.

The net revenue and profitability of our operations have historically varied, which makes our future financial results less predictable.

Our net revenue, gross margin and profit vary among our diverse products and services, customer groups and geographic markets and therefore will likely be different in future periods than our current results. Overall gross margins and profitability in any given period are dependent on the product, service, customer and geographic mix reflected in that period's net revenue, which in turn depends on the overall demand for our products and services. Delays or reductions in spending by our customers or potential customers could have a material adverse effect on demand for our products and services, which could result in a significant decline in net revenue. In addition, net revenue declines in some of our businesses may affect net revenue in our other businesses as we may lose cross-selling opportunities. Competition, lawsuits, investigations, increases in component and manufacturing costs that we are unable to pass on to our customers, increased tariffs, component supply disruptions and other risks affecting our businesses may also have a significant impact on our overall gross margin and profitability. In addition, newer geographic markets may be relatively less profitable due to our investments associated with entering those markets and local pricing pressures, and we may have difficulty establishing and maintaining the operating infrastructure necessary to support the high growth rate associated with some of those markets. Market trends, industry shifts, competitive pressures, commoditization of products, increased component or shipping costs, increased tariffs, regulatory impacts and other factors may result in reductions in revenue or pressure on gross margins in a given period, which may lead to adjustments to our operations. For example, our supplies business has recently experienced declining revenues due to declines in market share, installed base and usage, and increased customer pricing sensitivity. Our efforts to address the challenges facing our business could increase the level of variability in our financial results because the rate at which we are able to realize the benefits from those efforts may vary from period to period.

We depend on third-party suppliers, and our financial results could suffer if we fail to manage our suppliers effectively.

Our operations depend on our ability to anticipate our needs for components, products and services, as well as our suppliers' ability to deliver sufficient quantities of quality components, products and services at reasonable prices and in time for us to meet critical schedules for the delivery of our own products and services. Given the wide variety of products and services that we offer, the large number of our suppliers and contract manufacturers that are located around the world, and the long lead times required to manufacture, assemble and deliver certain components and products, problems could arise in production, planning and inventory management that could seriously harm our business. Third-party suppliers may have limited financial resources to withstand challenging business conditions, particularly as a result of increased interest rates or emerging market volatility, and our business could be negatively impacted if key suppliers are forced to cease or limit their operations. Due to the international nature of our third-party supplier network, our financial results may also be negatively impacted by increased trade barriers and increased tariffs, which could increase the cost of certain components, products and services that we may not be able to offset. In addition, our ongoing efforts to optimize the efficiency of our supply chain could cause supply disruptions and be more expensive, time-consuming and resource-intensive than expected. Furthermore, certain of our suppliers may decide to discontinue conducting business with us. Other supplier problems that we could face include component shortages, excess supply, risks related to the terms of our contracts with suppliers, risks associated with contingent workers, risks related to supply chain working conditions and materials sourcing and risks related to our relationships with single-source suppliers, each of which is described below.

- *Component shortages.* We may experience a shortage of, or a delay in receiving, certain components as a result of strong demand, capacity constraints, supplier financial weaknesses, the inability of suppliers to borrow funds, disputes with suppliers (some of whom are also our customers), disruptions in the operations of component suppliers, other problems experienced by suppliers or problems faced during the transition to new suppliers. For example, our PC business relies heavily upon OMs to manufacture its products and is therefore dependent upon the continuing operations of those OMs to fulfill demand for our PC products. We represent a substantial portion of the business of some of these OMs, and any changes to the nature or volume of our business transactions with a particular OM could adversely affect the operations and financial condition of the OM and lead to shortages or delays in receiving products from that OM. If shortages or delays persist, the price of certain components may increase, we may be exposed to quality issues or the components may not be available at all. We may not be able to secure enough components at reasonable prices or of acceptable quality to build products or provide services in a timely manner in the quantities needed or according to our specifications. Accordingly, our business, cash flows, results of operations and financial condition could suffer if we lose time-sensitive sales, incur additional freight costs or are unable to pass on price increases to our customers. If we cannot adequately address supply issues, we might have to re-engineer some product or service offerings, which could result in further costs and delays.

- *Excess supply.* In order to secure components for our products or services, at times we may make advance payments to suppliers or enter into non-cancelable commitments with vendors. In addition, we may purchase components strategically in advance of demand to take advantage of favorable pricing or to address concerns about the availability of future components. If we fail to anticipate customer demand properly, a temporary oversupply could result in excess or obsolete components, which could adversely affect our business and financial performance.

- *Contractual terms.* As a result of binding long-term price or purchase commitments with vendors, we may be obligated to purchase components or services at prices that are higher than those available in the current market and be limited in our ability to respond to changing market conditions. If we commit to purchasing components or services for prices in excess of the then-current market price, we may be at a disadvantage to competitors who have access to components or services at lower prices, our gross margin could suffer, and we could incur additional charges relating to inventory obsolescence. In addition, many of our competitors obtain products or components from the same OMs and suppliers that we utilize. Our competitors may obtain better pricing, more favorable contractual terms and conditions, and more favorable allocations of products and components during periods of limited supply, and our ability to engage in relationships with certain OMs and suppliers could be limited. The practice employed by our PC business of purchasing product components and transferring those components to OMs may create large supplier receivables with the OMs that, depending on the financial condition of the OMs, may create collectability risks. In addition, certain of our OMs and suppliers may decide to discontinue conducting business with us. Any of these developments could adversely affect our future cash flows, results of operations and financial condition.

- *Contingent workers.* We also rely on third-party suppliers for the provision of contingent workers, and our failure to manage our use of such workers effectively could adversely affect our results of operations. We have been exposed to various legal claims relating to the status of contingent workers in the past and could face similar claims in the future. We may be subject to shortages, oversupply or fixed contractual terms relating to contingent workers. Our ability to manage the size of, and costs associated with, the contingent workforce may be subject to additional constraints imposed by local laws.

- *Working conditions and materials sourcing.* We work with our suppliers to improve their labor practices and working conditions, such as by including requirements in our agreements with our suppliers that workers receive fair treatment, safe working conditions and freely chosen employment, that materials are responsibly sourced and that business operations are conducted in an environmentally responsible and ethical way. Brand perception and customer loyalty could be adversely impacted by a supplier's improper practices or failure to comply with the above-mentioned requirements or those included in our Supplier Code of Conduct, General Specification for the Environment and other related provisions and requirements of our procurement contracts, including supplier audits, reporting of smelters, wood fiber certification (for HP brand paper and product packaging) and GHG emissions, water and waste data.

- *Single-source suppliers.* We obtain a significant number of components from single sources due to technology, availability, price, quality or other considerations. For example, we rely on Canon for certain laser printer engines and laser toner cartridges. We also rely on Intel to provide us with a sufficient supply of processors for many of our PCs and workstations, and we rely on AMD to provide us with a sufficient supply of processors for other products. Some of those processors are customized for our products. New products that we introduce may utilize custom components obtained from only one source initially until we have evaluated whether there is a need for additional suppliers. Replacing a single-source supplier could delay production of some products as replacement suppliers may be subject to capacity constraints or other output limitations. For some components, such as customized components and some of the processors that we obtain from Intel, or the laser printer engines and toner cartridges that we obtain from Canon, alternative sources either may not exist or may be unable to produce the quantities of those components necessary to satisfy our production requirements. In addition, we sometimes purchase components from single-source suppliers under short-term agreements that contain favorable pricing and other terms but that may be unilaterally modified or terminated by the supplier with limited notice and with little or no penalty. The performance of such single-source suppliers under those agreements (and the renewal or extension of those agreements upon similar terms) may affect the quality, quantity and price of our components. The loss of a single-source supplier, the deterioration of our relationship with a single-source supplier, or any unilateral modification to the contractual terms under which we are supplied components by a single-source supplier could adversely affect our business and financial performance.

If we fail to manage the distribution of our products and services properly, our business and financial performance could suffer.

We use a variety of distribution methods to sell our products and services around the world, including third-party resellers and distributors and both direct and indirect sales to enterprise accounts and consumers. Successfully managing the interaction of our direct sales and indirect channel sales efforts to reach various potential customer segments for our products and services is a complex process. Moreover, since each distribution method has distinct risks and gross margins, any failure to implement the most advantageous balance in the delivery model for our products and services could adversely affect our net revenue and gross margins and therefore our profitability.

Our financial results could be materially adversely affected due to distribution channel conflicts or if the financial conditions of our channel partners were to weaken. Our results of operations may be adversely affected by any conflicts that might arise between our various distribution channels or the loss or deterioration of any alliance or distribution arrangement or reduced assortments of our products. Moreover, some of our wholesale and retail distributors may have insufficient financial resources and may not be able to withstand changes in business conditions, including economic weakness, industry consolidation and market trends. They may also have difficulty selling our products under new business models. Many of our significant distributors operate on narrow margins and have been negatively affected by business pressures in the past. Considerable trade receivables that are not covered by collateral or credit insurance are outstanding with our distribution and retail channel partners. Net revenue from indirect sales could suffer, and we could experience disruptions in distribution, if our distributors' financial conditions, abilities to borrow funds or operations weaken or if our distributors cannot successfully compete in the online or omnichannel marketplace.

Our inventory management is complex, as we continue to sell a significant mix of products through distributors. We must manage both owned and channel inventory effectively, particularly with respect to sales to distributors, which involves forecasting demand and pricing challenges. Our forecasts may not accurately predict demand, and distributors may increase orders during periods of product shortages, cancel orders if their inventory is too high or delay orders in anticipation of new products. Distributors also may adjust their orders in response to the supply of our products and the products of our competitors and seasonal fluctuations in end-user demand. Our reliance upon indirect distribution methods, including a multi-tiered channel, may reduce our visibility into inventories, demand and pricing trends and issues, and therefore make forecasting more difficult. Sales of our products by channel partners to unauthorized resellers or unauthorized resale of our products could also make our forecasting more difficult and impact pricing in the market. If we have excess or obsolete inventory, we may have to reduce our prices and write down inventory. Moreover, our use of indirect distribution channels may limit our willingness or ability to adjust prices quickly and otherwise to respond to pricing changes by competitors. In addition, factors in different markets may cause differential discounting between the geographies where our products are sold, which makes it difficult to achieve global consistency in pricing and creates the opportunity for grey marketing.

Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable.

Our quarterly sales often have reflected a pattern in which a disproportionate percentage of each quarter's total sales occurs towards the end of the quarter. This uneven sales pattern makes predicting net revenue, earnings, cash flow from operations and working capital for each financial period difficult, increases the risk of unanticipated variations in our quarterly results and financial condition and places pressure on our inventory management and logistics systems. If predicted demand is substantially greater than orders, there may be excess inventory. Alternatively, if orders substantially exceed predicted demand, we may not be able to fulfill all of the orders received in each quarter and such orders may be canceled by the customer. Depending on when they occur in a quarter, developments such as a systems failure, component pricing movements, component shortages or global logistics disruptions could adversely impact our inventory levels and results of operations in a manner that is disproportionate to the number of days in the quarter affected.

We experience some seasonal trends in the sale of our products that also may produce variations in our quarterly results and financial condition. For example, sales to governments (particularly sales to the U.S. government) are often stronger in the third calendar quarter, and many customers whose fiscal year is the calendar year spend their remaining capital budget authorizations in the fourth calendar quarter prior to new budget constraints in the first calendar quarter of the following year. Consumer sales are often higher in the fourth calendar quarter compared to other quarters due in part to seasonal holiday demand. European sales are often weaker during the summer months. Demand during the spring and early summer also may be adversely impacted by market anticipation of seasonal trends. Moreover, to the extent that we introduce new products in anticipation of seasonal demand trends, our discounting of existing products may adversely affect our gross margin prior to or shortly after such product launches. Typically, our fourth fiscal quarter is our strongest by revenues. Many of the factors that create and affect seasonal trends are beyond our control.

Any failure by us to identify, manage and complete acquisitions, divestitures and other significant transactions successfully could harm our financial results, business and prospects.

As part of our business strategy, we may acquire companies or businesses, divest businesses or assets, enter into strategic alliances and joint ventures and make investments to further our business (collectively, "business combination and investment transactions"). Risks associated with business combination and investment transactions include the following, any of which could adversely affect our revenue, gross margin, profitability and financial results:

- Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations.
- We may not fully realize all of the anticipated benefits of any particular business combination and investment transaction, and the timeframe for realizing the benefits of a particular business combination and investment transaction may depend partially upon the actions of employees, advisors, suppliers, other third-parties or market trends.
- Certain prior business combination and investment transactions resulted, and in the future any such transactions may result, in significant costs and expenses, including those related to severance pay, early retirement costs, employee benefit costs, goodwill and asset impairment charges, charges from the elimination of duplicative facilities and contracts, asset impairment charges, inventory adjustments, assumed litigation and other liabilities, legal, accounting and financial advisory fees, and required payments to executive officers and key employees under retention plans.
- Any increased or unexpected costs, unanticipated delays or failures to meet contractual obligations could make business combination and investment transactions less profitable than anticipated or unprofitable.
- Our ability to conduct due diligence with respect to business combination and investment transactions, and our ability to evaluate the results of such due diligence, is dependent upon the veracity and completeness of statements and disclosures made or actions taken by third parties or their representatives.
- Our due diligence process may fail to identify significant issues with the acquired company's product quality, financial disclosures, accounting practices or internal controls.
- The pricing and other terms of our contracts for business combination and investment transactions require us to make estimates and assumptions at the time we enter into these contracts, and, during the course of our due diligence, we may not identify all of the factors necessary to estimate accurately our costs, timing and other matters or we may incur costs if a business combination and investment transaction is not consummated.
- In order to complete a business combination and investment transaction, we may issue common stock, potentially creating dilution for our existing stockholders.
- We may borrow to finance business combination and investment transactions, and the amount and terms of any potential acquisition-related or other borrowings, as well as other factors, could affect our liquidity and financial condition.
- Our effective tax rate on an ongoing basis is uncertain, and business combination and investment transactions could adversely impact our effective tax rate.
- Any announced business combination and investment transaction may not close on the expected timeframe or at all, which may cause our financial results to differ from expectations in a given quarter.
- Business combination and investment transactions may lead to litigation, which could impact our financial condition and results of operations.
- If we fail to identify and successfully complete and integrate business combination and investment transactions that further our strategic objectives, we may be required to expend resources to develop products, services and technology internally, which may put us at a competitive disadvantage.

We have incurred and will incur additional depreciation and amortization expense over the useful lives of certain assets acquired in connection with business combination and investment transactions, and, to the extent that the value of goodwill, tangible or intangible assets acquired in connection with a business combination and investment transaction becomes impaired, we may be required to incur additional material charges relating to the impairment of those assets. If there are future decreases in our stock price or significant changes in the business climate or results of operations of our reporting units, we may incur additional charges, which may include impairment charges.

As part of our business strategy, we regularly evaluate the potential disposition of assets and businesses that may no longer help us meet our objectives. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the achievement of our strategic objectives. We may also dispose of a business at a price or on terms that are less desirable than we had anticipated. In addition, we may experience greater dis-synergies than expected, and the impact of the divestiture on our revenue growth may be larger than projected. After reaching an agreement with a buyer or seller for the acquisition or disposition of a business, we are subject to satisfaction of pre-closing conditions as well as necessary regulatory and governmental approvals on acceptable terms, which, if not satisfied or obtained, may prevent us from completing the transaction. Such regulatory and governmental approvals may be required in diverse jurisdictions around the world, including jurisdictions with opaque regulatory frameworks, and any delays in the timing of such approvals could materially delay the transaction or prevent it from closing.

Integrating acquisitions may be difficult and time-consuming. Any failure by us to integrate acquired companies, products or services into our overall business in a timely manner could harm our financial results, business and prospects.

In order to pursue our strategy successfully, we must identify candidates for and successfully complete business combination and investment transactions, some of which may be large or complex, and manage post-closing issues such as the integration of acquired businesses, products, services or employees. Integration issues are often time-consuming and expensive and, without proper planning and implementation, could significantly disrupt our business and the acquired business. The challenges involved in integration include:

- successfully combining product and service offerings and entering or expanding into markets in which we are not experienced or are developing expertise;
- convincing both our customers and distributors and those of the acquired business that the transaction will not diminish client service standards or business focus;
- persuading both our customers and distributors and those of the acquired business not to defer purchasing decisions or switch to other suppliers (which could result in our incurring additional obligations in order to address customer uncertainty), minimizing sales force attrition and expanding and coordinating sales, marketing and distribution efforts;
- consolidating and rationalizing corporate IT infrastructure, which may include multiple legacy systems from various acquisitions and integrating software code and business processes;
- minimizing the diversion of management attention from ongoing business concerns;
- persuading employees that business cultures are compatible, maintaining employee morale and retaining key employees, engaging with employee works councils representing an acquired company's non-U.S. employees, integrating employees, correctly estimating employee benefit costs and implementing restructuring programs;
- coordinating and combining administrative, manufacturing, research and development and other operations, subsidiaries, facilities and relationships with third-parties in accordance with local laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from supply chain integration; and
- managing integration issues shortly after or pending the completion of other independent transactions.

We may not achieve some or all of the expected benefits of our restructuring plan and our restructuring may adversely affect our business.

We have undertaken and may undertake in the future restructuring plans in order to realign our cost structure due to the changing nature of our business and to achieve operating efficiencies that we expect to reduce costs, including the plans announced in October 2016, which we amended in May 2018, and the plan announced in October 2019. We began implementing the 2020 restructuring plan in the fourth quarter of fiscal 2019 and expect to complete the restructuring by the end of fiscal 2022. Implementation of any restructuring plan may be costly and disruptive to our business, and we may not be able to obtain the estimated workforce reductions within the projected timing or at all, or the cost savings and benefits that were initially anticipated in connection with our restructuring. Additionally, as a result of restructuring initiatives, we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiency, adverse effects on employee morale, loss of key employees and/or other retention issues during transitional periods. Reorganization and restructuring can require a significant amount of management and other employees' time and focus, which may divert attention from operating and growing our business. If we fail to achieve some or all of the expected benefits of restructuring, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. For more information about our restructuring plans, see Note 3 to our Consolidated Financial Statements in Item 8.

Our financial performance may suffer if we cannot continue to develop, license or enforce the intellectual property rights on which our businesses depend.

We rely upon patent, copyright, trademark, trade secret and other intellectual property ("IP") laws in the United States, similar laws in other countries, and agreements with our employees, customers, suppliers and other parties, to establish and maintain IP rights in the products and services we sell, provide or otherwise use in our operations. However, any of our IP rights could be challenged, invalidated, infringed or circumvented, or such IP rights may not be sufficient to permit us to take advantage of current market trends or to otherwise provide competitive advantages, either of which could result in costly product redesign efforts, discontinuance of certain product offerings or other harm to our competitive position. For example, our enforcement of our IP rights of our InkJet printer supplies against infringers may be successfully challenged or our IP rights may be successfully circumvented. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States. Therefore, in certain jurisdictions we may be unable to protect our proprietary technology adequately against unauthorized third-party copying or use; this, too, could adversely affect our ability to sell products or services and our competitive position.

Our products and services depend in part on IP and technology licensed from third parties.

Some of our business and some of our products rely on key technologies developed or licensed by third parties. We may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms, or such third parties may demand cross-licenses to our IP. Third-party components may become obsolete, defective or incompatible with future versions of our products, or our relationship with the third party may deteriorate, or our agreements with the third party may expire or be terminated. We may face legal or business disputes with licensors that may threaten or lead to the disruption of inbound licensing relationships. In order to remain in compliance with the terms of our licenses, we must carefully monitor and manage our use of third-party components, including both proprietary and open source license terms that may require the licensing or public disclosure of our IP without compensation or on undesirable terms. Additionally, some of these licenses may not be available to us in the future on terms that are acceptable or that allow our product offerings to remain competitive. Our inability to obtain licenses or rights on favorable terms could have a material effect on our business, including our financial condition and results of operations. In addition, it is possible that as a consequence of a merger or acquisition, third parties may obtain licenses to some of our IP rights or our business may be subject to certain restrictions that were not in place prior to such transaction. Because the availability and cost of licenses from third parties depends upon the willingness of third parties to deal with us on the terms we request, there is a risk that third parties who license to our competitors will either refuse to license to us at all or refuse to license to us on terms equally favorable to those granted to our competitors. Consequently, we may lose a competitive advantage with respect to these IP rights or we may be required to enter into costly arrangements in order to terminate or limit these rights. Finally, we may rely on third-parties to enforce certain IP rights. For instance, we rely on Canon to enforce IP rights associated with certain LaserJet products. Failure by Canon to do so could impair our ability to protect our market share for those products.

Third-party claims of IP infringement are commonplace in our industry and successful third-party claims may limit or disrupt our ability to sell our products and services.

Third parties also may claim that we or customers indemnified by us are infringing upon their IP rights. For example, patent assertion entities may purchase IP assets for the purpose of asserting claims of infringement and attempting to extract settlements from companies such as us and our customers. If we cannot or do not license allegedly infringed IP at all or on reasonable terms, or if we are required to substitute similar technology from another source, our operations could be adversely affected. Even if we believe that IP claims are without merit, they can be time-consuming and costly to defend against and may divert management's attention and resources away from our business. Claims of IP infringement also might require us to redesign affected products, enter into costly settlement or license agreements, pay costly damage awards, or face a temporary or permanent injunction prohibiting us from importing, marketing or selling certain of our products. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable or unwilling to uphold its contractual obligations to us. Additionally, claims of IP infringement may adversely impact our brand and reputation and imperil new and existing customer relationships.

Further, our results of operations and cash flows have been and could continue to be affected in certain periods and on an ongoing basis by the imposition, accrual and payment of copyright levies or similar fees. In certain countries (primarily in Europe), proceedings are ongoing or have been concluded in which groups representing copyright owners have sought or are seeking to impose upon and collect from us levies upon IT equipment (such as PCs, multifunction devices and printers) alleged to be copying devices under applicable laws. Other such groups have also sought to modify existing levy schemes to increase the amount of the levies that can be collected from us. Other countries that have not imposed levies on these types of devices are expected to extend existing levy schemes, and countries that do not currently have levy schemes may decide to impose copyright levies on these types of devices. The total amount of the copyright levies will depend on the types of products determined to be subject to the levy, the number of units of those products sold during the period covered by the levy, and the per unit fee for each type of product, all of which are affected by several factors, including the outcome of ongoing litigation involving us and other industry participants and possible action by the legislative bodies in the applicable countries, and could be substantial. Consequently, the ultimate impact of these copyright levies or similar fees, and our ability to recover such amounts through increased prices, remains uncertain.

System security risks, data protection breaches, cyberattacks, system outages and systems integration issues could disrupt our internal operations or services provided to customers, and any such disruption could reduce our revenue, increase our expenses, damage our reputation and adversely affect our stock price.

Individuals or organizations, including malicious computer programmers and hackers, state-sponsored organizations or nation-states, may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns. Such individuals or organizations also may be able to develop and deploy viruses, worms, ransomware and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of our products, or attempt to fraudulently induce our employees, customers, or others to disclose passwords or other sensitive information or unwittingly provide access to our systems or data. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the system. Breaches of our facilities, network, or data security could disrupt the security of our systems and business applications, impair our ability to provide services to our customers and protect the privacy of their data, result in product development delays, compromise confidential or technical business information harming our reputation or competitive position, result in theft or misuse of our IP or other assets, require us to allocate more resources to improved technologies, or otherwise adversely affect our business. Additionally, the costs to us to eliminate or alleviate cyber or other security problems, including bugs, viruses, worms, malicious software programs and other security vulnerabilities, could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions. Media or other reports of perceived security vulnerabilities in our network security, even if nothing has actually been attempted or occurred, could also adversely impact our brand and reputation and materially affect our business. While we have developed and implemented security measures and internal controls designed to protect against cyber and other security problems, such measures cannot provide absolute security and may not be successful in preventing future security breaches. Moreover, these threats are constantly evolving, thereby increasing the difficulty of successfully defending against them or implementing adequate preventative measures. In some instances, we may have no current capability to detect certain vulnerabilities, which may allow them to persist in the environment over long periods of time. In the past, we have experienced data security incidents resulting from unauthorized use of our systems or those of third parties, which to date have not had a material impact on our operations; however, there is no assurance that such impacts will not be material in the future.

We manage and store various proprietary information and sensitive or confidential data relating to our business and our customers. Breaches of our security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us, our clients or our customers, including the potential loss or disclosure of such information or data as a result of fraud, trickery or other forms of deception, could expose us, our customers or the individuals affected to a risk of loss or misuse of this information, damage our brand and reputation or otherwise harm our business, and result in government enforcement actions and litigation and potential liability for us. For example, the GDPR imposes a strict data protection compliance regime with severe penalties of up to the greater of 4% of worldwide annual turnover and/or €20 million. We also could lose existing or potential customers or incur significant expenses in connection with our customers' system failures or any actual or perceived security vulnerabilities in our products and services. In addition, the cost and operational consequences of implementing further data protection measures could be significant.

Portions of our IT infrastructure, including portions provided by third parties, also may experience interruptions, outages, delays or cessations of service or may produce errors in connection with systems integrations, migration work or other causes from time to time. Any such events could result in business disruptions and the process of remediating them could be more expensive, time-consuming, disruptive and resource intensive than planned. Such disruptions could adversely impact our ability to fulfill orders and respond to customer requests and interrupt other processes. Delayed sales, lower margins or lost customers resulting from these disruptions could reduce our revenue, increase our expenses, damage our reputation and adversely affect our stock price.

Our business and financial performance could suffer if we do not manage the risks associated with our services businesses properly.

The risks that accompany our services businesses differ from those of our other businesses. For example, the success of our services business depends to a significant degree on attracting clients to our services, retaining these clients and maintaining or increasing the level of revenues from these clients. Our standard services agreements are generally renewable at a customer's option and/or subject to cancellation rights, with penalties for early termination. We may not be able to retain or renew services contracts with our clients, or our clients may reduce the scope of the services they contract for. Factors that may influence contract termination, non-renewal or reduction include business downturns, dissatisfaction with our services or products attached to services we provide, our retirement or lack of support for our services, our clients selecting alternative technologies to replace us, the cost of our services as compared to the cost of services offered by our competitors, general market conditions or other reasons. We may not be able to replace the revenue and earnings from lost clients or reductions in services. While our services agreements typically include penalties for early termination, these penalties may not fully cover our investments in these businesses in the event a client terminates a services agreement early or reduces the scope of the agreement. Our clients could also delay or terminate implementations or use of our services or choose not to invest in additional services from us in the future. In addition, the pricing and other terms of some of our services agreements require us to make estimates and assumptions at the time we enter into these contracts that could differ from actual results. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside our control, could make these agreements less profitable or unprofitable, which could have an adverse effect on the product margin of our services business. As a result, we may not generate the revenues we may have anticipated from our services businesses within the timelines anticipated, if at all.

In order to be successful, we must attract, retain, train, motivate, develop and transition key employees, and failure to do so could seriously harm us.

In order to be successful, we must attract, be able to hire, retain, train, motivate, develop, transition and deploy qualified executives and other key employees, including those in managerial, technical, development, sales, marketing and IT support positions. Identifying, developing internally or hiring externally, training and retaining qualified executives, engineers and qualified sales representatives are critical to our future, and competition for experienced employees in the IT industry can be intense. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash- and equity-based compensation. Our equity-based incentive awards may contain conditions relating to our stock price performance and our long-term financial performance that make the future value of those awards uncertain. If the anticipated value of such equity-based incentive awards does not materialize, if our equity-based compensation otherwise ceases to be viewed as a valuable benefit, if our total compensation package is not viewed as being competitive, or if we do not obtain the stockholder approval needed to continue granting equity-based incentive awards in the amounts we believe are necessary, our ability to attract, retain and motivate executives and key employees could be weakened. Our failure to successfully hire executives and key employees or the loss of any executives and key employees could have a significant impact on our operations. Further, changes in our management team may be disruptive to our business, and any failure to successfully transition and assimilate key new hires or promoted employees could adversely affect our business and results of operations.

Recent global, regional and local economic weakness and uncertainty could adversely affect our business and financial performance.

Our business and financial performance depend significantly on worldwide economic conditions and the demand for technology products and services in the markets in which we compete. Recent economic weakness and uncertainty in various markets throughout the world have resulted, and may result in the future, in decreased net revenue, gross margin, earnings or growth rates and in increased expenses and difficulty in managing inventory levels. For example, we have in the past experienced the impacts of macroeconomic weakness across many geographic regions and markets, and we may experience similar impacts in the future. Ongoing U.S. federal government spending limits may continue to reduce demand for our products and services from organizations that receive funding from the U.S. government, and could negatively affect macroeconomic conditions in the United States, which could further reduce demand for our products and services. Political developments impacting international trade, including continued uncertainty surrounding Brexit, trade disputes and increased tariffs, particularly between the United States and China, may negatively impact markets and cause weaker macroeconomic conditions or drive political or national sentiment, weakening demand for our products and services.

Economic weakness and uncertainty and political or nationalist sentiment impacting global trade, including the willingness of non-U.S. consumers to purchase goods or services from U.S. corporations, may adversely affect demand for our products and services, may result in increased expenses due to higher allowances for doubtful accounts and potential goodwill and asset impairment charges, and may make it more difficult for us to accurately forecast revenue, gross margin, cash flows and expenses.

We also have experienced, and may experience in the future, gross margin declines in certain businesses, reflecting the effect of items such as competitive pricing pressures and increases in component and manufacturing costs resulting from higher labor and material costs borne by our manufacturers and suppliers that, as a result of competitive pricing pressures or other factors, we are unable to pass on to our customers. In addition, our business may be disrupted if we are unable to obtain equipment, parts or components from our suppliers—and our suppliers from their suppliers—due to the insolvency of key suppliers or the inability of key suppliers to obtain credit, or if any of our distributors, including wholesale and retail distributors, lack sufficient financial resources to withstand economic weakness.

Economic weakness and uncertainty could cause our expenses to vary materially from our expectations. Any financial turmoil affecting the banking system and financial markets or any significant financial services institution failures could negatively impact our treasury operations, as the financial condition of such parties may deteriorate rapidly and without notice in times of market volatility and disruption. Poor financial performance of asset markets combined with lower interest rates and the adverse effects of fluctuating currency exchange rates could lead to higher pension and post-retirement benefit expenses. Interest and other expenses could vary materially from expectations depending on changes in interest rates, borrowing costs, currency exchange rates, costs of hedging activities and the fair value of derivative instruments. Economic downturns also may lead to future restructuring actions and associated expenses.

Due to the international nature of our business, political or economic changes, uncertainty or other factors could harm our business and financial performance.

Approximately 65% of our net revenue for fiscal year 2019 came from outside the United States. In addition, a portion of our business activity is being conducted in emerging markets. Our future business and financial performance could suffer due to a variety of international factors, including:

- ongoing instability or changes in a country's or region's economic, regulatory or political conditions, including inflation, recession, interest rate fluctuations, changes or uncertainty in fiscal or monetary policy and actual or anticipated military or political conflicts or any other change resulting from Brexit;
- longer collection cycles and financial instability among customers, the imposition by governments of additional taxes, tariffs or other restrictions on foreign trade or changes in restrictions on trade between the United States and other countries, including the impact of recently imposed tariffs between the United States and China on a wide variety of products;
- trade regulations and procedures and actions affecting production, shipping, pricing and marketing of products, including policies adopted by the United States or other countries that may champion or otherwise favor domestic companies and technologies over foreign competitors;
- political or nationalist sentiment impacting global trade, including the willingness of non-U.S. consumers to purchase goods or services from U.S. corporations;
- local labor conditions and regulations, including local labor issues faced by specific suppliers and Original Equipment Manufacturers ("OEMs"), or changes to immigration and labor law which may adversely impact our access to technical and professional talent;
- managing a geographically dispersed workforce;
- changes or uncertainty in the international, national or local regulatory and legal environments;
- differing technology standards or customer requirements;
- import, export or other business licensing requirements or requirements relating to making foreign direct investments, which could increase our cost of doing business in certain jurisdictions, prevent us from shipping products to particular countries or markets, affect our ability to obtain favorable terms for components, increase our operating costs or lead to penalties or restrictions;
- stringent privacy and data protection policies, such as the European Union's General Data Protection Regulation ("GDPR");
- changes in tax laws; and
- fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for our products and shipments.

The factors described above also could disrupt our product and component manufacturing and key suppliers located outside of the United States. For example, we rely on manufacturers in Taiwan for the production of notebook computers and other suppliers in Asia for product assembly and manufacture.

Beginning in 2018, the United States commenced certain trade actions, including imposing tariffs on certain goods imported from China and other countries, which has resulted in retaliatory tariffs by China and other countries. Additional tariffs imposed by the United States on a broader range of imports, or further retaliatory trade measures taken by China or other countries in response, could increase the cost of our products and the components that go into making them. These increased costs could adversely impact our overall gross margin and profitability. Tariffs could also make our products more expensive for customers, which could make our products less competitive and reduce demand.

In many foreign countries, particularly in those with developing economies, there are companies that engage in business practices prohibited by laws and regulations applicable to us, such as the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"). Although we implement policies, procedures and training designed to facilitate compliance with these laws, our employees, contractors and agents, as well as those of the companies to which we outsource certain of our business operations, may take actions in violation of our policies. Any such violation, even if prohibited by our policies, could have an adverse effect on our business and reputation.

We are exposed to fluctuations in foreign currency exchange rates, which could adversely impact our results.

Currencies other than the U.S. dollar, including the euro, the British pound, Chinese yuan (renminbi) and the Japanese yen, can have an impact on our results as expressed in U.S. dollars. Global economic events, including trade disputes, economic sanctions and emerging market volatility, and associated uncertainty may cause currencies to fluctuate, which may contribute to variations in our sales of products and services in impacted jurisdictions. For example, the United Kingdom's June 2016 vote to leave the European Union (commonly known as "Brexit") caused significant volatility in currency exchange rates, especially between the U.S. dollar and the British pound. Continued uncertainty regarding Brexit may result in future exchange rate volatility. In addition, in the event that one or more European countries were to replace the euro with another currency, our sales into such countries, or into Europe generally, would likely be adversely affected until stable exchange rates are established. Because a majority of our revenues are generated outside the United States, fluctuations in foreign currency exchange rates, such as the strengthening of the U.S. dollar against the euro or the British pound or the weakness of the Japanese yen, could adversely affect our net revenue growth in future periods. In addition, currency variations can adversely affect margins on sales of our products in countries outside of the United States and products that include components obtained from suppliers located outside of the United States.

From time to time, we may use forward contracts and options designated as cash flow hedges to protect against foreign currency exchange rate risks. The effectiveness of our hedges depends on our ability to accurately forecast future cash flows, which is particularly difficult during periods of uncertain demand for our products and services and highly volatile exchange rates. We may incur significant losses from our hedging activities due to factors such as demand volatility. In addition, certain or all of our hedging activities may be ineffective or may not offset any or more than a portion of the adverse financial impact resulting from currency variations. Losses associated with hedging activities also may impact our revenue, financial condition and, to a lesser extent, our cost of sales.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our worldwide operations could be disrupted by earthquakes, telecommunications failures, power or water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions (whether as a result of climate change or otherwise), medical epidemics or pandemics and other natural or manmade disasters or catastrophic events, for which we are predominantly self-insured. The occurrence of any of these business disruptions could result in significant losses, seriously harm our revenue, profitability and financial condition, adversely affect our competitive position, increase our costs and expenses, and require substantial expenditures and recovery time in order to fully resume operations. In addition, global climate change may result in certain natural disasters occurring more frequently or with greater intensity, such as drought, wildfires, storms, sea-level rise, and flooding. Our corporate headquarters and a portion of our research and development activities are located in California, and other critical business operations and some of our suppliers are located in California and Asia, near major earthquake faults known for seismic activity. The manufacture of product components, the final assembly of our products and other critical operations are concentrated in certain geographic locations. We also rely on major logistics hubs primarily in Asia to manufacture and distribute our products, and primarily in the southwestern United States to import products into North and South America. Our operations and those of our significant suppliers and distributors could be adversely affected if manufacturing, logistics or other operations in these locations are disrupted for any reason, such as those listed above or other economic, business, labor, environmental, public health, regulatory or political issues. The ultimate impact on us, our significant suppliers, our distributors and our general infrastructure of being located near locations more vulnerable to the occurrence of the aforementioned business disruptions, such as near major earthquake faults, and being consolidated in certain geographical areas is unknown and remains uncertain. Even if our operations are unaffected or recover quickly, if our customers cannot timely resume their own operations due to a catastrophic event, they may reduce or cancel their orders, which may adversely affect our results of operations.

Terrorist acts, conflicts, wars and geopolitical uncertainties may seriously harm our business and revenue, costs and expenses and financial condition and stock price.

Terrorist acts, conflicts or wars (wherever located around the world) may cause damage or disruption to our business, our employees, facilities, partners, suppliers, distributors, resellers or customers or adversely affect our ability to manage logistics, operate our transportation and communication systems or conduct certain other critical business operations. The potential for future attacks, the national and international responses to attacks or perceived threats to national security, and other actual or potential conflicts or wars have created many economic and political uncertainties. In addition, as a major multinational company with headquarters and significant operations located in the United States, actions against or by the United States may impact our business or employees. Although it is impossible to predict the occurrences or consequences of any such events, if they occur, they could result in a decrease in demand for our products, make it difficult or impossible to provide services or deliver products to our customers or to receive components from our suppliers, create delays and inefficiencies in our supply chain and result in the need to impose employee travel restrictions. We are predominantly uninsured for losses and interruptions caused by terrorist acts, conflicts and wars.

Failure to comply with our customer contracts or government contracting regulations could adversely affect our business and results of operations.

Our contracts with our customers may include unique and specialized performance requirements. In particular, our contracts with federal, state, provincial and local governmental customers are subject to various procurement regulations, contract provisions and other requirements relating to their formation, administration and performance. Any failure by us to comply with the specific provisions in our customer contracts or any violation of government contracting regulations could result in the imposition of various civil and criminal penalties, which may include termination of contracts, forfeiture of profits, suspension of payments and, in the case of our government contracts, fines and suspension from future government contracting. Such failures could also cause reputational damage to our business. In addition, Hewlett-Packard Company has in the past been, and we may in the future be, subject to qui tam litigation brought by private individuals on behalf of the government relating to our government contracts, which could include claims for treble damages. Further, any negative publicity related to our customer contracts or any proceedings surrounding them, regardless of its accuracy, may damage our business by affecting our ability to compete for new contracts. If our customer contracts are terminated, if we are suspended or disbarred from government work, or if our ability to compete for new contracts is adversely affected, our financial performance could suffer.

Unanticipated changes in our tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could affect our financial performance.

We are subject to income and other taxes in the United States and various foreign jurisdictions. Our tax liabilities are affected by the amounts we charge in intercompany transactions for inventory, services, licenses, funding and other items. We are subject to ongoing tax audits in various jurisdictions. Tax authorities may disagree with these intercompany transactions or other matters and may assess additional taxes or adjust taxable income on our tax returns as a result. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, we cannot assure you that we will accurately predict the outcomes of these audits, and the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense and therefore could have a material impact on our tax provision, net income and cash flows.

Our effective tax rate in the future could be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or in their interpretation or enforcement. In addition, tax legislation has been introduced or is being considered in various jurisdictions that could significantly impact our tax rate, the carrying value of deferred tax assets, or our deferred tax liabilities. For example, the Organization for Economic Cooperation and Development (the “OECD”) has recently recommended changes to numerous long-standing international tax principles. If countries amend their tax laws to adopt certain parts of the OECD guidelines, this may increase tax uncertainty and may adversely impact our tax liabilities. Any of these changes could affect our financial performance.

Our business is subject to various federal, state, local and foreign laws and regulations that could result in costs or other sanctions that adversely affect our business and results of operations.

We are subject to various federal, state, local and foreign laws and regulations. There can be no assurance that such laws and regulations will not be changed in ways that will require us to modify our business models and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or prohibiting them outright. For example, we are subject to laws, regulations and standards concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites, the content of our products and the recycling, reuse, treatment and disposal of our products, including print supplies and batteries. In particular, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, their safe use, the energy consumption associated with those products, climate change laws and regulations, and product reparability, reuse and take-back legislation. If we were to violate or become liable under environmental laws or if our products become non-compliant with environmental laws, we could incur substantial costs or face other sanctions, which may include restrictions on our products entering certain jurisdictions. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage, personal injury claims and clean-up costs. Further, liability under some environmental laws relating to contaminated sites can be imposed retroactively, on a joint and several basis, and without any finding of noncompliance or fault. The amount and timing of costs to comply with environmental laws are difficult to predict.

Failure to maintain our credit ratings could adversely affect our liquidity, capital position, borrowing costs and access to capital markets.

Our credit risk is evaluated by the major independent rating agencies. Past downgrades of Hewlett-Packard Company's ratings increased the cost of borrowing under our credit facilities and reduced market capacity for our commercial paper. Future downgrades could have the same effects, and could also require the posting of additional collateral under some of our derivative contracts. We cannot be assured that we will be able to maintain our current credit ratings, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, may further impact us in a similar manner and may have a negative impact on our liquidity, capital position and access to capital markets.

Our stock price has historically fluctuated and may continue to fluctuate, which may make future prices of our stock difficult to predict.

Our stock price, like that of other technology companies, can be volatile. Some of the factors that could affect our stock price are:

- speculation, coverage or sentiment in the media or the investment community about, or actual changes in, our business, strategic position, market share, organizational structure, operations, financial condition, financial reporting and results, effectiveness of cost-cutting efforts, value or liquidity of our investments, exposure to market volatility, prospects, business combination or investment transactions, future stock price performance, board of directors, executive team, our competitors or our industry in general;
- the announcement of new, planned or contemplated products, services, technological innovations, acquisitions, divestitures or other significant transactions by us or our competitors;
- quarterly increases or decreases in net revenue, gross margin, earnings or cash flows, changes in estimates by the investment community or our financial outlook and variations between actual and estimated financial results;
- announcements of actual and anticipated financial results by our competitors and other companies in the IT industry;
- developments relating to pending investigations, claims and disputes;
- developments relating to the acquisition proposal made to us by Xerox Holdings Corporation; and
- the timing and amount of our share repurchases.

General or industry-specific market conditions or stock market performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance also may affect the price of our stock. For these reasons, investors should not rely on recent or historical trends to predict future stock prices, financial condition, results of operations or cash flows. Additional volatility in the price of our securities could result in the filing of securities class action litigation matters, which could result in substantial costs and the diversion of management time and resources.

Some anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

We have provisions in our certificate of incorporation and bylaws each of which could have the effect of rendering more difficult or discouraging an acquisition of HP deemed undesirable by our Board of Directors. These include provisions:

- authorizing blank check preferred stock, which we could issue with voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- specifying that our stockholders may take action only at a duly called annual or special meeting of stockholders and otherwise in accordance with our bylaws and limiting the ability of our stockholders to call special meetings;
- requiring advance notice of proposals by our stockholders for business to be conducted at stockholder meetings and for nominations of candidates for election to our Board of Directors; and
- controlling the procedures for conduct of our Board of Directors and stockholder meetings and election, appointment and removal of our directors.

These provisions, alone or together, could deter or delay hostile takeovers, proxy contests and changes in control or our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control of HP could limit the opportunity for our stockholders to receive a premium for their shares of our stock and also could affect the price that some investors are willing to pay for our stock.

We make estimates and assumptions in connection with the preparation of our Consolidated Financial Statements, and any changes to those estimates and assumptions could adversely affect our results of operations.

In connection with the preparation of our Consolidated Financial Statements, we use certain estimates and assumptions based on historical experience and other factors. Our most critical accounting estimates are described in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this report. For example, we make significant estimates and assumptions when accounting for revenue recognition, taxes on earnings and restructuring and other charges. In addition, as discussed in Note 14 to the Consolidated Financial Statements, we make certain estimates, including decisions related to provisions for legal proceedings and other contingencies. While we believe that these estimates and assumptions are reasonable under the circumstances, they are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could adversely affect our results of operations.

Risks Related to the Separation

The allocation of IP rights between Hewlett Packard Enterprise and HP as part of the Separation, and the shared use of certain IP rights following the Separation, could adversely impact our reputation, our ability to enforce certain IP rights that are important to us and our competitive position.

In connection with the Separation, Hewlett-Packard Company allocated to each of Hewlett Packard Enterprise and HP the IP assets relevant to their respective businesses. The terms of the Separation include cross-licenses and other arrangements to provide for certain ongoing use of IP in the existing operations of both businesses. For example, through a joint brand holding structure, both Hewlett Packard Enterprise and HP will retain the ability to make ongoing use of certain variations of the legacy Hewlett-Packard and HP branding, respectively. There is a risk that the joint brand holding structure may impair the enforcement of HP's trademark rights against third parties that infringe them. Furthermore, as a result of this shared use of the legacy branding, there is a risk that conduct or events adversely affecting the reputation of Hewlett Packard Enterprise could also adversely affect the reputation of HP. In addition, as a result of the allocation of IP as part of the Separation, we no longer own IP allocated to Hewlett Packard Enterprise and our resulting IP ownership position could adversely affect our position and options relating to patent enforcement, patent licensing and cross-licensing, our ability to sell our products or services, our competitive position in the industry and our ability to enter new product markets.

The Separation could result in substantial tax liability.

We obtained an opinion of outside counsel that, for U.S. federal income tax purposes, the Separation qualified, for both the company and our stockholders, as a tax-free reorganization within the meaning of Sections 368(d)(1)(D) and 355 of the U.S. Internal Revenue Code of 1986, as amended. In addition, we obtained a private letter ruling from the Internal Revenue Service (the "IRS") and opinions of outside counsel regarding certain matters impacting the U.S. federal income tax treatment of the Separation for the company and certain related transactions as transactions that are generally tax-free for U.S. federal income tax purposes. The opinions of outside counsel and the IRS private letter ruling were based, among other things, on various factual assumptions we have authorized and representations we have made to outside counsel and the IRS. If any of these assumptions or representations are, or become, inaccurate or incomplete, reliance on the opinions and IRS private letter ruling may be affected. An opinion of outside counsel represents their legal judgment but is not binding on the IRS or any court. Accordingly, there can be no assurance that the IRS will not challenge the conclusions reflected in the opinions or that a court would not sustain such a challenge. If the Separation or certain internal transactions undertaken in anticipation of the Separation are determined to be taxable for U.S. federal income tax purposes, we and/or our stockholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities.

We or Hewlett Packard Enterprise may fail to perform under the transaction agreements executed as part of the Separation.

In connection with the Separation, we and Hewlett Packard Enterprise entered into several agreements, including among others a separation and distribution agreement and an employee matters agreement. The separation and distribution agreement and employee matters agreement determine the allocation of assets and liabilities between the companies following the Separation for those respective areas and include any necessary indemnifications related to liabilities and obligations. Hewlett Packard Enterprise has spun off or separated certain of its businesses since the Separation, and some of its obligations under these and other agreements have transferred to the successor entities. We will rely on Hewlett Packard Enterprise or its successor entities to satisfy their performance and payment obligations under these agreements. If Hewlett Packard Enterprise or its successor entities has separated are unable to satisfy their obligations under these agreements, we could incur operational difficulties or losses that could have a material and adverse effect on our business, financial condition and results of operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of October 31, 2019, we owned or leased approximately 18.3 million square feet of space worldwide, a summary of which is provided below.

	FISCAL YEAR ENDED OCTOBER 31, 2019		
	OWNED	LEASED	TOTAL
	(SQUARE FEET IN MILLIONS)		
Administration and support	2.0	6.5	8.5
(Percentage)	24%	76%	100%
Core data centers, manufacturing plants, research and development facilities and warehouse operations	2.5	6.0	8.5
(Percentage)	29%	71%	100%
Total(1)	4.5	12.5	17.0
(Percentage)	26%	74%	100%

(1) Excludes 1.3 million square feet of vacated space, of which 0.9 million square feet is leased to third parties.

We believe that our existing properties are in good condition and are suitable for the conduct of our business. Each of our segments Personal Systems, Printing and Corporate Investments uses each of the properties at least in part, and we retain the flexibility to use each of the properties in whole or in part for each of the segments.

Principal Executive Offices

Our principal executive offices, including our global headquarters, which we lease, are located at 1501 Page Mill Road, Palo Alto, California, United States.

Headquarters of Geographic Operations

The locations of our geographic headquarters are as follows:

Americas	Europe, Middle East, Africa	Asia Pacific
Palo Alto, United States	Geneva, Switzerland	Singapore

Product Development and Manufacturing

The locations of our major product development, manufacturing, data centers and HP Labs facilities are as follows:

Americas

United States—Corvallis, San Diego, Boise, Vancouver, Spring, Aguadilla, Puerto Rico

Europe, Middle East, Africa

Israel—Kiryat-Gat, Rehovot, Netanya

Spain—Barcelona

Asia Pacific

China—Weihai, Chongqing, Shanghai
India—Pantnagar, Bangalore
Malaysia—Penang
Singapore—Singapore
South Korea—Suwon
Taiwan—Taipei

Technology office (HP Labs)

United Kingdom—Bristol
United States—Palo Alto

Item 3. Legal Proceedings.

Information with respect to this item may be found in Note 14, "Litigation and Contingencies" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the New York Stock Exchange under the symbol HPQ.

For information about dividends, see Item 6, "Selected Financial Data" and Note 12, "Stockholders' Deficit" to the Consolidated Financial Statements in Item 8.

As of November 30, 2019, there were approximately 57,918 stockholders of record.

Recent Sales of Unregistered Securities

There were no unregistered sales of equity securities in fiscal year 2019.

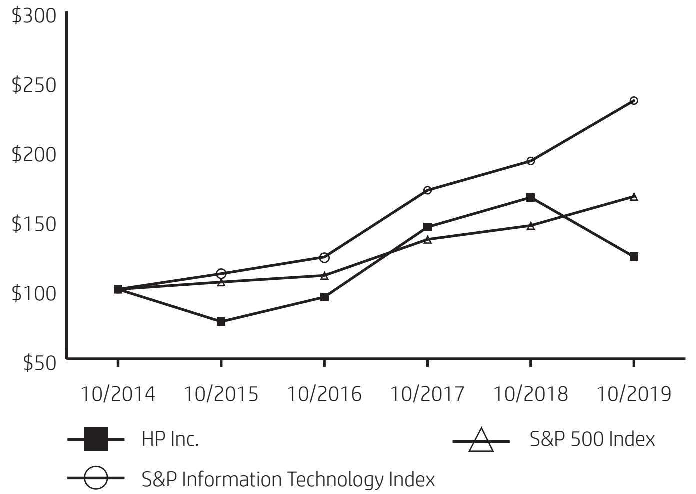
Issuer Purchases of Equity Securities

	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
		IN THOUSANDS, EXCEPT PER SHARE AMOUNTS		
Period				
August 2019	7,109	$19.15	7,109	$1,823,046
September 2019	7,908	$18.66	7,908	$6,675,457
October 2019	10,253	$17.25	10,253	$6,498,622
Total	25,270		25,270	

On June 19, 2018, HP's Board of Directors authorized $4.0 billion for future repurchases of its outstanding shares of common stock. On September 30, 2019, the Board authorized an additional $5.0 billion for future repurchases of its outstanding shares of common stock. This program, which does not have a specific expiration date, authorizes repurchases in the open market or in private transactions. HP intends to use repurchases from time to time to offset the dilution created by shares issued under employee stock plans and to repurchase shares opportunistically. All share repurchases settled in the fourth quarter of fiscal year 2019 were open market transactions. As of October 31, 2019, HP had approximately $6.5 billion remaining under repurchase authorizations.

Stock Performance Graph and Cumulative Total Return

The graph below shows the cumulative total stockholder return assuming the investment of $100 at the market close on October 31, 2014 (and the reinvestment of dividends thereafter) in each of HP common stock, the S&P 500 Index, and the S&P Information Technology Index. The comparisons in the graph below are based on historical data and are not indicative of, or intended to forecast, future performance of our common stock.



	10/14	10/15	10/16	10/17	10/18	10/19
HP Inc.[(1)]	$100.00	$76.72	$94.44	$144.77	$166.11	$123.40
S&P 500 Index	$100.00	$105.19	$109.93	$135.89	$145.86	$166.75
S&P Information Technology Index	$100.00	$111.19	$123.23	$171.24	$192.31	$235.74

(1) Historical stock prices of HP Inc. prior to the Separation, which occurred on November 1, 2015, have been adjusted to reflect the impact of the Separation. The adjustment was established using the conversion ratio based on the market value of stock on the Separation close at October 31, 2015.

Item 6. Selected Financial Data.

The information set forth below is not necessarily indicative of results of future continuing operations and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K, which are incorporated herein by reference, in order to understand further the factors that may affect the comparability of the financial data presented below.

HP Inc. and Subsidiaries

Selected Financial Data

	FOR THE FISCAL YEARS ENDED OCTOBER 31				
	2019	2018	2017	2016	2015
	IN MILLIONS, EXCEPT PER SHARE AMOUNTS				
Net revenue	$58,756	$58,472	$52,056	$48,238	$51,463
Earnings from continuing operations[1]	$3,877	$3,831	$3,368	$3,549	$3,920
Net (loss) earnings from discontinued operations net of taxes	$—	$—	$—	$(170)	$836
Net earnings[1]	$3,152	$5,327	$2,526	$2,496	$4,554
Net earnings per share:					
Basic					
Continuing operations	$2.08	$3.30	$1.50	$1.54	$2.05
Discontinued operations	$—	$—	$—	$(0.10)	$0.46
Total basic net earnings per share	$2.08	$3.30	$1.50	$1.44	$2.51
Diluted					
Continuing operations	$2.07	$3.26	$1.48	$1.53	$2.02
Discontinued operations	—	$—	$—	$(0.10)	$0.46
Total diluted net earnings per share	$2.07	$3.26	$1.48	$1.43	$2.48
Cash dividends declared per share	$0.64	$0.56	$0.53	$0.50	$0.67
At year-end:					
Total assets[2]	$33,467	$34,622	$32,913	$28,987	$106,853
Long-term debt[3]	$4,780	$4,524	$6,747	$6,735	$6,648

(1) Earnings from continuing operations and net earnings include the following items:

	2019	2018	2017	2016	2015
			IN MILLIONS		
Restructuring and other charges	$275	$132	$362	$205	$63
Acquisition-related charges	35	123	125	7	1
Amortization of intangible assets	116	80	1	16	102
Total charges before taxes	$426	$335	$488	$228	$166
Total charges, net of taxes	$334	$258	$362	$161	$137

(2) Total assets for fiscal year 2015 include the total assets of Hewlett Packard Enterprise.

(3) The decrease in Long-term debt in fiscal year 2018 was due to the payment for the repurchase of approximately $1.85 billion in aggregate principal amount of U.S. Dollar Global Notes.

HP Inc. and Subsidiaries

Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is organized as follows:

- *Overview.* A discussion of our business and other highlights affecting the company to provide context for the remainder of this MD&A.
- *Critical Accounting Policies and Estimates.* A discussion of accounting policies and estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results.
- *Results of Operations.* An analysis of our financial results comparing fiscal year 2019 to fiscal year 2018 and fiscal year 2018 to fiscal year 2017. A discussion of the results of operations is followed by a more detailed discussion of the results of operations by segment.
- *Liquidity and Capital Resources.* An analysis of changes in our cash flows and a discussion of our liquidity and financial condition.
- *Contractual and Other Obligations.* An overview of contractual obligations, retirement and post-retirement benefit plan contributions, cost-saving plans, uncertain tax positions and off-balance sheet arrangements.

The discussion of financial condition and results of our operations that follows provides information that will assist the reader in understanding our Consolidated Financial Statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our Consolidated Financial Statements. This discussion should be read in conjunction with our Consolidated Financial Statements and the related notes that appear elsewhere in this document.

Overview

We are a leading global provider of personal computing and other access devices, imaging and printing products, and related technologies, solutions, and services. We sell to individual consumers, SMBs and large enterprises, including customers in the government, health, and education sectors. We have three reportable segments: Personal Systems, Printing and Corporate Investments. The Personal Systems segment offers commercial and consumer desktop and notebook PCs, workstations, thin clients, commercial mobility devices, retail POS systems, displays and other related accessories, software, support, and services. The Printing segment provides consumer and commercial printer hardware, supplies, solutions and services, as well as scanning devices. Corporate Investments include HP Labs and certain business incubation and investment projects.

- In Personal Systems, our strategic focus is on profitable growth through market segmentation with respect to enhanced innovation in multi-operating systems, multi-architecture, geography, customer segments and other key attributes. Additionally, we are investing in end point services and solutions. We are focused on services including DaaS as the market begins to shift to contractual solutions. We believe that we are well positioned due to our competitive product lineup.
- In Printing, our strategic focus is on Contractual solutions and Graphics, as well as expanding our footprint in the 3D printing and digital manufacturing marketplace. In Contractual solutions we have a continued focus on Managed Print Services and Instant Ink. In Graphics, we are focused on innovations such as our Indigo and Latex product offerings.

We continue to experience challenges that are representative of trends and uncertainties that may affect our business and results of operations. One set of challenges relates to dynamic market trends, such as forecasted declining PC Client markets and home printing markets. A second set of challenges relates to changes in the competitive landscape. Our primary competitors are exerting competitive pressure in targeted areas and are entering new markets, our emerging competitors are introducing new technologies and business models, and our alliance partners in some businesses are increasingly becoming our competitors in others. A third set of challenges relates to business model changes and our go-to-market execution in an evolving distribution and reseller landscape, with increasing online and omnichannel presence. Additional challenges we face at the segment level are set forth below.

- In Personal Systems, we face challenges with industry component availability and a competitive pricing environment.
- In Printing, a competitive pricing environment, including from non-original supplies (which includes imitation, refill or remanufactured alternatives), and a weakened market in certain geographies with associated pricing sensitivity of our customers present challenges. We also face challenges in Printing due to our multi-tier distribution network, primarily in EMEA, including limiting grey marketing and the potential misuse of pricing programs. We also obtain many Printing components from single sources due to technology, availability, price, quality or other considerations. For instance, we source the majority of our A4 and a portion of our A3 portfolio of laser printer engines and laser toner cartridges from Canon. Any decision by either party to not renew our agreement with Canon or to limit or reduce the scope of the agreement could adversely affect our net revenue from LaserJet products; however, we have a long-standing business relationship with Canon and anticipate renewal of this agreement.

Our business and financial performance also depend significantly on worldwide economic conditions. Accordingly, we face global macroeconomic challenges, tariff-driven headwinds, uncertainty in the markets, volatility in exchange rates, weaker macroeconomic conditions and evolving dynamics in the global trade environment. The full impact of these and other global macroeconomic challenges on our business cannot be known at this time.

To address these challenges, we continue to pursue innovation with a view towards developing new products and services aligned with generating market demand and meeting the needs of our customers and partners. In addition, we continue to work on improving our operations and adapting our business models, with a particular focus on enhancing our end-to-end processes, analytics and efficiencies. We also continue to work on optimizing our sales coverage models, aligning our sales incentives with our strategic goals, improving channel execution and inventory management, strengthening our capabilities in our areas of strategic focus, strengthening our pricing discipline, and developing and capitalizing on market opportunities.

Specifically, in October 2019, we announced cost-reduction and operational efficiency initiatives intended to simplify the way we work, move closer to our customers and facilitate specific investment in our business. These efforts include transforming our operating model to integrate our sales force into a single commercial organization and reducing structural costs across the company through our restructuring plan approved in September 2019 (the "Fiscal 2020 Plan"). We expect to invest some of the savings from these efforts across our businesses, including investing to build our digital capabilities. Over time, we expect these investments will make us more efficient and allow us to advance our positions in Personal Systems and Printing, while also disrupting new industries where we see attractive medium to long-term growth opportunities. However, the rate at which we are able to invest in our business and the returns that we are able to achieve from these investments will be affected by many factors, including the efforts to address the execution, industry and macroeconomic challenges facing our business as discussed above. As a result, we may experience delays in the anticipated timing of activities related to these efforts, and the anticipated benefits of these efforts may not materialize.

We typically experience higher net revenues in our fourth quarter compared to other quarters in our fiscal year due in part to seasonal holiday demand. Historical seasonal patterns should not be considered reliable indicators of our future net revenues or financial performance.

For a further discussion of trends, uncertainties and other factors that could impact our operating results, see the section entitled "Risk Factors" in Item 1A in this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

General

The Consolidated Financial Statements of HP are prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP"), which require management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, net revenue and expenses, and the disclosure of contingent liabilities. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

circumstances, the results of which form the basis for making judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources. Management has discussed the development, selection and disclosure of these estimates with the Audit Committee of HP's Board of Directors. Management believes that the accounting estimates employed and the resulting amounts are reasonable; however, actual results may differ from these estimates. Making estimates and judgments about future events is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material impact on our results of operations, financial position and cash flows.

A summary of significant accounting policies is included in Note 1, "Overview and Summary of Significant Accounting Policies" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. Management believes the following critical accounting policies reflect the significant estimates and assumptions used in the preparation of the Consolidated Financial Statements.

Revenue Recognition

We recognize revenue depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which we are expected to be entitled in exchange for those goods or services. We evaluate customers' ability to pay based on various factors like historical payment experience, financial metrics and customer credit scores.

We enter into contracts to sell our products and services, and while many of our sales contracts contain standard terms and conditions, there are contracts which contain non-standard terms and conditions. Further, many of our arrangements include multiple performance obligations. As a result, significant contract interpretation may be required to determine the appropriate accounting, including the identification of performance obligations that are distinct, the allocation of the transaction price among performance obligations in the arrangement and the timing of transfer of control of promised goods or services for each of those performance obligations.

We evaluate each performance obligation in an arrangement to determine whether it represents a distinct good or services. A performance obligation constitutes distinct goods or services when the customer can benefit from the goods or services either on its own or together with other resources that are readily available to the customer and the performance obligation is distinct within the context of the contract.

Transaction price is the amount of consideration to which we expect to be entitled in exchange for transferring goods or services to the customer. If the transaction price includes a variable amount, we estimate the amount using either the expected value or most likely amount method. We reduce the transaction price at the time of revenue recognition for customer and distributor programs and incentive offerings, rebates, promotions, other volume-based incentives and expected returns. We use estimates to determine the expected variable consideration for such programs based on historical experience, expected consumer behavior and market conditions.

When a sales arrangement contains multiple performance obligations, such as hardware and/or services, we allocate revenue to each performance obligation in proportion to their selling price. The selling price for each performance obligation is based on its standalone selling price ("SSP"). We establish SSP using the price charged for a performance obligation when sold separately ("observable price") and, in some instances, using the price established by management having the relevant authority. When observable price is not available, we establish SSP based on management's judgment considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life-cycle. Consideration is also given to market conditions such as competitor pricing strategies and technology industry life cycles. We may modify or develop new go-to-market practices in the future, which may result in changes in selling prices, impacting standalone selling price determination applying the aforementioned management judgments and estimates. This may change the pattern and timing of revenue recognition for identical arrangements executed in future periods but will not change the total revenue recognized for any given arrangement. In most arrangements with multiple performance obligations, the transaction price is allocated to each performance obligation at the inception of the arrangement based on their relative selling price.

Revenue is recognized when, or as, a performance obligation is satisfied by transferring control of a promised good or service to a customer. We generally invoice the customer upon delivery of the goods or services and the payments are due as per contract terms. For fixed price support or maintenance and other service contracts that are in the nature of stand-ready obligations, payments are generally received in advance from customers and revenue is recognized on a straight-line basis over the duration of the contract. In instances when revenue is derived from sales of third-party vendor products or services, we record revenue on a gross basis when we are a principal in the transaction and on a net basis when we are acting as an agent between the customer and the vendor. We consider several factors to determine whether we are acting as a principal or an agent, most notably whether we are the primary obligor to the customer, have established our own pricing and have inventory and credit risks.

Warranty

We accrue the estimated cost of product warranties at the time we recognize revenue. We evaluate our warranty obligations on a product group basis. Our standard product warranty terms generally include post-sales support and repairs or replacement of a product at no additional charge for a specified period. While we engage in extensive product quality programs and processes, including actively monitoring and evaluating the quality of our component suppliers, we base our estimated warranty obligation on contractual warranty terms, repair costs, product call rates, average cost per call, current period product shipments and ongoing product failure rates, as well as specific product class failure outside of our baseline experience. Warranty terms generally range from 90 days to three years for parts, labor and onsite services, depending upon the product. Over the last three fiscal years, the annual warranty expense and actual warranty costs have averaged approximately 1.8% of annual net revenue.

Restructuring and Other Charges

We have engaged in restructuring actions which require management to estimate the timing and amount of severance and other employee separation costs for workforce reduction and enhanced early retirement programs, fair value of assets made redundant or obsolete, and the fair value of lease cancellation and other exit costs. We accrue for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements. Other charges include non-recurring costs that are distinct from ongoing operational costs incurred in connection with the Separation or information technology rationalization efforts. For a full description of our restructuring actions, refer to our discussions of restructuring in "Results of Operations" below and in Note 3, "Restructuring and Other Charges" to the Consolidated Financial Statements in Item 8, which are incorporated herein by reference.

Retirement and Post-Retirement Benefits

Our pension and other post-retirement benefit costs and obligations depend on various assumptions. Our major assumptions relate primarily to discount rates, mortality rates, expected increases in compensation levels and the expected long-term return on plan assets. The discount rate assumption is based on current investment yields of high-quality fixed-income securities with maturities similar to the expected benefits payment period. Mortality rates help predict the expected life of plan participants and are based on a historical demographic study of the plan. The expected increase in the compensation levels assumption reflects our long-term actual experience and future expectations. The expected long-term return on plan assets is determined based on asset allocations, historical portfolio results, historical asset correlations and management's expected returns for each asset class. We evaluate our expected return assumptions annually including reviewing current capital market assumptions to assess the reasonableness of the expected long-term return on plan assets. We update the expected long-term return on assets when we observe a sufficient level of evidence that would suggest the long-term expected return has changed. In any fiscal year, significant differences may arise between the actual return and the expected long-term return on plan assets. Historically, differences between the actual return and expected long-term return on plan assets have resulted from changes in target or actual asset allocation, short-term performance relative to expected long-term performance, and to a lesser extent, differences between target and actual investment allocations, the timing of benefit payments compared to expectations, and the use of derivatives intended to effect asset allocation changes or hedge certain investment or liability exposures. For the recognition of net periodic benefit cost, the calculation of the expected long-term return on plan assets uses the fair value of plan assets as of the beginning of the fiscal year unless updated as a result of interim re-measurement.

Our major assumptions vary by plan, and the weighted-average rates used are set forth in Note 4, "Retirement and Post-Retirement Benefit Plans" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. The following table provides the impact a change of 25 basis points in each of the weighted-average assumptions of the discount rate, expected increase in compensation levels and expected long-term return on plan assets would have had on our net periodic benefit cost for fiscal year 2019:

	CHANGE IN NET PERIODIC BENEFIT COST IN MILLIONS
Assumptions:	
Discount rate	$9
Expected increase in compensation levels	$2
Expected long-term return on plan assets	$28

Taxes on Earnings

The Tax Cuts and Jobs Act ("TCJA") made significant changes to the U.S. tax law. The TCJA lowered our U.S. statutory federal income tax rate from 35% to 21% effective January 1, 2018, while also imposing a one-time transition tax on accumulated foreign earnings.

In December 2017, the SEC staff issued SAB No. 118, which allows registrants to record provisional amounts during a one year "measurement period". In January 2019, we completed our accounting for the tax effects of the TCJA with no material changes to the provisional amounts recorded during the measurement period.

In January 2018, the FASB released guidance on the accounting for tax on the Global Minimum Tax provisions of TCJA. The Global Minimum Tax provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. We have elected to treat the Global Minimum Tax inclusions as period costs.

As a result of certain employment actions and capital investments we have undertaken, income from manufacturing activities in certain jurisdictions is subject to reduced tax rates and, in some cases, is wholly exempt from taxes for fiscal years through 2027.

Material changes in our estimates of cash, working capital and long-term investment requirements in the various jurisdictions in which we do business could impact how future earnings are repatriated to the United States, and our related future effective tax rate. The effects of the TCJA related to these policies are referenced and discussed in detail in Note 6, "Taxes on Earnings" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

We calculate our current and deferred tax provisions based on estimates and assumptions that could differ from the final positions reflected in our income tax returns. We adjust our current and deferred tax provisions based on income tax returns which are generally filed in the third or fourth quarters of the subsequent fiscal year.

We recognize deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year in which we expect the differences to reverse.

We record a valuation allowance to reduce deferred tax assets to the amount that we are more likely than not to realize. In determining the need for a valuation allowance, we consider future market growth, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which we operate and prudent and feasible tax planning strategies. In the event we were to determine that it is more likely than not that we will be unable to realize all or part of our deferred tax assets in the future, we would increase the valuation allowance and recognize a corresponding charge to earnings or other comprehensive income in the period in which we make such a determination. Likewise, if we later determine that we are more likely than not to realize the deferred tax assets, we would reverse the applicable portion of the previously recognized valuation allowance. In order for us to realize our deferred tax assets, we must be able to generate sufficient taxable income in the jurisdictions in which the deferred tax assets are located.

We are subject to income taxes in the United States and approximately 58 other countries, and we are subject to routine corporate income tax audits in many of these jurisdictions.

We believe that positions taken on our tax returns are fully supported, but tax authorities may challenge these positions, which may not be fully sustained on examination by the relevant tax authorities. Accordingly, our income tax provision includes amounts intended to satisfy assessments that may result from these challenges. Determining the income tax provision for these potential assessments and recording the related effects requires management judgments and estimates. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in our income tax provision and, therefore, could have a material impact on our income tax provision, net income and cash flows. Our accrual for uncertain tax positions is attributable primarily to uncertainties concerning the tax treatment of our domestic operations, including the allocation of income among different jurisdictions, intercompany transactions, pension and related interest. For a further discussion on taxes on earnings, refer to Note 6, "Taxes on Earnings" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Inventory

We state our inventory at the lower of cost or market on a first-in, first-out basis. We make adjustments to reduce the cost of inventory to its net realizable value at the product group level for estimated excess or obsolescence. Factors influencing these adjustments include changes in demand, technological changes, product life cycle and development plans, component cost trends, product pricing, physical deterioration and quality issues.

Business Combinations

We allocate the fair value of purchase consideration to the assets acquired, liabilities assumed, and non-controlling interests in the acquiree generally based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and non-controlling interests in the acquiree is recorded as goodwill and may involve engaging independent third-parties to perform an appraisal. When determining the fair values of assets acquired, liabilities assumed, and non-controlling interests in the acquiree, management makes significant estimates and assumptions, especially with respect to intangible assets.

Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of future growth rates and margins, attrition rates, future changes in technology and brand awareness, loyalty and position, and discount rates. Fair value estimates are based on the assumptions management believes a market participant would use in pricing the asset or liability. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition, as additional information about conditions existing at the acquisition date becomes available.

Goodwill

We review goodwill for impairment annually during our fourth quarter and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. We can elect to perform a qualitative assessment to test a reporting unit's goodwill for impairment or perform a quantitative impairment test. Based on a qualitative assessment, if we determine that the fair value of a reporting unit is more likely than not (i.e., a likelihood of more than 50 percent) to be less than its carrying amount, the quantitative impairment test will be performed.

In the quantitative impairment test, we compare the fair value of each reporting unit to its carrying amount with the fair values derived most significantly from the income approach, and to a lesser extent, the market approach. Under the income approach, we estimate the fair value of a reporting unit based on the present value of estimated future cash flows. We base cash flow projections on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. We base the discount rate on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, we estimate fair value based on market multiples of revenue and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting unit. We weight the fair value derived from the market approach depending on the level of comparability of these publicly-traded companies to the reporting unit. When market comparables are not meaningful or not available, we estimate the fair value of a reporting unit using only the income approach.

If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired. If the fair value of the reporting unit is less than its carrying amount, goodwill is impaired and the excess of the reporting unit's carrying value over the fair value is recognized as an impairment loss.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Our annual goodwill impairment analysis, performed using the qualitative assessment option as of the first day of the fourth quarter of fiscal year 2019, resulted in a conclusion that it was more likely than not that the fair value of our reporting units exceeded their respective carrying values. As a result, we concluded that a quantitative impairment test was not necessary.

Fair Value of Derivative Instruments

We use derivative instruments to manage a variety of risks, including risks related to foreign currency exchange rates, interest rates and existing assets and liabilities. We use forwards, swaps and at times, options to hedge certain foreign currency, interest rate and, return on certain investments exposures. We do not use derivative instruments for speculative purposes. As of October 31, 2019, the gross notional value of our derivative portfolio was $24 billion. Assets and liabilities related to derivative instruments are measured at fair value and were $392 million and $166 million, respectively, as of October 31, 2019.

Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The determination of fair value often involves significant judgments about assumptions such as determining an appropriate discount rate that factors in both risk and liquidity premiums, identifying the similarities and differences in market transactions, weighting those differences accordingly and then making the appropriate adjustments to those market transactions to reflect the risks specific to the asset or liability being valued. We generally use industry standard valuation models to measure the fair value of our derivative positions. When prices in active markets are not available for the identical asset or liability, we use industry standard valuation models to measure fair value. Where applicable, these models project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rate curves, HP and counterparty credit risk, foreign currency exchange rates, and forward and spot prices.

For a further discussion on fair value measurements and derivative instruments, refer to Note 9, "Fair Value" and Note 10, "Financial Instruments", respectively, to the Consolidated Financial Statements in Item 8, which are incorporated herein by reference.

Loss Contingencies

We are involved in various lawsuits, claims, investigations and proceedings including those consisting of intellectual property ("IP"), commercial, securities, employment, employee benefits and environmental matters that arise in the ordinary course of business. We record a liability when we believe that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Significant judgment is required to determine both the probability of having incurred a liability and the estimated amount of the liability. We review these matters at least quarterly and adjust these liabilities to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other updated information and events, pertaining to a particular case. Pursuant to the separation and distribution agreement, we share responsibility with Hewlett Packard Enterprise for certain matters, as discussed in Note 14, "Litigation and Contingencies" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference, and Hewlett Packard Enterprise has agreed to indemnify us in whole or in part with respect to certain matters. Based on our experience, we believe that any damage amounts claimed in the specific litigation and contingencies matters further discussed in Note 14, "Litigation and Contingencies", are not a meaningful indicator of HP's potential liability. Litigation is inherently unpredictable. However, we believe we have valid defenses with respect to legal matters pending against us. Nevertheless, cash flows or results of operations could be materially affected in any particular period by the resolution of one or more of these contingencies. We believe we have recorded adequate provisions for any such matters and, as of October 31, 2019, it was not reasonably possible that a material loss had been incurred in excess of the amounts recognized in our financial statements.

HP Inc. and Subsidiaries

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Recent Accounting Pronouncements

For a summary of recent accounting pronouncements applicable to our consolidated financial statements see Note 1, "Overview and Summary of Significant Accounting Policies" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Results of Operations

Revenue from our international operations has historically represented, and we expect will continue to represent, a majority of our overall net revenue. As a result, our net revenue growth has been impacted, and we expect it will continue to be impacted, by fluctuations in foreign currency exchange rates. In order to provide a framework for assessing performance excluding the impact of foreign currency fluctuations, we supplement the year-over-year percentage change in net revenue with the year-over-year percentage change in net revenue on a constant currency basis, which excludes the effect of foreign currency exchange fluctuations calculated by translating current period revenues using monthly average exchange rates from the comparative period and hedging activities from the prior-year period and does not adjust for any repricing or demand impacts from changes in foreign currency exchange rates. This information is provided so that net revenue can be viewed with and without the effect of fluctuations in foreign currency exchange rates, which is consistent with how management evaluates our net revenue results and trends, as management does not believe that the excluded items are reflective of ongoing operating results. The constant currency measures are provided in addition to, and not as a substitute for, the year-over-year percentage change in net revenue on a GAAP basis. Other companies may calculate and define similarly labeled items differently, which may limit the usefulness of this measure for comparative purposes.

Results of operations in dollars and as a percentage of net revenue were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31					
	2019		2018		2017	
	DOLLARS	% OF NET REVENUE	DOLLARS	% OF NET REVENUE	DOLLARS	% OF NET REVENUE
			DOLLARS IN MILLIONS			
Net revenue	$58,756	100.0%	$58,472	100.0%	$52,056	100.0%
Cost of revenue	47,586	81.0%	47,803	81.8%	42,478	81.6%
Gross profit	11,170	19.0%	10,669	18.2%	9,578	18.4%
Research and development	1,499	2.6%	1,404	2.4%	1,190	2.3%
Selling, general and administrative	5,368	9.1%	5,099	8.7%	4,532	8.7%
Restructuring and other charges	275	0.4%	132	0.2%	362	0.7%
Acquisition-related charges	35	0.1%	123	0.2%	125	0.2%
Amortization of intangible assets	116	0.2%	80	0.1%	1	—%
Earnings from operations	3,877	6.6%	3,831	6.6%	3,368	6.5%
Interest and other, net	(1,354)	(2.3)%	(818)	(1.4)%	(92)	(0.2)%
Earnings before taxes	2,523	4.3%	3,013	5.2%	3,276	6.3%
Benefit from (provision for) taxes	629	1.1%	2,314	3.9%	(750)	(1.4)%
Net earnings	$3,152	5.4%	$5,327	9.1%	$2,526	4.9%

Net Revenue

In fiscal year 2019, total net revenue increased 0.5% (increased 2.0% on a constant currency basis) as compared to the prior-year period. Net revenue from the United States remained flat at $20.6 billion and net revenue from outside of the United States increased 0.7% to $38.2 billion. The increase in net revenue was primarily driven by growth in Notebooks, Desktops and Workstations in Personal Systems, partially offset by unfavorable foreign currency impacts and a decline in Printing Supplies.

In fiscal year 2018, total net revenue increased 12.3% (increased 10.1% on a constant currency basis) as compared to the prior-year period. Net revenue from the United States increased 6.6% to $20.6 billion and net revenue from outside of the United States increased 15.7% to $37.9 billion. The increase in net revenue was primarily driven by growth in Notebooks, Desktops, Supplies, Commercial Printing Hardware revenue and favorable foreign currency impacts.

A detailed discussion of the factors contributing to the changes in segment net revenue is included under "Segment Information" below.

Gross Margin

Our gross margin was 19.0% for fiscal year 2019 compared with 18.2% for fiscal year 2018. The increase was primarily due to higher rate in Personal Systems driven by lower supply chain costs.

Our gross margin was 18.2% for fiscal year 2018 compared with 18.4% for fiscal year 2017. The decrease was primarily due to higher Commercial Hardware unit placements in Printing and an increase in commodity and logistics costs in Personal Systems, partially offset by higher pricing in Personal Systems and favorable foreign currency impacts.

A detailed discussion of the factors contributing to the changes in segment gross margins is included under "Segment Information" below.

Operating Expenses

Research and Development ("R&D")

R&D expense increased 7% in fiscal year 2019 compared to the prior-year period, primarily due to continuing investments in innovation and key growth initiatives.

R&D expense increased 18% in fiscal year 2018 compared to the prior-year period, primarily due to continuing investment in Printing, including the acquisition of Samsung's printer business.

Selling, General and Administrative ("SG&A")

SG&A expense increased 5% in fiscal year 2019 as compared to the prior-year period, primarily driven by increased investments in key growth initiatives and go-to-market in Personal Systems and investment in digital infrastructure.

SG&A expense increased 13% in fiscal year 2018 as compared to the prior-year period, primarily driven by incremental go-to-market investments to support revenue growth, including the acquisition of Samsung's printer business.

Restructuring and other Charges

Restructuring and other charges increased by $143 million in fiscal year 2019 compared to the prior-year period, primarily due to charges from the Fiscal 2020 Plan and the restructuring plan approved in October 2016 (the "Fiscal 2017 Plan"), which was later amended in May 2018.

Restructuring and other charges decreased by $230 million in fiscal year 2018 compared to the prior-year period, primarily due to lower charges from the Fiscal 2017 Plan.

Acquisition-related Charges

Acquisition-related charges for the fiscal years 2019, 2018 and 2017 relate primarily to third-party professional and legal fees, and integration-related costs, as well as fair value adjustments of certain acquired assets such as inventory.

Amortization of Intangible Assets

Amortization expense increased by $36 million in fiscal year 2019 compared to the prior-year period, due to intangible assets resulting primarily from the acquisition of the Apogee group.

Amortization expense increased by $79 million in fiscal year 2018 compared to the prior-year period, due to intangible assets resulting primarily from the acquisition of Samsung's printer business.

Interest and Other, Net

Interest and other, net expense increased by $536 million in fiscal year 2019 compared to the prior-year period, primarily due to tax indemnifications related to the termination of the tax matters agreement ("TMA") with Hewlett Packard Enterprise during the fourth quarter of fiscal year 2019.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Interest and other, net expense increased by $726 million in fiscal year 2018 compared to the prior-year period, primarily due to the reversal of indemnification receivables from Hewlett Packard Enterprise pertaining to various income tax audit settlements, and loss on extinguishment of debt.

Benefit from (Provision for) Taxes

Our effective tax rates were (24.9%), (76.8%) and 22.9% in fiscal years 2019, 2018 and 2017, respectively. In fiscal year 2019, our effective tax rate generally differs from the U.S. federal statutory rate of 21% primarily due to the resolution of various audits, changes in valuation allowances, and impacts of U.S. tax reform. In fiscal year 2018, our effective tax rate generally differs from the U.S. federal statutory rate of 23.3% primarily due to transitional impacts of U.S. tax reform and resolution of various audits and tax litigation. In fiscal year 2017, our effective tax rate generally differs from the U.S. federal statutory rate of 35% due to favorable tax rates associated with certain earnings in lower-tax jurisdictions throughout the world. The jurisdictions with favorable tax rates that had the most significant impact on our effective tax rate in the periods presented were Puerto Rico, Singapore, China, Malaysia and Ireland. Additionally, the overall effective tax rate in fiscal year 2017 was impacted by adjustments to valuation allowances and state income taxes.

For a reconciliation of our effective tax rate to the U.S. federal statutory rate of 21%, 23.3% and 35% in fiscal years 2019, 2018 and 2017, respectively, and further explanation of our provision for income taxes, see Note 6, "Taxes on Earnings" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

In fiscal year 2019, we recorded $1.3 billion of net income tax benefit related to discrete items in the provision for taxes. This amount includes tax benefits related to audit settlements of $1.0 billion, $75 million due to ability to utilize tax attributes, $57 million of restructuring benefits and net valuation allowance releases of $94 million. We also recorded benefits of $78 million related to U.S. tax reform as a result of new guidance issued by the U.S. Internal Revenue Service ("IRS"). These benefits were partially offset by uncertain tax position charges of $51 million. In fiscal year 2019, in addition to the discrete items mentioned above, we recorded excess tax benefits of $20 million associated with stock options, restricted stock units and performance-adjusted restricted stock units.

In fiscal year 2018, we recorded $2.8 billion of net income tax benefit related to discrete items in the provision for taxes which include impacts of the TCJA. As discussed in the Note 6 "Taxes on Earnings" to the Consolidated Financial Statements in Item 8 of this report, we had not yet completed our analysis of the full impact of the TCJA. However, as of October 31, 2018, we recorded a provisional tax benefit of $760 million related to $5.6 billion net benefit for the decrease in our deferred tax liability on unremitted foreign earnings, partially offset by $3.3 billion net expense for the deemed repatriation tax payable in installments over eight years, a $1.2 billion net expense for the remeasurement of our deferred assets and liabilities to the new U.S. statutory tax rate and a $317 million net expense related to realization on U.S. deferred taxes that are expected to be realized at a lower rate. Fiscal year 2018 also included tax benefits related to audit settlements of $1.5 billion and valuation allowance releases of $601 million pertaining to a change in our ability to utilize certain foreign and U.S. deferred tax assets due to a change in our geographic earnings mix. These benefits were partially offset by other net tax charges of $34 million. In fiscal year 2018, in addition to the discrete items mentioned above, we recorded excess tax benefits of $42 million associated with stock options, restricted stock units and performance-adjusted restricted stock units.

In fiscal year 2017, we recorded $72 million of net income tax benefit related to discrete items in the provision for taxes. These amounts primarily include tax benefits of $84 million related to restructuring and other charges, $12 million related to U.S. federal provision to return adjustments, $45 million related to Samsung acquisition-related charges, and $13 million of other net tax benefits. In addition, we recorded tax charges of $11 million related to changes in state valuation allowances, $22 million of state provision to return adjustments, and $49 million related to uncertain tax positions.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Segment Information

A description of the products and services for each segment can be found in Note 2, "Segment Information," to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. Future changes to this organizational structure may result in changes to the segments disclosed.

Realignment

Effective at the beginning of its first quarter of fiscal year 2019, we implemented an organizational change to align our business unit financial reporting more closely with our current business structure. The organizational change resulted in the transfer of certain Samsung-branded product categories from Commercial to Consumer within the Printing segment. We reflected this change to our business unit information in prior reporting periods on an as-if basis. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from operations, net earnings or net earnings per share ("EPS").

Personal Systems

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
	DOLLARS IN MILLIONS		
Net revenue	$38,694	$37,661	$33,321
Earnings from operations	$1,898	$1,402	$1,206
Earnings from operations as a % of net revenue	4.9%	3.7%	3.6%

The components of net revenue and the weighted net revenue change by business unit were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31				
	NET REVENUE			WEIGHTED NET REVENUE CHANGE PERCENTAGE POINTS(1)	
	2019	2018	2017	2019	2018
	IN MILLIONS				
Notebooks	$22,928	$22,547	$19,782	1.0	8.3
Desktops	12,046	11,567	10,298	1.3	3.8
Workstations	2,389	2,246	2,042	0.4	0.6
Other	1,331	1,301	1,199	—	0.3
Total Personal Systems	$38,694	$37,661	$33,321	2.7	13.0

(1) Weighted Net Revenue Change Percentage Points measures contribution of each business unit towards overall segment revenue growth. It is calculated by dividing the change in revenue of each business unit from the prior-year period by total segment revenue for the prior-year period.

Fiscal Year 2019 compared with Fiscal Year 2018

Personal Systems net revenue increased 2.7% (increased 4.9% on a constant currency basis) in fiscal year 2019 as compared to the prior-year period. The net revenue increase was primarily due to growth in Notebooks, Desktops and Workstations, partially offset by unfavorable foreign currency impacts. The net revenue increase was driven by a 2.2% increase in unit volume and 0.5% increase in average selling prices ("ASPs") as compared to the prior-year period. The increase in unit volume was primarily due to growth in Notebooks and Desktops. The increase in ASPs was primarily due to positive mix shifts and higher pricing, partially offset by unfavorable foreign currency impacts. Commercial revenue increased 7.0% primarily driven by higher unit volume partially offset by unfavorable foreign currency impacts, and consumer revenue decreased by 5.5% primarily driven by lower unit volume, respectively, in fiscal year 2019 as compared to the prior-year period.

Net revenue increased 1.7% in Notebooks, 4.1% in Desktops and 6.4% in Workstations in fiscal year 2019 as compared to the prior-year period.

Personal Systems earnings from operations as a percentage of net revenue increased by 1.2 percentage points in fiscal year 2019 as compared to the prior-year period, primarily due to in an increase in gross margin, partially offset by an increase in operating expenses. The increase in gross margin was primarily due to lower supply chain costs and higher ASPs. The increase in operating expenses was primarily due to increased investments in key growth initiatives and go-to-market.

Fiscal Year 2018 compared with Fiscal Year 2017

Personal Systems net revenue increased 13.0% (increased 10.5% on a constant currency basis) in fiscal year 2018 as compared to the prior-year period. The net revenue increase was primarily due to growth in Notebooks and Desktops and favorable foreign currency impacts. The net revenue increase was driven by a 6.6% increase in unit volume and 6.0% increase in ASPs as compared to the prior-year period. The increase in unit volume was primarily due to growth in Notebooks and Desktops. The increase in ASPs was primarily due to higher pricing driven by increased commodity and logistics costs, favorable foreign currency impacts and positive mix shifts. Consumer and Commercial revenue increased 11% and 14%, respectively, in fiscal year 2018 as compared to the prior-year period, driven by growth in Notebooks, Desktops and Workstations as a result of higher unit volume combined with higher ASPs.

Net revenue increased 14% in Notebooks, 12% in Desktops and 10% in Workstations in fiscal year 2018 as compared to the prior-year period.

Personal Systems earnings from operations as a percentage of net revenue increased by 0.1 percentage points in fiscal year 2018 as compared to the prior-year period. The increase was primarily due to higher ASPs, partially offset by an increase in commodity and logistics costs.

Printing

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
	DOLLARS IN MILLIONS		
Net revenue	$20,066	$20,805	$18,728
Earnings from operations	$3,202	$3,314	$3,142
Earnings from operations as a % of net revenue	16.0%	15.9%	16.8%

The components of the net revenue and weighted net revenue change by business unit were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31				
	NET REVENUE			WEIGHTED NET REVENUE CHANGE PERCENTAGE POINTS(1)	
	2019	2018	2017	2019	2018
	IN MILLIONS				
Supplies	$12,921	$13,575	$12,524	(3.2)	5.6
Commercial Hardware	4,612	4,514	3,792	0.5	3.9
Consumer Hardware	2,533	2,716	2,412	(0.9)	1.6
Total Printing	$20,066	$20,805	$18,728	(3.6)	11.1

(1) Weighted Net Revenue Change Percentage Points measures the contribution of each business unit towards overall segment revenue growth. It is calculated by dividing the change in revenue of each business unit from the prior period by total segment revenue for the prior-year period.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Fiscal Year 2019 compared with Fiscal Year 2018

Printing net revenue decreased 3.6% (decreased 3.0% on a constant currency basis) for fiscal year 2019 as compared to prior-year period. The decline in net revenue was primarily driven by a decline in Supplies, Consumer Hardware revenue and unfavorable foreign currency impacts, partially offset by an increase in Commercial Hardware revenue. Net revenue for Supplies decreased 4.8% as compared to the prior-year period, primarily due to demand weakness. Printer unit volume decreased 4.8% compared to the prior-year period. The decrease in printer unit volume was driven by unit decrease in Consumer Hardware.

Net revenue for Commercial Hardware increased 2.2% as compared to the prior-year period, primarily due to the acquisition of the Apogee group.

Net revenue for Consumer Hardware decreased 6.7% as compared to the prior-year period due to a 5.4% decrease in printer unit volume and 1.7% decrease in ASPs. The unit volume decrease was driven by InkJet Home Consumer business and LaserJet Home business. The decrease in ASPs was primarily due to unfavorable foreign currency impacts.

Printing earnings from operations as a percentage of net revenue increased by 0.1 percentage points for the fiscal year 2019 as compared to the prior-year period, primarily due to higher gross margin. The gross margin increased primarily due to rate improvement in Commercial Hardware partially offset by lower Supplies revenue.

Fiscal Year 2018 compared with Fiscal Year 2017

Printing net revenue increased 11.1% (increased 9.5% on a constant currency basis) for fiscal year 2018 as compared to prior-year period. The increase in net revenue was primarily driven by the increase in Supplies and Hardware revenue and favorable foreign currency impacts. Net revenue for Supplies increased 8.4% as compared to the prior-year period, including the acquisition of Samsung's printer business. Printer unit volume increased 12.7% while ASPs increased 1.7% as compared to the prior-year period. The increase in Printer unit volume was primarily driven by unit increases in Commercial and Consumer Hardware, including the Samsung-branded printers. Printer ASPs increased primarily due to favorable foreign currency impacts, partially offset by the dilution impact from Samsung-branded low-end A4 products.

Net revenue for Commercial Hardware increased 19.0% as compared to the prior-year period, including revenue from Samsung-branded printers, LaserJet and PageWide printers. The unit volume increased by 39.6% while the ASPs decreased by 17.0%. The unit volume increased primarily due to Samsung-branded printers. The decrease in ASPs was primarily due to the dilution impact from Samsung-branded low-end A4 products.

Net revenue for Consumer Hardware increased 12.6% as compared to the prior-year period due to a 9.3% increase in printer unit volume and a 3.4% increase in ASPs. The unit volume increase was driven by Samsung-branded printers, InkJet and LaserJet Home business. The increase in ASPs was primarily due to favorable foreign currency impacts.

Printing earnings from operations as a percentage of net revenue decreased by 0.9 percentage points for the fiscal year 2018 as compared to the prior-year period, primarily due to an increase in operating expenses and lower gross margin. The gross margin decreased primarily due to lower Supplies mix and the dilution impact of Samsung-branded low-end products, partially offset by favorable foreign currency impacts and operational improvements. Operating expenses increased primarily driven by the acquisition of Samsung's printer business and increases in investments in key growth initiatives and go-to-market.

Corporate Investments

The loss from operations in Corporate Investments for the fiscal years 2019, 2018 and 2017 was primarily due to expenses associated with HP Labs and our incubation and investment projects.

Liquidity and Capital Resources

We use cash generated by operations as our primary source of liquidity. We believe that internally generated cash flows are generally sufficient to support our operating businesses, capital expenditures, acquisitions, restructuring activities, maturing debt, income tax payments and the payment of stockholder dividends, in addition to investments and share repurchases. We are able to supplement this short-term liquidity, if necessary, with broad access to capital markets and credit facilities made available by various domestic and foreign financial institutions. While our access to capital markets may be constrained and our cost of borrowing may increase under certain business, market and economic conditions, our access to a variety of funding sources to meet our liquidity needs is designed to facilitate continued access to capital resources under all such conditions. Our liquidity is subject to various risks including the risks identified in the section entitled "Risk Factors" in Item 1A and market risks identified in the section entitled "Quantitative and Qualitative Disclosures about Market Risk" in Item 7A, which are incorporated herein by reference.

Our cash and cash equivalents balances are held in numerous locations throughout the world, with the majority of those amounts held outside of the United States. We utilize a variety of planning and financing strategies in an effort to ensure that our worldwide cash is available when and where it is needed. Our cash position remains strong, and we expect that our cash balances, anticipated cash flow generated from operations and access to capital markets will be sufficient to cover our expected near-term cash outlays.

Amounts held outside of the United States are generally utilized to support non-U.S. liquidity needs and may from time to time be distributed to the United States. The TCJA made significant changes to the U.S. tax law, including a one-time transition tax on accumulated foreign earnings. The payments associated with this one-time transition tax will be paid over eight years and began in fiscal year 2019. We expect a significant portion of the cash and cash equivalents held by our foreign subsidiaries will no longer be subject to U.S. income tax consequences upon a subsequent repatriation to the United States as a result of the transition tax on accumulated foreign earnings. However, a portion of this cash may still be subject to foreign income tax or withholding tax consequences upon repatriation. As we evaluate the future cash needs of our operations, we may revise the amount of foreign earnings considered to be permanently reinvested in our foreign subsidiaries and how to utilize such funds, including reducing our gross debt level, or other uses.

Liquidity

Our cash and cash equivalents, marketable debt securities and total debt were as follows:

	AS OF OCTOBER 31		
	2019	2018	2017
		IN BILLIONS	
Cash and cash equivalents	$4.5	$5.2	$7.0
Marketable debt securities(1)	$—	$0.7	$1.1
Total debt	$5.1	$6.0	$7.8

(1) Includes highly liquid U.S. treasury notes, U.S. agency securities, non-U.S. government bonds, corporate debt securities, money market and other funds. We classify these investments within Other current assets in Consolidated Balance Sheets, including those with maturity dates beyond one year, based on their highly liquid nature and availability for use in current operations.

Our key cash flow metrics were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
		IN MILLIONS	
Net cash provided by operating activities	$4,654	$4,528	$3,677
Net cash used in investing activities	(438)	(716)	(1,717)
Net cash used in financing activities	(4,845)	(5,643)	(1,251)
Net (decrease) increase in cash and cash equivalents	$(629)	$(1,831)	$709

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Operating Activities

Net cash provided by operating activities increased marginally by $0.1 billion for fiscal year 2019 as compared to fiscal year 2018.

Net cash provided by operating activities increased by $0.9 billion for fiscal year 2018 as compared to fiscal year 2017. The increase was primarily due to higher earnings from operations and cash generated from working capital management activities.

Working Capital Metrics

Management utilizes current cash conversion cycle information to manage our working capital level. The table below presents the cash conversion cycle:

	AS OF OCTOBER 31		
	2019	2018	2017
Days of sales outstanding in accounts receivable ("DSO")	35	30	29
Days of supply in inventory ("DOS")	41	43	46
Days of purchases outstanding in accounts payable ("DPO")	(107)	(105)	(105)
Cash conversion cycle	(31)	(32)	(30)

The cash conversion cycle is the sum of days of DSO and DOS less DPO. Items which may cause the cash conversion cycle in a particular period to differ from a long-term sustainable rate include, but are not limited to, changes in business mix, changes in payment terms, extent of receivables factoring, seasonal trends and the timing of revenue recognition and inventory purchases within the period.

DSO measures the average number of days our receivables are outstanding. DSO is calculated by dividing ending accounts receivable, net of allowance for doubtful accounts, by a 90-day average of net revenue. For fiscal years 2019 and 2018, the increase in DSO compared to fiscal years 2018 and 2017, respectively, was primarily due to unfavorable revenue linearity.

DOS measures the average number of days from procurement to sale of our product. DOS is calculated by dividing ending inventory by a 90-day average of cost of goods sold. For fiscal year 2019, the decrease in DOS compared to fiscal year 2018 was primarily due to reduction in inventory driven by reclassification of certain balances to other current assets pursuant to adoption of the new revenue standard in the first quarter of fiscal 2019. For fiscal year 2018, the DOS was lower primarily due to a focus on inventory management.

DPO measures the average number of days our accounts payable balances are outstanding. DPO is calculated by dividing ending accounts payable by a 90-day average of cost of goods sold. For fiscal year 2019, the increase in DPO compared to fiscal year 2018 was higher primarily due to working capital management activities, partially offset by lower inventory purchasing volume. For fiscal year 2018, the DPO remained flat compared to fiscal year 2017.

Investing Activities

Net cash used in investing activities decreased by $0.3 billion for fiscal year 2019 as compared to fiscal year 2018, primarily due to lower net payments for acquisitions.

Net cash used in investing activities decreased by $1.0 billion for fiscal year 2018 as compared to fiscal year 2017, primarily due to a decrease in investments classified as available-for-sale investments within Other current assets by $1.6 billion, and collateral related to our derivatives of $0.4 billion, partially offset by the payment of $1.0 billion for the acquisition of Samsung's printer business.

Financing Activities

Net cash used in financing activities decreased by $0.8 billion in fiscal year 2019 compared to fiscal year 2018, primarily due to lower payment of debt of $1.5 billion, partially offset by a decrease in outstanding commercial paper amounts of $0.7 billion.

Net cash used in financing activities increased by $4.4 billion in fiscal year 2018 compared to fiscal year 2017, primarily due to the payment to repurchase approximately $1.85 billion of debt, higher share repurchase amount of $1.1 billion and higher outstanding commercial paper of $0.9 billion in fiscal year 2017.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Capital Resources

Debt Levels

	As of October 31		
	2019	2018	2017
	Dollars in millions		
Short-term debt	$357	$1,463	$1,072
Long-term debt	$4,780	$4,524	$6,747
Debt-to-equity ratio	(4.3)x	(9.4)x	(2.3)x
Weighted-average interest rate	4.6%	4.3%	4.0%

We maintain debt levels that we establish through consideration of a number of factors, including cash flow expectations, cash requirements for operations, investment plans (including acquisitions), share repurchase activities, our cost of capital and targeted capital structure.

Short-term debt decreased by $1.1 billion for fiscal year 2019 as compared to fiscal year 2018, primarily due to a decrease in outstanding commercial paper amounts of $0.9 billion.

Long-term debt decreased by $2.2 billion for fiscal year 2018 as compared to fiscal year 2017 primarily due to the payment to repurchase approximately $1.85 billion in aggregate principal amount of U.S. Dollar Global Notes.

Our debt-to-equity ratio is calculated as the carrying amount of debt divided by total stockholders' deficit. Our debt-to-equity ratio changed by 5.1x in fiscal year 2019 compared to fiscal year 2018, primarily due to an increase in stockholders' deficit balance of $0.6 billion.

Our debt-to-equity ratio changed by 7.1x in fiscal year 2018 compared to fiscal year 2017, primarily due to a decrease in stockholders' deficit balance of $2.8 billion.

Our weighted-average interest rate reflects the effective interest rate on our borrowings prevailing during the period and reflects the effect of interest rate swaps. For more information on our interest rate swaps, see Note 10, "Financial Instruments" in the Consolidated Financial Statements and notes thereto in Item 8, "Financial Statements and Supplementary Data".

Available Borrowing Resources

We had the following resources available to obtain short or long-term financing:

	As of October 31, 2019
	In millions
2016 Shelf Registration Statement	Unspecified
Uncommitted lines of credit	$724

The 2016 Shelf Registration Statement will expire in December 2019, around which time we expect to file a new shelf registration statement.

As of October 31, 2019, we maintain a senior unsecured committed revolving credit facility with aggregate lending commitments of $4.0 billion, that will be available until March 30, 2023 and is primarily to support the issuance of commercial paper. Funds borrowed under this revolving credit facility may also be used for general corporate purposes.

For more information on our borrowings, see Note 11, "Borrowings", to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Credit Ratings

Our credit risk is evaluated by major independent rating agencies based upon publicly available information as well as information obtained in our ongoing discussions with them. While we do not have any rating downgrade triggers that would accelerate the maturity of a material amount of our debt, previous downgrades have increased the cost of borrowing under our credit facility, have reduced market capacity for our commercial paper and have required the posting of additional collateral under some of our derivative contracts. In addition, any further downgrade to our credit ratings by any rating agencies may further impact us in a similar manner, and, depending on the extent of any such downgrade, could have a negative impact on our liquidity and capital position. We can access alternative sources of funding, including drawdowns under our credit facility, if necessary, to offset potential reductions in the market capacity for our commercial paper.

Contractual and Other Obligations

Our contractual and other obligations as of October 31, 2019, were as follows:

	PAYMENTS DUE BY PERIOD				
	TOTAL	1 YEAR OR LESS	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
	IN MILLIONS				
Principal payments on debt[1]	$4,539	$129	$1,955	$1,245	$1,210
Interest payments on debt[2]	1,890	214	273	157	1,246
Purchase obligations[3]	372	176	178	18	—
Operating lease obligations[4]	1,340	284	399	262	395
Capital lease obligations[5]	676	249	344	80	3
Total[6][7][8][9]	$8,817	$1,052	$3,149	$1,762	$2,854

(1) Amounts represent the principal cash payments relating to our short-term and long-term debt and do not include any fair value adjustments, discounts or premiums.

(2) Amounts represent the expected interest payments relating to our short-term and long-term debt. We have outstanding interest rate swap agreements accounted for as fair value hedges that have the economic effect of changing fixed interest rates associated with some of our U.S. Dollar Global Notes to variable interest rates. The impact of our outstanding interest rate swaps at October 31, 2019 was factored into the calculation of the future interest payments on debt.

(3) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. These purchase obligations are related principally to inventory and other items. Purchase obligations exclude agreements that are cancelable without penalty. Purchase obligations also exclude open purchase orders that are routine arrangements entered into in the ordinary course of business as they are difficult to quantify in a meaningful way. Even though open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust terms based on our business needs prior to the delivery of goods or performance of services.

(4) Amounts represent the operating lease obligations, net of total sublease income of $130 million.

(5) Amounts represent the capital lease obligations, including total capital lease interest obligations of $64 million.

(6) *Retirement and Post-Retirement Benefit Plan Contributions.* In fiscal year 2020, we expect to contribute approximately $76 million to non-U.S. pension plans, $36 million to cover benefit payments to U.S. non-qualified plan participants and $6 million to cover benefit claims for our post-retirement benefit plans. Our policy is to fund our pension plans so that we meet at least the minimum contribution required by local government, funding and taxing authorities. Expected contributions and payments to our pension and post-retirement benefit plans are excluded from the contractual obligations table because they do not represent contractual cash outflows as they are dependent on numerous factors which may result in a wide range of outcomes. For more information on our retirement and post-retirement benefit plans, see Note 4, "Retirement and Post-Retirement Benefit Plans", to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

(7) *Cost Savings Plans.* As a result of our approved restructuring plans, including the Fiscal 2020 plan, we expect to make future cash payments of approximately $1.0 billion. We expect to make future cash payments of $418 million in fiscal year 2020 with remaining cash payments through fiscal year 2023. These payments have been excluded from the contractual obligations table because they do not represent contractual cash outflows and there is uncertainty as to the timing of these payments. For more information on our restructuring activities that are part of our cost improvements, see Note 3, "Restructuring and Other Charges", to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

(8) *Uncertain Tax Positions.* As of October 31, 2019, we had approximately $509 million of recorded liabilities and related interest and penalties pertaining to uncertain tax positions. We are unable to make a reasonable estimate as to when cash settlement with the tax authorities might occur due to the uncertainties related to these tax matters. Payments of these obligations would result from settlements with taxing authorities. For more information on our uncertain tax positions, see Note 6, "Taxes on Earnings", to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

(9) *Payment of one-time transition taxes under the TCJA.* The TCJA made significant changes to U.S. tax law resulting in a one-time gross transition tax of $3.0 billion on accumulated foreign earnings. We expect the actual cash payments for the tax to be much lower as we expect to reduce the overall liability by more than half once existing and future credits and other balance sheet tax attributes are used. The payments associated with this one-time transition tax will be paid over eight years and began in fiscal year 2019.

Off-Balance Sheet Arrangements

As part of our ongoing business, we have not participated in transactions that generate material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

We have third-party short-term financing arrangements intended to facilitate the working capital requirements of certain customers. For more information on our third-party short-term financing arrangements, see Note 7 "Supplementary Financial Information" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, we are exposed to foreign currency exchange rate and interest rate risks that could impact our financial position and results of operations. Our risk management strategy with respect to these market risks may include the use of derivative instruments. We use derivative contracts only to manage existing underlying exposures. Accordingly, we do not use derivative contracts for speculative purposes. Our risks, risk management strategy and a sensitivity analysis estimating the effects of changes in fair value for each of these exposures are outlined below.

Actual gains and losses in the future may differ materially from the sensitivity analyses based on changes in the timing and amount of foreign currency exchange rate and interest rate movements and our actual exposures and derivatives in place at the time of the change, as well as the effectiveness of the derivative to hedge the related exposure.

Foreign currency exchange rate risk

We are exposed to foreign currency exchange rate risk inherent in our sales commitments, anticipated sales, anticipated purchases and assets and liabilities denominated in currencies other than the U.S. dollar. We transact business in over 40 currencies worldwide, of which the most significant foreign currencies to our operations for fiscal year 2019 were the euro, Chinese yuan renminbi, the Japanese yen and the British pound. For most currencies, we are a net receiver of the foreign currency and therefore benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to the foreign currency. Even where we are a net receiver of the foreign currency, a weaker U.S. dollar may adversely affect certain expense figures, if taken alone.

We use a combination of forward contracts and at times, options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in our forecasted net revenue and, to a lesser extent in cost of sales. In addition, when debt is denominated in a foreign currency, we may use swaps to exchange the foreign currency principal and interest obligations for U.S. dollar-denominated amounts to manage the exposure to changes in foreign currency exchange rates. We also use other derivatives not designated as hedging instruments consisting primarily of forward contracts to hedge foreign currency balance sheet exposures. Alternatively, we may choose not to hedge the risk associated with our foreign currency exposures, primarily if such exposure acts as a natural hedge for offsetting amounts denominated in the same currency or if the currency is too difficult or too expensive to hedge.

We have performed sensitivity analyses for continuing operations as of October 31, 2019 and 2018, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of foreign currency exchange rates relative to the U.S. dollar, with all other variables held constant. The analyses cover all of our foreign currency derivative contracts offset by underlying exposures. The foreign currency exchange rates we used in performing the sensitivity analysis were based on market rates in effect at October 31, 2019 and 2018. The sensitivity analyses indicated that a hypothetical 10% adverse movement in foreign currency exchange rates would result in a foreign exchange fair value loss of $81 million and $75 million at October 31, 2019 and October 31, 2018, respectively.

Interest rate risk

We also are exposed to interest rate risk related to debt we have issued and our investment portfolio.

We issue long-term debt in either U.S. dollars or foreign currencies based on market conditions at the time of financing. We often use interest rate and/or currency swaps to modify the market risk exposures in connection with the debt to achieve U.S. dollar LIBOR-based floating interest expense. The swap transactions generally involve the exchange of fixed for floating interest payments. However, we may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if we believe a larger proportion of fixed-rate debt would be beneficial.

In order to hedge the fair value of certain fixed-rate investments, we may enter into interest rate swaps that convert fixed interest returns into variable interest returns. We may use cash flow hedges to hedge the variability of LIBOR-based interest income received on certain variable-rate investments. We may also enter into interest rate swaps that convert variable rate interest returns into fixed-rate interest returns.

We have performed sensitivity analyses as of October 31, 2019 and 2018, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of interest rates across the entire yield curve, with all other variables held constant. The analyses cover our debt, investments and interest rate swaps. The analyses use actual or approximate maturities for the debt, investments and interest rate swaps. The discount rates used were based on the market interest rates in effect at October 31, 2019 and 2018. The sensitivity analyses indicated that a hypothetical 10% adverse movement in interest rates would have resulted in a loss in the fair values of our debt and investments, net of interest rate swaps, of $49 million at October 31, 2019 and $69 million at October 31, 2018.

Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of HP Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of HP Inc. and subsidiaries (the Company) as of October 31, 2019 and 2018, the related consolidated statements of earnings, comprehensive income, stockholders' deficit and cash flows for each of the three years in the period ended October 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at October 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of October 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated December 12, 2019 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 1 to the consolidated financial statements, the Company changed its method for recognizing revenue as a result of the adoption of Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), and the amendments effective November 1, 2018 under the modified retrospective method. See below for discussion of our related critical audit matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Income Taxes

Description of the Matter	As described in Notes 1 and 6 of the consolidated financial statements, the Company is subject to income taxes in the United States and approximately 58 other countries and is subject to routine corporate income tax audits in many of those jurisdictions. Uncertainty in the Company's tax positions may arise as tax laws are subject to interpretation and the Company's positions are subject to examination by taxing authorities, which may result in assessments of additional amounts owed. Determining the income tax provision for these potential assessments and recording the related effects requires significant management judgment in estimating whether a tax position's technical merits are more-likely-than-not to be sustained and measuring the amount of tax benefit that qualifies for recognition. Additionally, the Company records a valuation allowance to reduce deferred tax assets to the amount which are more likely than not to be realized. In determining the need for a valuation allowance, the Company considers certain subjective factors such as future market growth, forecasted earnings, future taxable income, mix of earnings in the jurisdictions in which they operate and prudent and feasible tax planning strategies. Our assessment of management's analyses of the reserve for uncertain tax positions and the realizability of its deferred tax assets are significant to our audit because the amounts are material to the financial statements and the assessment process involves significant judgment. For example, management's assumptions that may be affected by future market and economic conditions or interpretations of tax laws and legal rulings are challenging to audit.
How We Addressed the Matter in Our Audit	We tested controls over management's processes relating to the recording of unrecognized tax benefits, including controls over the Company's process to assess the technical merits of its uncertain tax positions, and the realizability of deferred tax assets, including the development of the above described assumptions and judgments. Our audit procedures included an evaluation of the Company's key assumptions and judgments and testing the completeness and accuracy of the underlying data used to determine the amount of unrecognized tax benefits recognized. For example, we evaluated the measurement of the amounts recorded taking into consideration the applicable tax laws. We also evaluated the key assumptions and judgments used by management in determining the need for a valuation allowance and testing the completeness and accuracy of the underlying data used in the Company's process. For example, we compared the projections of future taxable income with the actual results of prior periods as well as management's consideration of current industry and economic trends. In each of these areas, we involved our tax professionals to assess the technical merits of the Company's tax positions. This included assessing the Company's correspondence with the relevant tax authorities and evaluating income tax opinions or other third-party advice obtained by the Company.

Revenue Recognition

Description of the Matter

As described in Note 1 of the consolidated financial statements, the Company enters into certain contracts to sell their products and services that contain non-standard terms and conditions and multiple performance obligations. For such contracts, significant interpretation may be required to determine the appropriate accounting, including the allocation of the transaction price among performance obligations in the arrangement and the timing of the transfer of control of promised goods or services for each of those performance obligations.

In addition, the Company reduces revenue for customer and distributor programs and incentive offerings including rebates, promotions, other volume-based incentives and expected returns. The Company uses significant estimates to determine the expected variable consideration for such programs based on factors like historical experience, forecasted sales, expected customer behavior and market conditions. Also, as discussed above, the Company adopted the new revenue recognition standard, which added further complexity and judgment related to the transition amount recorded at the date of adoption.

Our assessment of management's evaluation of the appropriate accounting for revenue contracts and the determination of the variable consideration for sales incentives and implementation of the new revenue recognition standard are significant to our audit because the amounts are material to the financial statements and the assessment process involves significant judgment.

How We Addressed the Matter in Our Audit

We tested relevant controls over the identified risks related to the Company's implementation of the new revenue recognition standard and the accounting for revenue recognition, including the controls to evaluate the appropriate accounting treatment for contracts containing non-standard terms and conditions and multiple performance obligations and the controls related to the estimation process to record the variable consideration related to certain sales incentives.

Our audit procedures included, among others, evaluating how the Company applied the new revenue recognition standard to its contracts and assessing how the Company applied judgment to determine the transition amount and disclosures, inspection of contracts entered into during the period, evaluation of management's judgments related to the interpretation of certain contract provisions including the identification of performance obligations, the method of allocating the transaction price to the performance obligations in the arrangement, and the assessment of the appropriateness of the amount of revenue recognized. We also evaluated the Company's key assumptions and judgments and tested the completeness and accuracy of the underlying data used to determine the variable consideration for sales incentives. This included analyzing data related to the historical experience of sales incentive payments as well as understanding the current market dynamics that can affect the estimate of variable consideration to assess the Company's judgments and estimates.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 2000
San Jose, California
December 12, 2019

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of HP Inc.

Opinion on Internal Control over Financial Reporting

We have audited HP Inc. and subsidiaries' internal control over financial reporting as of October 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, HP Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of October 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of HP Inc. and subsidiaries as of October 31, 2019 and 2018, the related consolidated statements of earnings, comprehensive income, stockholders' deficit and cash flows for each of the three years in the period ended October 31, 2019, and the related notes and our report dated December 12, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

San Jose, California
December 12, 2019

Management's Report on Internal Control Over Financial Reporting

HP's management is responsible for establishing and maintaining adequate internal control over financial reporting. HP's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. HP's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of HP; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of HP are being made only in accordance with authorizations of management and directors of HP; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of HP's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

HP's management assessed the effectiveness of HP's internal control over financial reporting as of October 31, 2019, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013 framework). Based on the assessment by HP's management, we determined that HP's internal control over financial reporting was effective as of October 31, 2019. The effectiveness of HP's internal control over financial reporting as of October 31, 2019 has been audited by Ernst & Young LLP, HP's independent registered public accounting firm, as stated in their report which appears on page 54 of this Annual Report on Form 10-K.

/s/ ENRIQUE LORES

Enrique Lores
President and Chief Executive Officer
December 12, 2019

/s/ STEVE FIELER

Steve Fieler
Chief Financial Officer
December 12, 2019

HP Inc. and Subsidiaries

Consolidated Statements of Earnings

	For the fiscal years ended October 31		
	2019	2018	2017
	In millions, except per share amounts		
Net revenue	$58,756	$58,472	$52,056
Costs and expenses:			
Cost of revenue	47,586	47,803	42,478
Research and development	1,499	1,404	1,190
Selling, general and administrative	5,368	5,099	4,532
Restructuring and other charges	275	132	362
Acquisition-related charges	35	123	125
Amortization of intangible assets	116	80	1
Total costs and expenses	54,879	54,641	48,688
Earnings from operations	3,877	3,831	3,368
Interest and other, net	(1,354)	(818)	(92)
Earnings before taxes	2,523	3,013	3,276
Benefit from (provision for) taxes	629	2,314	(750)
Net earnings	$3,152	$5,327	$2,526
Net earnings per share:			
Basic	$2.08	$3.30	$1.50
Diluted	$2.07	$3.26	$1.48
Weighted-average shares used to compute net earnings per share:			
Basic	1,515	1,615	1,688
Diluted	1,524	1,634	1,702

The accompanying notes are an integral part of these Consolidated Financial Statements.

HP Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

	For the fiscal years ended October 31		
	2019	2018	2017
		In millions	
Net earnings	$3,152	$5,327	$2,526
Other comprehensive (loss) income before taxes:			
Change in unrealized components of available-for-sale debt securities:			
Unrealized gains (losses) arising during the period	1	(3)	4
Losses (gains) reclassified into earnings	3	(5)	—
	4	(8)	4
Change in unrealized components of cash flow hedges:			
Unrealized gains (losses) arising during the period	252	341	(651)
(Gains) losses reclassified into earnings	(380)	258	199
	(128)	599	(452)
Change in unrealized components of defined benefit plans:			
(Losses) gains arising during the period	(303)	11	455
Amortization of actuarial loss and prior service benefit	43	48	74
Curtailments, settlements and other	42	3	3
	(218)	62	532
Change in cumulative translation adjustment	4	—	—
Other comprehensive (loss) income before taxes	(338)	653	84
Provision for taxes	(42)	(80)	(64)
Other comprehensive (loss) income, net of taxes	(380)	573	20
Comprehensive income	$2,772	$5,900	$2,546

The accompanying notes are an integral part of these Consolidated Financial Statements.

HP Inc. and Subsidiaries

Consolidated Balance Sheets

	As of October 31	
	2019	2018
	In millions, except par value	
ASSETS		
Current assets:		
Cash and cash equivalents	$4,537	$5,166
Accounts receivable, net	6,031	5,113
Inventory	5,734	6,062
Other current assets	3,875	5,046
Total current assets	20,177	21,387
Property, plant and equipment, net	2,794	2,198
Goodwill	6,372	5,968
Other non-current assets	4,124	5,069
Total assets	$33,467	$34,622
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Notes payable and short-term borrowings	$357	$1,463
Accounts payable	14,793	14,816
Other current liabilities	10,143	8,852
Total current liabilities	25,293	25,131
Long-term debt	4,780	4,524
Other non-current liabilities	4,587	5,606
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, $0.01 par value (300 shares authorized; none issued)	—	—
Common stock, $0.01 par value (9,600 shares authorized; 1,458 and 1,560 shares issued and outstanding at October 31, 2019, and 2018 respectively)	15	16
Additional paid-in capital	835	663
Accumulated deficit	(818)	(473)
Accumulated other comprehensive loss	(1,225)	(845)
Total stockholders' deficit	(1,193)	(639)
Total liabilities and stockholders' deficit	$33,467	$34,622

The accompanying notes are an integral part of these Consolidated Financial Statements.

HP Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	For the fiscal years ended October 31		
	2019	2018	2017
		In millions	
Cash flows from operating activities:			
Net earnings	$3,152	$5,327	$2,526
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	744	528	354
Stock-based compensation expense	297	268	224
Restructuring and other charges	275	132	362
Deferred taxes on earnings	133	(3,653)	238
Other, net	254	319	134
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(761)	(491)	(453)
Inventory	(68)	(136)	(1,346)
Accounts payable	(53)	1,429	2,161
Taxes on earnings	(851)	389	73
Restructuring and other	(154)	(237)	(233)
Other assets and liabilities	1,686	653	(363)
Net cash provided by operating activities	4,654	4,528	3,677
Cash flows from investing activities:			
Investment in property, plant and equipment	(671)	(546)	(402)
Proceeds from sale of property, plant and equipment	—	172	69
Purchases of available-for-sale securities and other investments	(80)	(367)	(1,400)
Maturities and sales of available-for-sale securities and other investments	771	847	231
Collateral posted for derivative instruments	(32)	(1,165)	(1,170)
Collateral returned for derivative instruments	32	1,379	955
Payments made in connection with business acquisitions, net of cash acquired	(458)	(1,036)	—
Net cash used in investing activities	(438)	(716)	(1,717)

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
		IN MILLIONS	
Cash flows from financing activities:			
(Payments of) Proceeds from short-term borrowings with original maturities less than 90 days, net	(856)	743	202
Proceeds from short-term borrowings with original maturities greater than 90 days	—	712	887
Proceeds from debt, net of issuance costs	127	—	5
Payment of short-term borrowings with original maturities greater than 90 days	—	(1,596)	(3)
Payment of debt	(680)	(2,098)	(84)
Settlement of cash flow hedges	—	—	(9)
Stock-based award activities	(61)	52	57
Repurchase of common stock	(2,405)	(2,557)	(1,412)
Cash dividends paid	(970)	(899)	(894)
Net cash used in financing activities	(4,845)	(5,643)	(1,251)
(Decrease) Increase in cash and cash equivalents	(629)	(1,831)	709
Cash and cash equivalents at beginning of period	5,166	6,997	6,288
Cash and cash equivalents at end of period	$4,537	$5,166	$6,997
Supplemental cash flow disclosures:			
Income taxes paid, net of refunds	$89	$951	$438
Interest expense paid	$240	$329	$322
Supplemental schedule of non-cash activities:			
Purchase of assets under capital leases	$366	$258	$200

The accompanying notes are an integral part of these Consolidated Financial Statements.

HP Inc. and Subsidiaries

Consolidated Statements of Stockholders' Deficit

	Common Stock					
	Number of Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	In millions, except number of shares in thousands					
Balance October 31, 2016	1,712,091	$17	$1,030	$(3,498)	$(1,438)	$(3,889)
Net earnings				2,526		2,526
Other comprehensive income, net of taxes					20	20
Comprehensive income						2,546
Issuance of common stock in connection with employee stock plans and other	18,532		52			52
Repurchases of common stock	(81,043)	(1)	(926)	(520)		(1,447)
Cash dividends ($0.53 per common share)				(894)		(894)
Stock-based compensation expense			224			224
Balance October 31, 2017	1,649,580	$16	$380	$(2,386)	$(1,418)	$(3,408)
Net earnings				5,327		5,327
Other comprehensive income, net of taxes					573	573
Comprehensive income						5,900
Issuance of common stock in connection with employee stock plans and other	21,728		47			47
Repurchases of common stock	(111,038)		(32)	(2,515)		(2,547)
Cash dividends ($0.56 per common share)				(899)		(899)
Stock-based compensation expense			268			268
Balance October 31, 2018	1,560,270	$16	$663	$(473)	$(845)	$(639)
Net earnings				3,152		3,152
Other comprehensive loss, net of taxes					(380)	(380)
Comprehensive income						2,772
Issuance of common stock in connection with employee stock plans and other	15,047		(69)			(69)
Repurchases of common stock	(117,598)	(1)	(55)	(2,340)		(2,396)
Cash dividends ($0.64 per common share)				(968)		(968)
Stock-based compensation expense			296			296
Adjustment for adoption of accounting standards (Note 1)	—	—	—	(189)	—	(189)
Balance October 31, 2019	1,457,719	$15	$835	$(818)	$(1,225)	$(1,193)

The accompanying notes are an integral part of these Consolidated Financial Statements.

HP Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Consolidated Financial Statements of HP and its wholly-owned subsidiaries are prepared in conformity with U.S. GAAP.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of HP and its subsidiaries and affiliates in which HP has a controlling financial interest or is the primary beneficiary. All intercompany balances and transactions have been eliminated.

Reclassifications

Effective at the beginning of its first quarter of fiscal year 2019, HP implemented an organizational change to align its business unit financial reporting more closely with its current business structure. HP reflected this change to its business unit information in prior reporting periods on an as-if basis. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from operations, net earnings or net EPS.

HP has reclassified certain prior-year amounts to conform to the current-year presentation as a result of the adoption of Accounting Standards Update ("ASU") 2017-07, "Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". This adoption had no impact on previously reported consolidated net revenue, net earnings or net EPS.

For detailed discussion see Note 2, "Segment Information".

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in HP's Consolidated Financial Statements and accompanying notes. Actual results may differ materially from those estimates.

Foreign Currency Translation

HP predominantly uses the U.S. dollar as its functional currency. Assets and liabilities denominated in non-U.S. dollars are remeasured into U.S. dollars at current exchange rates for monetary assets and liabilities and at historical exchange rates for nonmonetary assets and liabilities. Net revenue, costs and expenses denominated in non-U.S. dollars are recorded in U.S. dollars at monthly average exchange rates prevailing during the period. HP includes gains or losses from foreign currency remeasurement in Interest and other, net in the Consolidated Statements of Earnings. Certain foreign subsidiaries designate the local currency as their functional currency, and HP records the translation of their assets and liabilities into U.S. dollars at the balance sheet dates as translation adjustments and includes them as a component of accumulated other comprehensive loss.

Separation Transaction

In connection with the Separation, HP and Hewlett Packard Enterprise entered into a separation and distribution agreement, an employee matters agreement and various other agreements which remain enforceable that provide a framework for the continuing relationships between the parties. For more information on the impacts of these agreements, see Note 7, "Supplementary Financial Information", Note 14, "Litigation and Contingencies" and Note 15, "Guarantees, Indemnifications and Warranties".

Recently Adopted Accounting Pronouncements

In February 2018, the FASB issued guidance, which eliminates the stranded tax effects in other comprehensive income resulting from the TCJA. Because the amendments only relate to the reclassification of the income tax effects of the TCJA, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from operations is not affected. HP early adopted this guidance in the third quarter of fiscal year 2019. The implementation of this guidance resulted in a $69 million reclassification from accumulated other comprehensive loss to accumulated deficit.

In March 2017, the Financial Accounting Standards Board ("FASB") issued guidance, which addresses the improvement of the presentation of net periodic pension and net periodic post-retirement benefit cost. The guidance requires entities to present the service cost component of net periodic benefit cost in the same income statement line item as other compensation costs arising from services rendered during the period. Additionally, the guidance requires that companies present the other components of the net periodic benefit cost separately from the line item that includes service cost and any other subtotal of income from operations. The amendments in this guidance are to be applied retrospectively for presentation in the Consolidated Statements

Note 1: Summary of Significant Accounting Policies (Continued)

of Earnings. A practical expedient allows companies to use the amount disclosed in its pension and other post-retirement plan note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements. HP adopted this guidance in the first quarter of fiscal year 2019 and elected to use the practical expedient. The adoption of this guidance has no impact on net earnings. The reclassification resulted in an increase in total cost and expenses and a reduction in interest and other, net of $233 million for the twelve months ended October 31, 2018.

In November 2016, the FASB issued guidance, which addresses the presentation of restricted cash in the statement of cash flows. The guidance requires entities to present the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. HP adopted this guidance in the first quarter of fiscal year 2019. The implementation of this guidance did not have any impact on its Consolidated Financial Statements.

In October 2016, the FASB issued guidance, which amends the existing accounting for Intra-Entity Transfers of Assets Other Than Inventory. The guidance (Topic 740) requires an entity to recognize the income tax consequences of intra-entity transfers, other than inventory, when the transfer occurs. It also requires modified retrospective transition with a cumulative catch-up adjustment to opening retained earnings in the period of adoption. HP adopted this guidance in the first quarter of fiscal year 2019. The implementation of this guidance resulted in $353 million of net reduction to its prepaid tax asset adjusted through accumulated deficit. In the fourth quarter of fiscal year 2019, HP corrected this impact to $47 million by recording a deferred tax asset adjusted through accumulated deficit.

In August 2016, the FASB issued guidance, which amends the existing accounting standards for the classification of certain cash receipts and cash payments on the statement of cash flows. HP adopted this guidance in the first quarter of fiscal year 2019. The implementation of this guidance did not have any impact on its Consolidated Financial Statements.

In January 2016, the FASB issued guidance, which amends the existing accounting standards for the recognition and measurement of financial assets and financial liabilities. The guidance (Topic 825-10) primarily addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendments should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption, with other amendments related specifically to equity securities without readily determinable fair values applied prospectively. HP adopted this guidance in the first quarter of fiscal year 2019. The implementation of this guidance did not have a material impact on its Consolidated Financial Statements.

In May 2014, the FASB issued guidance, which amends the existing accounting standards for revenue recognition. The amendments (Topic 606) are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. HP adopted the new revenue standard in the first quarter of fiscal year 2019 using the modified retrospective method applied to contracts that were not completed as of November 1, 2018. HP recognized the net impact of adoption as an increase to accumulated deficit by $212 million, net of tax, on November 1, 2018.

The primary changes that impact the Consolidated Financial Statements are as below:

Variable consideration - HP estimates the transaction price for elements of consideration which are variable in nature. Certain distributor programs and incentive offerings which were recorded at the date the sales incentives were offered, are now recorded at the time of revenue recognition based on estimates.

Costs to obtain a contract - The incremental costs to obtain a contract are primarily comprised of eligible sales commissions which were previously expensed as incurred. HP has capitalized such eligible sales commission costs for contracts with terms of more than one year and amortized those costs over the expected period of the benefit.

The adoption has led to certain balance sheet reclassifications pertaining to return asset and liability and repurchase reserves which impacts accounts receivable, net, inventory, other current assets and other current liabilities balances.

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements Not Yet Adopted

In August 2017, the FASB issued guidance, which amends the existing accounting standards for derivatives and hedging. The amendment improves the financial reporting of hedging relationships to better represent the economic results of an entity's risk management activities in its financial statements and made certain targeted improvements to simplify the application of the hedge accounting guidance in current U.S. GAAP. HP is required to adopt the guidance in the first quarter of fiscal year 2020. Earlier adoption is permitted. Based on the current assessment, HP expects that the implementation of this guidance will not have a material impact on its Consolidated Financial Statements.

In June 2016, the FASB issued guidance, which requires credit losses on financial assets measured at amortized cost basis to be presented at the net amount expected to be collected, not based on incurred losses. Further, credit losses on available-for-sale debt securities should be recorded through an allowance for credit losses limited to the amount by which fair value is below amortized cost. HP is required to adopt the guidance in the first quarter of fiscal year 2021. Earlier adoption is permitted. HP is currently evaluating the timing and the impact of this guidance on the Consolidated Financial Statements.

In February 2016, the FASB issued guidance ("Topic 842"), which amends the existing accounting standards for leases. Consistent with current guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification. Under the new guidance, a lessee will be required to recognize assets and liabilities for all leases with lease terms of more than twelve months. HP will adopt this guidance in the first quarter of fiscal year 2020 and will apply the modified retrospective transition option made available in July 2018 by the FASB, whereby comparative periods will not be retrospectively presented in the Consolidated Financial Statements. HP will also elect the package of practical expedients not to reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs and the lessee practical expedient to combine lease and non-lease components for certain asset classes.

HP has established a cross-functional implementation team to assist in determining the scope of impact, identifying changes to its business processes, implementing a new system solution and evaluating changes to internal controls to support adoption of the new standard. HP currently expects the adoption of Topic 842 to result in an increase in right of use assets and a corresponding increase in lease liabilities on the Consolidated Balance Sheet of approximately $1.0 billion to $1.5 billion. Upon adoption, HP will also record revenue upfront on certain aspects of its MPS and DaaS offerings and will reflect the financing of these offerings as cash flows from financing activities on the Statement of Cash Flows. HP has substantially completed the process of quantifying the impacts that will result from applying the new guidance, and the assessment will be finalized during the first quarter of fiscal year 2020.

Revenue Recognition

General

HP recognizes revenues at a point in time or over time depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which HP expects to be entitled in exchange for those goods or services. HP follows the five-step model for revenue recognition as summarized below:

1. *Identify the contract with a customer* - A contract with customer exists when (i) it is approved and signed by all parties, (ii) each party's rights and obligations can be identified, (iii) payment terms are defined, (iv) it has commercial substance and (v) the customer has the ability and intent to pay. HP evaluates customers' ability to pay based on various factors like historical payment experience, financial metrics and customer credit scores. While the majority of our sales contracts contain standard terms and conditions, there are certain contracts with non-standard terms and conditions.

2. *Identify the performance obligations in the contract* - HP evaluates each performance obligation in an arrangement to determine whether it is distinct, such as hardware and/or service. A performance obligation constitutes distinct goods or services when the customer can benefit from such goods or services either on its own or together with other resources that are readily available to the customer and the performance obligation is distinct within the context of the contract.

3. *Determine the transaction price* - Transaction price is the amount of consideration to which HP expects to be entitled in exchange for transferring goods or services to the

Note 1: Summary of Significant Accounting Policies (Continued)

customer. If the transaction price includes a variable amount, HP estimates the amount it expects to be entitled to using either the expected value or most likely amount method.

HP reduces the transaction price at the time of revenue recognition for customer and distributor programs and incentive offerings, rebates, promotions, other volume-based incentives and expected returns. HP uses estimates to determine the expected variable consideration for such programs based on factors like historical experience, expected consumer behavior and market conditions.

HP has elected the practical expedient of not accounting for significant financing components if the period between revenue recognition and when the customer pays for the product or service is one year or less.

4. *Allocate the transaction price to performance obligations in the contract* - When a sales arrangement contains multiple performance obligations, such as hardware and/or services, HP allocates revenue to each performance obligation in proportion to their selling price. The selling price for each performance obligation is based on its SSP. HP establishes SSP using the price charged for a performance obligation when sold separately ("observable price") and, in some instances, using the price established by management having the relevant authority. When observable price is not available, HP establishes SSP based on management judgment considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life-cycle. Consideration is also given to market conditions such as competitor pricing strategies and technology industry life cycles.

5. *Recognize revenue when (or as) the performance obligation is satisfied* - Revenue is recognized when, or as, a performance obligation is satisfied by transferring control of a promised good or service to a customer. HP generally invoices the customer upon delivery of the goods or services and the payments are due as per contract terms. For fixed price support or maintenance contracts that are in the nature of stand-ready obligations, payments are generally received in advance from customers and revenue is recognized on a straight-line basis over the duration of the contract.

HP reports revenue net of any taxes collected from customers and remitted to government authorities, and the collected taxes are recorded as other current liabilities until remitted to the relevant government authority. HP includes costs related to shipping and handling in cost of revenue.

HP records revenue on a gross basis when HP is a principal in the transaction and on a net basis when HP is acting as an agent between the customer and the vendor. HP considers several factors to determine whether it is acting as a principal or an agent, most notably whether HP is the primary obligor to the customer, has established its own pricing and has inventory and credit risks.

Hardware

HP transfers control of the products to the customer at the time the product is delivered to the customer and recognizes revenue accordingly, unless customer acceptance is uncertain or significant obligations to the customer remain unfulfilled.

Services

HP recognizes revenue from fixed-price support, maintenance and other service contracts over time depicting the pattern of service delivery and recognizes the costs associated with these contracts as incurred.

Contract Assets and Liabilities

Contract assets are rights to consideration in exchange for goods or services that HP has transferred to a customer when such right is conditional on something other than the passage of time. Such contract assets are not material to HP's Consolidated Financial Statements.

Contract liabilities are recorded as deferred revenues when amounts invoiced to customers are more than the revenues recognized or when payments are received in advance for fixed price support or maintenance contracts. The short-term and long-term deferred revenues are reported within the other current liabilities and other non-current liabilities respectively.

Cost to obtain a contract and fulfillment cost

Incremental direct costs of obtaining a contract primarily consist of sales commissions. HP has elected the practical expedient to expense as incurred the costs to obtain a contract with a benefit period equal to or less than one year. For contracts with a period

Note 1: Summary of Significant Accounting Policies (Continued)

of benefit greater than one year, HP capitalizes incremental costs of obtaining a contract with a customer and amortizes these costs over their expected period of benefit provided such costs are recoverable.

Fulfillment costs consist of set-up and transition costs related to other service contracts. These costs generate or enhance resources of HP that will be used in satisfying the performance obligation in the future and are capitalized and amortized over the expected period of the benefit, provided such costs are recoverable.

See Note 7, "Supplementary Financial Information" for details on net revenue by region, cost to obtain a contract and fulfillment cost, contract liabilities and value of remaining performance obligations.

Transition disclosure

In accordance with the modified retrospective method transition requirements, HP has presented the financial statement line items impacted and adjusted to compare to presentation under the prior GAAP for the Consolidated Balance Sheet as of October 31, 2019 and for Consolidated Statement of Earnings for fiscal year ended October 31, 2019.

	AS OF OCTOBER 31, 2019		
CONSOLIDATED BALANCE SHEET ITEMS	**AS REPORTED**	**EFFECT OF ADOPTION**	**BALANCES WITHOUT ADOPTION OF TOPIC 606**
		IN MILLIONS	
ASSETS			
Accounts receivable, net	$ 6,031	$(218)	$ 5,813
Inventory	5,734	188	5,922
Other current assets	3,875	(188)	3,687
Other non-current assets	$ 4,124	$ (31)	$ 4,093
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Other current liabilities	$10,143	$(435)	$ 9,708
Accumulated deficit	$ (818)	$ 186	$ (632)

	FOR THE FISCAL YEAR ENDED OCTOBER 31, 2019		
CONSOLIDATED STATEMENT OF EARNINGS ITEMS	**AS REPORTED**	**EFFECT OF ADOPTION**	**BALANCES WITHOUT ADOPTION OF TOPIC 606**
		IN MILLIONS	
Net revenue	$58,756	$ (33)	$58,723
Earnings from operations	3,877	(33)	3,844
Earnings before taxes	2,523	(33)	2,490
Benefit from taxes	629	7	636
Net earnings	$ 3,152	$ (26)	$ 3,126

HP Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Opening Balance Sheet Adjustments:

The following table presents the adoption impact of the new accounting standards to HP's previously reported financial statements:

	AS REPORTED ON OCTOBER 31, 2018	ADJUSTMENTS UNDER TOPIC 606	OTHER[(1)]	AS RESTATED ON NOVEMBER 1, 2018
		IN MILLIONS		
ASSETS				
Accounts receivable, net	$5,113	$ 213	$ —	$5,326
Inventory	6,062	(203)	—	5,859
Other current assets	5,046	203	(90)	5,159
Other non-current assets	$5,069	$ 33	$ 43	$5,145
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Other current liabilities	$8,852	$ 458	$ —	$9,310
Accumulated other comprehensive loss	(845)	—	(2)	(847)
Accumulated deficit	$ (473)	$(212)	$(45)	$ (730)

(1) Other includes $47 million adjustment related to Topic 740.

Stock-Based Compensation

HP determines stock-based compensation expense based on the measurement date fair value of the award. HP recognizes compensation cost only for those awards expected to meet the service and performance vesting conditions on a straight-line basis over the requisite service period of the award. HP determines compensation costs at the aggregate grant level for service-based awards and at the individual vesting tranche level for awards with performance and/or market conditions. HP estimates the forfeiture rate based on its historical experience.

Retirement and Post-Retirement Plans

HP has various defined benefit, other contributory and non-contributory retirement and post-retirement plans. HP generally amortizes unrecognized actuarial gains and losses on a straight-line basis over the average remaining estimated service life of participants. In limited cases, HP amortizes actuarial gains and losses using the corridor approach. See Note 4, "Retirement and Post-Retirement Benefit Plans" for a full description of these plans and the accounting and funding policies.

Advertising cost

Costs to produce advertising are expensed as incurred during production. Costs to communicate advertising are expensed when the advertising is first run. Such costs totaled approximately $652 million, $568 million and $544 million in fiscal years 2019, 2018 and 2017, respectively.

Restructuring and Other Charges

HP records charges associated with management-approved restructuring plans to reorganize one or more of HP's business segments, to remove duplicative headcount and infrastructure associated with business acquisitions or to simplify business processes and accelerate innovation. Restructuring charges can include severance costs to reduce a specified number of employees, enhanced early retirement incentives, infrastructure charges to vacate facilities and consolidate operations, and contract cancellation costs. HP records restructuring charges based on estimated employee terminations, committed early retirements and site closure and consolidation plans. HP accrues for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount

Note 1: Summary of Significant Accounting Policies (Continued)

is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements. Other charges include non-recurring costs, including those as a result of the Separation or information technology rationalization efforts, and are distinct from ongoing operational costs.

Taxes on Earnings

HP recognizes deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. HP records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized.

HP records accruals for uncertain tax positions when HP believes that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. HP makes adjustments to these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes includes the effects of adjustments for uncertain tax positions, as well as any related interest and penalties.

Accounts Receivable

HP establishes an allowance for doubtful accounts for accounts receivable. HP records a specific reserve for individual accounts when HP becomes aware of specific customer circumstances, such as in the case of a bankruptcy filing or deterioration in the customer's operating results or financial position. If there are additional changes in circumstances related to the specific customer, HP further adjusts estimates of the recoverability of receivables. HP maintains bad debt reserves for all other customers based on a variety of factors, including the use of third-party credit risk models that generate quantitative measures of default probabilities based on market factors, the financial condition of customers, the length of time receivables are past due, trends in the weighted-average risk rating for the portfolio, macroeconomic conditions, information derived from competitive benchmarking, significant one-time events and historical experience. The past due or delinquency status of a receivable is based on the contractual payment terms of the receivable.

HP has third-party short-term financing arrangements intended to facilitate the working capital requirements of certain customers. These financing arrangements, which in certain cases provide for partial recourse, result in the transfer of HP's trade receivables to a third party. HP reflects amounts transferred to, but not yet collected from the third party in accounts receivable in the Consolidated Balance Sheets. For arrangements involving an element of recourse, the fair value of the recourse obligation is measured using market data from similar transactions and reported as a current liability in the Consolidated Balance Sheets.

Concentrations of Risk

Financial instruments that potentially subject HP to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, receivables from trade customers and contract manufacturers and derivatives.

HP maintains cash and cash equivalents, investments, derivatives and certain other financial instruments with various financial institutions. These financial institutions are located in many different geographic regions, and HP's policy is designed to limit exposure from any particular institution. As part of its risk management processes, HP performs periodic evaluations of the relative credit standing of these financial institutions. HP has not sustained material credit losses from instruments held at these financial institutions. HP utilizes derivative contracts to protect against the effects of foreign currency, interest rate and, on certain investment exposures. Such contracts involve the risk of non-performance by the counterparty, which could result in a material loss. The likelihood of which HP deems to be remote.

HP sells a significant portion of its products through third-party distributors and resellers and, as a result, maintains individually significant receivable balances with these parties. If the financial condition or operations of these distributors' and resellers' aggregated business deteriorates substantially, HP's operating results could be adversely affected. The ten largest distributor and reseller receivable balances, which were concentrated primarily in North America and Europe, collectively represented approximately 32% and 39% of gross accounts receivable as of October 31, 2019 and 2018, respectively. No single customer accounts for more than 10% of gross accounts receivable as of October 31, 2019 or 2018. Credit risk with respect to other accounts receivable is

Note 1: Summary of Significant Accounting Policies (Continued)

generally diversified due to HP's large customer base and their dispersion across many different industries and geographic markets. HP performs ongoing credit evaluations of the financial condition of its third-party distributors, resellers and other customers and may require collateral, such as letters of credit and bank guarantees, in certain circumstances.

HP utilizes outsourced manufacturers around the world to manufacture HP-designed products. HP may purchase product components from suppliers and sell those components to its outsourced manufacturers thereby creating receivable balances from the outsourced manufacturers. The three largest outsourced manufacturer receivable balances collectively represented 77% and 72% of HP's supplier receivables of $1,165 million and $1,074 million as of October 31, 2019 and 2018, respectively. HP includes the supplier receivables in Other current assets in the Consolidated Balance Sheets on a gross basis. HP's credit risk associated with these receivables is mitigated wholly or in part, by the amount HP owes to these outsourced manufacturers, as HP generally has the legal right to offset its payables to the outsourced manufacturers against these receivables. HP does not reflect the sale of these components in net revenue and does not recognize any profit on these component sales until the related products are sold by HP, at which time any profit is recognized as a reduction to cost of revenue.

HP obtains a significant number of components from single source suppliers due to technology, availability, price, quality or other considerations. The loss of a single source supplier, the deterioration of HP's relationship with a single source supplier, or any unilateral modification to the contractual terms under which HP is supplied components by a single source supplier could adversely affect HP's net revenue and gross margins.

Upon completion of the Separation on November 1, 2015, HP recorded net income tax indemnification receivables from Hewlett Packard Enterprise for certain income tax liabilities that HP is jointly and severally liable for, but for which it is indemnified by Hewlett Packard Enterprise under the tax matters agreement ("TMA"). The TMA was terminated during the fourth quarter of fiscal year 2019. The net payable as of October 31, 2019 was $98 million and net receivable as of October 31, 2018 was $1.0 billion.

Inventory

HP values inventory at the lower of cost or market. Cost is computed using standard cost which approximates actual cost on a first-in, first-out basis. Adjustments, if required, to reduce the cost of inventory to market (net realizable value) are made, for estimated excess, obsolete or impaired balances.

Property, Plant and Equipment, Net

HP reflects property, plant and equipment at cost less accumulated depreciation. HP capitalizes additions and improvements and expenses maintenance and repairs as incurred. Depreciation expense is recognized on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives are five to 40 years for buildings and improvements and three to 15 years for machinery and equipment. HP depreciates leasehold improvements over the life of the lease or the asset, whichever is shorter. HP depreciates equipment held for lease over the initial term of the lease to the equipment's estimated residual value. On retirement or disposition, the asset cost and related accumulated depreciation are removed from the Consolidated Balance Sheets with any gain or loss recognized in the Consolidated Statements of Earnings.

Internal Use Software and Cloud Computing Arrangements

HP capitalizes external costs and directly attributable internal costs to acquire or create internal use software which are incurred subsequent to the completion of the preliminary project stage. These costs relate to activities such as software design, configuration, coding, testing, and installation. Costs related to post-implementation activities such as training and maintenance are expensed as incurred. Once the software is substantially complete and ready for its intended use, capitalized development costs are amortized straight-line over the estimated useful life of the software, not to exceed five years.

HP also enters into certain cloud-based software hosting arrangements that are accounted for as service contracts. For internal-use software obtained through a hosting arrangement that is in the nature of a service contract, HP incurs certain implementation costs such as integrating, configuring, and software customization, which are consistent with costs incurred during the application development stage for on-premise software. HP applies the same guidance to determine costs that are eligible for capitalization. For these arrangements, HP amortizes the capitalized development costs straight-line over the fixed, non-cancellable term of the associated hosting arrangement plus any reasonably certain renewal periods. HP also applies the same impairment model to both internal-use software and capitalized implementation costs in a software hosting arrangement that is in the nature of a service contract.

Business Combinations

HP includes the results of operations of the acquired business in HP's consolidated results prospectively from the acquisition date. HP allocates the purchase consideration to the assets acquired, liabilities assumed, and non-controlling interests in the acquired entity generally based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and non-controlling interests in the acquired entity is recorded as goodwill. The primary items that generate goodwill include the value of the synergies between the acquired company and HP and the value of the acquired assembled workforce, neither of which qualify for recognition as an intangible asset. Acquisition-related charges are recognized separately from the business combination and are expensed as incurred. These charges primarily include, direct third-party professional and legal fees, and integration-related costs.

Goodwill

HP reviews goodwill for impairment annually during its fourth quarter and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. HP can elect to perform a qualitative assessment to test a reporting unit's goodwill for impairment or HP can directly perform the quantitative impairment test. Based on the qualitative assessment, if HP determines that the fair value of a reporting unit is more likely than not (i.e., a likelihood of more than 50 percent) to be less than its carrying amount, a quantitative impairment test will be performed.

In the quantitative impairment test, HP compares the fair value of each reporting unit to its carrying amount with the fair values derived most significantly from the income approach, and to a lesser extent, the market approach. Under the income approach, HP estimates the fair value of a reporting unit based on the present value of estimated future cash flows. HP bases cash flow projections on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. HP bases the discount rate on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, HP estimates fair value based on market multiples of revenue and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting unit. HP weights the fair value derived from the market approach depending on the level of comparability of these publicly-traded companies to the reporting unit. When market comparables are not meaningful or not available, HP estimates the fair value of a reporting unit using only the income approach.

In order to assess the reasonableness of the estimated fair value of HP's reporting units, HP compares the aggregate reporting unit fair value to HP's market capitalization on an overall basis and calculates an implied control premium (the excess of the sum of the reporting units' fair value over HP's market capitalization on an overall basis). HP evaluates the control premium by comparing it to observable control premiums from recent comparable transactions. If the implied control premium is determined to not be reasonable in light of these recent transactions, HP re-evaluates its reporting unit fair values, which may result in an adjustment to the discount rate and/or other assumptions. This re-evaluation could result in a change to the estimated fair value for certain or all reporting units.

If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired. If the fair value of the reporting unit is less than its carrying amount, goodwill is impaired and the excess of the reporting unit's carrying value over the fair value is recognized as an impairment loss.

Note 1: Summary of Significant Accounting Policies (Continued)

Debt and Marketable Equity Securities Investments

HP determines the appropriate classification of its investments at the time of purchase and re-evaluates the classifications at each balance sheet date. Debt and marketable equity securities are generally considered available-for-sale. All highly liquid investments with maturities of three months or less at the date of purchase are classified as cash equivalents. Marketable debt securities with maturities of twelve months or less are classified as short-term investments and marketable debt securities with maturities greater than twelve months are classified based on their availability for use in current operations. Marketable equity securities, including mutual funds, are classified as either short-term or long-term based on the nature of each security and its availability for use in current operations.

Debt and marketable equity securities are reported at fair value with unrealized gains and losses, net of applicable taxes, in Accumulated Other Comprehensive Loss, Consolidated Statement of Earnings and the Consolidated Balance Sheets. Realized gains and losses on available-for-sale securities are calculated based on the specific identification method and included in interest and other, net in the Consolidated Statements of Earnings. HP monitors its investment portfolio for potential impairment on a quarterly basis. When the carrying amount of an investment in debt securities exceeds its fair value and the decline in value is determined to be other-than-temporary (i.e., when HP does not intend to sell the debt securities and it is not more likely than not that HP will be required to sell the debt securities prior to anticipated recovery of its amortized cost basis), HP records an impairment charge to Interest and other, net in the amount of the credit loss and the remaining amount, if any, is recorded in Accumulated other comprehensive loss in the Consolidated Balance Sheets.

Derivatives

HP uses derivative instruments, primarily forwards, swaps, and at times, options, to hedge certain foreign currency, interest rate, and return on certain investment exposures. HP also may use other derivative instruments not designated as hedges, such as forwards used to hedge foreign currency balance sheet exposures. HP does not use derivative instruments for speculative purposes. See Note 10, "Financial Instruments" for a full description of HP's derivative instrument activities and related accounting policies.

Loss Contingencies

HP is involved in various lawsuits, claims, investigations and proceedings that arise in the ordinary course of business. HP records a liability for contingencies when it believes it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. See Note 14, "Litigation and Contingencies" for a full description of HP's loss contingencies and related accounting policies.

Note 2: Segment Information

HP is a leading global provider of personal computing and other access devices, imaging and printing products, and related technologies, solutions and services. HP sells to individual consumers, SMBs and large enterprises, including customers in the government, health and education sectors.

HP's operations are organized into three reportable segments: Personal Systems, Printing and Corporate Investments. HP's organizational structure is based on many factors that the chief operating decision maker ("CODM") uses to evaluate, view and run its business operations, which include, but are not limited to, customer base and homogeneity of products and technology. The segments are based on this organizational structure and information reviewed by HP's CODM to evaluate segment results. The CODM uses several metrics to evaluate the performance of the overall business, including earnings from operations, and uses these results to allocate resources to each of the segments.

A summary description of each segment is as follows:

Personal Systems offers commercial and consumer desktop and notebook PCs, workstations, thin clients, commercial mobility devices, retail POS systems, displays and other related accessories, software, support and services. HP groups commercial notebooks, commercial desktops, commercial services, commercial mobility devices, commercial detachables and convertibles, workstations, retail POS systems and thin clients into commercial PCs and consumer notebooks, consumer desktops, consumer services and consumer detachables into consumer PCs when describing performance in these markets. Described below are HP's global business capabilities within Personal Systems:

- *Commercial PCs* are optimized for use by enterprise, public sector and SMB customers, with a focus on robust designs, security, serviceability, connectivity, reliability and manageability in networked and cloud-based environments.

Note 2: Segment Information (Continued)

Additionally, HP offers a range of services and solutions to enterprise, public sector and SMB customers to help them manage the lifecycle of their PC and mobility installed base.

- *Consumer PCs* are optimized for consumer usage, focusing on gaming, consuming multi-media for entertainment, managing personal life activities, staying connected, sharing information, getting things done for work including creating content, staying informed and security.

Personal Systems groups its global business capabilities into the following business units when reporting business performance:

- *Notebooks* consists of consumer notebooks, commercial notebooks, mobile workstations and commercial mobility devices;
- *Desktops* includes consumer desktops, commercial desktops, thin clients, and retail POS systems;
- *Workstations* consists of desktop workstations and accessories; and
- *Other* consists of consumer and commercial services as well as other Personal Systems capabilities.

Printing provides consumer and commercial printer hardware, supplies, solutions and services, as well as scanning devices. Printing is also focused on imaging solutions in the commercial and industrial markets. Described below are HP's global business capabilities within Printing.

- *Office Printing Solutions* delivers HP's office printers, supplies, services and solutions to SMBs and large enterprises. It also includes some Samsung-branded and OEM hardware and solutions. HP goes to market through its extensive channel network and directly with HP sales.
- *Home Printing Solutions* delivers innovative printing products, supplies, services and solutions for the home, home business and micro business customers utilizing both HP's Ink and Laser technologies (including laser technology from some Samsung-branded products).
- *Graphics Solutions* delivers large-format, commercial and industrial solutions and supplies to print service providers and packaging converters through a wide portfolio of printers and presses (HP DesignJet, HP Latex, HP Stitch, HP Indigo and HP PageWide Web Presses) and related components.
- *3D Printing & Digital Manufacturing* offers a portfolio of additive manufacturing solutions and supplies to help customers succeed in their additive and digital manufacturing journey. HP offers complete solutions in collaboration with an ecosystem of partners.

Printing groups its global business capabilities into the following business units when reporting business performance:

- *Commercial Hardware* consists of office printing solutions, graphics solutions and 3D Printing & Digital Manufacturing, excluding supplies;
- *Consumer Hardware* consists of home printing solutions, excluding supplies; and
- *Supplies* comprises a set of highly innovative consumable products, ranging from ink and laser cartridges to media, graphics supplies and 3D Printing & Digital Manufacturing supplies, for recurring use in consumer and commercial hardware.

Corporate Investments includes HP Labs and certain business incubation and investment projects.

The accounting policies HP uses to derive segment results are substantially the same as those used by HP in preparing these financial statements. HP derives the results of the business segments directly from its internal management reporting system.

HP does not allocate certain operating expenses, which it manages at the corporate level, to its segments. These unallocated amounts include certain corporate governance costs and infrastructure investments, stock-based compensation expense, restructuring and other charges, acquisition-related charges and amortization of intangible assets. Pursuant to the adoption of ASU 2017-07 in the first quarter of fiscal year of 2019, HP now reclassifies market-related retirement credits and all other components (excluding the service cost component) of net periodic benefit cost to Interest and other, net in Consolidated Statement of Earnings. HP reflected this change in prior reporting periods on an as-if basis. This adoption did not have a material impact to previously reported segment earnings from operations.

Note 2: Segment Information (Continued)

Realignment

Effective at the beginning of its first quarter of fiscal year 2019, HP implemented an organizational change to align its business unit financial reporting more closely with its current business structure. The organizational change resulted in the transfer of certain Samsung-branded product categories from Commercial to Consumer within the Printing segment. HP reflected this change to its business unit information in prior reporting periods on an as-if basis. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from operations, net earnings or net EPS.

Segment Operating Results from Operations and the reconciliation to HP consolidated results were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31,		
	2019	2018	2017
		IN MILLIONS	
Net revenue:			
Notebooks	$22,928	$22,547	$19,782
Desktops	12,046	11,567	10,298
Workstations	2,389	2,246	2,042
Other	1,331	1,301	1,199
Personal Systems	38,694	37,661	33,321
Supplies	12,921	13,575	12,524
Commercial Hardware	4,612	4,514	3,792
Consumer Hardware	2,533	2,716	2,412
Printing	20,066	20,805	18,728
Corporate Investments	2	5	8
Total segment net revenue	58,762	58,471	52,057
Other	(6)	1	(1)
Total net revenue	$58,756	$58,472	$52,056
Earnings before taxes:			
Personal Systems	$1,898	$1,402	$1,206
Printing	3,202	3,314	3,142
Corporate Investments	(96)	(82)	(87)
Total segment earnings from operations	$5,004	$4,634	$4,261
Corporate and unallocated costs and other	(404)	(200)	(181)
Stock-based compensation expense	(297)	(268)	(224)
Restructuring and other charges	(275)	(132)	(362)
Acquisition-related charges	(35)	(123)	(125)
Amortization of intangible assets	(116)	(80)	(1)
Interest and other, net	(1,354)	(818)	(92)
Total earnings before taxes	$2,523	$3,013	$3,276

HP Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

Note 2: Segment Information (Continued)

Segment Assets

HP allocates assets to its business segments based on the segments primarily benefiting from the assets. Total assets by segment and the reconciliation of segment assets to HP consolidated assets were as follows:

	AS OF OCTOBER 31	
	2019	2018
	IN MILLIONS	
Personal Systems	$14,092	$13,447
Printing	14,309	13,706
Corporate Investments	4	5
Corporate and unallocated assets	5,062	7,464
Total assets	$33,467	$34,622

Major Customers

No single customer represented 10% or more of HP's net revenue in any fiscal year presented.

Geographic Information

Net revenue by country is based upon the sales location that predominately represents the customer location. For each of the fiscal years of 2019, 2018 and 2017, other than the United States, no country represented more than 10% of HP net revenue.

Net revenue by country in which HP operates was as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
		IN MILLIONS	
United States	$20,605	$20,602	$19,321
Other countries	38,151	37,870	32,735
Total net revenue	$58,756	$58,472	$52,056

Net property, plant and equipment by country in which HP operates was as follows:

	AS OF OCTOBER 31	
	2019	2018
	IN MILLIONS	
United States	$1,260	$935
Singapore	372	371
Other countries	1,162	892
Total property, plant and equipment, net	$2,794	$2,198

No single country other than those represented above exceeds 10% or more of HP's total net property, plant and equipment in any fiscal year presented.

Notes to Consolidated Financial Statements (Continued)

Note 3: Restructuring and Other Charges

Summary of Restructuring Plans

HP's restructuring activities in fiscal years 2019, 2018 and 2017 summarized by plan were as follows:

	Fiscal 2020 Plan		Fiscal 2017 Plan			
	Severance and EER	Infrastructure and other	Severance	Infrastructure and other[1]	Other prior year plans[2]	Total
	In millions					
Accrued balance as of October 31, 2016	$—	$—	$24	$—	$34	$58
Charges	—	—	117	94	16	227
Cash payments	—	—	(68)	(23)	(43)	(134)
Non-cash and other adjustments	—	—	3	(52)	6	(43)
Accrued balance as of October 31, 2017	—	—	76	19	13	108
Charges (reversals)	—	—	112	(13)	—	99
Cash payments	—	—	(136)	(35)	(4)	(175)
Non-cash and other adjustments	—	—	(2)	29	—	27
Accrued balance as of October 31, 2018	—	—	50	—	9	59
Charges	82	—	137	28	—	247
Cash payments	—	—	(122)	(15)	(3)	(140)
Non-cash and other adjustments	(6)[3]	—	(7)	(11)	—	(24)
Accrued balance as of October 31, 2019	$76	$—	$58	$2	$6	$142
Total costs incurred to date as of October 31, 2019	$82	$—	$390	$109	$1,317	$1,898
Reflected in Consolidated Balance Sheets:						
Other current liabilities	$76	$—	$58	$2	$5	$141
Other non-current liabilities	$—	$—	$—	$—	$1	$1

(1) Infrastructure and other includes adjustment of carrying amount of held for sale assets of $52 million in fiscal year 2017 and reversal of adjustments of $29 million for the fiscal year 2018 associated with the consolidation of manufacturing into global hubs.

(2) Includes prior-year plans which are substantially complete. HP does not expect any further material activity associated with these plans.

(3) Includes reclassification of liability related to the Enhanced Early Retirement ("EER") plan of $6M for certain healthcare and medical savings account benefits to pension and other post retirement plans. See Note 4 "Retirement and Post-Retirement Benefit Plans" for further information.

Fiscal 2020 Plan

On September 30, 2019, HP's Board of Directors approved the Fiscal 2020 Plan intended to optimize and simplify its operating model and cost structure that HP expects will be implemented through fiscal 2022. HP expects to reduce global headcount by approximately 7,000 to 9,000 employees through a combination of employee exits and voluntary EER. HP estimates that it will incur pre-tax charges of approximately $1.0 billion relating to labor and non-labor actions. HP expects to incur approximately $0.9 billion primarily in labor costs related to workforce reductions and the remaining costs will relate to infrastructure, non-labor actions and other charges.

Note 3: Restructuring and Other Charges (Continued)

Fiscal 2017 Plan

On October 10, 2016, HP's Board of Directors approved the Fiscal 2017 Plan, which included severance costs related to labor actions and infrastructure costs related to non-labor actions and other charges. Approximately 5,300 employees exited as part of the Fiscal 2017 Plan. HP incurred $390 million in severance costs and $305 million in infrastructure costs related to non-labor and other charges. The Fiscal 2017 Plan is substantially complete. HP does not expect any further costs associated with the plan.

Other charges

Other charges include non-recurring costs, including those as a result of the Separation or information technology rationalization efforts, and are distinct from ongoing operational costs. These costs primarily relate to information technology costs such as advisory, consulting and non-recurring labor costs. HP incurred $28 million, $33 million and $135 million of other charges in fiscal year 2019, 2018 and 2017, respectively.

Note 4: Retirement and Post-Retirement Benefit Plans

Defined Benefit Plans

HP sponsors a number of defined benefit pension plans worldwide. The most significant defined benefit plan, the HP Inc. Pension Plan ("Pension Plan") is a frozen plan in the United States.

HP reduces the benefit payable to certain U.S. employees under the Pension Plan for service before 1993, if any, by any amounts due to the employee under HP's frozen defined contribution Deferred Profit-Sharing Plan ("DPSP"). At October 31, 2019 and 2018, the fair value of plan assets of the DPSP was $543 million and $536 million, respectively. The DPSP obligations are equal to the plan assets and are recognized as an offset to the Pension Plan when HP calculates its defined benefit pension cost and obligations. The Pension Plan and the DPSP both remain entirely with HP post-Separation.

Post-Retirement Benefit Plans

HP sponsors retiree health and welfare benefit plans, of which the most significant are in the United States. Under the HP Inc. Retiree Welfare Benefits Plan, certain pre-2003 retirees and grandfathered participants with continuous service to HP since 2002 are eligible to receive partially-subsidized medical coverage based on years of service at retirement. HP's share of the premium cost is capped for all subsidized medical coverage provided under the HP Inc. Retiree Welfare Benefits Plan. HP currently leverages the employer group waiver plan process to provide HP Inc. Retiree Welfare Benefits Plan post-65 prescription drug coverage under Medicare Part D, thereby giving HP access to federal subsidies to help pay for retiree benefits.

Certain employees not grandfathered for partially subsidized medical coverage under the above programs, and employees hired after 2002 but before August 2008, are eligible for credits under the HP Inc. Retiree Welfare Benefits Plan. Credits offered after September 2008 are provided in the form of matching credits on employee contributions made to a voluntary employee beneficiary association upon attaining age 45 or as part of early retirement programs. On retirement, former employees may use these credits for the reimbursement of certain eligible medical expenses, including premiums required for coverage.

Defined Contribution Plans

HP offers various defined contribution plans for U.S. and non-U.S. employees. Total defined contribution expense was $107 million in fiscal year 2019, $110 million in fiscal year 2018 and $103 million in fiscal year 2017.

U.S. employees are automatically enrolled in the HP Inc. 401(k) Plan when they meet eligibility requirements, unless they decline participation. The employer matching contributions in the HP Inc. 401(k) Plan is 100% of an employee's contributions, up to a maximum of 4% of eligible compensation.

Notes to Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Pension and Post-Retirement Benefit Expense

The components of HP's pension and post-retirement (credit) benefit cost recognized in the Consolidated Statements of Earnings were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31								
	2019	2018	2017	2019	2018	2017	2019	2018	2017
	U.S. DEFINED BENEFIT PLANS			NON-U.S. DEFINED BENEFIT PLANS			POST-RETIREMENT BENEFIT PLANS		
	IN MILLIONS								
Service cost	$—	$—	$—	$57	$55	$48	$1	$1	$1
Interest cost	491	452	469	24	24	18	17	15	18
Expected return on plan assets	(581)	(717)	(677)	(37)	(39)	(31)	(22)	(23)	(26)
Amortization and deferrals:									
Actuarial loss (gain)	59	58	73	31	28	40	(31)	(17)	(17)
Prior service benefit	—	—	—	(3)	(3)	(3)	(13)	(18)	(19)
Net periodic (credit) benefit cost	(31)	(207)	(135)	72	65	72	(48)	(42)	(43)
Curtailment gain	—	—	—	(22)	—	—	—	—	—
Settlement loss	2	2	3	1	5	2	—	—	—
Special termination benefits	—	—	—	—	—	—	6	—	—
Total (credit) benefit cost	$(29)	$(205)	$(132)	$51	$70	$74	$(42)	$(42)	$(43)

The components of net periodic benefit costs other than the service cost component are included in Interest and other, net in our Consolidated Statements of Earnings.

The weighted-average assumptions used to calculate the total periodic benefit (credit) cost were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31								
	2019	2018	2017	2019	2018	2017	2019	2018	2017
	U.S. DEFINED BENEFIT PLANS			NON-U.S. DEFINED BENEFIT PLANS			POST-RETIREMENT BENEFIT PLANS		
Discount rate	4.5%	3.8%	4.0%	2.0%	2.1%	1.6%	4.4%	3.5%	3.4%
Expected increase in compensation levels	2.0%	2.0%	2.0%	2.5%	2.5%	2.7%	—	—	—
Expected long-term return on plan assets	6.0%	6.9%	6.9%	4.4%	4.5%	4.4%	6.0%	7.1%	7.3%

HP Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Funded Status

The funded status of the defined benefit and post-retirement benefit plans was as follows:

	As of October 31					
	2019	2018	2019	2018	2019	2018
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	In millions					
Change in fair value of plan assets:						
Fair value of assets — beginning of year	$10,018	$10,838	$850	$815	$388	$351
Acquisition/deletion of plan	—	—	(1)	40	—	—
Actual return on plan assets	2,499	(267)	85	(2)	44	76
Employer contributions	32	33	44	33	5	4
Participant contributions	—	—	17	11	36	59
Benefits paid	(523)	(575)	(28)	(10)	(69)	(102)
Settlement	(9)	(11)	(4)	(18)	—	—
Currency impact	—	—	—	(19)	—	—
Transfers	—	—	6	—	—	—
Fair value of assets — end of year	$12,017	$10,018	$969	$850	$404	$388
Change in benefits obligation						
Projected benefit obligation — beginning of year	$11,167	$12,266	$1,227	$1,132	$397	$463
Acquisition/ deletion of plan	—	—	—	40	—	—
Service cost	—	—	57	55	1	1
Interest cost	491	452	24	24	17	15
Participant contributions	—	—	17	11	36	59
Actuarial loss (gain)	2,065	(965)	219	21	35	(39)
Benefits paid	(523)	(575)	(28)	(10)	(69)	(102)
Plan amendments	—	—	4	—	(33)	—
Curtailment	—	—	(63)	—	—	—
Settlement	(9)	(11)	(4)	(13)	—	—
Special termination benefits	—	—	—	—	6	—
Transfers	—	—	7	—	—	—
Currency impact	—	—	(3)	(33)	—	—
Projected benefit obligation — end of year	$13,191	$11,167	$1,457	$1,227	$390	$397
Funded status at end of year	$(1,174)	$(1,149)	$(488)	$(377)	$14	$(9)
Accumulated benefit obligation	$13,191	$11,167	$1,320	$1,099		

Notes to Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

The weighted-average assumptions used to calculate the projected benefit obligations for the fiscal years ended October 31, 2019 and 2018 were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31					
	2019	2018	2019	2018	2019	2018
	U.S. DEFINED BENEFIT PLANS		NON-U.S. DEFINED BENEFIT PLANS		POST-RETIREMENT BENEFIT PLANS	
Discount rate	3.2%	4.5%	1.3%	2.0%	2.9%	4.4%
Expected increase in compensation levels	2.0%	2.0%	2.5%	2.5%	—	—

The net amounts of non-current assets and current and non-current liabilities for HP's defined benefit and post-retirement benefit plans recognized on HP's Consolidated Balance Sheet were as follows:

	AS OF OCTOBER 31					
	2019	2018	2019	2018	2019	2018
	U.S. DEFINED BENEFIT PLANS		NON-U.S. DEFINED BENEFIT PLANS		POST-RETIREMENT BENEFIT PLANS	
	IN MILLIONS					
Other non-current assets	$—	$—	$14	$10	$21	$11
Other current liabilities	(36)	(32)	(7)	(9)	(6)	(6)
Other non-current liabilities	(1,138)	(1,117)	(495)	(378)	(1)	(14)
Funded status at end of year	$(1,174)	$(1,149)	$(488)	$ (377)	$14	$(9)

The following table summarizes the pre-tax net actuarial loss (gain) and prior service benefit recognized in Accumulated other comprehensive loss for the defined benefit and post-retirement benefit plans.

	AS OF OCTOBER 31, 2019		
	U.S. DEFINED BENEFIT PLANS	NON-U.S. DEFINED BENEFIT PLANS	POST-RETIREMENT BENEFIT PLANS
	IN MILLIONS		
Net actuarial loss (gain)	$1,371	$413	$(135)
Prior service benefit	—	(12)	(94)
Total recognized in Accumulated other comprehensive loss (gain)	$1,371	$401	$(229)

Notes to Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

The following table summarizes HP's pre-tax net actuarial loss (gain) and prior service benefit that are expected to be amortized from Accumulated other comprehensive loss and recognized as components of net periodic benefit cost (credit) during the next fiscal year.

	U.S. DEFINED BENEFIT PLANS	NON-U.S. DEFINED BENEFIT PLANS	POST-RETIREMENT BENEFIT PLANS
		IN MILLIONS	
Net actuarial loss (gain)	$65	$42	$(10)
Prior service benefit	—	(2)	(12)
Total expected to be recognized in net periodic benefit cost (credit)	$65	$40	$(22)

Defined benefit plans with projected benefit obligations exceeding the fair value of plan assets were as follows:

	AS OF OCTOBER 31			
	2019	2018	2019	2018
	U.S. DEFINED BENEFIT PLANS		NON-U.S. DEFINED BENEFIT PLANS	
	IN MILLIONS			
Aggregate fair value of plan assets	$12,017	$10,018	$905	$800
Aggregate projected benefit obligation	$13,191	$11,167	$1,410	$1,194

Defined benefit plans with accumulated benefit obligations exceeding the fair value of plan assets were as follows:

	AS OF OCTOBER 31			
	2019	2018	2019	2018
	U.S. DEFINED BENEFIT PLANS		NON-U.S. DEFINED BENEFIT PLANS	
	IN MILLIONS			
Aggregate fair value of plan assets	$12,017	$10,018	$838	$734
Aggregate accumulated benefit obligation	$13,191	$11,167	$1,226	$1,007

HP Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Fair Value of Plan Assets

The table below sets forth the fair value of plan assets by asset category within the fair value hierarchy as of October 31, 2019. Refer to Note 9, “Fair Value” for details on fair value hierarchy. Certain investments that are measured at fair value using the Net Asset Value (“NAV”) per share as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table provide a reconciliation of the fair value hierarchy to the total value of plan assets.

	AS OF OCTOBER 31, 2019											
	U.S. DEFINED BENEFIT PLANS				NON-U.S. DEFINED BENEFIT PLANS				POST-RETIREMENT BENEFIT PLANS			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	IN MILLIONS											
Asset Category:												
Equity securities[1]	$697	$58	$—	$755	$132	$8	$—	$140	$—	$1	$—	$1
Debt securities[2]												
Corporate	—	6,098	—	6,098	—	139	—	139	—	40	—	40
Government	—	2,979	—	2,979	—	19	—	19	—	61	—	61
Real Estate Funds	—	—	—	—	1	69	—	70	—	—	—	—
Insurance Contracts	—	—	—	—	—	78	—	78	—	—	—	—
Common Collective Trusts and 103-12 Investments Entities[3]	—	—	—	—	—	7	—	7	—	—	—	—
Investment Funds[4]	324	—	—	324	—	311	—	311	57	—	—	57
Cash and Cash Equivalents[5]	4	62	—	66	18	—	—	18	—	2	—	2
Other[6]	(517)	(488)	—	(1,005)	1	16	—	17	(16)	—	—	(16)
Net plan assets subject to leveling	$508	$8,709	$—	$9,217	$152	$647	$—	$799	$41	$104	$—	$145
Investments using NAV as a Practical Expedient:												
Alternative Investments[7]				975				21				196
Common Contractual Funds[8]				—				111				—
Common Collective Trusts and 103-12 Investment Entities[3]				1,155				—				54
Investment Funds[4]				670				38				9
Investments at Fair Value				$12,017				$969				$404

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

The table below sets forth the fair value of plan assets by asset category within the fair value hierarchy as of October 31, 2018.

	AS OF OCTOBER 31, 2018											
	U.S. DEFINED BENEFIT PLANS				NON-U.S. DEFINED BENEFIT PLANS				POST-RETIREMENT BENEFIT PLANS			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	IN MILLIONS											
Asset Category:												
Equity securities[1]	$794	$48	$—	$842	$114	$6	$—	$120	$1	$—	$—	$1
Debt securities[2]												
Corporate	—	4,941	—	4,941	—	110	—	110	—	40	—	40
Government	—	1,637	—	1,637	—	28	—	28	—	54	—	54
Real Estate Funds	—	—	—	—	3	60	—	63	—	—	—	—
Insurance Contracts	—	—	—	—	—	50	—	50	—	—	—	—
Common Collective Trusts and 103-12s[3]	—	—	—	—	—	7	—	7	—	—	—	—
Investment Funds[4]	253	—	—	253	—	279	—	279	55	—	—	55
Cash and Cash Equivalents[5]	5	139	—	144	19	—	—	19	—	4	—	4
Other[6]	(108)	(233)	—	(341)	2	13	—	15	(13)	—	—	(13)
Net plan assets subject to leveling	$944	$6,532	$—	$7,476	$138	$553	$—	$691	$43	$98	$—	$141
Investments using NAV as a Practical Expedient:												
Alternative Investments[7]				1,319				14				220
Common Contractual Funds[8]				—				110				—
Common Collective Trusts and 103-12 Investment Entities[3]				683				—				21
Investment Funds[4]				540				35				6
Investments at Fair Value				$10,018				$850				$388

(1) Investments in publicly-traded equity securities are valued using the closing price on the measurement date as reported on the stock exchange on which the individual securities are traded.

(2) The fair value of corporate, government and asset-backed debt securities is based on observable inputs of comparable market transactions. Also included in this category is debt issued by national, state and local governments and agencies.

(3) Department of Labor 103-12 IE (Investment Entity) designation is for plan assets held by two or more unrelated employee benefit plans which includes limited partnerships and venture capital partnerships. Certain common collective trusts and interests in 103-12 entities are valued using NAV as a practical expedient.

(4) Includes publicly traded funds of investment companies that are registered with the SEC, funds that are not publicly traded and a non-U.S. fund-of-fund arrangement. The non-U.S. fund-of-fund arrangement is a custom portfolio valued at NAV consisting primarily of fixed income and common contractual funds.

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

(5) Includes cash and cash equivalents such as short-term marketable securities. Cash and cash equivalents include money market funds, which are valued based on NAV. Other assets were classified in the fair value hierarchy based on the lowest level input (e.g., quoted prices and observable inputs) that is significant to the fair value measure in its entirety.

(6) Includes primarily reverse repurchase agreements, unsettled transactions, and derivative instruments.

(7) Alternative Investments primarily include private equities and hedge funds. The valuation of alternative investments, such as limited partnerships and joint ventures, may require significant management judgment. For alternative investments, valuation is based on NAV as reported by the asset manager or investment company and adjusted for cash flows, if necessary. In making such an assessment, a variety of factors are reviewed by management, including but not limited to the timeliness of NAV as reported by the asset manager and changes in general economic and market conditions subsequent to the last NAV reported by the asset manager.

- Private equities include limited partnerships such as equity, buyout, venture capital, real estate and other similar funds that invest in the United States and internationally where foreign currencies are hedged.
- Hedge funds include limited partnerships that invest both long and short primarily in common stocks and credit, relative value, event-driven equity, distressed debt and macro strategies. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks and bonds, and from a net long position to a net short position.

(8) The Common Contractual Fund is an investment arrangement in which institutional investors pool their assets. Units may be acquired in different sub-funds focused on equities, fixed income, alternative investments and emerging markets. Each sub-fund is invested in accordance with the fund's investment objective and units are issued in relation to each sub-fund. While the sub-funds are not publicly traded, the custodian strikes a NAV either once or twice a month, depending on the sub-fund. These assets are valued using NAV as a practical expedient.

Plan Asset Allocations

Refer to the fair value hierarchy table above for actual assets allocations across the benefit plans. The weighted-average target asset allocations across the benefit plans represented in the fair value tables above were as follows:

	2019 TARGET ALLOCATION		
ASSET CATEGORY	U.S. DEFINED BENEFIT PLANS	NON-U.S. DEFINED BENEFIT PLANS	POST-RETIREMENT BENEFIT PLANS
Equity-related investments	29.4%	40.6%	48.2%
Debt securities	70.6%	36.0%	36.1%
Real estate	—	6.2%	—%
Cash and cash equivalents	—	2.4%	15.7%
Other	—	14.8%	—
Total	100.0%	100.0%	100.0%

Investment Policy

HP's investment strategy is to seek a competitive rate of return relative to an appropriate level of risk depending on the funded status of each plan and the timing of expected benefit payments. The majority of the plans' investment managers employ active investment management strategies with the goal of outperforming the broad markets in which they invest. Risk management practices include diversification across asset classes and investment styles and periodic rebalancing toward asset allocation targets. A number of the plans' investment managers are authorized to utilize derivatives for investment or liability exposures, and HP may utilize derivatives to affect asset allocation changes or to hedge certain investment or liability exposures.

The target asset allocation selected for each U.S. plan reflects a risk/return profile HP believes is appropriate relative to each plan's liability structure and return goals. HP conducts periodic asset-liability studies for U.S. plans to model various potential asset allocations in comparison to each plan's forecasted liabilities and liquidity needs and to develop a policy glide path which adjusts the

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

asset allocation with funded status. A 2018 asset-liability study reconfirmed the current policy glide path for the U.S. pension plan. Due to higher interest rates at the beginning of fiscal year 2019, the investment portfolio interest rate exposure was increased in accordance with the policy hedge path. HP invests a portion of the U.S. defined benefit plan assets and post-retirement benefit plan assets in private market securities such as private equity funds to provide diversification and a higher expected return on assets.

Outside the United States, asset allocation decisions are typically made by an independent board of trustees for the specific plan. As in the United States, investment objectives are designed to generate returns that will enable the plan to meet its future obligations. In some countries, local regulations may restrict asset allocations, typically leading to a higher percentage of investment in fixed income securities than would otherwise be deployed. HP reviews the investment strategy and provides a recommended list of investment managers for each country plan, with final decisions on asset allocation and investment managers made by the board of trustees for the specific plan.

Basis for Expected Long-Term Rate of Return on Plan Assets

The expected long-term rate of return on plan assets reflects the expected returns for each major asset class in which the plan invests and the weight of each asset class in the target mix. Expected asset returns reflect the current yield on government bonds, risk premiums for each asset class and expected real returns which considers each country's specific inflation outlook. Because HP's investment policy is to employ primarily active investment managers who seek to outperform the broader market, the expected returns are adjusted to reflect the expected additional returns net of fees.

Retirement Incentive Program

As part of the Fiscal 2020 Plan, HP announced the voluntary EER program for its U.S. employees in October 2019. Voluntary participation in the EER program was limited to those employees who are at least 50 years old with 20 or more years of service at HP. Employees accepted into the EER program will leave HP on dates ranging from December 31, 2019 to September 30, 2020. The EER benefit will be a cash lump sum payment which is calculated based on years of service at HP at the time of the retirement and ranging from 13 to 52 weeks of pay.

All employees participating in the EER program are offered the opportunity to continue health care coverage at the active employee contribution rates for up to 36 months following retirement. In addition, HP is providing up to $12,000 in employer credits under the Retirement Medical Savings Account program. HP will recognize a special termination benefits expense as restructuring and other charges.

Future Contributions and Funding Policy

In fiscal year 2020, HP expects to contribute approximately $76 million to its non-U.S. pension plans, $36 million to cover benefit payments to U.S. non-qualified plan participants and $6 million to cover benefit claims for HP's post-retirement benefit plans. HP's policy is to fund its pension plans so that it makes at least the minimum contribution required by local government, funding and taxing authorities.

Estimated Future Benefits Payments

As of October 31, 2019, HP estimates that the future benefits payments for the retirement and post-retirement plans are as follows:

FISCAL YEAR	U.S. DEFINED BENEFIT PLANS	NON-U.S. DEFINED BENEFIT PLANS	POST-RETIREMENT BENEFIT PLANS
		IN MILLIONS	
2020	$730	$40	$40
2021	752	34	36
2022	769	39	32
2023	788	40	29
2024	809	45	28
Next five fiscal years to October 31, 2029	4,020	276	135

Note 5: Stock-Based Compensation

HP's stock-based compensation plans include incentive compensation plans and an employee stock purchase plan.

Stock-Based Compensation Expense and Related Income Tax Benefits for Operations

Stock-based compensation expense and the resulting tax benefits for operations were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
		IN MILLIONS	
Stock-based compensation expense	$297	$268	$224
Income tax benefit	(47)	(59)	(71)
Stock-based compensation expense, net of tax	$250	$209	$153

Cash received from option exercises and purchases under the HP Inc. 2011 Employee Stock Purchase Plan (the "2011 ESPP") was $59 million in fiscal year 2019, $158 million in fiscal year 2018 and $118 million in fiscal year 2017. The benefit realized for the tax deduction from option exercises in fiscal years 2019, 2018 and 2017 was $3 million, $23 million and $15 million, respectively.

Stock-Based Incentive Compensation Plans

HP's stock-based incentive compensation plans include equity plans adopted in 2004 and 2000, as amended and restated ("principal equity plans"), as well as various equity plans assumed through acquisitions under which stock-based awards are outstanding. Stock-based awards granted under the principal equity plans include restricted stock awards, stock options and performance-based awards. Employees meeting certain employment qualifications are eligible to receive stock-based awards. The aggregate number of shares of HP's stock authorized for issuance under the 2004 principal equity plan is 593.1 million. No further grants may be made under the 2000 principal equity plan and all outstanding awards under this plan will remain outstanding according to the terms of the plan.

Restricted stock awards are non-vested stock awards that may include grants of restricted stock or restricted stock units. Restricted stock awards and cash-settled awards are generally subject to forfeiture if employment terminates prior to the lapse of the restrictions. Such awards generally vest one to three years from the date of grant. During the vesting period, ownership of the restricted stock cannot be transferred. Restricted stock has the same dividend and voting rights as common stock and is considered to be issued and outstanding upon grant. The dividends paid on restricted stock are non-forfeitable. Restricted stock units do not have the voting rights of common stock, and the shares underlying restricted stock units are not considered issued and outstanding upon grant. However, shares underlying restricted stock units are included in the calculation of diluted net EPS. Restricted stock units have forfeitable dividend equivalent rights equal to the dividend paid on common stock. HP expenses the fair value of restricted stock awards ratably over the period during which the restrictions lapse. The majority of restricted stock units issued by HP contain only service vesting conditions. However, starting in fiscal year 2014, HP began granting performance-adjusted restricted stock units that vest only on the satisfaction of both service and the achievement of certain performance goals including market conditions prior to the expiration of the awards.

Stock options granted under the principal equity plans are generally non-qualified stock options, but the principal equity plans permit some options granted to qualify as incentive stock options under the U.S. Internal Revenue Code. Stock options generally vest over three to four years from the date of grant. The exercise price of a stock option is equal to the closing price of HP's stock on the option grant date. The majority of stock options issued by HP contain only service vesting conditions. However, starting in fiscal year 2011 through fiscal year 2016, HP granted performance-contingent stock options that vest only on the satisfaction of both service and market conditions prior to the expiration of the awards.

Note 5: Stock-Based Compensation (Continued)

Restricted Stock Units

HP uses the closing stock price on the grant date to estimate the fair value of service-based restricted stock units. HP estimates the fair value of restricted stock units subject to performance-adjusted vesting conditions using a combination of the closing stock price on the grant date and the Monte Carlo simulation model. The weighted-average fair value and the assumptions used to measure the fair value of restricted stock units subject to performance-adjusted vesting conditions in the Monte Carlo simulation model were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
Weighted-average fair value[(1)]	$27	$24	$20
Expected volatility[(2)]	26.5%	29.5%	30.5%
Risk-free interest rate[(3)]	2.7%	1.9%	1.4%
Expected performance period in years[(4)]	2.9	2.9	2.9

(1) The weighted-average fair value was based on performance-adjusted restricted stock units granted during the period.

(2) The expected volatility was estimated using the historical volatility derived from HP's common stock.

(3) The risk-free interest rate was estimated based on the yield on U.S. Treasury zero-coupon issues.

(4) The expected performance period was estimated based on the length of the remaining performance period from the grant date.

A summary of restricted stock units activity is as follows:

	AS OF OCTOBER 31					
	2019		2018		2017	
	SHARES	WEIGHTED-AVERAGE GRANT DATE FAIR VALUE PER SHARE	SHARES	WEIGHTED-AVERAGE GRANT DATE FAIR VALUE PER SHARE	SHARES	WEIGHTED-AVERAGE GRANT DATE FAIR VALUE PER SHARE
	IN THOUSANDS		IN THOUSANDS		IN THOUSANDS	
Outstanding at beginning of year	30,784	$18	31,822	$14	28,710	$13
Granted	17,216	$22	16,364	$21	15,858	$16
Vested	(16,934)	$16	(15,339)	$15	(11,915)	$14
Forfeited	(1,106)	$20	(2,063)	$17	(831)	$14
Outstanding at end of year	29,960	$21	30,784	$18	31,822	$14

The total grant date fair value of restricted stock units vested in fiscal years 2019, 2018 and 2017 was $273 million, $224 million and $162 million, respectively. As of October 31, 2019, total unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock units for operations was $267 million, which is expected to be recognized over the remaining weighted-average vesting period of 1.4 years.

Note 5: Stock-Based Compensation (Continued)

Stock Options

HP utilizes the Black-Scholes-Merton option pricing formula to estimate the fair value of stock options subject to service-based vesting conditions. HP estimates the fair value of stock options subject to performance-contingent vesting conditions using a combination of a Monte Carlo simulation model and a lattice model as these awards contain market conditions. The weighted-average fair value and the assumptions used to measure fair value were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
Weighted-average fair value[1]	$3	$5	$4
Expected volatility[2]	29.8%	29.4%	28.0%
Risk-free interest rate[3]	1.7%	2.5%	1.9%
Expected dividend yield[4]	3.7%	2.6%	2.8%
Expected term in years[5]	6.0	5.0	5.5

(1) The weighted-average fair value was based on stock options granted during the period.

(2) For all awards granted in fiscal year 2019 and 2018, expected volatility was estimated based on a blended volatility (50% historical volatility and 50% implied volatility from traded options on HP's common stock). For the awards granted in fiscal year 2017, expected volatility was estimated using the leverage-adjusted average of the term-matching volatilities of peer companies due to the lack of volume of forward traded options, which precluded the use of implied volatility.

(3) The risk-free interest rate was estimated based on the yield on U.S. Treasury zero-coupon issues.

(4) The expected dividend yield represents a constant dividend yield applied for the duration of the expected term of the award.

(5) For awards subject to service-based vesting, the expected term was estimated using a simplified method; and for performance-contingent awards, the expected term represents an output from the lattice model.

Notes to Consolidated Financial Statements (Continued)

Note 5: Stock-Based Compensation (Continued)

A summary of stock options activity is as follows:

	As of October 31											
	2019				2018				2017			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	In thousands		In years	In millions	In thousands		In years	In millions	In thousands		In years	In millions
Outstanding at beginning of year	7,086	$14			18,067	$13			28,218	$12		
Granted	2,451	$17			54	$21			104	$19		
Exercised	(2,429)	$13			(10,644)	$13			(9,407)	$11		
Forfeited/cancelled/expired	(15)	$10			(391)	$16			(848)	$17		
Outstanding at end of year	7,093	$16	5.7	$15	7,086	$14	4.2	$73	18,067	$13	4.2	$152
Vested and expected to vest	7,093	$16	5.7	$15	7,084	$14	4.2	$73	17,692	$13	4.1	$149
Exercisable	4,707	$14	3.6	$15	4,707	$14	3.7	$49	10,898	$12	3.1	$102

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that option holders would have realized had all option holders exercised their options on the last trading day of fiscal years 2019, 2018 and 2017. The aggregate intrinsic value is the difference between HP's closing stock price on the last trading day of the fiscal year and the exercise price, multiplied by the number of in-the-money options. The total intrinsic value of options exercised in fiscal years 2019, 2018 and 2017 was $20 million, $109 million and $77 million, respectively. The total grant date fair value of options vested in fiscal years 2019, 2018 and 2017 was $9 million, $12 million and $19 million, respectively.

As of October 31, 2019, total unrecognized pre-tax stock-based compensation expense related to stock options was $8 million, which is expected to be recognized over a weighted-average vesting period of 2 years.

Note 6: Taxes on Earnings (Continued)

Employee Stock Purchase Plan

HP sponsors the 2011 ESPP, pursuant to which eligible employees may contribute up to 10% of base compensation, subject to certain income limits, to purchase shares of HP's common stock.

Pursuant to the terms of the 2011 ESPP, employees purchase stock under the 2011 ESPP at a price equal to 95% of HP's closing stock price on the purchase date. No stock-based compensation expense was recorded in connection with those purchases because the criteria of a non-compensatory plan were met. The aggregate number of shares of HP's stock authorized for issuance under the 2011 ESPP is 100 million.

Shares Reserved

Shares available for future grant and shares reserved for future issuance under the stock-based incentive compensation plans and the 2011 ESPP were as follows:

	AS OF OCTOBER 31		
	2019	2018	2017
		IN THOUSANDS	
Shares available for future grant	265,135	305,767	419,071
Shares reserved for future issuance	301,608	343,076	468,531

Note 6: Taxes on Earnings

Provision for Taxes

On December 22, 2017, the TCJA was enacted into law. Given the significance of the legislation, the SEC staff issued Staff Accounting Bulletin No. 118 (SAB 118), which allows registrants to record provisional amounts during a one year "measurement period".

As of January 31, 2019, HP completed its accounting for the tax effects of the TCJA with no material changes to the provisional amounts recorded during the measurement period.

In January 2018, the FASB released guidance on the accounting for tax on the Global Minimum Tax provisions of TCJA. The Global Minimum Tax provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. HP has elected to treat Global Minimum Tax inclusions as period costs.

The domestic and foreign components of earnings before taxes were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
		IN MILLIONS	
U.S.	$(1,021)	$242	$(14)
Non-U.S.	3,544	2,771	3,290
	$2,523	$3,013	$3,276

Notes to Consolidated Financial Statements (Continued)

Note 6: Taxes on Earnings (Continued)

The (benefit from) provision for taxes on earnings was as follows:

	For the fiscal years ended October 31		
	2019	2018	2017
		In millions	
U.S. federal taxes:			
Current	$(987)	$751	$189
Deferred	149	(3,132)	197
Non-U.S. taxes:			
Current	386	528	302
Deferred	(3)	(563)	4
State taxes:			
Current	(160)	61	20
Deferred	(14)	41	38
	$(629)	$(2,314)	$750

As a result of U.S. tax reform, HP revised its estimated annual effective tax rate to reflect the change in the U.S. federal statutory tax rate from 35% to 23.3% in fiscal year 2018, under transitional tax rate rules, and 21% in fiscal year 2019.

The differences between the U.S. federal statutory income tax rate and HP's effective tax rate were as follows:

	For the fiscal years ended October 31		
	2019	2018	2017
U.S. federal statutory income tax rate from operations	21.0%	23.3%	35.0%
State income taxes from operations, net of federal tax benefit	1.5%	0.5%	1.4%
Impact of foreign earnings, net	(6.4)%	(10.9)%	(13.2)%
Foreign-derived intangible income deduction	(2.3)%	—%	—%
Global Minimum Tax	4.3%	—%	—%
U.S. Tax Reform impacts	(2.6)%	(35.8)%	—%
Research and development ("R&D") credit	(1.1)%	(0.7)%	(0.5)%
Valuation allowances	(3.7)%	(9.3)%	(1.9)%
Uncertain tax positions and audit settlements	(41.1)%	(50.3)%	0.4%
Indemnification related items	6.8%	5.2%	(0.3)%
Other, net	(1.3)%	1.2%	2.0%
	(24.9)%	(76.8)%	22.9%

The jurisdictions with favorable tax rates that have the most significant effective tax rate impact in the periods presented include Puerto Rico, Singapore, China, Malaysia and Ireland.

In fiscal year 2019, HP recorded $1.3 billion of net income tax benefits related to discrete items in the provision for taxes. This amount includes tax benefits related to audit settlements of $1.0 billion, $75 million due to ability to utilize tax attributes, $57 million of restructuring benefits and net valuation allowance releases of $94 million. HP also recorded benefits of $78 million related to U.S. tax reform as a result of new guidance issued by the U.S. Internal Revenue Service ("IRS"). These benefits were partially

Note 6: Taxes on Earnings (Continued)

offset by uncertain tax position charges of $51 million. In fiscal year 2019, in addition to the discrete items mentioned above, HP recorded excess tax benefits of $20 million associated with stock options, restricted stock units and performance-adjusted restricted stock units.

In fiscal year 2018, HP recorded $2.8 billion of net income tax benefits related to discrete items in the provision for taxes which include impacts of the TCJA. HP had not yet completed its analysis of the full impact of the TCJA. However, as of October 31, 2018, HP recorded a provisional tax benefit of $760 million related to $5.6 billion net benefit for the decrease in its deferred tax liability on unremitted foreign earnings, partially offset by $3.3 billion net expense for the deemed repatriation tax payable in installments over eight years, a $1.2 billion net expense for the remeasurement of its deferred assets and liabilities to the new U.S. statutory tax rate and a $317 million valuation allowance on net expense related to deferred tax assets that are expected to be realized at a lower rate. HP also recorded tax benefits related to audit settlements of $1.5 billion and valuation allowance releases of $601 million pertaining to a change in our ability to utilize certain foreign and U.S. deferred tax assets due to a change in our geographic earnings mix. These benefits were partially offset by other net tax charges of $34 million. In fiscal year 2018, in addition to the discrete items mentioned above, HP recorded excess tax benefits of $42 million associated with stock options, restricted stock units and performance-adjusted restricted stock units.

In fiscal year 2017, HP recorded $72 million of net income tax benefits related to discrete items in the provision for taxes. These amounts primarily include tax benefits of $84 million related to restructuring and other charges, $12 million related to U.S. federal provision to return adjustments, $45 million related to Samsung acquisition-related charges, and $13 million of other net tax benefits. In addition, HP recorded tax charges of $11 million related to changes in state valuation allowances, $22 million of state provision to return adjustments, and $49 million related to uncertain tax positions. In fiscal year 2017, in addition to the discrete items mentioned above, HP recorded excess tax benefits of $19 million associated with stock options, restricted stock units and performance-adjusted restricted stock units, which are reflected in the Consolidated Statements of Earnings as a component of the provision for income taxes.

As a result of certain employment actions and capital investments HP has undertaken, income from manufacturing and services in certain countries is subject to reduced tax rates, and in some cases is wholly exempt from taxes, through 2027. The gross income tax benefits attributable to these actions and investments were estimated to be $386 million ($0.25 diluted EPS) in fiscal year 2019, $578 million ($0.35 diluted net EPS) in fiscal year 2018 and $471 million ($0.28 diluted net EPS) in fiscal year 2017.

Uncertain Tax Positions

A reconciliation of unrecognized tax benefits is as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	**2018**	**2017**
		IN MILLIONS	
Balance at beginning of year	$7,771	$10,808	$10,858
Increases:			
For current year's tax positions	79	66	52
For prior years' tax positions	172	101	85
Decreases:			
For prior years' tax positions	(37)	(248)	(181)
Statute of limitations expirations	(15)	(3)	(1)
Settlements with taxing authorities	(7,041)	(2,953)	(5)
Balance at end of year	$929	$7,771	$10,808

Note 6: Taxes on Earnings (Continued)

As of October 31, 2019, the amount of unrecognized tax benefits was $929 million, of which up to $803 million would affect HP's effective tax rate if realized. As of October 31, 2018, the amount of unrecognized tax benefits was $7.8 billion of which up to $1.5 billion would affect HP's effective tax rate if realized. The amount of unrecognized tax benefits decreased by $6.8 billion primarily related to the resolution of various audits. HP recognizes interest income from favorable settlements and interest expense and penalties accrued on unrecognized tax benefits in the provision for taxes in the Consolidated Statements of Earnings. As of October 31, 2019, 2018 and 2017, HP had accrued $56 million, $160 million and $257 million, respectively, for interest and penalties.

HP engages in continuous discussion and negotiation with taxing authorities regarding tax matters in various jurisdictions. While HP does not expect complete resolution of certain tax years with various tax authorities in the next 12 months, it is reasonably possible that its existing unrecognized tax benefits may be reduced by an immaterial amount within the next 12 months.

HP is subject to income tax in the United States and approximately 58 other countries and is subject to routine corporate income tax audits in many of these jurisdictions. In addition, HP is subject to numerous ongoing audits by federal, state and foreign tax authorities. The IRS is conducting an audit of HP's 2016 income tax return.

With respect to major state and foreign tax jurisdictions, HP is no longer subject to tax authority examinations for years prior to 2002. No material tax deficiencies have been assessed in major state or foreign tax jurisdictions as of October 31, 2019.

The U.S. Tax Court ruled in May 2012 against HP related to certain tax attributes claimed by HP for the tax years 1999 through 2003. HP appealed the U.S. Tax Court determination by filing a formal Notice of Appeal with the Ninth Circuit Court of Appeals. This case was argued before the Ninth Circuit in November 2016. The Ninth Circuit Court of Appeals issued its opinion in November 2017 affirming the Tax Court determinations. In fiscal year 2018, HP decided against further appeal.

HP believes it has provided adequate reserves for all tax deficiencies or reductions in tax benefits that could result from federal, state and foreign tax audits. HP regularly assesses the likely outcomes of these audits in order to determine the appropriateness of HP's tax provision. HP adjusts its uncertain tax positions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular audit. However, income tax audits are inherently unpredictable and there can be no assurance that HP will accurately predict the outcome of these audits. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in the Provision for taxes and therefore the resolution of one or more of these uncertainties in any particular period could have a material impact on net income or cash flows.

HP has not provided for U.S. federal income and foreign withholding taxes on $5.7 billion of undistributed earnings from non-U.S. operations as of October 31, 2019 because HP intends to reinvest such earnings indefinitely outside of the United States. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable. The TCJA taxed HP's historic earnings and profits of its non-U.S. subsidiaries. HP will remit these taxed reinvested earnings for which deferred U.S. federal and withholding taxes have been provided where excess cash has accumulated and HP determines that it is advantageous for business operations, tax or cash management reasons.

HP Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

Note 6: Taxes on Earnings (Continued)

Deferred Income Taxes

The significant components of deferred tax assets and deferred tax liabilities were as follows:

	AS OF OCTOBER 31	
	2019	2018
	IN MILLIONS	
Deferred Tax Assets		
Loss and credit carryforwards	$7,856	$8,204
Intercompany transactions—excluding inventory	714	994
Fixed assets	115	151
Warranty	195	194
Employee and retiree benefits	396	401
Deferred Revenue	145	164
Capitalized research and development	193	—
Intangible assets	420	—
Other	556	422
Gross Deferred Tax Assets	10,590	10,530
Valuation allowances	(7,930)	(7,906)
Total Deferred Tax Assets	2,660	2,624
Deferred Tax Liabilities		
Unremitted earnings of foreign subsidiaries	(27)	(31)
Intangible assets	—	(229)
Other	(73)	(33)
Total Deferred Tax Liabilities	(100)	(293)
Net Deferred Tax Assets	$2,560	$2,331

Deferred tax assets and liabilities included in the Consolidated Balance Sheets as follows:

	AS OF OCTOBER 31	
	2019	2018
	IN MILLIONS	
Deferred tax assets	$2,620	$2,431
Deferred tax liabilities	(60)	(100)
Total	$2,560	$2,331

Notes to Consolidated Financial Statements (Continued)

Note 6: Taxes on Earnings (Continued)

As of October 31, 2019, HP had recorded deferred tax assets for net operating loss carryforwards as follows:

	GROSS NOLs	DEFERRED TAXES ON NOLs	VALUATION ALLOWANCE	INITIAL YEAR OF EXPIRATION
		IN MILLIONS		
Federal	$372	$78	$(19)	2023
State	2,634	167	(62)	2019
Foreign	26,317	7,434	(7,357)	2021
Balance at end of year	$29,323	$7,679	$(7,438)	

As of October 31, 2019, HP had recorded deferred tax assets for various tax credit carryforwards as follows:

	CARRYFORWARD	VALUATION ALLOWANCE	INITIAL YEAR OF EXPIRATION
	IN MILLIONS		
Tax credits in state and foreign jurisdictions	$307	$(42)	2021
Balance at end of year	$307	$(42)	

Deferred Tax Asset Valuation Allowance

The deferred tax asset valuation allowance and changes were as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
		IN MILLIONS	
Balance at beginning of year	$7,906	$8,807	$8,520
Income tax (benefit) expense	(339)	(897)	297
Other comprehensive income, currency translation and charges to other accounts	363	(4)	(10)
Balance at end of year	$7,930	$7,906	$8,807

Gross deferred tax assets as of October 31, 2019, 2018 and 2017 were reduced by valuation allowances of $7.9 billion, $7.9 billion and $8.8 billion, respectively. In fiscal year 2019, the deferred tax asset valuation allowance increased by $24 million primarily associated with the recognition of the income tax consequences of intra-entity transfers other than inventory, see Note 1, "Summary of Significant Accounting Policies" for detailed information. This increase was partially offset by the impact of tax rate changes in foreign jurisdictions and state valuation allowance releases. In fiscal year 2018, the deferred tax valuation allowance decreased by $901 million primarily associated with foreign net operating losses and U.S. deferred tax assets that are anticipated to be realized at a lower effective rate than the federal statutory tax rate due to certain future U.S. international tax reform implications. In fiscal year 2017, the deferred tax asset valuation allowance increased by $287 million primarily associated with foreign net operating losses.

Note 7: Supplementary Financial Information

Accounts Receivable, net

	As of October 31	
	2019	2018
	In millions	
Accounts receivable	$6,142	$5,242
Allowance for doubtful accounts	(111)	(129)
	$6,031	$5,113

The allowance for doubtful accounts related to accounts receivable and changes were as follows:

	For the fiscal years ended October 31		
	2019	2018	2017
	In millions		
Balance at beginning of year	$129	$101	$107
Provision for doubtful accounts	60	57	30
Deductions, net of recoveries	(78)	(29)	(36)
Balance at end of year	$111	$129	$101

HP has third-party arrangements, consisting of revolving short-term financing, which provide liquidity to certain partners to facilitate their working capital requirements. These financing arrangements, which in certain circumstances may contain partial recourse, result in a transfer of HP's receivables and risk, to the third-party. As these transfers qualify as true sales under the applicable accounting guidance, the receivables are de-recognized from the Consolidated Balance Sheets upon transfer, and HP receives a payment for the receivables from the third-party within a mutually agreed upon time period. For arrangements involving an element of recourse, the recourse obligation is measured using market data from the similar transactions and reported as a current liability in the Consolidated Balance Sheets. The recourse obligations as of October 31, 2019 and 2018 were not material. The costs associated with the sales of trade receivables for fiscal year 2019, 2018 and 2017 were not material.

The following is a summary of the activity under these arrangements:

	For the fiscal years ended October 31		
	2019	2018	2017
	In millions		
Balance at beginning of year[(1)]	$165	$147	$149
Trade receivables sold	10,257	10,224	9,553
Cash receipts	(10,186)	(10,202)	(9,562)
Foreign currency and other	(1)	(4)	7
Balance at end of year[(1)]	$235	$165	$147

(1) Amounts outstanding from third parties reported in Accounts Receivable in the Consolidated Balance Sheets.

Notes to Consolidated Financial Statements (Continued)

Note 7: Supplementary Financial Information (Continued)

Inventory

	AS OF OCTOBER 31	
	2019	2018
	IN MILLIONS	
Finished goods	$3,855	$4,019
Purchased parts and fabricated assemblies	1,879	2,043
	$5,734	$6,062

Other Current Assets

	AS OF OCTOBER 31	
	2019	2018
	IN MILLIONS	
Supplier and other receivables	$1,951	$2,025
Prepaid and other current assets	967	1,445
Value-added taxes receivable	957	865
Available-for-sale investments[1]	—	711
	$3,875	$5,046

(1) See Note 9 "Fair Value" and Note 10, "Financial Instruments" for detailed information.

Property, Plant and Equipment, Net

	AS OF OCTOBER 31	
	2019	2018
	IN MILLIONS	
Land, buildings and leasehold improvements	$1,977	$1,893
Machinery and equipment, including equipment held for lease	5,060	4,216
	7,037	6,109
Accumulated depreciation	(4,243)	(3,911)
	$2,794	$2,198

Depreciation expense was $623 million, $448 million and $353 million in fiscal years 2019, 2018 and 2017, respectively.

Note 7: Supplementary Financial Information (Continued)

Other Non-Current Assets

	AS OF OCTOBER 31	
	2019	2018
	IN MILLIONS	
Deferred tax assets[1]	$2,620	$2,431
Tax indemnifications receivable[2]	42	953
Intangible assets[3]	661	453
Other[4]	801	1,232
	$4,124	$5,069

(1) See Note 6, "Taxes on Earnings" for detailed information.

(2) See Note 15, "Guarantees, Indemnifications and Warranties" for detailed information.

(3) See Note 8, "Goodwill and Intangible Assets" for detailed information.

(4) Includes marketable equity securities and mutual funds classified as available-for-sale investments of $56 million and $53 million at October 31, 2019 and 2018, respectively. See Note 10, "Financial Instruments" for detailed information

Other Current Liabilities

	AS OF OCTOBER 31	
	2019	2018
	IN MILLIONS	
Sales and marketing programs	$3,361	$2,758
Deferred revenue	1,178	1,095
Employee compensation and benefits	1,103	1,136
Other accrued taxes	1,060	982
Warranty	663	673
Tax liability	237	340
Other	2,541	1,868
	$10,143	$8,852

Notes to Consolidated Financial Statements (Continued)

Note 7: Supplementary Financial Information (Continued)

Other Non-Current Liabilities

	As of October 31	
	2019	2018
	In millions	
Tax liability[(1)]	$848	$2,063
Pension, post-retirement, and post-employment liabilities	1,762	1,645
Deferred revenue	1,069	1,005
Deferred tax liability[(1)]	60	100
Other	848	793
	$4,587	$5,606

(1) See Note 6, "Taxes on Earnings" for detailed information.

Interest and other, net

	For the fiscal years ended October 31		
	2019	2018	2017
		In millions	
Tax indemnifications[(1)]	$(1,186)	$(662)	$47
Loss on extinguishment of debt	—	(126)	—
Interest expense on borrowings	(242)	(312)	(309)
Other, net	74	282	170
	$(1,354)	$(818)	$(92)

(1) Fiscal year ended October 31, 2019 and 2018, includes an adjustment of $764 million and $676 million respectively, of indemnification receivable, primarily related to resolution of various income tax audit settlements. Fiscal year ended October 31, 2019, also includes an adjustment of $417 million pursuant to the termination of the TMA with Hewlett Packard Enterprise. See Note 15, "Guarantees, Indemnifications and Warranties" for further information.

Net Revenue by Region

	For the fiscal years ended October 31		
	2019	2018	2017
		In millions	
Americas	$25,244	$25,644	$23,891
Europe, Middle East and Africa	20,275	20,470	17,507
Asia-Pacific and Japan	13,237	12,358	10,658
Total net revenue	$58,756	$58,472	$52,056

Note 7: Supplementary Financial Information (Continued)

Value of Remaining Performance Obligations

As of October 31, 2019, the estimated value of transaction price allocated to remaining performance obligations was $4.4 billion. HP expects to recognize approximately $1.8 billion of the unearned amount in next 12 months and $2.6 billion thereafter.

HP has elected the practical expedients and accordingly does not disclose the aggregate amount of the transaction price allocated to remaining performance obligations if:

- the contract has an original expected duration of one year or less; or
- the revenue from the performance obligation is recognized over time on an as-invoiced basis when the amount corresponds directly with the value to the customer; or
- the portion of the transaction price that is variable in nature is allocated entirely to a wholly unsatisfied performance obligation.

The remaining performance obligations are subject to change and may be affected by various factors, such as termination of contracts, contract modifications and adjustment for currency.

Costs of Obtaining Contracts

As of October 31, 2019, deferred contract fulfillment and acquisition costs balances were $47 million and $30 million, included in Other Current Assets and Other Non-Current Assets, respectively, in the Consolidated Balance Sheet. During the twelve months ended October 31, 2019, the Company amortized $108 million of these costs.

Contract Liabilities

As of October 31, 2019 and November 1, 2018, HP's contract liabilities balances were $2.1 billion and $1.9 billion, included in Other Current Liabilities and Other Non-Current Liabilities, respectively, in the Consolidated Balance Sheet.

The increase in the contract liabilities balance for fiscal year 2019 is primarily driven by sales of fixed price support and maintenance services, partially offset by $922 million of revenue recognized that were included in the opening contract liabilities balance as of November 1, 2018.

Note 8: Goodwill and Intangible Assets

Goodwill

Goodwill allocated to HP's reportable segments and changes in the carrying amount of goodwill were as follows:

	PERSONAL SYSTEMS	PRINTING	TOTAL
		IN MILLIONS	
Balance at October 31, 2017[1]	$2,593	$3,029	$5,622
Acquisitions	7	339	346
Balance at October 31, 2018[1]	2,600	3,368	5,968
Acquisitions	13	386	399
Foreign currency translation	—	5	5
Balance at October 31, 2019[1]	$2,613	$3,759	$6,372

(1) Goodwill is net of accumulated impairment losses of $0.8 billion related to Corporate Investments.

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2019, our reporting units are consistent with the reportable segments identified in Note 2, "Segment Information". There were no goodwill impairments in fiscal years 2019, 2018 and 2017. Personal Systems had a negative carrying amount of net assets as of October 31, 2019 and 2018, primarily as a result of a favorable cash conversion cycle.

Note 8: Goodwill and Intangible Assets (Continued)

Intangible Assets

HP's acquired intangible assets were composed of:

	As of October 31, 2019			As of October 31, 2018		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	In millions					
Customer contracts, customer lists and distribution agreements	$385	$122	$263	$112	$88	$24
Technology, patents and trade name	652	254	398	601	172	429
Total intangible assets	$1,037	$376	$661	$713	$260	$453

For fiscal year 2019, the increase in gross intangible assets was primarily due to intangible assets resulting from the acquisition of the Apogee group.

The weighted-average useful lives of intangible assets acquired during the period are as follows:

	Weighted-Average Useful Life
Customer contracts, customer lists and distribution agreements	10
Technology, patents and trade name	7

As of October 31, 2019, estimated future amortization expense related to intangible assets was as follows

Fiscal Year	In millions
2020	$114
2021	116
2022	116
2023	114
2024	80
Thereafter	121
Total	$661

Note 9: Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy

HP uses valuation techniques that are based upon observable and unobservable inputs. Observable inputs are developed using market data such as publicly available information and reflect the assumptions market participants would use, while unobservable inputs are developed using the best information available about the assumptions market participants would use. Assets and liabilities are classified in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement:

Note 9: Fair Value (Continued)

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2—Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3—Unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to observable inputs and lowest priority to unobservable inputs.

The following table presents HP's assets and liabilities that are measured at fair value on a recurring basis:

	AS OF OCTOBER 31, 2019				AS OF OCTOBER 31, 2018			
	FAIR VALUE MEASURED USING				FAIR VALUE MEASURED USING			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	IN MILLIONS							
Assets:								
Cash Equivalents:								
Corporate debt	$—	$1,283	$—	$1,283	$—	$1,620	$—	$1,620
Financial institution instruments	—	—	—	—	—	9	—	9
Government debt[1]	2,422	—	—	2,422	2,217	150	—	2,367
Available-for-Sale Investments:								
Corporate debt	—	—	—	—	—	366	—	366
Financial institution instruments	—	—	—	—	—	32	—	32
Government debt[1]	—	—	—	—	—	313	—	313
Marketable equity securities and Mutual funds	6	50	—	56	53	—	—	53
Derivative Instruments:								
Interest rate contracts	—	4	—	4	—	—	—	—
Foreign currency contracts	—	381	—	381	—	508	7	515
Other derivatives	—	7	—	7	—	—	—	—
Total Assets	$2,428	$1,725	$—	$4,153	$2,270	$2,998	$7	$5,275
Liabilities:								
Derivative Instruments:								
Interest rate contracts	$—	$—	$—	$—	$—	$23	$—	$23
Foreign currency contracts	—	165	—	165	—	164	—	164
Other derivatives	—	1	—	1	—	8	—	8
Total Liabilities	$—	$166	$—	$166	$—	$195	$—	$195

(1) Government debt includes instruments such as U.S. treasury notes, U.S. agency securities and non-U.S. government bonds. Money market funds invested in government debt and trade in active markets are included in Level 1.

Note 9: Fair Value (Continued)

Valuation Techniques

Cash Equivalents and Investments: HP holds time deposits, money market funds, mutual funds, other debt securities primarily consisting of corporate and foreign government notes and bonds, and common stock and equivalents. HP values cash equivalents and equity investments using quoted market prices, alternative pricing sources, including net asset value, or models utilizing market observable inputs. The fair value of debt investments was based on quoted market prices or model-driven valuations using inputs primarily derived from or corroborated by observable market data, and, in certain instances, valuation models that utilize assumptions which cannot be corroborated with observable market data.

Derivative Instruments: From time to time, HP uses forward contracts, interest rate and total return swaps and, in the past, option contracts to hedge certain foreign currency interest rate and return on certain investment exposures. HP uses industry standard valuation models to measure fair value. Where applicable, these models project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rate curves, HP and counterparty credit risk, foreign exchange rates, and forward and spot prices for currencies and interest rates. See Note 10, "Financial Instruments" for a further discussion of HP's use of derivative instruments.

Other Fair Value Disclosures

Short- and Long-Term Debt: HP estimates the fair value of its debt primarily using an expected present value technique, which is based on observable market inputs using interest rates currently available to companies of similar credit standing for similar terms and remaining maturities, and considering its own credit risk. The portion of HP's debt that is hedged is reflected in the Consolidated Balance Sheets as an amount equal to the debt's carrying amount and a fair value adjustment representing changes in the fair value of the hedged debt obligations arising from movements in benchmark interest rates. The fair value of HP's short- and long-term debt was $5.4 billion at October 31, 2019 compared to its carrying amount of $5.1 billion at that date. The fair value of HP's short- and long-term debt was $6.0 billion as compared to its carrying value of $6.0 billion at October 31, 2018. If measured at fair value in the Consolidated Balance Sheets, short- and long-term debt would be classified in Level 2 of the fair value hierarchy.

Other Financial Instruments: For the balance of HP's financial instruments, primarily accounts receivable, accounts payable and financial liabilities included in other current liabilities on the Consolidated Balance Sheets, the carrying amounts approximate fair value due to their short maturities. If measured at fair value in the Consolidated Balance Sheets, these other financial instruments would be classified in Level 2 or Level 3 of the fair value hierarchy.

Non-Marketable Equity Investments and Non-Financial Assets: HP's non-marketable equity investments are measured at cost less impairment, adjusted for observable price changes. HP's non-financial assets, such as intangible assets, goodwill and property, plant and equipment, are recorded at fair value in the period an impairment charge is recognized. If measured at fair value in the Consolidated Balance Sheets these would generally be classified within Level 3 of the fair value hierarchy.

HP Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

Note 10: Financial Instruments

Cash Equivalents and Available-for-Sale Investments

	As of October 31, 2019				As of October 31, 2018			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
				In millions				
Cash Equivalents:								
Corporate debt	$1,283	$—	$—	$1,283	$1,620	$—	$—	$1,620
Financial institution instruments	—	—	—	—	9	—	—	9
Government debt	2,422	—	—	2,422	2,367	—	—	2,367
Total cash equivalents	3,705	—	—	3,705	3,996	—	—	3,996
Available-for-Sale Investments:								
Corporate debt(1)	—	—	—	—	368	—	(2)	366
Financial institution instruments(1)	—	—	—	—	32	—	—	32
Government debt(1)	—	—	—	—	314	—	(1)	313
Marketable equity securities and Mutual funds	40	16	—	56	42	11	—	53
Total available-for-sale investments	40	16	—	56	756	11	(3)	764
Total cash equivalents and available-for-sale investments	$3,745	$16	$—	$3,761	$4,752	$11	$(3)	$4,760

(1) HP classifies its marketable debt securities as available-for-sale investments within Other current assets on the Consolidated Balance Sheets, including those with maturity dates beyond one year, based on their highly liquid nature and availability for use in current operations.

All highly liquid investments with original maturities of three months or less at the date of acquisition are considered cash equivalents. As of October 31, 2019 and 2018, the carrying amount of cash equivalents approximated fair value due to the short period of time to maturity. Interest income related to cash, cash equivalents and debt securities was approximately $80 million in fiscal year 2019, $116 million in fiscal year 2018, and $66 million in fiscal year 2017. The estimated fair value of the available-for-sale investments may not be representative of values that will be realized in the future.

Equity securities in privately held companies are included in Other non-current assets in the Consolidated Balance Sheets. These amounted to $46 million and $36 million as of October 31, 2019 and 2018, respectively.

Derivative Instruments

HP uses derivatives to offset business exposure to foreign currency and interest rate risk on expected future cash flows and on certain existing assets and liabilities. As part of its risk management strategy, HP uses derivative instruments, primarily forward contracts, interest rate swaps, total return swaps and, at times, option contracts to hedge certain foreign currency, interest rate and, return on certain investment exposures. HP may designate its derivative contracts as fair value hedges or cash flow hedges and classifies the cash flows with the activities that correspond to the underlying hedged items. Additionally, for derivatives not designated as hedging instruments, HP categorizes those economic hedges as other derivatives. HP recognizes all derivative instruments at fair value in the Consolidated Balance Sheets.

Note 10: Financial Instruments (Continued)

As a result of its use of derivative instruments, HP is exposed to the risk that its counterparties will fail to meet their contractual obligations. Master netting agreements mitigate credit exposure to counterparties by permitting HP to net amounts due from HP to counterparty against amounts due to HP from the same counterparty under certain conditions. To further limit credit risk, HP has collateral security agreements that allow HP's custodian to hold collateral from, or require HP to post collateral to, counterparties when aggregate derivative fair values exceed contractually established thresholds which are generally based on the credit ratings of HP and its counterparties. If HP's or the counterparty's credit rating falls below a specified credit rating, either party has the right to request full collateralization of the derivatives' net liability position. The fair value of derivatives with credit contingent features in a net liability position was $45 million and $68 million as of October 31, 2019 and 2018, respectively, all of which were fully collateralized within two business days.

Under HP's derivative contracts, the counterparty can terminate all outstanding trades following a covered change of control event affecting HP that results in the surviving entity being rated below a specified credit rating. This credit contingent provision did not affect HP's financial position or cash flows as of October 31, 2019 and 2018.

Fair Value Hedges

HP enters into fair value hedges, such as interest rate swaps, to reduce the exposure of its debt portfolio to changes in fair value resulting from changes in interest rates by achieving a primarily U.S. dollar London Interbank Offered Rate ("LIBOR")-based floating interest expense.

For derivative instruments that are designated and qualify as fair value hedges, HP recognizes the change in fair value of the derivative instrument, as well as the offsetting change in the fair value of the hedged item, in Interest and other, net in the Consolidated Statements of Earnings in the period of change.

Cash Flow Hedges

HP uses forward contracts and at times, option contracts designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in its forecasted net revenue and, to a lesser extent, cost of revenue and operating expenses. HP's foreign currency cash flow hedges mature predominantly within twelve months; however, hedges related to long-term procurement arrangements extend several years.

For derivative instruments that are designated and qualify as cash flow hedges, HP initially records changes in fair value for the effective portion of the derivative instrument in Accumulated other comprehensive loss as a separate component of stockholders' deficit in the Consolidated Balance Sheets and subsequently reclassifies these amounts into earnings in the period during which the hedged transaction is recognized in earnings. HP reports the effective portion of its cash flow hedges in the same financial statement line item as changes in the fair value of the hedged item.

Other Derivatives

Other derivatives not designated as hedging instruments consist primarily of forward contracts used to hedge foreign currency-denominated balance sheet exposures. HP uses total return swaps to hedge its executive deferred compensation plan liability.

For derivative instruments not designated as hedging instruments, HP recognizes changes in fair value of the derivative instrument, as well as the offsetting change in the fair value of the hedged item, in Interest and other, net in the Consolidated Statements of Earnings in the period of change.

Hedge Effectiveness

For interest rate swaps designated as fair value hedges, HP measures hedge effectiveness by offsetting the change in fair value of the hedged item with the change in fair value of the derivative. For foreign currency options and forward contracts designated as cash flow hedges, HP measures hedge effectiveness by comparing the cumulative change in fair value of the hedge contract with the cumulative change in fair value of the hedged item, both of which are based on forward rates. HP recognizes any ineffective portion of the hedge in the Consolidated Statements of Earnings in the same period in which ineffectiveness occurs. Amounts excluded from the assessment of effectiveness are recognized in the Consolidated Statements of Earnings in the period they arise.

Notes to Consolidated Financial Statements (Continued)

Note 10: Financial Instruments (Continued)

Fair Value of Derivative Instruments in the Consolidated Balance Sheets

The gross notional and fair value of derivative instruments in the Consolidated Balance Sheets was as follows:

	AS OF OCTOBER 31, 2019					AS OF OCTOBER 31, 2018				
	OUTSTANDING GROSS NOTIONAL	OTHER CURRENT ASSETS	OTHER NON-CURRENT ASSETS	OTHER CURRENT LIABILITIES	OTHER NON-CURRENT LIABILITIES	OUTSTANDING GROSS NOTIONAL	OTHER CURRENT ASSETS	OTHER NON-CURRENT ASSETS	OTHER CURRENT LIABILITIES	OTHER NON-CURRENT LIABILITIES
	IN MILLIONS									
Derivatives designated as hedging instruments										
Fair value hedges:										
Interest rate contracts	$750	$—	$4	$—	$—	$1,000	$—	$—	$—	$23
Cash flow hedges:										
Foreign currency contracts	15,639	260	111	123	28	17,147	386	107	86	52
Total derivatives designated as hedging instruments	16,389	260	115	123	28	18,147	386	107	86	75
Derivatives not designated as hedging instruments										
Foreign currency contracts	7,146	10	—	14	—	5,437	22	—	26	—
Other derivatives	134	7	—	1	—	122	—	—	8	—
Total derivatives not designated as hedging instruments	7,280	17	—	15	—	5,559	22	—	34	—
Total derivatives.	$23,669	$277	$115	$138	$28	$23,706	$408	$107	$120	$75

Notes to Consolidated Financial Statements (Continued)

Note 10: Financial Instruments (Continued)

Offsetting of Derivative Instruments

HP recognizes all derivative instruments on a gross basis in the Consolidated Balance Sheets. HP does not offset the fair value of its derivative instruments against the fair value of cash collateral posted under its collateral security agreements. As of October 31, 2019 and 2018, information related to the potential effect of HP's master netting agreements and collateral security agreements was as follows:

	IN THE CONSOLIDATED BALANCE SHEETS					
	(I)	(II)	(III) = (I)–(II)	(IV)	(V)	(VI) = (III)–(IV)–(V)
				GROSS AMOUNTS NOT OFFSET		
	GROSS AMOUNT RECOGNIZED	GROSS AMOUNT OFFSET	NET AMOUNT PRESENTED	DERIVATIVES	FINANCIAL COLLATERAL	NET AMOUNT
	IN MILLIONS					
As of October 31, 2019						
Derivative assets	$392	$—	$392	$113	$259[1]	$20
Derivative liabilities	$166	$—	$166	$113	$43[2]	$10
As of October 31, 2018						
Derivative assets	$515	$—	$515	$112	$299[1]	$104
Derivative liabilities	$195	$—	$195	$112	$69[2]	$14

(1) Represents the cash collateral posted by counterparties as of the respective reporting date for HP's asset position, net of derivative amounts that could be offset, as of, generally, two business days prior to the respective reporting date.

(2) Represents the collateral posted by HP through re-use of counterparty cash collateral as of the respective reporting date for HP's liability position, net of derivative amounts that could be offset, as of, generally, two business days prior to the respective reporting date.

Effect of Derivative Instruments on the Consolidated Statements of Earnings

The pre-tax effect of derivative instruments and related hedged items in a fair value hedging relationship for fiscal years ended October 31, 2019, 2018 and 2017 was as follows:

	GAIN (LOSS) RECOGNIZED IN INCOME ON DERIVATIVE INSTRUMENTS AND RELATED HEDGED ITEMS							
DERIVATIVE INSTRUMENT	LOCATION	2019	2018	2017	HEDGED ITEM	LOCATION	2019	2018	2017
		IN MILLIONS					IN MILLIONS		
Interest rate contracts	Interest and other, net	$27	$(11)	$(60)	Fixed-rate debt	Interest and other, net	$(27)	$11	$60

Notes to Consolidated Financial Statements (Continued)

Note 10: Financial Instruments (Continued)

The pre-tax effect of derivative instruments in cash flow hedging relationships for fiscal years ended October 31, 2019, 2018 and 2017 was as follows:

	GAIN (LOSS) RECOGNIZED IN OCI ON DERIVATIVES (EFFECTIVE PORTION)			GAIN (LOSS) RECLASSIFIED FROM ACCUMULATED OCI INTO EARNINGS (EFFECTIVE PORTION)			
	2019	2018	2017		2019	2018	2017
		IN MILLIONS				IN MILLIONS	
Cash flow hedges:							
Foreign currency contracts	$252	$ 341	$(651)	Net revenue	$ 425	$(239)	$(156)
				Cost of revenue	(43)	(18)	(35)
				Other operating expenses	(2)	(1)	1
				Interest and other, net	—	—	(9)
Total	$252	$ 341	$(651)	Total	$ 380	$(258)	$(199)

As of October 31, 2019, 2018 and 2017, no portion of the hedging instruments' gain or loss was excluded from the assessment of effectiveness for fair value or cash flow hedges. Hedge ineffectiveness for fair value and cash flow hedges was not material for fiscal years 2019, 2018 and 2017.

As of October 31, 2019, HP expects to reclassify an estimated accumulated other comprehensive income of approximately $104 million, net of taxes, to earnings within the next twelve months associated with cash flow hedges along with the earnings effects of the related forecasted transactions. The amounts ultimately reclassified into earnings could be different from the amounts previously included in accumulated OCI based on the change of market rate, and therefore could have different impact on earnings.

The pre-tax effect of derivative instruments not designated as hedging instruments recognized in Interest and other, net in the Consolidated Statements of Earnings for fiscal years 2019, 2018 and 2017 was as follows:

	(LOSS) GAIN RECOGNIZED IN INCOME ON DERIVATIVES			
	LOCATION	2019	2018	2017
			IN MILLIONS	
Foreign currency contracts	Interest and other, net	$(119)	$35	$(32)
Other derivatives	Interest and other, net	14	(9)	3
Total		$(105)	$26	$(29)

Notes to Consolidated Financial Statements (Continued)

Note 11: Borrowings

Notes Payable and Short-Term Borrowings

	As of October 31			
	2019		2018	
	Amount Outstanding	Weighted-Average Interest Rate	Amount Outstanding	Weighted-Average Interest Rate
	In millions		In millions	
Commercial paper	$—	—%	$854	2.5%
Current portion of long-term debt	307	3.6%	565	3.1%
Notes payable to banks, lines of credit and other	50	2.0%	44	1.7%
	$357		$1,463	

Long-Term Debt

	As of October 31	
	2019	2018
U.S. Dollar Global Notes[(1)]	In millions	
2009 Shelf Registration Statement:		
$1,350 issued at discount to par at a price of 99.827% in December 2010 at 3.75%, due December 2020	$648	$648
$1,250 issued at discount to par at a price of 99.799% in May 2011 at 4.3%, due June 2021	667	667
$1,000 issued at discount to par at a price of 99.816% in September 2011 at 4.375%, due September 2021	538	538
$1,500 issued at discount to par at a price of 99.707% in December 2011 at 4.65%, due December 2021	695	694
$500 issued at discount to par at a price of 99.771% in March 2012 at 4.05%, due September 2022	499	499
$1,200 issued at discount to par at a price of 99.863% in September 2011 at 6.0%, due September 2041	1,199	1,199
2012 Shelf Registration Statement:		
$750 issued at par in January 2014 at three-month USD LIBOR plus 0.94%, due January 2019	—	102
$1,250 issued at discount to par at a price of 99.954% in January 2014 at 2.75%, due January 2019	—	300
	4,246	4,647
Other, including capital lease obligations, at 0.51%-8.43%, due in calendar years 2019-2029	853	487
Fair value adjustment related to hedged debt	4	(28)
Unamortized debt issuance cost	(16)	(17)
Current portion of long-term debt	(307)	(565)
Total long-term debt	$4,780	$4,524

(1) HP may redeem some or all of the fixed-rate U.S. Dollar Global Notes at any time in accordance with the terms thereof. The U.S. Dollar Global Notes are senior unsecured debt.

Note 11: Borrowings (Continued)

In December 2016, HP filed a shelf registration statement (the "2016 Shelf Registration Statement") with the SEC to enable the company to offer for sale, from time to time, in one or more offerings, an unspecified amount of debt securities, common stock, preferred stock, depositary shares and warrants.

As disclosed in Note 10, "Financial Instruments", HP uses interest rate swaps to mitigate some of the exposure of its debt portfolio to changes in fair value resulting from changes in interest rates by achieving a primarily U.S. dollar LIBOR-based floating interest expense. Interest rates shown in the table of long-term debt have not been adjusted to reflect the impact of any interest rate swaps.

As of October 31, 2019, aggregate future maturities of debt at face value (excluding unamortized debt issuance cost of $16 million and discounts on debt issuance of $2 million less fair value adjustment related to hedged debt of $4 million), including capital lease obligations were as follows:

FISCAL YEAR	IN MILLIONS
2020	$357
2021	251
2022	2,015
2023	1,273
2024	42
Thereafter	1,213
Total	$5,151

Extinguishment of Debt

In March 2018, HP commenced and completed a cash tender offer (the "Tender Offer") to purchase approximately $1.85 billion in aggregate principal amount of outstanding U.S. Dollar 4.650% Global Notes due December 9, 2021, 4.375% Global Notes due September 15, 2021 and 4.300% Global Notes due June 1, 2021. In connection with the Tender Offer, HP also solicited consents from holders of its 4.650% Notes due December 2021, (the "4.650% Notes") to amend the indenture under which the 4.650% Notes were issued to, among other things, eliminate substantially all of the restrictive covenants of the indenture (the "Proposed Amendments"). Holders of a majority in principal amount of the outstanding 4.650% Notes consented to the Proposed Amendments, and as a result, a supplemental indenture was executed on March 26, 2018 to effect the Proposed Amendments. This extinguishment of debt resulted in a loss of $126 million, which was recorded as "Interest and other, net" on the Consolidated Statements of Earnings for the year ended October 31, 2018.

Commercial Paper

As of October 31, 2019, HP maintained two commercial paper programs. HP's U.S. program provides for the issuance of U.S. dollar-denominated commercial paper up to a maximum aggregate principal amount of $6.0 billion. HP's euro commercial paper program provides for the issuance of commercial paper outside of the United States denominated in U.S. dollars, euros or British pounds up to a maximum aggregate principal amount of $6.0 billion or the equivalent in those alternative currencies. The combined aggregate principal amount of commercial paper outstanding under those programs at any one time cannot exceed the $6.0 billion authorized by HP's Board of Directors.

Credit Facility

As of October 31, 2019, HP maintained a $4.0 billion senior unsecured committed revolving credit facility to support the issuance of commercial paper or for general corporate purposes. Commitments under the revolving credit facility will be available until March 30, 2023. Commitment fees, interest rates and other terms of borrowing under the credit facilities vary based on HP's external credit ratings. As of October 31, 2019, HP was in compliance with the financial covenants in the credit agreement governing the revolving credit facility.

Available Borrowing Resources

As of October 31, 2019, HP and HP's subsidiaries had available borrowing resources of $724 million from uncommitted lines of credit in addition to the senior unsecured committed revolving credit facility discussed above.

HP Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

Note 12: Stockholders' Deficit

Share Repurchase Program

HP's share repurchase program authorizes both open market and private repurchase transactions. In fiscal year 2019, HP executed share repurchases of 118 million shares and settled total shares for $2.4 billion. In fiscal year 2018, HP executed share repurchases of 111 million shares and settled total shares for $2.6 billion. In fiscal year 2017, HP executed share repurchases of 80 million shares and settled total shares for $1.4 billion. Share repurchases executed during fiscal years 2019, 2018, and 2017 included 0.9 million shares, 1.0 million shares, and 1.5 million shares settled in November 2019, November 2018, and November 2017, respectively.

The shares repurchased in fiscal years 2019, 2018 and 2017 were all open market repurchase transactions. On June 19, 2018, HP's Board of Directors authorized $4.0 billion for future repurchases of its outstanding shares of common stock. On September 30, 2019, the Board authorized an additional $5.0 billion for future repurchases of its outstanding shares of common stock. As of October 31, 2019, HP had approximately $6.5 billion remaining under the share repurchase authorizations approved by HP's Board of Directors.

Taxes related to Other Comprehensive (Loss) Income

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
	IN MILLIONS		
Tax effect on change in unrealized components of available-for-sale debt securities:			
Tax (provision) benefit on unrealized gains (losses) arising during the period	$—	$1	$(1)
Tax effect on change in unrealized components of cash flow hedges:			
Tax (provision) benefit on unrealized gains (losses) arising during the period	(37)	(42)	42
Tax provision (benefit) on (gains) losses reclassified into earnings	46	(26)	(16)
	9	(68)	26
Tax effect on change in unrealized components of defined benefit plans:			
Tax benefit (provision) on (losses) gains arising during the period	64	—	(140)
Tax provision on amortization of actuarial loss and prior service benefit	(11)	(11)	(21)
Tax (provision) benefit on curtailments, settlements and other	(104)	(2)	72
	(51)	(13)	(89)
Tax effect on change in cumulative translation adjustment	—	—	—
Tax (provision) benefit on other comprehensive (loss) income	$(42)	$(80)	$(64)

Notes to Consolidated Financial Statements (Continued)

Note 12: Stockholders' Deficit (Continued)

Changes and reclassifications related to Other Comprehensive (Loss) Income, net of taxes

	For the fiscal years ended October 31		
	2019	2018	2017
	In millions		
Other comprehensive (loss) income, net of taxes:			
Change in unrealized components of available-for-sale debt securities:			
Unrealized gains (losses) arising during the period	$1	$(2)	$3
Losses (gains) reclassified into earnings	3	(5)	—
	4	(7)	3
Change in unrealized components of cash flow hedges:			
Unrealized gains (losses) arising during the period	215	299	(609)
(Gains) losses reclassified into earnings	(334)	232	183
	(119)	531	(426)
Change in unrealized components of defined benefit plans:			
(Losses) gains arising during the period	(239)	11	315
Amortization of actuarial loss and prior service benefit[1]	32	37	53
Curtailments, settlements and other	(62)	1	75
	(269)	49	443
Change in cumulative translation adjustment:	4	—	—
Other comprehensive (loss) income, net of taxes	$(380)	$573	$20

(1) These components are included in the computation of net pension and post-retirement benefit (credit) charges in Note 4, "Retirement and Post-Retirement Benefit Plans".

The components of accumulated other comprehensive loss, net of taxes as of October 31, 2019 and changes during fiscal year 2019 were as follows:

	Net unrealized gains on available-for-sale securities	Net unrealized gains (losses) on cash flow hedges	Unrealized components of defined benefit plans	Change in cumulative translation adjustment	Accumulated other comprehensive loss
			In millions		
Balance at beginning of period	$5	$291	$(1,141)	$—	$(845)
Other comprehensive (loss) income before reclassifications	1	215	(239)	4	(19)
Reclassifications of losses (gains) into earnings	3	(334)	32	—	(299)
Reclassifications of curtailments, settlements and other into earnings	—	—	(62)	—	(62)
Balance at end of period	$9	$172	$(1,410)	$4	$(1,225)

Note 13: Earnings Per Share

HP calculates basic net EPS using net earnings and the weighted-average number of shares outstanding during the reporting period. Diluted net EPS includes any dilutive effect of restricted stock units, stock options, performance-based awards and shares purchased under the 2011 employee stock purchase plan.

A reconciliation of the number of shares used for basic and diluted net EPS calculations is as follows:

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
	IN MILLIONS, EXCEPT PER SHARE AMOUNTS		
Numerator:			
Net earnings	$3,152	$5,327	$2,526
Denominator:			
Weighted-average shares used to compute basic net EPS	1,515	1,615	1,688
Dilutive effect of employee stock plans	9	19	14
Weighted-average shares used to compute diluted net EPS	1,524	1,634	1,702
Net earnings per share:			
Basic	$ 2.08	$ 3.30	$ 1.50
Diluted	$ 2.07	$ 3.26	$ 1.48
Anti-dilutive weighted-average stock-based compensation awards(1)	7	—	1

(1) HP excludes from the calculation of diluted net EPS stock options and restricted stock units where the assumed proceeds exceed the average market price, because their effect would be anti-dilutive. The assumed proceeds of a stock option include the sum of its exercise price, and average unrecognized compensation cost. The assumed proceeds of a restricted stock unit represent unrecognized compensation cost.

Note 14: Litigation and Contingencies

HP is involved in lawsuits, claims, investigations and proceedings, including those identified below, consisting of IP, commercial, securities, employment, employee benefits and environmental matters that arise in the ordinary course of business. HP accrues a liability when management believes that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. HP believes it has recorded adequate provisions for any such matters and, as of October 31, 2019, it was not reasonably possible that a material loss had been incurred in excess of the amounts recognized in HP's financial statements. HP reviews these matters at least quarterly and adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Pursuant to the separation and distribution agreement, HP shares responsibility with Hewlett Packard Enterprise for certain matters, as indicated below, and Hewlett Packard Enterprise has agreed to indemnify HP in whole or in part with respect to certain matters. Based on its experience, HP believes that any damage amounts claimed in the specific matters discussed below are not a meaningful indicator of HP's potential liability. Litigation is inherently unpredictable. However, HP believes it has valid defenses with respect to legal matters pending against it. Nevertheless, cash flows or results of operations could be materially affected in any particular period by the resolution of one or more of these contingencies.

Litigation, Proceedings and Investigations

Copyright Levies. Proceedings are ongoing or have been concluded involving HP in certain European countries, including litigation in Belgium and other countries, seeking to impose or modify levies upon IT equipment (such as multifunction devices ("MFDs") and PCs), alleging that these devices enable the production of private

Note 14: Litigation and Contingencies (Continued)

copies of copyrighted materials. The levies are generally based upon the number of products sold and the per-product amounts of the levies, which vary. Some European countries that do not yet have levies on digital devices are expected to implement similar legislation to enable them to extend existing levy schemes, while other European countries have phased out levies or are expected to limit the scope of levy schemes and applicability in the digital hardware environment, particularly with respect to sales to business users. HP, other companies and various industry associations have opposed the extension of levies to the digital environment and have advocated alternative models of compensation to rights holders.

Reprobel, a collecting society administering the remuneration for reprography to Belgian copyright holders, requested by extrajudicial means that HP amend certain copyright levy declarations submitted for inkjet MFDs sold in Belgium from January 2005 to December 2009 to enable it to collect copyright levies calculated based on the generally higher copying speed when the MFDs are operated in draft print mode rather than when operated in normal print mode. In March 2010, HP filed a lawsuit against Reprobel in the Court of First Instance of Brussels seeking a declaratory judgment that no copyright levies are payable on sales of MFDs in Belgium or, alternatively, that payments already made by HP are sufficient to comply with its obligations. The Court of Appeal in Brussels (the "Court of Appeal") stayed the proceedings and referred several questions to the Court of Justice of the European Union ("CJEU"). On November 12, 2015, the CJEU published its judgment providing that a national legislation such as the Belgian one at issue in the main proceedings is incompatible with EU law on multiple legal points, as argued by HP, and returned the proceedings to the referring court. On May 12, 2017, the Court of Appeal held that (1) reprographic copyright levies are due notwithstanding the lack of conformity of the Belgian system with EU law in certain aspects and (2) the applicable levies are to be calculated based on the objective speed of each MFD as established by an expert appointed by the Court of Appeal. HP appealed this decision before the Belgian Supreme Court on January 18, 2018.

Based on industry opposition to the extension of levies to digital products, HP's assessments of the merits of various proceedings and HP's estimates of the number of units impacted and the amounts of the levies, HP has accrued amounts that it believes are adequate to address the ongoing disputes.

Hewlett-Packard Company v. Oracle Corporation. On June 15, 2011, HP filed suit against Oracle Corporation ("Oracle") in California Superior Court in Santa Clara County in connection with Oracle's March 2011 announcement that it was discontinuing software support for HP's Itanium-based line of mission critical servers. HP asserted, among other things, that Oracle's actions breached the contract that was signed by the parties as part of the settlement of the litigation relating to Oracle's hiring of Mark Hurd. The matter eventually progressed to trial, which was bifurcated into two phases. HP prevailed in the first phase of the trial, in which the court ruled that the contract at issue required Oracle to continue to offer its software products on HP's Itanium-based servers for as long as HP decided to sell such servers. The second phase of the trial was then postponed by Oracle's appeal of the trial court's denial of Oracle's "anti-SLAPP" motion, in which Oracle argued that HP's damages claim infringed on Oracle's First Amendment rights. On August 27, 2015, the California Court of Appeals rejected Oracle's appeal. The matter was remanded to the trial court for the second phase of the trial, which began on May 23, 2016 and was submitted to the jury on June 29, 2016. On June 30, 2016, the jury returned a verdict in favor of HP, awarding HP approximately $3.0 billion in damages, which included approximately $1.7 billion for past lost profits and $1.3 billion for future lost profits. On October 20, 2016, the court entered judgment for HP for this amount with interest accruing until the judgment is paid. Oracle's motion for new trial was denied on December 19, 2016, and Oracle filed its notice of appeal from the trial court's judgment on January 17, 2017. On February 2, 2017, HP filed a notice of cross-appeal challenging the trial court's denial of prejudgment interest. The case is fully briefed and awaiting the Court of Appeals to schedule oral argument. HP expects that the appeals process could take several years to complete. Litigation is unpredictable, and there can be no assurance that HP will recover damages, or that any award of damages will be for the amount awarded by the jury's verdict. The amount ultimately awarded, if any, would be recorded in the period received. No adjustment has been recorded in the financial statements in relation to this potential award. Pursuant to the terms of the separation and distribution agreement, HP and Hewlett Packard Enterprise will share equally in any recovery from Oracle once Hewlett Packard Enterprise has been reimbursed for all costs incurred in the prosecution of the action prior to the Separation.

Note 14: Litigation and Contingencies (Continued)

Forsyth, et al. vs. HP Inc. and Hewlett Packard Enterprise. This is a purported class and collective action filed on August 18, 2016 in the United States District Court, Northern District of California, against HP and Hewlett Packard Enterprise alleging the defendants violated the Federal Age Discrimination in Employment Act ("ADEA"), the California Fair Employment and Housing Act, California public policy and the California Business and Professions Code by terminating older workers and replacing them with younger workers. Plaintiffs seek to certify a nationwide collective class action under the ADEA comprised of all U.S. residents employed by defendants who had their employment terminated pursuant to a workforce reduction ("WFR") plan on or after May 23, 2012 and who were 40 years of age or older. Plaintiffs also seek to represent a Rule 23 class under California law comprised of all persons 40 years or older employed by defendants in the state of California and terminated pursuant to a WFR plan on or after May 23, 2012. Following a partial motion to dismiss, a motion to strike and a motion to compel arbitration that the defendants filed in November 2016, the plaintiffs amended their complaint. New plaintiffs were added, but the plaintiffs agreed that the class period for the nationwide collective action should be shortened and now starts on December 9, 2014. On January 30, 2017, the defendants filed another partial motion to dismiss and motions to compel arbitration as to several of the plaintiffs. On March 20, 2017, the defendants filed additional motions to compel arbitration as to a number of the opt-in plaintiffs. On September 20, 2017, the Court granted the motions to compel arbitration as to the plaintiffs and opt-ins who signed WFR release agreements, and also stayed the entire case until the arbitrations are completed. On November 30, 2017, three named plaintiffs and twelve opt-in plaintiffs filed a single arbitration demand. An additional arbitration claimant was added later by stipulation. On December 22, 2017, the defendants filed a motion to (1) stay the case pending arbitrations and (2) enjoin the demanded arbitration and require each plaintiff to file a separate arbitration demand. On February 6, 2018, the Court granted the motion to stay and denied the motion to enjoin. Pre-arbitration mediation proceedings took place on October 4 and 5, 2018, and the claims of all 16 arbitration claimants were resolved. Between November 2018 and April 2019, an additional 154 individuals filed consents to opt-in to the action as party-plaintiffs. Of the new opt-ins, 145 signed separation agreements that include class waivers and mandatory arbitration provisions. The addition of these opt-ins brings the total number of named and opt-in plaintiffs to 193. Mediation proceedings took place in June 2019 with respect to the 145 opt-ins who signed separation agreements, and the parties are continuing to engage in settlement discussions. The stay of the litigation remains in place.

Jackson, et al. v. HP Inc. and Hewlett Packard Enterprise. This putative nationwide class action was filed on July 24, 2017 in federal district court in San Jose, California. The plaintiffs purport to bring the lawsuit on behalf of themselves and other similarly situated African-Americans and individuals over the age of 40. The plaintiffs allege that the defendants engaged in a pattern and practice of racial and age discrimination in lay-offs and promotions. The plaintiffs filed an amended complaint on September 29, 2017. On January 12, 2018, the defendants moved to transfer the matter to the federal district court in the Northern District of Georgia. The defendants also moved to dismiss the claims on various grounds and to strike certain aspects of the proposed class definition. The Court dismissed the action on the basis of improper venue. On July 23, 2018, the plaintiffs refiled the case in the Northern District of Georgia. On August 9, 2018, the plaintiffs also filed a notice of appeal of the dismissal order with the United States Court of Appeals for the Ninth Circuit. On October 1, 2018, the Georgia court granted the plaintiffs' unopposed motion to stay and administratively close the Georgia action until the Ninth Circuit appeal is decided.

India Directorate of Revenue Intelligence Proceedings. On April 30 and May 10, 2010, the India Directorate of Revenue Intelligence (the "DRI") issued show cause notices to Hewlett-Packard India Sales Private Limited ("HP India"), a subsidiary of HP, seven HP India employees and one former HP India employee alleging that HP India underpaid customs duties while importing products and spare parts into India and seeking to recover an aggregate of approximately $370 million, plus penalties. Prior to the issuance of the show cause notices, HP India deposited approximately $16 million with the DRI and agreed to post a provisional bond in exchange for the DRI's agreement to not seize HP India products and spare parts and to not interrupt the transaction of business by HP India.

On April 11, 2012, the Bangalore Commissioner of Customs issued an order on the products-related show cause notice affirming certain duties and penalties against HP India and the named individuals of approximately $386 million, of which HP India had already deposited $9 million. On December 11, 2012, HP India voluntarily deposited an additional $10 million in connection with the products-related show cause notice. The differential duty

Note 14: Litigation and Contingencies (Continued)

demand is subject to interest. On April 20, 2012, the Commissioner issued an order on the parts-related show cause notice affirming certain duties and penalties against HP India and certain of the named individuals of approximately $17 million, of which HP India had already deposited $7 million. After the order, HP India deposited an additional $3 million in connection with the parts-related show cause notice so as to avoid certain penalties.

HP India filed appeals of the Commissioner's orders before the Customs Tribunal along with applications for waiver of the pre-deposit of remaining demand amounts as a condition for hearing the appeals. The Customs Department has also filed cross-appeals before the Customs Tribunal. On January 24, 2013, the Customs Tribunal ordered HP India to deposit an additional $24 million against the products order, which HP India deposited in March 2013. The Customs Tribunal did not order any additional deposit to be made under the parts order. In December 2013, HP India filed applications before the Customs Tribunal seeking early hearing of the appeals as well as an extension of the stay of deposit as to HP India and the individuals already granted until final disposition of the appeals. On February 7, 2014, the application for extension of the stay of deposit was granted by the Customs Tribunal until disposal of the appeals. On October 27, 2014, the Customs Tribunal commenced hearings on the cross-appeals of the Commissioner's orders. The Customs Tribunal rejected HP India's request to remand the matter to the Commissioner on procedural grounds. The hearings scheduled to reconvene on April 6, 2015 and again on November 3, 2015 and April 11, 2016 were canceled at the request of the Customs Tribunal. A hearing on the merits of the appeal scheduled for January 15, 2019 has been cancelled. Pursuant to the separation and distribution agreement, Hewlett Packard Enterprise has agreed to indemnify HP in part, based on the extent to which any liability arises from the products and spare parts of Hewlett Packard Enterprise's businesses.

Neodron Patent Litigation. United States. On May 21, 2019, Neodron Ltd. ("Neodron") filed a patent infringement lawsuit against Hewlett Packard Enterprise in U.S. District Court for the Western District of Texas. On the same day, Neodron filed a companion complaint with the U.S. International Trade Commission ("ITC") pursuant to Section 337 of the Tariff Act of 1930 against seven sets of respondents, including Hewlett Packard Enterprise. On May 23 and June 14, 2019, Neodron filed amended complaints in the ITC and the Western District of Texas, respectively, to replace Hewlett Packard Enterprise with HP. Both complaints allege that certain touch-controlled devices infringe four patents owned by Neodron. On June 19, 2019, the ITC instituted an investigation. The ITC hearing is scheduled to begin on March 23, 2020, and the ITC's target date for completion of the investigation is October 26, 2020. The district court action is stayed pending resolution of the ITC proceedings. In the ITC proceeding, Neodron seeks an order enjoining HP from importing, selling for importation, or selling after importation certain touch-controlled notebook computers and tablets. On June 28, 2019, Neodron filed a second lawsuit in the Western District of Texas, asserting four additional patents against HP touch-controlled devices. Neodron amended its complaint in the second lawsuit to assert a total of eight patents against HP touch-controlled devices. Neodron seeks unspecified damages and a permanent injunction, among other remedies.

Germany. On October 29, 2019, Neodron served HP with a claim of patent infringement at the Munich State Court in Germany. The patent asserted in the German case is related to a patent asserted in the ITC. This case will consist of an initial hearing in March 2020 and formal hearing in late 2020. If the German court finds infringement of a valid patent, the court may issue an injunction as part of any remedy.

Slingshot Printing LLC Litigation. On June 11, 2019, Slingshot Printing LLC filed three complaints in U.S. District Court in the Western District of Texas alleging HP infringes or has infringed sixteen patents. On September 20, 2019, Slingshot filed a fourth complaint and amended the three earlier complaints, alleging that HP infringes or has infringed thirty-two patents. The accused products include inkjet printers, cartridges, and printheads. The complaints seek monetary damages.

Parziale v. HP, Inc. On August 27, 2019, a purported consumer class action was filed against HP arising out of the supplies authentication protocol in certain OfficeJet printers. The complaint, which was filed in the United States District Court for the Northern District of California, captioned Parziale v. HP, Inc., alleges two causes of action under Florida Consumer Protection statutes: (1) violation of the Florida Deceptive and Unfair Trade Practices Act, F.S.A. §§ 501.201 et seq., and (2) violation of the Florida Misleading Advertisement Law, F.S.A. §§ 817.41 et seq. The named plaintiff, a Florida resident who purchased OfficeJet printers in Florida, seeks to represent a nationwide class of "[a]ll United States Citizens who, between the applicable statute of limitations and the present, had an HP Printer that was modified to reject third party ink cartridges

Note 14: Litigation and Contingencies (Continued)

or refilled HP ink cartridges." On October 30, 2019, HP moved to dismiss the complaint. On November 13, 2019, plaintiff filed an amended complaint, adding the following new causes of action to the case: (1) violation of the Computer Fraud and Abuse Act, 18 U.S.C. § 1030 et seq., (2) trespass to chattels, and (3) tortious interference with business relations.

Autonomy-Related Legal Matters

Investigations. As a result of the findings of an ongoing investigation, HP has provided information to the U.K. Serious Fraud Office, the U.S. Department of Justice ("DOJ") and the SEC related to the accounting improprieties, disclosure failures and misrepresentations at Autonomy that occurred prior to and in connection with HP's acquisition of Autonomy. On January 19, 2015, the U.K. Serious Fraud Office notified HP that it was closing its investigation and had decided to cede jurisdiction of the investigation to the U.S. authorities. On November 14, 2016, the DOJ announced that a federal grand jury indicted Sushovan Hussain, the former CFO of Autonomy. Mr. Hussain was charged with conspiracy to commit wire fraud, securities fraud, and multiple counts of wire fraud. The indictment alleged that Mr. Hussain engaged in a scheme to defraud purchasers and sellers of securities of Autonomy and HP about the true performance of Autonomy's business, its financial condition, and its prospects for growth. A jury trial commenced on February 26, 2018. On April 30, 2018, the jury found Mr. Hussain guilty of all charges against him. On November 15, 2016, the SEC announced that Stouffer Egan, the former CEO of Autonomy's U.S.-based operations, settled charges relating to his participation in an accounting scheme to meet internal sales targets and analyst revenue expectations. On November 29, 2018, the DOJ announced that a federal grand jury indicted Michael Lynch, former CEO of Autonomy, and Stephen Chamberlain, former VP of Finance of Autonomy. Dr. Lynch and Mr. Chamberlain were charged with conspiracy to commit wire fraud and multiple counts of wire fraud. HP is continuing to cooperate with the ongoing enforcement actions.

Autonomy Corporation Limited v. Michael Lynch and Sushovan Hussain. On April 17, 2015, four former HP subsidiaries that became subsidiaries of Hewlett Packard Enterprise at the time of the Separation (Autonomy Corporation Limited, Hewlett Packard Vision BV, Autonomy Systems, Limited, and Autonomy, Inc.) initiated civil proceedings in the U.K. High Court of Justice against two members of Autonomy's former management, Michael Lynch and Sushovan Hussain. The Particulars of Claim seek damages in excess of $5 billion from Messrs. Lynch and Hussain for breach of their fiduciary duties by causing Autonomy group companies to engage in improper transactions and accounting practices. On October 1, 2015, Messrs. Lynch and Hussain filed their defenses. Mr. Lynch also filed a counterclaim against Autonomy Corporation Limited seeking $160 million in damages, among other things, for alleged misstatements regarding Lynch. The Hewlett Packard Enterprise subsidiary claimants filed their replies to the defenses and the asserted counter-claim on March 11, 2016. The parties are actively engaged in the disclosure process. Trial began on March 25, 2019 and is scheduled to continue through the remainder of 2019.

Environmental

HP's business is subject to various federal, state, local and foreign laws and regulations that could result in costs or other sanctions that adversely affect our business and results of operations. For example, HP is subject to laws and regulations concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites, the content of HP's products and the recycling, treatment and disposal of those products, including batteries. In particular, HP faces increasing complexity in its product design and procurement operations as it adjusts to new and future requirements relating to the chemical and materials composition of its products, their safe use, the energy consumption associated with those products, climate change laws and regulations, and product repairability, reuse and take-back legislation. HP could incur substantial costs, its products could be restricted from entering certain jurisdictions, and it could face other sanctions, if it were to violate or become liable under environmental laws or if its products become noncompliant with environmental laws. HP's potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs to comply with environmental laws are difficult to predict.

HP is party to, or otherwise involved in, proceedings brought by U.S. or state environmental agencies under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), known as "Superfund," or state laws similar to CERCLA, and may become a party to, or otherwise involved in, proceedings

Note 14: Litigation and Contingencies (Continued)

brought by private parties for contribution towards clean-up costs. HP is also conducting environmental investigations or remediations at several current or former operating sites pursuant to administrative orders or consent agreements with state environmental agencies.

The separation and distribution agreement includes provisions that provide for the allocation of environmental liabilities between HP and Hewlett Packard Enterprise including certain remediation obligations; responsibilities arising from the chemical and materials composition of their respective products, their safe use and their energy consumption; obligations under product take back legislation that addresses the collection, recycling, treatment and disposal of products; and other environmental matters. HP will generally be responsible for environmental liabilities related to the properties and other assets, including products, allocated to HP under the separation and distribution agreement and other ancillary agreements. Under these agreements, HP will indemnify Hewlett Packard Enterprise for liabilities for specified ongoing remediation projects, subject to certain limitations, and Hewlett Packard Enterprise has a payment obligation for a specified portion of the cost of those remediation projects. In addition, HP will share with Hewlett Packard Enterprise other environmental liabilities as set forth in the separation and distribution agreement. HP is indemnified in whole or in part by Hewlett Packard Enterprise for liabilities arising from the assets assigned to Hewlett Packard Enterprise and for certain environmental matters as detailed in the separation and distribution agreement.

Note 15: Guarantees, Indemnifications and Warranties

Guarantees

In the ordinary course of business, HP may issue performance guarantees to certain of its clients, customers and other parties pursuant to which HP has guaranteed the performance obligations of third parties. Some of those guarantees may be backed by standby letters of credit or surety bonds. In general, HP would be obligated to perform over the term of the guarantee in the event a specified triggering event occurs as defined by the guarantee. HP believes the likelihood of having to perform under a material guarantee is remote.

Cross-Indemnifications with Hewlett Packard Enterprise

Under the separation and distribution agreement, HP agreed to indemnify Hewlett Packard Enterprise, each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to HP as part of the Separation. Hewlett Packard Enterprise similarly agreed to indemnify HP, each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to Hewlett Packard Enterprise as part of the Separation. HP expects Hewlett Packard Enterprise to fully perform under the terms of the separation and distribution agreement.

For information on cross-indemnifications with Hewlett Packard Enterprise for litigation matters, see Note 14, "Litigation and Contingencies".

In connection with the Separation, HP entered into the TMA with Hewlett Packard Enterprise, effective on November 1, 2015. The TMA provided that HP and Hewlett Packard Enterprise will share certain pre-Separation income tax liabilities. The TMA was terminated during the fourth quarter of fiscal year 2019.

Indemnifications

In the ordinary course of business, HP enters into contractual arrangements under which HP may agree to indemnify a third party to such arrangement from any losses incurred relating to the services they perform on behalf of HP or for losses arising from certain events as defined within the particular contract, which may include, for example, litigation or claims relating to past performance. HP also provides indemnifications to certain vendors and customers against claims of intellectual property infringement made by third parties arising from the vendors' and customers' use of HP's software products and services and certain other matters. Some indemnifications may not be subject to maximum loss clauses. Historically, payments made related to these indemnifications have been immaterial.

HP records tax indemnification receivables from various third parties for certain tax liabilities that HP is jointly and severally liable for, but for which it is indemnified by those same third parties under existing legal agreements. HP records a tax indemnification payable to various third parties under these agreements when management believes that it is both probable that a liability has been incurred and the amount can be reasonably estimated. The

Note 15: Guarantees, Indemnifications and Warranties (Continued)

actual amount that the parties pay or may be obligated to pay could vary depending on the outcome of certain unresolved tax matters, which may not be resolved for several years. The net payable and net receivable as of October 31, 2019 and October 31, 2018 were $57 million and $1.0 billion, respectively. During fiscal year 2019, $1.0 billion of indemnification receivables was reduced primarily due to resolution of various tax matters amounting to $0.8 billion.

Warranties

HP accrues the estimated cost of product warranties at the time it recognizes revenue. HP engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers; however, contractual warranty terms, repair costs, product call rates, average cost per call, current period product shipments and ongoing product failure rates, as well as specific product class failures outside of HP's baseline experience, affect the estimated warranty obligation.

HP's aggregate product warranty liabilities and changes were as follows:

	For the fiscal years ended October 31	
	2019	2018
	In millions	
Balance at beginning of year	$ 915	$ 898
Accruals for warranties issued	1,051	1,042
Adjustments related to pre-existing warranties (including changes in estimates)	(3)	(15)
Settlements made (in cash or in kind)	(1,041)	(1,010)
Balance at end of year	$ 922	$ 915

Note 16: Commitments

Lease Commitments

HP leases certain real and personal property under non-cancelable operating leases. Certain leases require HP to pay property taxes, insurance and routine maintenance and include renewal options and escalation clauses. Rent expense was approximately $0.2 billion in each of fiscal years 2019, 2018 and 2017.

As of October 31, 2019, future minimum operating lease commitments were as follows:

Fiscal year	In millions
2020	$310
2021	242
2022	192
2023	162
2024	126
Thereafter	438
Less: Sublease rental income	(130)
Total	$1,340

Note 16: Commitments (Continued)

Unconditional Purchase Obligations

As of October 31, 2019, HP had unconditional purchase obligations of $372 million. These unconditional purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on HP and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the approximate timing of the transaction. These unconditional purchase obligations are primarily related to inventory and service support. Unconditional purchase obligations exclude agreements that are cancelable without penalty.

As of October 31, 2019, unconditional purchase obligations were as follows:

FISCAL YEAR	IN MILLIONS
2020	$176
2021	111
2022	67
2023	18
2024	—
Thereafter	—
Total	$372

Note 17: Acquisitions

Acquisitions in Fiscal Year 2019

On November 1, 2018, HP completed the acquisition of the Apogee group. This acquisition furthers HP's plan to disrupt the A3 copier market and builds on its printing strategy to enhance its A3 and A4 product portfolio; build differentiated solutions and tools to expand its MPS, and invest in its direct and indirect go-to-market capabilities. Apogee augments HP's services portfolio in contractual office printing and MPS, where solutions are increasingly important for SMBs. HP reports the financial results of the above business in the Printing segment.

The table below presents the purchase price allocation.

	IN MILLIONS
Goodwill	$382
Amortizable intangible assets	292
Net liabilities assumed	(196)
Total fair value of consideration	$478

Note 17: Acquisitions (Continued)

Acquisitions in Fiscal Year 2018

On November 1, 2017, HP completed the acquisition of Samsung's printer business. With this acquisition, HP now offers the industry's strongest portfolio of A3 multifunction printers that deliver the simplicity of printers with the high performance of copiers. The fully integrated portfolio, including next-generation PageWide technologies, offers opportunities to grow managed print and document services as sales models shift from transactional to contractual. HP reports the financial results of the above business in the Printing segment.

The table below presents the purchase price allocation.

	IN MILLIONS
Goodwill	$339
Amortizable intangible assets	521
Net assets assumed	191
Total fair value of consideration	$1,051

HP Inc. and Subsidiaries

Quarterly Summary

(Unaudited)

(In millions, except per share amounts)

	For the three-month fiscal periods ended in fiscal year 2019			
	JANUARY 31	APRIL 30	JULY 31	OCTOBER 31
Net revenue	$14,710	$14,036	$14,603	$15,407
Cost of revenue	12,098	11,307	11,698	12,483
Earnings from operations	926	928	1,079	944
Net earnings	$803	$782	$1,179	$388
Net earnings per share:(1)				
Basic	$0.52	$0.51	$0.79	$0.26
Diluted	$0.51	$0.51	$0.78	$0.26
Cash dividends paid per share	$0.16	$0.16	$0.16	$0.16

	For the three-month fiscal periods ended in fiscal year 2018			
	JANUARY 31	APRIL 30	JULY 31	OCTOBER 31
Net revenue	$14,517	$14,003	$14,586	$15,366
Cost of revenue	11,935	11,301	11,898	12,669
Earnings from operations	913	906	1,018	994
Net earnings	$1,938	$1,058	$880	$1,451
Net earnings per share:(1)				
Basic	$1.17	$0.65	$0.55	$0.92
Diluted	$1.16	$0.64	$0.54	$0.91
Cash dividends paid per share	$0.14	$0.14	$0.14	$0.14

(1) Net EPS for each quarter is computed using the weighted-average number of shares outstanding during that quarter, while EPS for the fiscal year is computed using the weighted-average number of shares outstanding during the year. Hence, the sum of the EPS for each of the four quarters may not equal the EPS for the fiscal year.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this report (the "Evaluation Date"). Based on this evaluation, our principal executive officer and principal financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information required to be disclosed by us in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to HP's management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter. Based on that evaluation, our principal executive officer and principal financial officer concluded that there has not been any change in our internal control over financial reporting during the fourth quarter of fiscal year 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

See Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm on our internal control over financial reporting in Item 8, which are incorporated herein by reference.

Item 9B. Other Information.

Disclosure Under Section 13(r) of the Securities Exchange Act of 1934, as amended

Section 13(r) of the Securities Exchange Act of 1934, as amended, requires issuers to disclose certain types of dealings by the issuer or its affiliates relating to Iran or with certain individuals or entities that are subject to sanctions under U.S. law.

HP acquired the Apogee group, a U.K. based office equipment dealer, on November 1, 2018. As disclosed in our Quarterly Report on Form 10-Q for the quarter ended January 31, 2019, during the first quarter of 2019, HP discovered that its newly acquired subsidiary processed two service calls during November 2018, shortly after the acquisition, for toner replacement on behalf of Bank Saderat plc, with which it had a legacy contract. Bank Saderat plc is subject to U.S. sanctions pursuant to Executive Order 13224. The combined total value of the transactions was £85.52 ($112.92). We are unable to accurately calculate the net profit attributable to these transactions. Following HP's discovery of these transactions and at HP's direction, Apogee terminated the contract with Bank Saderat plc. As disclosed in our Quarterly Report on Form 10-Q for the quarter ended April 30, 2019, during the second quarter of 2019, HP discovered that its newly acquired subsidiary had invoiced one payment and accepted two payments from Bank Sepah International plc shortly after the acquisition, under a legacy contract for copier services. Bank Sepah International plc is subject to U.S. sanctions pursuant to Executive Order 13382. The combined total value of the transactions was £72.49 ($92.78). We are unable to accurately calculate the net profit attributable to these transactions. Following HP's discovery of these transactions and at HP's direction, Apogee terminated the contract with Bank Sepah International plc. HP has disclosed these transactions to the relevant authorities.

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

The names of the executive officers of HP and their ages, titles and biographies as of the date hereof are incorporated by reference from Part I, Item 1, above.

The following information is included in HP's Proxy Statement related to its 2019 Annual Meeting of Stockholders to be filed within 120 days after HP's fiscal year end of October 31, 2019 (the "Proxy Statement") and is incorporated herein by reference:

- Information regarding directors of HP who are standing for reelection and any persons nominated to become directors of HP is set forth under "Corporate Governance—Management Proposal No. 1 Election of Directors."
- Information regarding HP's Audit Committee and designated "audit committee financial experts" is set forth under "Corporate Governance—Management Proposal No. 1 Election of Directors—Audit Committee."
- Information on HP's code of business conduct and ethics for directors, officers and employees, also known as "Integrity at HP", is set forth under "Corporate Governance—Management Proposal No. 1 Election of Directors—Code of Conduct" and information on HP's Corporate Governance Guidelines is set forth under "—Director Nominees and Director Nominees' Experience and Qualifications" and "—Director Independence."

Item 11. Executive Compensation.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding HP's compensation of its named executive officers is set forth under "Executive Compensation."
- Information regarding HP's compensation of its directors is set forth under "Corporate Governance—Management Proposal No. 1 Election of Directors—Director Compensation and Stock Ownership Guidelines."
- The report of HP's HR and Compensation Committee is set forth under "Executive Compensation—Management Proposal No. 3 Advisory Vote to Approve Executive Compensation—HR and Compensation Committee Report on Executive Compensation."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding security ownership of certain beneficial owners, directors and executive officers is set forth under "Ownership of Our Stock—Common Stock Ownership of Certain Beneficial Owners and Management."
- Information regarding HP's equity compensation plans, including both stockholder approved plans and non-stockholder approved plans, is set forth in the section entitled "Executive Compensation—Management Proposal No. 3 Advisory Vote to Approve Executive Compensation—Equity Compensation Plan Information."

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding transactions with related persons is set forth under "Corporate Governance—Management Proposal No. 1 Election of Directors—Fiscal 2019 Related-Person Transactions."
- Information regarding director independence is set forth under "Corporate Governance—Management Proposal No. 1 Election of Directors—Director Independence."

Item 14. Principal Accounting Fees and Services.

Information regarding principal accounting fees and services is set forth under "Audit Matters—Management Proposal No. 2 Ratification of Independent Registered Public Accounting Firm—Principal Accounting Fees and Services" in the Proxy Statement, which information is incorporated herein by reference.

Part IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. All Financial Statements:

The following financial statements are filed as part of this report under Item 8—"Financial Statements and Supplementary Data."

2. Financial Statement Schedules:

All schedules are omitted as the required information is not applicable or the information is presented in the Consolidated Financial Statements and notes thereto in Item 8 above.

3. Exhibits:

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	INCORPORATED BY REFERENCE			
		FORM	FILE NO.	EXHIBIT(S)	FILING DATE
2(a)	Separation and Distribution Agreement, dated as of October 31, 2015, by and among Hewlett-Packard Company, Hewlett Packard Enterprise Company and the Other Parties Thereto.**	8-K	001-04423	2.1	November 5, 2015
2(b)	Transition Services Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company.**	8-K	001-04423	2.2	November 5, 2015
2(d)	Employee Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company.**	8-K	001-04423	2.4	November 5, 2015
3(a)	Registrant's Certificate of Incorporation.	10-Q	001-04423	3(a)	June 12, 1998
3(b)	Registrant's Amendment to the Certificate of Incorporation.	10-Q	001-04423	3(b)	March 16, 2001
3(c)	Registrant's Certificate of Amendment to the Certificate of Incorporation.	8-K	001-04423	3.2	October 22, 2015
3(d)	Registrant's Certificate of Amendment to the Certificate of Incorporation.	8-K	001-04423	3.1	April 7, 2016
3(e)	Registrant's Amended and Restated Bylaws.	8-K	001-04423	3.1	February 7, 2019
4(a)	Form of Senior Indenture	S-3	333-215116	4.1	December 15, 2016
4(b)	Form of Subordinated Indenture.	S-3	333-21516	4.2	December 15, 2016
4(c)	Form of Registrant's 3.750% Global Note due December 1, 2020 and form of related Officers' Certificate.	8-K	001-04423	4.2 and 4.3	December 2, 2010
4(d)	Form of Registrant's 4.300% Global Note due June 1, 2021 and form of related Officers' Certificate.	8-K	001-04423	4.5 and 4.6	June 1, 2011
4(e)	Form of Registrant's 4.375% Global Note due September 15, 2021 and 6.000% Global Note due September 15, 2041 and form of related Officers' Certificate.	8-K	001-04423	4.4, 4.5 and 4.6	September 19, 2011
4(f)	Form of Registrant's 4.650% Global Note due December 9, 2021 and related Officers' Certificate.	8-K	001-04423	4.3 and 4.4	December 12, 2011
4(g)	Form of Registrant's 4.050% Global Note due September 15, 2022 and related Officers' Certificate.	8-K	001-04423	4.2 and 4.3	March 12, 2012
4(h)	Specimen certificate for the Registrant's common stock.	8-K/A	001-04423	4.1	June 23, 2006
4(i)	First Supplemental Indenture, dated as of March 26, 2018, to the Indenture, dated as of June 1, 2000, by and between the Registrant and The Bank of New York Mellon Trust Company, N.A.	10-Q	001-04423	4(j)	June 5, 2018
4(j)	Description of HP Inc.'s securities.†				

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	INCORPORATED BY REFERENCE			
		FORM	FILE NO.	EXHIBIT(S)	FILING DATE
10(a)	Registrant's 2004 Stock Incentive Plan.*	S-8	333-114253	4.1	April 7, 2004
10(b)	Registrant's Excess Benefit Retirement Plan, amended and restated as of January 1, 2006.*	8-K	001-04423	10.2	September 21, 2006
10(c)	Hewlett-Packard Company Cash Account Restoration Plan, amended and restated as of January 1, 2005.*	8-K	001-04423	99.3	November 23, 2005
10(d)	Registrant's 2005 Pay-for-Results Plan, as amended.*	10-K	001-04423	10(h)	December 14, 2011
10(e)	Registrant's Executive Severance Agreement.*	10-Q	001-04423	10(u)(u)	June 13, 2002
10(f)	Registrant's Executive Officers Severance Agreement.*	10-Q	001-04423	10(v)(v)	June 13, 2002
10(g)	Form letter regarding severance offset for restricted stock and restricted units.*	8-K	001-04423	10.2	March 22, 2005
10(h)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California).*	8-K	001-04423	10.2	January 24, 2008
10(i)	Form of Agreement Regarding Confidential Information and Proprietary Developments (Texas).*	10-Q	001-04423	10(o)(o)	March 10, 2008
10(j)	Form of Stock Option Agreement for Registrant's 2004 Stock Incentive Plan.*	10-Q	001-04423	10(p)(p)	March 10, 2008
10(k)	Form of Option Agreement for Registrant's 2000 Stock Plan.*	10-Q	001-04423	10(t)(t)	June 6, 2008
10(1)	Form of Common Stock Payment Agreement for Registrant's 2000 Stock Plan.*	10-Q	001-04423	10(u)(u)	June 6, 2008
10(m)	Form of Stock Notification and Award Agreement for awards of non-qualified stock options.*	10-K	001-04423	10(y)(y)	December 18, 2008
10(n)	First Amendment to the Hewlett-Packard Company Excess Benefit Retirement Plan.*	10-Q	001-04423	10(b)(b)(b)	March 10, 2009
10(o)	Form of Stock Notification and Award Agreement for awards of non-qualified stock options.*	10-K	001-04423	10(i)(i)(i)	December 15, 2010
10(p)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California—new hires).*	10-K	001-04423	10(j)(j)(j)	December 15, 2010
10(q)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California—current employees).*	10-K	001-04423	10(k)(k)(k)	December 15, 2010
10(r)	Second Amended and Restated Hewlett-Packard Company 2004 Stock Incentive Plan, as amended effective February 28, 2013.*	8-K	001-04423	10.2	March 21, 2013
10(s)	Form of Stock Notification and Award Agreement for awards of restricted stock units.*	10-Q	001-04423	10(u)(u)	March 11, 2014
10(t)	Form of Stock Notification and Award Agreement for awards of foreign stock appreciation rights.*	10-Q	001-04423	10(v)(v)	March 11, 2014
10(u)	Form of Stock Notification and Award Agreement for long-term cash awards.*	10-Q	001-04423	10(w)(w)	March 11, 2014
10(v)	Form of Stock Notification and Award Agreement for awards of non-qualified stock options.*	10-Q	001-04423	10(x)(x)	March 11, 2014
10(w)	Form of Grant Agreement for grants of performance-adjusted restricted stock units.*	10-Q	001-04423	10(y)(y)	March 11, 2014

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	INCORPORATED BY REFERENCE			
		FORM	FILE NO.	EXHIBIT(S)	FILING DATE
10(x)	Form of Stock Notification and Award Agreement for awards of restricted stock.*	10-Q	001-04423	10(z)(z)	March 11, 2014
10(y)	Form of Stock Notification and Award Agreement for awards of performance-contingent non-qualified stock options.*	10-Q	001-04423	10(a)(a)(a)	March 11, 2014
10(z)	Form of Grant Agreement for grants of performance-contingent non-qualified stock options.*	10-Q	001-04423	10(b)(b)(b)	March 11, 2014
10(a)(a)	Form of Grant Agreement for grants of restricted stock units.*	10-K	001-04423	10(c)(c)(c)	March 11, 2015
10(b)(b)	Form of Grant Agreement for grants of foreign stock appreciation rights.*	10-K	001-04423	10(d)(d)(d)	March 11, 2015
10(c)(c)	Form of Grant Agreement for grants of long-term cash awards.*	10-K	001-04423	10(e)(e)(e)	March 11, 2015
10(d)(d)	Form of Grant Agreement for grants of non-qualified stock options.*	8-K	001-04423	10(f)(f)(f)	March 11, 2015
10(e)(e)	Form of Grant Agreement for grants of performance-adjusted restricted stock units.*	10-Q	001-04423	10(g)(g)(g)	March 11, 2015
10(f)(f)	Form of Grant Agreement for grants of restricted stock awards.*	10-Q	001-04423	10(h)(h)(h)	March 11, 2015
10(g)(g)	Form of Grant Agreement for grants of performance-contingent non-qualified stock options.*	10-Q	001-04423	10(i)(i)(i)	March 11, 2015
10(h)(h)	Term Loan Agreement, dated as of April 30, 2015, among the Registrant, the lenders named therein and JPMorgan Chase Bank, N.A., as administrative agent.	10-Q	001-04423	10(b)(b)(b)	June 8, 2015
10(i)(i)	Amendment, dated as of June 1, 2015, to the Term Loan Agreement, dated as of April 30, 2015, among the Registrant, the lenders named therein and JPMorgan Chase Bank, N.A., as administrative agent.	10-Q	001-04423	10(c)(c)(c)	June 8, 2015
10(j)(j)	Second Amended and Restated Five-Year Credit Agreement, dated as of April 2, 2014, as Amended and Restated as of November 1, 2015, among the Registrant, the lenders named therein and Citibank, N.A., as administrative processing agent and co-administrative agent, and JPMorgan Chase Bank, N.A., as co-administrative agent.**	10-Q	001-04423	10.(j)(j)	June 5, 2018
10(k)(k)	Amendment No. 1, dated March 1, 2019 to Second Amended and Restated Five-Year Credit Agreement, dated as of April 2, 2014, as Amended and Restated as of November 1, 2015, as further Amended and Restated as of March 30, 2018, among the Registrant, the lenders named therein and Citibank, N.A., as administrative processing agent and co-administrative agent, and JPMorgan Chase Bank, N.A., as co-administrative agent.	10-Q	001-04423	10(k)(k)	March 5, 2019
10(l)(l)	Form of Grant Agreement for grants of foreign stock appreciation rights.*	10-K	001-04423	10(e)(e)(e)	December 16, 2015

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	INCORPORATED BY REFERENCE			
		FORM	FILE NO.	EXHIBIT(S)	FILING DATE
10(m)(m)	Form of Grant Agreement for grants of performance-contingent non-qualified stock options.*	10-K	001-04423	10(f)(f)(f)	December 16, 2015
10(n)(n)	Form of Grant Agreement for grants of non-qualified stock options.*	10-K	001-04423	10(g)(g)(g)	December 16, 2015
10(o)(o)	Registrant's 2005 Executive Deferred Compensation Plan, amended and restated effective November 1, 2015.*	10-K/A	001-04423	10(n)(n)	December 15, 2017
10(p)(p)	Registrant's Severance and Long-Term Incentive Change in Control Plan for Executive Officers, amended and restated effective November 1, 2015.*	10-Q	001-04423	10(o)(o)	March 3, 2016
10(q)(q)	Form of Stock Notification and Award Agreement for awards of performance-contingent non-qualified stock options (launch grant).*	10-Q	001-04423	10(p)(p)	March 3, 2016
10(r)(r)	Form of Stock Notification and Award Agreement for awards of restricted stock units (launch grant).*	10-Q	001-04423	10(q)(q)	March 3, 2016
10(s)(s)	Form of Stock Notification and Award Agreement for awards of restricted stock units.*	10-Q	001-04423	10(r)(r)	March 3, 2016
10(t)(t)	Form of Stock Notification and Award Agreement for awards of performance-adjusted restricted stock units.*	10-Q	001-04423	10(s)(s)	March 3, 2016
10(u)(u)	Form of Amendment to Award Agreements for awards of restricted stock units or performance-adjusted restricted stock units, effective January 1, 2016.*	10-Q	001-04423	10(t)(t)	March 3, 2016
10(v)(v)	First Amendment to Severance and Long-Term Incentive Change in Control Plan for Executive Officers, as amended and restated effective November 1, 2015.*	10-K	001-04423	10(u)(u)	December 15, 2016
10(w)(w)	Second Amendment to Severance and Long-Term Incentive Change in Control Plan for Executive Officers, as amended and restated effective November 1, 2015.*	10-Q	001-04423	10(v)(v)	March 2, 2017
10(x)(x)	2017 Amendment to the Hewlett-Packard Company Cash Account Restoration Plan.*	10-Q	001-04423	10(w)(w)	March 2, 2017
10(y)(y)	Second Amendment to the Hewlett-Packard Company Excess Benefit Retirement Plan.*	10-Q	001-04423	10(x)(x)	March 2, 2017
10(z)(z)	Second Amended and Restated HP Inc. 2004 Stock Incentive Plan, as amended and restated effective January 23, 2017.*	10-Q	001-04423	10(y)(y)	March 2, 2017
10(a)(a)(a)	Form of Grant Agreement for grants of performance-adjusted restricted stock units (for use from November 1, 2016).*	10-Q	001-04423	10(z)(z)	March 2, 2017
10(b)(b)(b)	Form of Grant Agreement for grants of restricted stock units (for use from November 1, 2016).*	10-Q	001-04423	10(a)(a)(a)	March 2, 2017
10(c)(c)(c)	Second Amended and Restated HP Inc. 2004 Stock Incentive Plan (as amended effective January 29, 2018).*	10-Q	001-04423	10(b)(b)(b)	March 1, 2018

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	INCORPORATED BY REFERENCE			
		FORM	FILE NO.	EXHIBIT(S)	FILING DATE
10(d)(d)(d)	Form of Grant Agreement for grants of restricted stock units (for use from November 1, 2017).*	10-Q	001-04423	10(c)(c)(c)	March 1, 2018
10(e)(e)(e)	Form of Grant Agreement for grants of performance-adjusted restricted stock units (for use from November 1, 2017).*	10-Q	001-04423	10(d)(d)(d)	March 1, 2018
10(f)(f)(f)	Form of Grant Agreement for grants of restricted stock units for directors (for use from November 1, 2017).*	10-Q	001-04423	10(e)(e)(e)	March 1, 2018
10(g)(g)(g)	Form of Grant Agreement for grants of stock options for directors (for use from November 1, 2017).*	10-Q	001-04423	10(f)(f)(f)	March 1, 2018
10(h)(h)(h)	Form of Grant Agreement for grants of restricted stock units (for use from November 1, 2018).*	10-K	001-04423	10(g)(g)(g)	December 13, 2018
10(i)(i)(i)	Form of Grant Agreement for grants of performance-adjusted restricted stock units (for use from November 1, 2018).*	10-K	001-04423	10(h)(h)(h)	December 13, 2018
10(j)(j)(j)	Form of Grant Agreement for grants of stock options for directors (for use from November 1, 2018).*	10-Q	001-04423	10.(j)(j)(j)	March 5, 2019
10(k)(k)(k)	Form of Grant Agreement for grants of restricted stock units for directors (for use from November 1, 2018).*	10-Q	001-04423	10.(k)(k)(k)	March 5, 2019
10(l)(l)(l)	Form of Grant Agreement for grants of restricted stock units (for use from July 1, 2019).*	10-Q	001-04423	10.(l)(l)(l)	August 29, 2019
10(m)(m)(m)	Form of Grant Agreement for grants of non-qualified stock options.*†				
10(n)(n)(n)	Form of Retention Grant Agreement for grants of non-qualified stock options.*†				
21	Subsidiaries of the Registrant as of October 31, 2019.†				
23	Consent of Independent Registered Public Accounting Firm.†				
24	Power of Attorney (included on the signature page).				
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.†				
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.†				
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.††				
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.†				
101.SCH	Inline XBRL Taxonomy Extension Schema Document.†				

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	INCORPORATED BY REFERENCE			
		FORM	FILE NO.	EXHIBIT(S)	FILING DATE
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.†				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.†				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.†				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.†				
104	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2019, formatted in Inline XBRL (included within the Exhibit 101 attachments).				

* Indicates management contract or compensatory plan, contract or arrangement.

** Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Registration S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the SEC upon request.

† Filed herewith.

†† Furnished herewith.

The registrant agrees to furnish to the Commission supplementally upon request a copy of (1) any instrument with respect to long-term debt not filed herewith as to which the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis and (2) any omitted schedules to any material plan of acquisition, disposition or reorganization set forth above.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 12, 2019

HP INC.

By: /s/ STEVE FIELER

Steve Fieler
Chief Financial Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Steve Fieler, Kim Rivera and Ruairidh Ross, or any of them, his or her attorneys-in-fact, for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE(S)	DATE
/s/ ENRIQUE LORES Enrique Lores	President and Chief Executive Officer and Director (Principal Executive Officer)	December 12, 2019
/s/ STEVE FIELER Steve Fieler	Chief Financial Officer (Principal Financial Officer)	December 12, 2019
/s/ CLAIRE BRAMLEY Claire Bramley	Global Controller (Principal Accounting Officer)	December 12, 2019
/s/ AIDA ALVAREZ Aida Alvarez	Director	December 12, 2019
/s/ SHUMEET BANERJI Shumeet Banerji	Director	December 12, 2019
/s/ ROBERT R. BENNETT Robert R. Bennett	Director	December 12, 2019
/s/ CHARLES V. BERGH Charles V. Bergh	Director	December 12, 2019

SIGNATURE	TITLE(S)	DATE
/s/ STACY BROWN-PHILPOT Stacy Brown-Philpot	Director	December 12, 2019
/s/ STEPHANIE BURNS Stephanie Burns	Director	December 12, 2019
/s/ MARY ANNE CITRINO Mary Anne Citrino	Director	December 12, 2019
/s/ YOKY MATSUOKA Yoky Matsuoka	Director	December 12, 2019
/s/ STACEY MOBLEY Stacey Mobley	Director	December 12, 2019
/s/ SUBRA SURESH Subra Suresh	Director	December 12, 2019
/s/ DION WEISLER Dion Weisler	Director	December 12, 2019

Item 16. Form 10-K Summary

None.

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2019 Financial Report
on Form 10-K/a

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended

October 31, 2019

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-4423

HP INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-1081436**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
1501 Page Mill Road Palo Alto, California	**94304**
(Address of principal executive offices)	(Zip code)

(650) 857-1501
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	HPQ	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates was $30,007,738,276 based on the last sale price of common stock on April 30, 2019.

The number of shares of HP Inc. common stock outstanding as of January 31, 2020 was 1,433,345,730 shares.

DOCUMENTS INCORPORATED BY REFERENCE

None

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Explanatory Note

On December 12, 2019, HP Inc. filed its Annual Report on Form 10-K for the fiscal year ended October 31, 2019 (the "Original Form 10-K"). HP Inc. is filing this Amendment No. 1 on Form 10-K/A (the "Form 10-K/A") because it will not file its definitive proxy statement within 120 days after the end of its fiscal year ended October 31, 2019. This Form 10-K/A amends and restates in its entirety Part III, Items 10 through 14 of the Original Form 10-K, to include information previously omitted from the Original Form 10-K in reliance on General Instruction G(3) to Form 10-K. The reference on the cover page of the Original Form 10-K to the incorporation by reference of portions of HP Inc.'s definitive proxy statement into Part III of the Original Form 10-K is hereby deleted. In this Form 10-K/A, unless the context indicates otherwise, the designations "HP," the "Company," "we," "us" or "our" refer to HP Inc. and its consolidated subsidiaries.

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), certifications by HP's principal executive officer and principal financial officer are filed as exhibits to this Form 10-K/A under Item 15 of Part IV hereof. Because no financial statements have been included in this Form 10-K/A and this Form 10-K/A does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4 and 5 of the certifications have been omitted. We are not including the certifications under Section 906 of the Sarbanes-Oxley Act of 2002 as no financial statements are being filed with this Form 10-K/A.

Except as described above, this Form 10-K/A does not modify or update disclosure in, or exhibits to, the Original Form 10-K. Furthermore, this Form 10-K/A does not change any previously reported financial results, nor does it reflect events occurring after the date of the Original Form 10-K. Information not affected by this Form 10-K/A remains unchanged and reflects the disclosures made at the time the Original Form 10-K was filed. Accordingly, this Form 10-K/A should be read in conjunction with the Original Form 10-K and our other filings with the Securities and Exchange Commission (the "SEC").

Website Information

This document includes several website references. The information on these websites is not part of this Form 10-K/A.

HP Inc. and Subsidiaries

Form 10-K/A

For the Fiscal Year ended October 31, 2019

Table of Contents

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Executive Officers

The names of the executive officers of HP and their ages, titles and biographies as of the date hereof are incorporated by reference from Part I, Item 1, of the Original Form 10-K.

Director Nominees

The biographies describe each Director nominee's qualifications and relevant experience. The biographies include key qualifications, skills, and attributes most relevant to the decision to nominate candidates to serve on the board at the upcoming annual meeting of HP's stockholders.

Independent Director
Age: **70**
Director since: **2016**
HP Board Committees:
HRC, NGSR

GOVERNMENT
FINANCE
STRATEGY
ROBUST BUSINESS EXPERIENCE

Aida M. Alvarez

Most Recent Role
- Former Administrator, U.S. Small Business Administration & Cabinet Member

Current Public Company Boards
- HP
- K12 Inc.
- Fastly, Inc.
- Oportun, Inc.

Prior Public Company Boards
- MUFG Americas Holdings Corporation
- Wal-Mart Stores, Inc.
- PacifiCare Health Systems Inc.

Qualifications:

Prior Business and Other Experience
- Founding Chair, Latino Community Foundation (since 2003)
- Administrator, U.S. Small Business Administration (1997–2001)
- Director, Office of Federal Housing Enterprise Oversight (1993–1997)
- Vice President, First Boston Corporation and Bear Stearns & Co. (prior to 1993)

Other Key Qualifications

The Honorable Aida Alvarez brings to the Board a wealth of expertise in media, public affairs, finance, and government. She led important financial and government agencies and served in the Cabinet of U.S. President William J. Clinton where she provided strategic feedback to the President. She has also been a public finance executive, has chaired a prominent philanthropic organization and was an award-winning journalist. The Board also benefits from Ms. Alvarez's knowledge of investment banking and finance.

Independent Director
Age: **60**
Director since: **2011**
HP Board Committees:
HRC, NGSR *(Chair)*

CAPITAL ALLOCATION
INTERNATIONAL BUSINESS
FINANCE
STRATEGIC TRANSACTIONS; M&A
ROBUST BUSINESS EXPERIENCE
STRATEGY

Shumeet Banerji

Current Role
— Co-founder and Partner of Condorcet, LP, an advisory and investment firm that specializes in developing early stage companies (since 2013)

Current Public Company Boards
— HP
— Reliance Industries Limited

Prior Public Company Boards
— Innocoll AG

Qualifications:

Prior Business and Other Experience
— Senior Partner, Booz & Company, a consulting company (May 2012–March 2013)
— Chief Executive Officer, Booz & Company (July 2008–May 2012)
— President of the Worldwide Commercial Business, Booz Allen Hamilton (February 2008–July 2008)
— Managing Director, Europe, Booz Allen Hamilton (2007–2008)
— Managing Director, United Kingdom, Booz Allen Hamilton (2003–2007)
— Faculty, University of Chicago Graduate School of Business

Other Key Qualifications

Mr. Banerji brings to the Board a robust understanding of the issues facing companies and governments in both mature and emerging markets around the world through his two decades of work with Booz & Company. In particular, Mr. Banerji has valuable experience in addressing a variety of complex issues ranging from corporate strategy, organizational structure, governance, transformational change, operational performance improvement, and merger integration. As CEO of Booz & Company, Mr. Banerji oversaw the separation of Booz & Company from Booz Allen Hamilton. During his career at Booz Allen Hamilton and Booz & Company, he has advised numerous companies on restructuring and M&A, particularly in mature industries. He is the co-author of Cut Costs, Grow Stronger, published by Harvard Business Press in 2009.

Independent Director
Age: **61**
Director since: **2013**
HP Board Committees:
Audit, FIT *(Chair)*

CAPITAL ALLOCATION
OPERATIONS
FINANCE
STRATEGIC TRANSACTIONS; M&A
ROBUST BUSINESS EXPERIENCE
STRATEGY
INTERNATIONAL BUSINESS

Robert R. Bennett

Current Role
— Managing Director, Hilltop Investments, LLC, a private investment company (since 2005)

Current Public Company Boards
— HP
— Discovery Communications, Inc.
— Liberty Media Corporation

Prior Public Company Boards
— Sprint Corporation
— Demand Media, Inc.
— Discovery Holding Company
— Liberty Interactive Corporation
— Sprint Nextel Corporation

Qualifications:

Prior Business and Other Experience
— President, Discovery Holding Company (2005–2008)
— President and Chief Executive Officer, Liberty Media Corporation (prior to 2005)

Other Key Qualifications

Mr. Bennett brings to the Board in-depth knowledge of the media and telecommunications industry and his knowledge of the capital markets and other financial and operational matters from his experience as the president and chief executive officer of another public company. Additionally, as a result of his positions at Liberty Media, Mr. Bennett brings experience leading organizations through significant strategic transactions, including acquisitions, divestitures and integration. Mr. Bennett also has an in-depth understanding of finance and has held various financial management positions during his career including serving as CFO of a public company. He also contributes valuable insight to the Board due to his experience serving on the boards of both public and private companies.

Charles “Chip” V. Bergh

Independent Chairman of the Board
Age: **62**
Director since: **2015**
Chairman since: **2017**
HP Board Committees:
HRC, NGSR

CAPITAL ALLOCATION
INTERNATIONAL BUSINESS
CUSTOMER EXPERIENCE
ROBUST BUSINESS EXPERIENCE
OPERATIONS
STRATEGIC TRANSACTIONS; M&A
STRATEGY

Current Role
— President, Chief Executive Officer, and Director of Levi Strauss & Co., an apparel/retail company (since September 2011)

Current Public Company Boards
— HP
— Levi Strauss & Co.

Prior Public Company Boards
— VF Corporation

Qualifications:

Prior Business and Other Experience
— Group President, Global Male Grooming, Procter & Gamble Co. (2009–September 2011)
— In 28 years at Procter & Gamble, Mr. Bergh served in a variety of executive roles, including managing business in multiple regions worldwide

Other Key Qualifications

Mr. Bergh brings to the Board extensive experience in executive leadership at large global companies and international business management. From his more than 30 years at Levi Strauss and Procter & Gamble, Mr. Bergh has a strong operational and strategic background with significant experience in brand management. He also brings public company governance experience as a board member and chair of boards and board committees of other public and private companies.

Stacy Brown-Philpot

Independent Director
Age: **44**
Director since: **2015**
HP Board Committees:
Audit, NGSR

CUSTOMER EXPERIENCE
FINANCE
DISRUPTIVE INNOVATION
OPERATIONS
INTERNATIONAL BUSINESS
STRATEGY
ROBUST BUSINESS EXPERIENCE
TECHNOLOGY

Current Role
— Chief Executive Officer, TaskRabbit, an online labor interface company (since April 2016)

Current Public Company Boards
— HP
— Nordstrom, Inc.

Prior Public Company Boards
— None

Qualifications:

Prior Business and Other Experience
— Chief Operating Officer, TaskRabbit (January 2013–April 2016)
— Entrepreneur-in-Residence, Google Ventures, the venture capital investment arm of Google, Inc., a technology company (“Google”) (May 2012–December 2012)
— Senior Director of Global Consumer Operations, Google (2010–May 2012)
— Prior to 2010, Ms. Brown-Philpot served in a variety of Director-level positions at Google
— Prior to joining Google in 2003, Ms. Brown-Philpot served as a senior analyst and senior associate at the financial firms Goldman Sachs and PwC

Other Key Qualifications

Ms. Brown-Philpot brings to the Board extensive operational, analytical, financial, and strategic experience. In addition to her current role as CEO of TaskRabbit, Ms. Brown-Philpot’s decade of experience leading various operations at Google and her prior financial experience from her roles at Goldman Sachs and PwC provide unique operational and financial expertise to the Board.

Independent Director
Age: **65**
Director since: **2015**
HP Board Committees:
FIT, HRC *(Chair)*

CAPITAL ALLOCATION
FINANCE
CUSTOMER EXPERIENCE
INTERNATIONAL BUSINESS
OPERATIONS
ROBUST BUSINESS EXPERIENCE
SCIENCE
STRATEGIC TRANSACTIONS; M&A
STRATEGY
TECHNOLOGY

Stephanie A. Burns

Current Role
— Director

Current Public Company Boards
— HP
— Corning Incorporated
— Kellogg Company

Prior Public Company Boards
— Dow Corning Corporation
— GlaxoSmithKline plc
— Manpower, Inc.

Qualifications:

Prior Business and Other Experience

— Chief Executive Officer, Dow Corning Corp., a silicon-based manufacturing company (2004–May 2011)
— President, Dow Corning (2003–November 2010)
— Executive Vice President, Dow Corning (2000–2003)

Other Key Qualifications

Dr. Burns has more than 30 years of global innovation and business leadership experience and brings significant expertise in scientific research, product development, issues management, science and technology leadership, and business management to the Board. Her leadership experience includes steering Dow Corning Corporation during an extended bankruptcy and restructuring process. Dr. Burns also brings public company governance experience to the Board as a member of boards and board committees of other public companies.

Independent Director
Age: **60**
Director since: **2015**
HP Board Committees:
AUDIT *(Chair)*, **FIT**

CAPITAL ALLOCATION
INTERNATIONAL BUSINESS
FINANCE
STRATEGIC TRANSACTIONS; M&A
ROBUST BUSINESS EXPERIENCE
STRATEGY

Mary Anne Citrino

Current Role
— Senior Advisor and former Senior Managing Director, Blackstone, an investment firm (since 2004)

Current Public Company Boards
— HP
— Royal Ahold Delhaize
— Alcoa Corporation
— Barclays

Prior Public Company Boards
— Health Net, Inc.
— Dollar Tree Inc.

Qualifications:

Prior Business and Other Experience

— Managing Director, Global Head of Consumer Products Investment Banking Group, and Co-head of Health Care Services Investment Banking, Morgan Stanley (1986–2004)

Other Key Qualifications

Ms. Citrino's more than 30-year career as an investment banker provides the Board with substantial knowledge regarding business operations strategy, as well as valuable financial and investment expertise. She also brings public company governance experience as a member of boards and board committees of other public companies.

Richard L. Clemmer

Independent Director
Age: **68**
Director since: **2020**
HP Board Committees:
N/A

CAPITAL ALLOCATION
ROBUST BUSINESS EXPERIENCE
FINANCE
STRATEGIC TRANSACTIONS; M&A
INTERNATIONAL BUSINESS
STRATEGY
OPERATIONS
TECHNOLOGY

Current Role
— Chief Executive Officer and Executive Director of NXP Semiconductors N. V., a semiconductor company (since January 2009)

Current Public Company Boards
— HP
— NCR Corporation
— NXP Semiconductors N. V.

Prior Public Company Boards
— i2 Technologies, Inc.

Qualifications:

Prior Business and Other Experience

— Senior Advisor, Kohlberg Kravis Roberts & Co. (May 2007-December 2008)
— President and Chief Executive Officer, Agere Systems Inc. (October 2005–April 2007)

Other Key Qualifications

Mr. Clemmer brings to the Board significant leadership experience in the high tech industry, including experience with semiconductor, storage, e-Commerce, and software companies, and brings valuable experience leading organizations through strategic transactions. In his roles at NXP Semiconductors and Agere Systems, Mr. Clemmer has overseen the successful execution of a number of key strategic transactions, including the acquisition and integration of several companies and business units.

Enrique Lores

President, Chief Executive Officer and Director
Age: **54**
Director since: **2019**
HP Board Committees:
N/A

CUSTOMER EXPERIENCE
DISRUPTIVE INNOVATION
OPERATIONS
INTERNATIONAL BUSINESS
TECHNOLOGY
ROBUST BUSINESS EXPERIENCE
STRATEGY
STRATEGIC TRANSACTIONS; M&A

Current Role
— President and Chief Executive Officer, HP (since November 2019)

Current Public Company Boards
— HP

Prior Public Company Boards
— None

Qualifications:

Prior Business and Other Experience

— President, Imaging and Printing Solutions, HP Inc. (November 2015–October 2019)
— Separation Leader, Hewlett-Packard Company (2014–October 2015)
— Senior Vice President & General Manager, Business Personal Systems, Hewlett-Packard Company (2013–2014)
— Senior Vice President, Worldwide Customer Support & Services, Hewlett-Packard Company (2011–2013)
— Senior Vice President, Worldwide Sales and Solutions Partner Organization, Hewlett-Packard Company (2008–2011)
— Vice President & General Manager, Large Format Printing, Hewlett-Packard Company (2003–2008)
— Vice President, Imaging & Printing Group, EMEA, Hewlett-Packard Company (2001–2003)
— Experience in a variety of roles at Hewlett-Packard Company (1989–2003)

Other Key Qualifications

Mr. Lores's international business and leadership experience, and his service in multiple facets of the HP business worldwide, provide the Board with an enhanced global perspective. Mr. Lores's more than 25 years of experience in the information and technology industry with HP, and his position as HP's Chief Executive Officer, provide the Board with valuable industry insight and expertise.

Yoky Matsuoka

Current Role
— Division CEO, Panasonic Corporation (since October 2019)

Current Public Company Boards
— HP

Prior Public Company Boards
— None

Independent Director
Age: **47**
Director since: **2019**
HP Board Committees:
AUDIT, FIT

ACADEMICS
CUSTOMER EXPERIENCE
DISRUPTIVE INNOVATION
ROBUST BUSINESS EXPERIENCE
SCIENCE
TECHNOLOGY
STRATEGY

Qualifications:

Prior Business and Other Experience

— Vice President, Healthcare at Google, a subsidiary of Alphabet Inc. ("Alphabet"), a technology company (2018–October 2019)
— Chief Technology Officer, Nest, Alphabet (2010–2015; 2017–2018)
— Executive experience in healthcare, Apple Inc., a technology company (May 2016–December 2016)
— Chief Executive Officer, Quanttus, a technology company (2015–2016)
— Head of Innovation and Co-Founder, Google [X], Alphabet (2009–2010)
— Academic experience including professorships at Carnegie Mellon University and the University of Washington (2000–2011)
— MacArthur Fellow (2007)

Other Key Qualifications

Ms. Matsuoka is an accomplished executive and technologist who brings more than two decades of leadership experience to the HP Board. Throughout her career, she has held innovation-centric roles in both Silicon Valley and in academia and brings her strong background in management, strategy and research & development to the Board.

Stacey Mobley

Current Role
— Director

Current Public Company Boards
— HP

Prior Public Company Boards
— International Paper Company
— Hewitt Associates, Inc.

Independent Director
Age: **74**
Director since: **2015**
HP Board Committees:
HRC, NGSR

INTERNATIONAL BUSINESS
OPERATIONS
ROBUST BUSINESS EXPERIENCE

Qualifications:

Prior Business and Other Experience

— Senior Counsel and Advisor, Dickstein Shapiro, LLP, a law firm (2008–2016)
— Senior Vice President, Chief Administrative Officer and General Counsel, E.I. du Pont de Nemours and Company ("DuPont"), a chemical company (1999–2008)
— 35 years of experience at DuPont (1973–2008) serving in a variety of leadership roles

Other Key Qualifications

Mr. Mobley's more than 35 years of legal and senior management experience at DuPont brings a deep understanding of governance, regulations and risk management including the government relations strategies of public companies. He also brings public company governance experience as a member of boards and board committees of other public and private companies.

Subra Suresh

Independent Director
Age: **63**
Director since: **2015**
HP Board Committees:
AUDIT, FIT

ACADEMICS
DISRUPTIVE INNOVATION
FINANCE
GOVERNMENT
SCIENCE
STRATEGY
TECHNOLOGY

Current Role
— President, Nanyang Technological University, autonomous global research university in Singapore (since January 2018)

Current Public Company Boards
— HP
— Singapore Exchange Limited

Prior Public Company Boards
— None

Qualifications:

Prior Business and Other Experience

— Senior Advisor, Temasek International Private Ltd., an investment company headquartered in Singapore (since September 2017)
— President, Carnegie Mellon University, a global research university (July 2013–June 2017)
— Independent Director of the Board, Battelle Memorial Institute, Ohio, an international nonprofit that develops and commercializes technology and manages laboratories for government customers (2014–2017)
— Director, National Science Foundation, a federal agency charged with advancing science and engineering research and education (October 2010–March 2013)
— Dean and the Vannevar Bush Professor of Engineering, School of Engineering (2007-2010), and Professor (1993–2013), Massachusetts Institute of Technology

Other Key Qualifications

Mr. Suresh is one of the few Americans to have been elected to all three branches of the U.S. National Academies (Engineering, Sciences and Medicine) in recognition of his considerable scientific and technical accomplishments. Mr. Suresh's experience as the president of two prominent research universities and his experience leading new entrepreneurship and innovation bring the Board valuable insights with respect to strategic opportunities and a robust understanding of the organizational, scientific, and technological requirements of ongoing innovation.

Other Director(s)

In addition, Dion J. Weisler, 52, who has served as Senior Executive Advisor at HP, a non-executive officer role, since November 1, 2019, is not currently standing for re-election at our upcoming annual meeting. Mr. Weisler previously served as our President and Chief Executive Officer between November 2015 and November 2019. Previously, Mr. Weisler served in various roles at our predecessor, Hewlett-Packard Company, including as Executive Vice President, the Printing and Personal Systems Group, Hewlett-Packard Company (June 2013–November 2015), Senior Vice President and Managing Director, Printing and Personal Systems, Asia Pacific and Japan, Hewlett-Packard Company (January 2012–June 2013) and Vice President and Chief Operating Officer, the Product and Mobile Internet Digital Home Groups, Lenovo Group Ltd. (January 2008–December 2011). Mr. Weisler also serves on the board of directors of Thermo Fisher Scientific Inc.

Code of Conduct

We maintain a code of business conduct and ethics for Directors, officers and employees known as Integrity at HP, which is available on our website at *https://investor.hp.com/governance/integrity-at-hp/default.aspx*. If the Board grants any waivers from our Standards of Business Conduct to any of our Directors or executive officers, or if we amend our Standards of Business Conduct, we will, if required, disclose these matters via updates to our website on a timely basis.

Information about the Audit Committee

We have an Audit Committee established in accordance with the requirements of the Exchange Act. The Audit Committee represents and assists the Board in fulfilling its responsibilities for overseeing our financial reporting processes and the audit of our financial statements. Specific duties and responsibilities of the Audit Committee include, among other things:

Independent Registered Public Accounting Firm . . . .

- appointing, overseeing the work of, evaluating, compensating and retaining the independent registered public accounting firm;
- discussing with the independent registered public accounting firm its relationships with HP and its independence, and periodically considering whether there should be a regular rotation of the accounting firm in order to assure continuing independence;
- overseeing the rotation of the independent registered public accounting firm's lead audit and concurring partners at least once every five years and the rotation of other audit partners at least once every seven years in accordance with SEC regulations, with the Audit Committee directly involved in the selection of the accounting firm's lead partner; and
- determining whether to retain or, if appropriate, terminate the independent registered public accounting firm.

Audit & Non-Audit Services; Financial Statements; Audit Report . . . .

- reviewing and approving the scope of the annual independent audit, the audit fee, and other audit services;
- preparing the Audit Committee report for inclusion in the annual proxy statement; and
- overseeing our financial reporting processes and the audit of our financial statements, including the integrity of our financial statements.

Disclosure Controls; Internal Controls & Procedures; Legal Compliance . . . .

- reviewing our disclosure controls and procedures, internal controls, information and technology security policies, internal audit function, and corporate policies with respect to financial information and earnings guidance; and
- overseeing compliance with legal and regulatory requirements.

Risk Oversight . . . .

- reviewing risks facing HP and management's approach to addressing these risks, including significant risks or exposures relating to litigation and other proceedings and regulatory matters that may have a significant impact on our financial statements; and
- discussing policies with respect to risk assessment and risk management.

Related Party Transactions. . . . .

- overseeing relevant related party transactions governed by applicable accounting standards (other than related-person transactions addressed by the Nominating, Governance and Social Responsibility ("NGSR") Committee).

Annual Review/Evaluation . . . .

- annually reviewing the Audit Committee's charter and performance.

The Board determined that Ms. Citrino, Chair of the Audit Committee, and each of the other Audit Committee members (Mr. Bennett, Ms. Brown-Philpot, Ms. Matsuoka and Mr. Suresh) are independent within the meaning of the New York Stock Exchange ("NYSE") and SEC standards of independence for directors and audit committee members, and has satisfied the NYSE financial literacy requirements. The Board also determined that each of Mr. Bennett, Ms. Brown-Philpot, Ms. Citrino and Mr. Suresh is an "audit committee financial expert" as defined by the SEC rules.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

Introduction

This Compensation Discussion and Analysis describes our executive compensation philosophy and program, the compensation decisions the HR and Compensation ("HRC") Committee has made under the program, and the considerations in making those decisions in fiscal 2019.

Named Executive Officers

Our NEOs for fiscal 2019 are:

- Dion J. Weisler, former President and CEO;
- Steven J. Fieler, Chief Financial Officer;
- Enrique J. Lores, President and CEO and former President, Imaging, Printing and Solutions;
- Kim M. Rivera, President, Strategy and Business Management and Chief Legal Officer; and
- Alex Cho, President, Personal Systems.

Following the end of fiscal 2019, Mr. Weisler stepped down as our President and CEO on November 1, 2019, and Mr. Lores was appointed to the role. Upon stepping down from such positions, Mr. Weisler continues to be employed by the Company as Senior Executive Advisor, a non-executive officer role, through our 2020 Annual Meeting of Stockholders. Mr. Weisler will also continue to serve as a member of the Board of Directors until the Company's 2020 Annual Meeting of Stockholders.

Executive Summary

The HRC Committee continues to review and refine our compensation programs to support our evolving business strategy and attract high caliber executive talent. The HRC Committee's assessment includes regular stockholder engagement and consideration of stockholder feedback. HP's fiscal 2019 executive compensation structure remained the same as its fiscal 2018 program.

Below are brief highlights of key compensation decisions with respect to NEOs:

We provided competitive target pay opportunities, where amounts and mix were consistent with peers and stable year over year.

Target total direct compensation ("TDC") consists of base salary, percent-of-salary target annual incentives that would be earned for achieving 100% of goals, and long-term incentive grant-date value. NEO base salaries were unchanged for fiscal 2019, except a 7.4% promotional increase for Ms. Rivera upon being appointed President, Strategy and Business Management in addition to her ongoing role as Chief Legal Officer and Secretary, plus a 3.6% market adjustment for Mr. Weisler, HP's President and CEO. Target annual incentives were unchanged at 200% of salary for Mr. Weisler and 125% of salary for each of the other NEOs. Regular long-term incentive grant values increased moderately consistent with the market.

We aligned real pay delivery with performance through rigorous goal setting and performance measurement.

While our target TDC opportunities reflect market practice, our real pay delivery reflects performance. Annual incentives reward short-term performance measured against applicable enterprise-wide, business unit, and individual goals. Goals were set for the overall Company and businesses against internal budgets for revenues, net earnings/profit, and free cash flow as a percent of revenue. Non-financial individual performance goals under the Management by Objectives ("MBO") program were set for each NEO. Meanwhile, regular annual long-term incentive grants were approximately 60% in PARSUs that reward strategic performance measured by relative TSR compared to the S&P 500 and EPS measured in two and three year overlapping segments as explained on pages 16-18; the remaining 40% is in RSUs that are primarily for ownership and retention with the delivered value tied to stock price and reinvested dividend equivalents.

NEOs earned annual incentives averaging 117.2% of target for fiscal 2019. Individual bonuses varied from 93.2% to 150.7% of target and HP's President & CEO was at 111.5%. The Company achieved above-target results with respect to HP net earnings/profit and free cash flow margin. Revenue results were below target. Further, NEOs successfully delivered against their MBOs as detailed on pages 15-16.

NEOs received payout for Segment 1 FY18 and Segment 2 FY17 PARSUs (measurement periods ending in fiscal 2019). EPS FY18 and EPS FY19 were above target. Fiscal 2017-2019 relative TSR approximated the 35th percentile of the S&P 500. Fiscal 2018-2019 relative TSR approximated the 15th percentile of the S&P 500.

We regularly engaged with and listened to stockholders, practiced strong governance, and mitigated potential compensation-related risks.

Our executive compensation program is continuously reviewed for peer group alignment and strategic relevance as part of a process that includes ongoing stockholder engagement. At the annual meeting in 2019, our say-on-pay proposal was approved by over 93% of the voted shares, indicating strong stockholder support. Consequently, changes have not been extensive. To ensure alignment with our three-year financial plan, we have moved our long-term performance-based incentives (PARSUs) to a single three-year performance period with full vesting only after three years of service and achievement of financial goals for that timeframe. We are also changing relative TSR from a standalone measure to a "modifier" on earnouts determined based on the three-year performance period. We feel that this will increase focus on line-of-sight strategic performance while continuing close alignment between stockholder value creation and real pay delivery.

We transitioned to a new HP President & CEO at the start of fiscal 2020, successfully executing the Board's succession-planning process.

After a robust, in-depth succession planning assessment, Mr. Lores was appointed as President and CEO effective November 1, 2019. Mr. Lores's initial target TDC was set moderately below the peer group median and the HRC Committee's intent is to move him to the median or above median over the period of the next two-or-three years based on Company and individual performance. Mr. Lores did not receive a promotion grant or any special rewards in connection to his appointment as President and CEO.

Executive Compensation Program Oversight and Authority

Role of the HRC Committee and its Advisor

The HRC Committee continued to retain FW Cook as its independent consultant during fiscal 2019, and to work with them and management on all aspects of our pay program for senior executives. The HRC Committee makes recommendations regarding the CEO's compensation to the independent members of the Board for approval, and reviews and approves the compensation of the remaining Section 16 officers, including our NEOs. Each HRC Committee member is an independent non-employee Director with significant experience in executive compensation matters.

The HRC Committee continually considers feedback from stockholders and the potential executive compensation implications of evolving business and strategic objectives. Based on these considerations, the HRC determined that it would be appropriate to make some fine-tuning changes in the program structure for 2020 (described further on page 19) that we believe are in our stockholders' interests. We believe that our current compensation structure and proposed changes incent and reward achievement of specific goals, reinforce year-over-year results and provide an attractive pay-for-performance opportunity that encourages retention and leadership engagement.

FW Cook provides analyses and recommendations that inform the HRC Committee's decisions; identifies peer group companies for competitive market comparisons; evaluates market pay data and competitive-position benchmarking; provides analyses and inputs on program structure, performance measures, and goals; provides updates on market trends and the regulatory environment as it relates to executive compensation; reviews various management proposals presented to the HRC Committee related to executive and Director compensation; and works with the HRC Committee to validate and strengthen the pay-for-performance relationship and alignment with stockholder interests. FW Cook does not perform other services for HP and will not do so without the prior consent of the HRC Committee chair. FW Cook meets with the HRC Committee chair and the HRC Committee outside the presence of management while in executive session.

The HRC Committee met six times in fiscal 2019, and all six of these meetings included an executive session. FW Cook participated in five of the meetings and, when requested by the HRC Committee chair, in the preparatory meetings and the executive sessions.

Role of Management and the CEO in Setting Executive Compensation

The CEO recommends compensation for Section 16 officers, including NEOs other than himself, for approval by the HRC Committee. The Board considered market competitiveness, business results, experience, and individual performance when evaluating fiscal 2019 NEO compensation and the overall compensation structure. The Chief Human Resources Officer and other members of our executive compensation team, together with members of our finance and legal organizations, work with the CEO to design and develop the compensation program, to recommend changes to existing program provisions applicable to NEOs and other senior executives, as well as financial and other targets to be achieved under those programs, prepare analyses of financial data, peer comparisons and other briefing materials to assist the HRC Committee in making its decisions, and implement the decisions of the HRC Committee.

During fiscal 2019, management continued to engage Meridian Compensation Partners, LLC ("Meridian") as its compensation consultant. The HRC Committee took into consideration that Meridian provided executive compensation-related services to management when it evaluated any information and analyses provided by Meridian, all of which were also independently reviewed by FW Cook, as applicable, on the HRC Committee's behalf.

During fiscal 2019, Mr. Weisler provided input to the HRC Committee regarding performance metrics and the setting of appropriate performance targets for his direct reports. Mr. Weisler also recommended MBOs for the NEOs (other than himself) and the other senior executives who report directly to him. Mr. Weisler is subject to the same financial performance goals as the executives who lead global functions, and Mr. Weisler's MBOs and compensation are established by the HRC Committee and recommended to the independent members of the Board for approval.

Use of Comparative Compensation Data and Compensation Philosophy

The HRC Committee reviews the compensation of our Section 16 officers in comparison to that of executives in similar positions at our peer group companies. Our peer group includes companies we compete with for executive talent due to our geographical proximity and technology industry overlap. The HRC Committee takes size differentiations into consideration when reviewing the results of market data analysis. The HRC Committee uses this information to evaluate how our pay levels and practices compare to market practices.

When determining the peer group, the following characteristics were considered:

- Direct talent market peers.
- US-based companies in the technology sector (excluding distributors, contract manufacturers and outsourced services/IT consulting) with revenues between ~$10 billion and $250 billion and market cap between ~$7 billion and $175 billion.
- Select general industry companies (industrials, consumer products and telecom) generally meeting size and business criteria that are top-brands.
- Review of the peer companies chosen by companies within our proposed peer group and peer business similarity, to evaluate relevance.

We believe the resulting peer group provides HP and the HRC Committee with a valid comparison and benchmark for the Company's executive compensation program and governance practices. For fiscal 2019, the HRC Committee added Apple (direct peer) and Micron Technology (size-appropriate technology company). The HRC Committee also removed Amazon, Procter & Gamble and Verizon as all exceeded size range and were not direct peers. The HP peer group for fiscal 2019, as approved by HRC Committee, consisted of the following companies:

Fiscal 2019 Peer Group

Company	Revenue (FYE - $Bn)*
Apple Inc.	$260.2
Microsoft Corporation	$125.8
General Electric Company	$121.6
IBM Corporation	$79.6
Intel Corporation	$70.8
PepsiCo, Inc.	$64.7
HP Inc.	$58.8
Cisco Systems, Inc.	$51.9
Honeywell International Inc.	$41.8
Oracle Corporation	$39.5
Nike, Inc.	$39.1
Hewlett Packard Enterprise Company	$29.1
Qualcomm Incorporated	$24.3
Micron Technology, Inc.	$23.4
Western Digital Corporation	$16.6
Texas Instruments Incorporated	$15.8
Seagate Technology PLC	$10.4
Xerox Corporation	$9.8

* Represents fiscal 2019 reported revenue, except fiscal 2018 reported revenue is provided for General Electric, Honeywell, IBM, Intel, PepsiCo, Texas Instruments and Xerox.

Process for Setting and Awarding Executive Compensation

A broad range of facts and circumstances are considered in setting our overall executive compensation levels. In fiscal 2019, the HRC Committee continued to set target compensation levels within a competitive range of the market median, although in some cases lower or higher based on each executive's situation (e.g., attraction and retention of critical talent). The Board maintains a total CEO target compensation package that approximates the median of our competitive market and is consistent with our pay positioning strategy and pay-for-performance philosophy.

The primary factors considered when determining pay opportunities for our NEOs are market competitiveness, internal equity, and individual performance. The weight given to each factor is not formulaic and may differ from year to year or by individual NEO. For example, when we recruit externally, market competitiveness, experience, and the candidate-specific circumstances may weigh more heavily in the compensation decision process. In contrast, when determining year-over-year compensation changes for current NEOs, internal equity and individual performance may factor more heavily in the decision.

The HRC Committee spends significant time determining the appropriate goals for our annual and long-term incentive plans, which make up the majority of NEO compensation. Management makes an initial recommendation of the goals, which is then assessed by the HRC Committee's independent compensation consultant and discussed and approved by the HRC Committee. Major factors considered in setting financial goals for each fiscal year are business results from the most recently completed fiscal year, budgets and strategic plans, macroeconomic factors, guidance and analyst expectations, industry performance, conditions or goals specific to a particular business segment, and strategic initiatives. MBOs are set based on major shared and individual strategic, operating, and tactical initiatives.

Following the close of the fiscal year, the HRC Committee reviews actual financial results and MBO performance against the goals that it had set for the applicable plans for that year, with payouts under the plans determined based on performance against the established goals. The HRC Committee meets in executive session to review the MBO performance of the CEO and to determine a recommendation for his annual PfR incentive award to be approved by the independent members of the Board. See "2019 Annual Incentives" below for a further description of our results and corresponding incentive payouts.

Listening to our Stockholders on Compensation

We regularly engage with our stockholders on a variety of issues, including their views on best practices in executive compensation. The following changes to our executive compensation program, shown here, reflect those conversations with stockholders.

- Starting with new grants in fiscal 2020, to ensure alignment with our three-year financial plan, we have moved our long-term performance-based incentives (PARSUs) to a single three-year performance period with full vesting only after three years of service and achievement of financial goals for that timeframe. We are also changing relative TSR from a standalone measure to a "modifier" on earnouts determined based on the three-year performance period. We feel that this will increase focus on line-of-sight strategic performance while continuing close alignment between stockholder value creation and real pay delivery.
- Some changes during the last few years that reflect conversations with stockholders include the following:
    - Increased focus on enterprise-wide corporate revenue and corporate net earnings/profit in our annual PfR incentive plan to encourage greater collaboration and teamwork among business leaders.
    - Replaced Return on Invested Capital ("ROIC") with EPS in our PARSU grants for stronger alignment with stockholder interests and because it is a more appropriate measure for HP after the separation of HPE.

At the 2019 annual meeting, our annual say-on-pay proposal received the support of over 93% of the votes cast. As part of its 2019 executive compensation discussions, the HRC Committee reviewed the advisory vote result and considered it to be supportive of the Company's compensation practices.

Determination of Fiscal 2019 Executive Compensation

Under our Total Rewards Program, executive compensation consists of: base salary, annual incentives, long-term incentives, benefits, and perquisites.

The HRC Committee regularly explores ways to improve our executive compensation program by considering stockholder feedback, our current business needs and strategy, and peer group practices. For 2019 the Committee decided to maintain a consistent compensation structure for executives since it supports our business strategy and aligns pay with stockholder interests.

2019 Base Salary

Our executives receive a small percentage of their overall compensation in the form of base salary, which is consistent with our philosophy of tying the majority of pay to performance. The NEOs are paid an amount in the form of base salary sufficient to attract qualified executive talent and maintain a stable management team.

The HRC Committee aims to set executive base salaries at or near the market median for comparable positions. In fiscal 2019, salaries comprise on average 11% of our NEOs' overall compensation, consistent with our peers. To decide the CEO's salary, the HRC Committee reviews analyses and recommendations provided by FW Cook.

For fiscal 2019, Mr. Weisler's salary was increased from $1.4 million to $ 1.45 million to recognize his contributions and better align with the market median. For fiscal 2019, the HRC Committee did not change the base salary for Mr. Fieler, Mr. Lores or Mr. Cho. During fiscal 2018, Mr. Fieler's base salary had been increased to $690,000 during July 2018 and Mr. Cho's base salary had been increased to $675,000 during June 2018 in conjunction with their promotions to CFO and President, Personal Systems, respectively. Ms. Rivera's base salary was increased from $675,000 to $725,000 due to her new responsibilities as President, Strategy and Business Management while retaining her role as Chief Legal Officer and Secretary.

Changes in Base Salary

EXECUTIVE	FISCAL YEAR-END 2018 BASE SALARY	FISCAL 2019 BASE SALARY	PERCENTAGE CHANGE
Dion Weisler	$1,400,000	$1,450,000	+3.6%
Steven Fieler	$690,000	$690,000	+0.0%
Enrique Lores	$750,000	$750,000	+0.0%
Kim Rivera	$675,000	$725,000	+7.4%
Alex Cho	$675,000	$675,000	+0.0%

2019 Annual Incentives

The fiscal 2019 annual PfR incentive plan consisted of the following three core financial metrics: revenue, net earnings/profit, and corporate free cash flow as a percentage of revenue. A fourth metric, MBOs, was used to further drive individual performance and achievement of key strategic goals. Each metric was weighted at 25% of the target award value. Each individual metric may fund up to 250% of target; however, the maximum annual PfR incentive for each executive is capped at 200% of target.

The target annual PfR incentive awards for fiscal 2019 were set at 200% of salary for the CEO and 125% of salary for the other NEOs.

For fiscal 2019, the HRC Committee again established an "umbrella" formula governing the maximum bonus and then exercised negative discretion in setting actual bonuses. Under the umbrella formula, each Section 16 officer (including each NEO) was allocated a pro rata share of 0.75% of net earnings based on his or her target annual PfR incentive award, subject to a maximum bonus of 200% of the NEO's target bonus, and the maximum $15 million individual cap under the Stock Incentive Plan. Below this umbrella funding structure, actual payouts were determined based upon financial metrics and MBOs established and evaluated by the HRC Committee for Section 16 officers (including each NEO) and by the independent members of the Board for the CEO.

Fiscal 2019 Annual Incentive Plan

	CORPORATE GOALS				
KEY DESIGN ELEMENTS	REVENUE ($ IN BILLIONS)	NET EARNINGS/ PROFIT ($ IN BILLIONS)	FREE CASH FLOW AS A % OF REVENUE(1) (%)	MBOs	% PAYOUT METRIC(2) (%)
Weight	25%	25%	25%	25%	
Linkage					
Global Functions Executives(3)	Corporate	Corporate	Corporate	Individual	
Business Unit ("BU") Executives(4)	Corporate/BU	Corporate/BU	Corporate	Individual	
Corporate Performance Goals					
Maximum	—	—	—	Various	250
Target	$60.0	$3.7	6.33%	Various	100
Threshold	—	—	—	Various	0

(1) Maximum funding for corporate free cash flow as a percentage of revenue is capped at 150% of target if corporate net earnings/profit achievement was below target and is capped at 100% of target if corporate net earnings/profit achievement was below threshold. If corporate net earnings/profit achievement was above target, the maximum funding level is 250% for this metric. Maximum and threshold information are not disclosed because such disclosure would result in competitive harm. However, goals are set at levels we believe to be achievable in connection with strong performance.

(2) Interpolated for performance between discrete points. Each individual metric may fund up to 250% of target; however, the maximum annual PfR incentive for each executive is capped at 200% of target. As a general administrative discretionary guideline, the HRC Committee may decide that financial funding for Global Functions Executives, including the CEO, cannot exceed the highest funding for a Business Unit Executive.

(3) The Global Functions Executives include Mr. Weisler, Mr. Fieler and Ms. Rivera.

(4) The Business Unit Executives includes Mr. Lores and Mr. Cho. Specific Business Unit revenue and net earnings/profit goals are not disclosed because such disclosure would result in competitive harm. However, goals are set at levels we believe to be achievable in connection with strong performance.

The specific metrics, their linkage to corporate results, and the weighting that was placed on each were chosen because the HRC Committee believed that:

- Performance against these metrics, in combination, enhances value for stockholders, capturing both the top and bottom line, as well as cash and capital efficiency.
- A balanced weighting of metrics limits the likelihood of rewarding executives for excessive risk-taking.
- Different measures avoid paying for the same performance twice.
- MBOs enhance focus on business objectives, such as operational objectives, strategic initiatives, succession planning, and people development, which are important to the long-term success of the Company.

The following chart sets forth the definition of and rationale for each of the financial performance metrics that was used for the Fiscal 2019 Annual Incentive Plan:

FINANCIAL PERFORMANCE METRICS(1)	DEFINITION	RATIONALE FOR METRIC
Corporate Revenue	Net revenue as reported in our Annual Report on Form 10-K for fiscal 2019	Reflects top line financial performance, which is a strong indicator of our long-term ability to drive stockholder value
Business Revenue	Segment net revenue as reported in our Annual Report on Form 10-K for fiscal 2019	
Corporate Net Earnings	Non-GAAP net earnings, as defined and reported in our fourth quarter fiscal 2019 earnings press release, excluding bonus net of income tax(2)	Reflects bottom line financial performance, which is directly tied to stockholder value on a short-term basis
Business Net Profit ("BNP")	Business net profit, excluding bonus net of income tax	
Corporate Free Cash Flow	Cash flow from operations less net capital expenditures (gross purchases less retirements) divided by net revenue (expressed as a percentage of revenue)	Reflects efficiency of cash management practices, including working capital and capital expenditures

(1) While we report our financial results in accordance with generally accepted accounting principles ("GAAP"), our financial performance targets and results under our incentive plans are sometimes based on non-GAAP financial measures. The financial results, whether GAAP or non-GAAP, may be further adjusted as permitted by those plans and approved by the HRC Committee. We review GAAP to non-GAAP adjustments and any other adjustments with the HRC Committee to ensure performance considers the way the goals were set and executive accountability for performance. These metrics and the related performance targets are relevant only to our executive compensation program and should not be used or applied in other contexts.

(2) Fiscal 2019 non-GAAP net earnings of $3.4 billion excludes after-tax costs of $257 million related to restructuring and other charges, acquisition-related charges, amortization of intangible assets, non-operating retirement-related credits/(charges), and tax adjustments. Management uses non-GAAP net earnings to evaluate and forecast our performance before gains, losses, or other charges that are considered by management to be outside of our core business segment operating results. We believe that presenting non-GAAP net earnings provides investors with greater visibility with respect to the information used by management in its financial and operational decision making. We further believe that providing this additional non-GAAP information helps investors understand our operating performance and evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance. This additional non-GAAP information is not intended to be considered in isolation or as a substitute for GAAP diluted net earnings.

Following fiscal 2019, the HRC Committee reviewed performance against the financial metrics and certified the results as follows:

Fiscal 2019 Annual PfR Incentive Performance Against Financial Metrics[1,2]

METRIC	WEIGHT[3]	TARGET ($ IN BILLIONS)	RESULT ($ IN BILLIONS)	PERCENTAGE OF TARGET ANNUAL INCENTIVE FUNDED
Corporate Revenue	25.0%	$60.0	$58.8	19.8%
Corporate Net Earnings	25.0%	$3.7	$3.8	25.8%
Corporate Free Cash Flow (% of revenue)	25.0%	6.33%	6.78%	45.9%
Total	75.0%			91.5%

(1) Mr. Weisler, Mr. Fieler and Ms. Rivera received annual PfR incentive payments based on corporate financial metrics. Mr. Lores and Mr. Cho received an annual PfR incentive payment based on corporate and business financial metrics.

(2) As a general administrative discretionary guideline, the HRC Committee may decide that financial funding for Global Functions Executives, including the CEO, cannot exceed the highest funding for a Business Unit Executive.

(3) The financial metrics were equally weighted to account for 75% of the target annual PfR incentive.

Mr. Weisler. At the end of the fiscal year, the independent members of the Board evaluated Mr. Weisler's performance against all of his MBOs, which included, but were not limited to: setting strategic direction for the Company based on optimizing stockholder value, maintaining supplies stabilization, growing profitable share in Personal Systems, engaging with all major constituents including financial analysts, media, key governmental figures, partners and customers to execute the HP strategy, and ensuring HP has a robust evaluation and talent program. After conducting a thorough review of Mr. Weisler's performance, the independent members of the Board determined that his MBO performance reflected a number of accomplishments but overall had been achieved below target due to Print supplies performance. Mr. Weisler had strong accomplishments, including the following:

- Maintained the three-pronged Core, Growth, and Future strategy, designed to drive employees across the world towards a common goal.
- Expanded Personal Systems revenue in profitable categories and the attach category initiatives.
- Accelerated 3D print business through development of industrial go-to-market, applications and focus on key verticals.
- Developed and managed an effective plan to address key regulatory/political changes as well as to mitigate US trade/tariff impacts.
- Executed a plan to consistently engage with channel partners, customers, and ecosystem partners to ensure he was getting direct feedback on the HP strategy and product portfolio to enable appropriate adjustments.
- Continued to invest across all three waves (Core, Growth and Future) in each business.
- Drove digital transformation and created a core competency in software, data analytics and machine learning.
- Kept the organization updated and motivated, from the leadership team to the broader employee population, to ensure that all understood the strategy and priorities. Cultivated a growth mindset across the organization with extreme customer focus.
- Reinvented go-to-market and customer engagement models to address dramatic shift in buying behaviors.
- Continued implementation of modern ERP platform with development of standardized and simplified processes.
- Worked closely with external advisors to develop future strategy and a roadmap to accelerate value creation for customers, partners and stockholders.
- Worked with the Independent Chair to set the annual Board and Committee objectives, priorities and the Board/Committee meeting agendas.

As CEO, Mr. Weisler evaluated the performance of each of the other Section 16 officers (including each of the other NEOs) and presented the results of those evaluations to the HRC Committee at its November 2019 meeting. The evaluations included an analysis of the officers' performance against all of their MBOs. The HRC Committee reviewed the CEO's assessment of the degree of attainment of the MBOs of the other Section 16 officers and set their MBO scores. The results of these evaluations for the other NEOs are summarized below.

Mr. Fieler. The HRC Committee determined that Mr. Fieler's MBOs performance had been achieved below target due to Print supplies performance. Overall, Mr. Fieler demonstrated strategic, thoughtful and engaged leadership in running the Finance function. His strong operational perspective supported the Company through business changes. Mr. Fieler has strong relationships with the investor relations community and is critical to ensuring our results deliver against financial expectations.

Mr. Lores. The HRC Committee determined that Mr. Lores's MBOs performance had been achieved below target due to Print supplies performance. Mr. Lores did continue reinventing the Print business with a focus on differentiated innovation, business model transformation and strategic M&A. Over the past year, Mr. Lores did a remarkable job working with the HP Board on a comprehensive global review of the Company strategy and business operations, with a focus on simplifying its operating model, evolving its business models and driving significant improvement in its cost structure while making the Company more digitally enabled and customer centric.

Ms. Rivera. The HRC Committee determined that Ms. Rivera's MBO performance had been achieved above target. Ms. Rivera worked closely with the businesses on critical matters such as supplies infringements, counterfeit seizures and IP protection. She did an excellent job on corporate governance, tariffs, investigations, launching the "Transformation Management Office" and customer service transformation initiatives. Ms. Rivera is a well-respected leader with a strong understanding of commercial decisions and is a strong partner in business, technology and governance matters.

Mr. Cho. The HRC Committee determined that Mr. Cho's MBO performance had been achieved above target. Despite the various challenges in the marketplace, Mr. Cho did an excellent job in delivering profits and steady revenue progress. He did a remarkable job in the introduction and roll out of new products such as Dragonfly in Asia. Mr. Cho is a thoughtful and well respected leader in the organization with a strong team to drive the business appropriately.

Based on the findings of these performance evaluations, the HRC Committee (and, in the case of the CEO, the independent members of the Board) evaluated performance against the non-financial metrics for the NEOs as follows:

Fiscal 2019 Annual PfR Incentive Performance Against Non-Financial Metrics (MBOs)

NAMED EXECUTIVE OFFICER	WEIGHT (%)	PERCENTAGE OF TARGET ANNUAL INCENTIVE FUNDED (%)
Dion J. Weisler	25.0	20.0
Steven J. Fieler	25.0	20.0
Enrique J. Lores	25.0	20.0
Kim M. Rivera	25.0	27.5
Alex Cho	25.0	37.5

Based on the level of performance described above on both the financial and non-financial metrics for fiscal 2019, the payouts to the NEOs under the annual PfR incentive were as follows:

Fiscal 2019 Annual PfR Incentive Payout

	PERCENTAGE OF TARGET ANNUAL INCENTIVE FUNDED		TOTAL ANNUAL INCENTIVE PAYOUT	
NAMED EXECUTIVE OFFICER	FINANCIAL METRICS (%)	NON-FINANCIAL METRICS (%)	AS % OF TARGET ANNUAL INCENTIVE (%)	PAYOUT ($)
Dion J. Weisler	91.5	20.0	111.5	3,233,533
Steven J. Fieler	91.5	20.0	111.5	961,697
Enrique J. Lores	73.2	20.0	93.2	873,522
Kim M. Rivera	91.5	27.5	119.0	1,078,448
Alex Cho	113.2	37.5	150.7	1,271,882

Long-term Incentive Compensation

The HRC Committee established a total long-term incentive target value for each NEO in early fiscal 2019 that was 60% weighted in the form of PARSUs and 40% weighted in the form of time-based RSUs. The high proportion of performance-based awards reflects our pay-for-performance philosophy. The time-based awards support retention and are linked to stockholder value and ownership, which are important goals of our executive compensation program.

2019 PARSUs

The fiscal 2019 PARSUs have the same structure as used in the fiscal 2017 and fiscal 2018 PARSUs. Fiscal 2019 PARSUs have a two-and three-year vesting period, subject to one-, two-, and three-year performance periods that began at the start of fiscal 2019 and continue through the end of fiscal 2019, 2020 and 2021. Under this program, 50% of the PARSUs (including dividend equivalent units) are eligible for vesting based on EPS and 50% are eligible for vesting based on relative TSR performance. These PARSUs vest as follows: 16.6% of the units are eligible for vesting based on EPS performance of year one with continued service over two years, 16.6% of the units are eligible for vesting based on EPS performance of year two with continued service over three years, 16.6% of the units are eligible for vesting based on EPS performance of year three with continued service over three years, 25% of the units are eligible for vesting based on relative TSR performance over two years with continued service over two years, and 25% of the units are eligible for vesting based on relative TSR performance over three years with continued service over three years. This structure is depicted in the chart below:

2019 PARSUs

KEY DESIGN ELEMENTS	EPS VS. INTERNAL GOALS			RELATIVE TSR VS. S&P 500		PAYOUT
Weight	16.6%	16.6%	16.6%	25%	25%	
Performance Periods(1)	Year 1	Year 2	Year 3	2 Years	3 Years	% of Target(3)
Vesting Periods(2)	Year 2	Year 3	Year 3	Year 2	Year 3	
Performance Levels:						
Max	Target to be disclosed after the end of the three-year performance period				> 90th percentile	200%
> Target					70th percentile	150%
Target					**50th percentile**	**100%**
Threshold					25th percentile	50%
< Threshold					< 25th percentile	0%

(1) Performance measurement occurs at the end of the one-, two-, and three-year periods.

(2) Vesting occurs at the end of the two- and three-year periods, subject to continued service.

(3) Interpolate for performance between discrete points.

EPS was chosen because it is a critical driver of long-term stockholder value and because of our focus on bottom-line profitability in the business transformation strategy. Year 1 (fiscal 2019) EPS goals were set after consideration of historical performance, internal budgets, external expectations, and peer group performance.

Relative TSR was chosen as a performance measure because it is a direct measure of stockholder value and rewards for outperformance relative to the broader market.

EPS and relative TSR are weighted equally in determining earned PARSUs. The first segment (42% of total target units) will vest after the end of fiscal 2020, subject to Year 1 EPS performance and relative TSR performance for the first two years. The second segment (58% of total target units) will vest after the end of fiscal 2021, subject to Year 2 EPS performance, Year 3 EPS performance, and relative TSR performance for the three years.

For more information on grants of PARSUs to the NEOs during fiscal 2019, see “Compensation Tables—Grants of Plan-Based Awards in Fiscal 2019.”

2019 RSUs

2019 RSUs and related dividend equivalent units vest ratably on an annual basis over three years from the grant date. Three-year vesting is common in our industry and supports executive retention and alignment with stockholder value.

Fiscal 2019 Long-term Incentive Compensation at Target

The following table shows combined total grant values for grants attributable to fiscal 2019. It is important to note that these values are target opportunities to earn future value-based compensation and are not actual earned amounts, which will be determined after three years based on continued employment and performance against the EPS and relative TSR goals.

NAMED EXECUTIVE OFFICER	PARSUs	RSUs	TOTAL FISCAL 2019 LONG-TERM INCENTIVE GRANT
Dion J. Weisler	$8,700,000	$5,800,000	$14,500,000
Steven J. Fieler	$2,400,000	$1,600,000	$4,000,000
Enrique J. Lores	$3,390,000	$2,260,000	$5,650,000
Kim M. Rivera	$3,000,000	$2,000,000	$5,000,000
Alex Cho	$2,400,000	$1,600,000	$4,000,000

Values in the Summary Compensation Table are different than the target values described in the table above. In the Summary Compensation Table, consistent with accounting standards, amounts reflect the grant date fair value for the full TSR component (two and three-year performance period), and the EPS component for Year 1 (2019), for which goals were approved in January 2019. Grant date fair values for the EPS component for Year 2 (2020) and Year 3 (2021) are not included in the grant date fair value reported in the Summary Compensation Table since EPS goals for those years are approved in their respective fiscal year.

The Summary Compensation Table for fiscal 2019 also includes a portion of the fiscal 2018 PARSUs Year 2 EPS (2019) and 2017 PARSUs Year 3 EPS (2019) for which the goal was approved in fiscal 2019.

For more information on grants to the NEOs during fiscal 2019, see “Compensation Tables—Grants of Plan-Based Awards in Fiscal 2019.”

2018 PARSUs

2018 PARSUs have the same vesting structure as 2019 PARSUs (chart described above). The actual performance achievement for the one- and two-year periods (i.e., fiscal 2018 and fiscal 2018–2019) as a percentage of target for the PARSUs as of October 31, 2019 is summarized in the table below:

Actual Performance – Segment 1

SEGMENT	EPS VS. INTERNAL GOALS		RELATIVE TSR VS. S&P 500(1)	
	FISCAL 2018 RESULT	PAYOUT	FISCAL 2018-2019 RESULTS	PAYOUT
Segment 1 (42%)	$1.94 Target: $1.81	192.9%	15th percentile	0.0%

(1) Through October 2019, HP’s relative TSR performance was at the 15th percentile of the S&P 500 which corresponds to a payout of 0% of target.

2017 PARSUs

2017 PARSUs have the same vesting structure as 2018 and 2019 PARSUs (chart described above). The actual performance achievement for the two-year period (i.e., fiscal 2017–2018), as a percentage of target for the HP PARSUs as of October 31, 2018, was summarized in our proxy statement for fiscal 2018. The actual performance achievement for the three-year period (i.e., fiscal 2017–2019) as a percentage of target for the HP PARSUs as of October 31, 2019 is summarized in the table below:

Actual Performance – Segment 2

SEGMENT	EPS VS. INTERNAL GOALS				RELATIVE TSR VS. S&P 500(1)	
	2018	PAYOUT	2019	PAYOUT	FISCAL 2017-2019 RESULTS	PAYOUT
Segment 2 (58%)	$1.94 Target: $1.81	192.9%	$2.23 Target: $2.18	122.7%	35th percentile	70.4%

(1) Through October 2019, HP’s relative TSR performance was at the 35th percentile of the S&P 500 which corresponds to a payout of 70.4% of target.

CEO Transition

Dion Weisler stepped down from his positions as President and Chief Executive Officer of the Company, effective November 1, 2019. Upon stepping down from such positions, Mr. Weisler continued to be employed by the Company in a non-executive role as a Senior Executive Advisor. During the period between November 1, 2019 through January 31, 2020, Mr. Weisler's compensation arrangements remained unchanged from those in place while he served as President and Chief Executive Officer of the Company. The Board approved continuing to employ Mr. Weisler as a Senior Executive Advisor beyond January 31, 2020 through the date of the Company's 2020 Annual Meeting of Stockholders with his compensation consisting solely of his base salary at the monthly rate of $120,833, which was Mr. Weisler's base salary rate for fiscal year 2019. Mr. Weisler also continued to serve as a member of the Board and will continue to do so until the Company's 2020 Annual Meeting of Stockholders. He has not received and will not receive any compensation in connection with his services as a member of the Board.

Fiscal 2020 Compensation Program

The HRC Committee regularly identifies and evaluates ways to improve our executive compensation program. We believe that our current compensation structure effectively aligns real pay delivery with critical financial and strategic non-financial goals, reinforces year-over-year improvement and growth, offers a stable and consistent message to both stockholders and participants, and provides an attractive pay-for-performance opportunity to encourage retention and leadership engagement.

However, as we plan to discuss in further detail in the fiscal 2020 proxy statement, we made the following changes that we believe are in our stockholders' interests and are appropriate to the characteristics and business strategy of the Company, and to ensure our compensation is tied to our three-year strategic and financial plan:

- Our annual incentive continues to focus on Revenue Growth, Net Earnings and Cash Flow goals
- We have moved to three-year cliff vesting on our Performance Based equity compensation to align with our annual plan
- Grants made for 2020 (granted in Dec 2019) will vest in 2022
- The metrics on those performance-based shares consist of EPS with a TSR governor
- EPS consists of three annual goals that roll up into our three-year annual EPS plan
- Then, a TSR governor is applied to the EPS payout to ensure alignment with our stockholders' experience
- TSR is measured over the full three-year period based on performance against market (S&P 500)
- The relative TSR is a market-based governor that adjusts payout so there is alignment with stockholder results

Fiscal 2021 Compensation Program

As the HRC Committee embarks upon our compensation plan design for 2021 and beyond, we will be looking at the most appropriate measures to continue reinforcing the commitments articulated in our long-term financial plans. While EPS and TSR are important measures that tie management and stockholder interest, key metrics like operating profit and cash flow, could be impactful as three-year measures tied to our long-term incentives. Operating profit and cash flow are critical value drivers to deliver on the long-term commitments we have made to stockholders. The final compensation structure will be discussed in more detail in our 2021 proxy.

Benefits

We do not provide our executives, including the NEOs, with special or supplemental U.S. defined benefit pension or health benefits. Our NEOs receive health and welfare benefits (including retiree medical benefits, if eligibility conditions are met) under the same programs and subject to the same eligibility requirements that apply to our employees generally.

Benefits under all U.S. pension plans were frozen effective December 31, 2007. Benefits under the Electronic Data Systems ("EDS") Pension Plan ceased upon HP's acquisition of EDS in 2008. As a result, no NEO or any other HP employee accrued a benefit under any HP U.S. defined benefit pension plan during fiscal 2019. The amounts reported as an increase in pension benefits in the Summary Compensation Table are for those NEOs who previously accrued a benefit in a defined benefit pension plan prior to the cessation of accruals and reflect changes in actuarial values only, not additional benefit accruals.

The NEOs, along with other executives who earn base pay or an annual incentive in excess of certain limits of the Code or greater than $150,000, are eligible to participate in the 2005 Executive Deferred Compensation Plan (the "EDCP"). This plan is maintained to permit executives to defer some of their compensation in order to also defer taxation on such amounts. This is a standard benefit plan also offered by most of our peer group companies. The EDCP permits deferral of base pay in excess of the amount allowed under the qualified HP 401(k) Plan (the 401(k)-deferral limit for calendar 2019 was $19,000) and up to 95% of the annual incentive payable under the Stock Incentive Plan, the PfR Plan and other eligible plans. In addition, we make a 4% matching contribution to the EDCP on base pay contributions in excess of IRS limits up to a maximum of two times that limit (maximum of $11,200 in calendar 2019).

This is the same percentage of matching contributions those executives are eligible to receive under the 401(k) Plan. In effect, the EDCP permits these executives and all eligible employees to receive a 401(k)-type matching contribution on a portion of base-pay deferrals in excess of IRS limits. Amounts deferred or matched under the EDCP are credited with hypothetical investment earnings based on investment options selected by the participant from among nearly all the proprietary funds available to employees under the 401(k) Plan. No amounts earn above-market returns. Benefits payable under the EDCP are unfunded and unsecured.

Executives are also eligible to have a yearly HP-paid medical exam as part of the HP U.S. executive physical program. This includes a comprehensive exam, thorough health assessment and personalized health advice. This benefit is also offered by our peer group companies.

Consistent with its practice of not providing any special or supplemental executive defined benefit programs, including arrangements that would otherwise provide special benefits to the family of a deceased executive, in 2011 the HRC Committee adopted a policy that, unless approved by our stockholders pursuant to an advisory vote, we will not enter into a new plan, program or agreement or modify an existing plan, program or agreement with a Section 16 officer (including the NEOs) that provides for payments, grants or awards following the death of the officer in the form of unearned salary or unearned annual incentives, accelerated vesting or the continuation in force of unvested equity grants, perquisites, and other payments or awards made in lieu of compensation, except to the extent that such payments, grants or awards are provided or made available to our employees generally.

We provide our executives with financial counseling services to assist them in obtaining professional financial advice, a common benefit among our peer group companies, for convenience and to increase the understanding and effectiveness of our executive compensation program.

Limited Perquisites

We provide a small number of perquisites to our senior executives, including the NEOs. For a list of all perquisites provided to our NEOs for fiscal 2019, please refer to the All Other Compensation Table on page 25.

Due to our global presence, we maintain one corporate aircraft. In the event a NEO is accompanied by a guest or family member on the aircraft for personal reasons, as approved by the CEO, the NEO is taxed on the value of this usage according to the relevant Code rules. There is no tax gross-up paid on the income attributable to this value. Among our NEOs, Mr. Weisler is the only executive that used the corporate aircraft for personal use during fiscal 2019, which was for convenience and security.

Our Audit Committee periodically conducts global risk management reviews, which include reviewing home security services of NEOs. Services considered necessary by the Audit Committee may be paid for by HP, due to the range of security issues that may be encountered by key executives of any large, multinational corporation.

Termination and Change in Control Protections

Severance and Long-term Incentive Change in Control Plan for Executive Officers

Our Section 16 officers (including all of the NEOs) are covered by the Severance and Long-term Incentive Change in Control Plan for Executive Officers ("SPEO"), which is intended to protect us and our stockholders, and provide a level of transition assistance in the event of an involuntary termination of employment. Under the SPEO, participants who incur an involuntary termination (i.e., a termination not for cause), and who execute a full and effective release of claims following such termination, are eligible to receive severance benefits in an amount determined as a multiple of base pay, plus the average of the actual annual incentives paid for the preceding three years. In the case of the NEOs other than the CEO, the multiplier is 1.5. In the case of the CEO, the multiplier is 2.0. In all cases, this benefit will not exceed 2.99 times the sum of the executive's base pay plus target annual incentive as in effect immediately prior to the termination of employment.

Although most of the compensation for our executives is performance-based and largely contingent upon the achievement of financial goals, the HRC Committee continues to believe that the SPEO is appropriate for the attraction and retention of executive talent. In addition, we find it more equitable to offer severance benefits based on a standard formula for the Section 16 officers (including all of the NEOs) because severance often serves as a bridge when employment is involuntarily terminated, and should therefore not be affected by other, longer-term accumulations. As a result, and consistent with the practice of our peer group companies, other compensation decisions are not generally based on the existence of this severance protection.

In addition to the cash benefit, SPEO participants are eligible to receive (1) a pro-rata annual incentive for the year of termination based on actual performance results, at the discretion of the HRC Committee, (2) pro-rata vesting of unvested equity awards (and for performance-based equity awards, only if any applicable performance conditions have been satisfied), and (3) payment of a lump-sum health-benefit stipend of an amount equal to 18 months' COBRA premiums for continued group medical coverage for the executive and his or her eligible dependents.

Severance Benefits in the Event of a Change in Control

In order to better ensure the retention of our executive leadership team in the event of a potentially disruptive corporate transaction, the SPEO also includes change in control terms for our NEOs. In addition to the benefits provided for involuntary terminations, the SPEO provides for full vesting of outstanding stock options, RSUs, and PARSUs upon involuntary termination not for Cause or voluntary termination for Good Reason (as defined in the plan) within 24 months after a change in control ("double trigger"), and in situations where equity awards are not assumed by the surviving corporation (a "modified double trigger"). The SPEO further provides that under a double trigger, PARSUs will vest based on target performance, whereas under a modified double trigger, PARSUs will vest based upon the greater of the number of PARSUs that would vest based on actual performance and the number of PARSUs that would vest pro-rata based upon target performance. We do not provide tax gross ups in connection with terminations, including terminations in the event of a change in control.

The HRC Committee is focused on ensuring that the change of control provisions in the SPEO are consistent with market practice, provide clarity to prospective and current executives, and will help attract and retain talent.

Other Compensation-Related Matters

Succession Planning

Among the HRC Committee's responsibilities described in its charter is to oversee succession planning and leadership development. The Board plans for succession of the CEO and annually reviews senior management selection and succession planning that is undertaken by the HRC Committee. As part of this process, the independent Directors annually review the HRC Committee's recommended candidates for senior management positions to see that qualified candidates are available for all positions and that development plans are being utilized to strengthen the skills and qualifications of the candidates. The criteria used when assessing the qualifications of potential CEO successors include, among others, strategic vision and leadership, operational excellence, financial management, executive officer leadership development, ability to motivate employees, and an ability to develop an effective working relationship with the Board. We also host a Board Buddy program through which each executive officer is aligned to a board member as a mentor to aid the executive's development while giving board members a deeper understanding of the day-to-day operations of the Company.

In fiscal 2019, an executive talent review was conducted along with succession plans for each of the executive leaders. Successors were identified to reflect necessary skill sets, performance, potential, and diversity. Development plans for successors were also established to ensure readiness and will be managed throughout the year. In addition to the annual succession planning process, the HRC Committee participates in an in-depth performance discussion of each executive officer at the time of the annual compensation review. During fiscal 2019, we leveraged our robust, in-depth succession planning to successfully maneuver through various leadership changes on the executive team. We executed a CEO assessment process in partnership with the Board to identify internal and external candidates for Mr. Weisler's replacement, which led to unanimous Board support for Mr. Lores. We also shifted other executives into new or expanded roles based on business needs and tied to succession and development plans. Further, there is a People Update at each HRC Committee meeting, which includes a review of key people processes and developments for that quarter.

In addition, the executive team participated in a robust development process that included individual assessments, interviews with executive coaches, and an individualized development plan that can be leveraged throughout the year. Development themes for the entire executive team will be addressed during quarterly face-to-face meetings for full team development.

Stock Ownership Guidelines and Prohibition on Hedging

Our stock ownership guidelines are designed to align executives' interests with those of our stockholders and mitigate compensation-related risk. The current guidelines provide that, within five years of assuming a designated position, the CEO should attain an investment position in our stock equal to seven times his base salary and all other Section 16 officers reporting directly to the CEO should attain an investment position equal to five times their base salaries. Shares counted toward these guidelines include any shares held by the executive directly or through a broker, shares held through the 401(k) Plan, shares held as restricted stock, shares underlying time-vested RSUs, and shares underlying vested but unexercised stock options (50% of the in-the-money value of such options is used for this calculation). Mr. Weisler is the only NEO who has served in a role covered by our stock ownership guidelines for over five years and his ownership exceeds the current guidelines. Our other NEOs are on pace to meet the stock ownership guidelines within the allotted time frame.

The HRC Committee has adopted a policy prohibiting all employees, including executive officers, and Directors from engaging in any form of hedging transaction (derivatives, equity swaps, forwards, etc.) involving Company securities, including, among other things, short sales and transactions involving publicly traded options. In addition, with limited exceptions, our executive officers are prohibited from holding our securities in margin accounts and from pledging our securities as collateral for loans. We believe that these policies further align our executives' interests with those of our stockholders.

Accounting and Tax Effects

The impact of accounting treatment is considered in developing and implementing our compensation programs, including the accounting treatment as it applies to amounts awarded or paid to our executives.

The impact of federal tax laws on our compensation programs is also considered, including the deductibility of compensation paid to the NEOs, as limited by Section 162(m) of the Code. For prior fiscal years, Section 162(m) included an exception from the deductibility limitation for qualified “performance-based compensation.” This exception, however, has been repealed for tax years beginning in fiscal 2019 under the Tax Cuts and Jobs Act. As such, compensation paid to certain of our executive officers in excess of $1.0 million is not deductible unless it qualifies for certain transition relief applicable for compensation paid pursuant to a written binding contract that was in effect as of November 2, 2017. In addition, the Tax Cuts and Jobs Act increased the scope of individuals subject to the deduction limitation. Thus, compensation originally intended to satisfy the requirements for exemption from Section 162(m) may not be fully deductible. Although our compensation program may take into consideration the Section 162(m) rules as a factor, these considerations will not necessarily limit compensation to amounts deductible under Section 162(m). Despite the modifications to Section 162(m), the HRC Committee intends to continue to implement compensation programs that it believes are competitive and in the best interests of HP and its stockholders.

Policy for Recoupment of Performance-Based Incentives

In fiscal 2006, the Board adopted a “clawback” policy that provides Board discretion to recover certain annual incentives from senior executives (including the NEOs) whose fraud or misconduct resulted in a significant restatement of financial results. The policy specifically allows for the recovery of annual incentives paid at or above target from those senior executives whose fraud or misconduct resulted in the restatement where the annual incentives would have been lower absent the fraud or misconduct, to the extent permitted by applicable law. Additionally, our incentive plan document (and award agreements) allow for the recoupment of performance-based annual incentives and long-term incentives consistent with applicable law and the clawback policy.

Also, in fiscal 2014, we added a provision to our grant agreements to clarify that equity awards are subject to the clawback policy. Award agreements also provide Board discretion to cause forfeiture of certain outstanding cash and equity awards for fraud or misconduct that results in reputational harm to HP even when such fraud or misconduct does not result in a significant restatement of financial results.

HR and Compensation Committee Report on Executive Compensation

The HRC Committee of the Board of HP has reviewed and discussed with management this Compensation Discussion and Analysis. Based on this review and discussion, it has recommended to the Board that the Compensation Discussion and Analysis be included in the proxy statement and in the Annual Report on Form 10-K of HP filed for the fiscal year ended October 31, 2019.

HR and Compensation Committee of the Board of Directors

Stephanie A. Burns, Chair
Aida Alvarez
Shumeet Banerji
Charles “Chip” V. Bergh
Stacey Mobley

Compensation Tables

Fiscal 2019 Summary Compensation Table

The following table sets forth information concerning the compensation of our NEOs for fiscal years 2019, 2018, and 2017, as applicable. Per SEC reporting guidelines, our NEOs for fiscal 2019 include our CEO (Mr. Weisler), our CFO (Mr. Fieler), and the next three most highly compensated individuals still serving as executive officers at year end (Mr. Lores, Ms. Rivera, and Mr. Cho) as of the last day of the fiscal year (October 31, 2019).

NAME AND PRINCIPAL POSITION	YEAR	SALARY[2] ($)	STOCK AWARDS[3] ($)	NON-EQUITY INCENTIVE PLAN COMPENSATION[4] ($)	CHANGE IN PENSION VALUE AND NONQUALIFIED DEFERRED COMPENSATION EARNINGS[5] ($)	ALL OTHER COMPENSATION[6] ($)	TOTAL ($)
Dion J. Weisler[1]							
former President and CEO.	2019	1,450,000	14,531,293	3,233,533	—	103,146	19,317,972
	2018	1,400,000	12,737,004	4,984,348	—	94,182	19,215,534
	2017	1,300,033	9,841,200	3,511,560	—	77,232	14,730,025
Steven J. Fieler							
Chief Financial Officer.	2019	690,000	3,427,818	961,697	332	14,950	5,094,797
	2018	550,000	2,382,017	793,632	210	19,404	3,745,263
Enrique J. Lores[1]							
President and CEO (formerly President, Imaging, Printing and Solutions).	2019	750,000	5,527,211	873,522	—	48,155	7,198,888
	2018	750,000	4,623,686	1,579,331	—	43,973	6,996,990
	2017	725,019	3,075,370	1,219,035	—	23,786	5,043,210
Kim M. Rivera							
President, Strategy and Business Management and Chief Legal Officer.	2019	725,000	4,717,598	1,078,448	—	54,705	6,575,751
	2018	675,000	3,088,732	1,438,699	—	72,927	5,275,358
	2017	645,016	2,255,264	1,088,921	—	193,081	4,182,282
Alex Cho							
President, Personal Systems	2019	675,000	3,427,818	1,271,882	67,760	16,795	5,459,255

(1) Mr. Weisler stepped down as our President and Chief Executive Officer on November 1, 2019 at which time Mr. Lores was appointed to the role. Upon stepping down from such positions, Mr. Weisler continues to be employed by the Company as Senior Executive Advisor, a non-executive officer role, until the date of our 2020 Annual Meeting of Stockholders. Mr. Weisler will also continue to serve as a member of the Board of Directors until the Company's 2020 Annual Meeting of Stockholders.

(2) Amounts shown represent base salary earned or paid during the fiscal year, as described under *"Compensation Discussion and Analysis—Determination of Fiscal 2019 Executive Compensation—2019 Base Salary."*

(3) The grant date fair value of all stock awards has been calculated in accordance with applicable accounting standards. In the case of RSUs, the value is determined by multiplying the number of units granted by the closing price of our stock on the grant date. For PARSUs awarded in fiscal 2019, amounts shown reflect the grant date fair value of the PARSUs for the two- and three-year vesting periods beginning with fiscal 2019 based on the probable outcome of performance conditions related to these PARSUs at the grant date. The 2019 PARSUs include both internal (EPS) and market-related (TSR) performance goals as described under the *"Compensation Discussion and Analysis—Determination of Fiscal 2019 Executive Compensation—Long-Term Incentive Compensation."* Consistent with the applicable accounting standards, the grant date fair value of the market related TSR component has been determined using a Monte Carlo simulation model. Further, consistent with accounting standards, grant date fair value reflects the EPS portion of the award

for Year 1 only, for which goals were approved in January 2019. This value also reflects grant date fair value of the EPS portion of the 2018 PARSU award for Year 2 (fiscal 2019 EPS) and the EPS portion of the 2017 PARSU award for Year 3 (fiscal 2019 EPS), for which goals were approved in January 2019. The table below sets forth the grant date fair value for the 2019 PARSUs granted on December 7, 2018; the fiscal 2019 EPS portion of the 2018 PARSUs granted on December 7, 2017 and the fiscal 2019 EPS portion of the 2017 PARSUs granted on December 7, 2016:

NAME	DATE OF ORIGINAL PARSU GRANT	PROBABLE OUTCOME OF PERFORMANCE CONDITIONS GRANT DATE FAIR VALUE ($)*	MAXIMUM OUTCOME OF PERFORMANCE CONDITIONS GRANT DATE FAIR VALUE ($)*	MARKET-RELATED COMPONENT GRANT DATE FAIR VALUE ($)**
Dion J. Weisler	12/7/2018	1,223,552	2,447,105	4,805,041
	12/7/2017	1,270,894	2,541,788	
	12/7/2016	1,431,800	2,863,600	
Steven J. Fieler	12/7/2018	337,537	675,074	1,325,534
	7/1/2018	164,737	329,475	
Enrique J. Lores	12/7/2018	476,761	953,523	1,872,307
	12/7/2017	470,699	941,398	
	12/7/2016	447,439	894,878	
Kim M. Rivera	12/7/2018	421,905	843,810	1,656,910
	12/7/2017	310,656	621,312	
	12/7/2016	328,127	656,255	
Alex Cho	12/7/2018	337,537	675,074	1,325,534
	7/1/2018	164,737	329,475	

* Amounts shown represent the grant date fair value of the PARSUs subject to the internal EPS performance goal (i) based on the probable or target outcome as of the date the goals were set and (ii) based on achieving the maximum level of performance for the performance period beginning in fiscal 2019. The grant date fair value of the 2019 PARSUs Year 1 EPS units awarded on December 7, 2018, of the 2018 PARSUs Year 2 EPS units awarded on December 7, 2017 (or for Mr. Fieler's and Mr. Cho's grants, on July 1, 2018) and of the 2017 PARSUs Year 3 EPS units awarded on December 7, 2016 was $21.05 per unit, which was the closing share price of our common stock on January 16, 2019 when the EPS goal was approved. The values of 2019 PARSUs Year 2 and Year 3 EPS units will not be available until January 2020 and January 2021 respectively, and therefore are not included for fiscal 2019, but will be included for their respective fiscal years.

** Amounts shown represent the grant date fair value of PARSUs subject to the market related TSR goal component of the PARSUs, for which expense recognition is not subject to probable or maximum outcome assumptions. The grant date fair value of the market related TSR goal component of the PARSUs granted December 7, 2018 was $27.56 per unit, which was determined using a Monte Carlo simulation model. The significant assumptions used in this simulation model were a volatility rate of 26.5%, a risk-free interest rate of 2.7%, and a simulation period of 2.9 years. For information on the assumptions used to calculate the fair value of the awards, refer to Note 5 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended October 31, 2019, as filed with the SEC on December 12, 2019.

(4) Amounts shown represent payouts under the annual PfR incentive (amounts earned during the applicable fiscal year but paid after the end of that fiscal year).

(5) Amounts shown represent the increase in the actuarial present value of NEO pension benefits during the applicable fiscal year. As described in more detail under "Narrative to the Fiscal 2019 Pension Benefits Table" below, pension accruals have generally ceased for all NEOs, and NEOs hired after the dates that pension accruals ceased are not eligible to participate in any U.S. defined benefit pension plan. The only exception for the NEOs listed above is that Mr. Cho participates in the International Retirement Guarantee (IRG) which is provided to a small closed group of employees who have transferred between countries with pension/retirement indemnity plans. Mr. Cho will not accrue additional benefits under the IRG unless he transfers outside of the US with HP Inc. for an extended period of time. Accordingly, the amounts reported for the NEOs do not reflect additional accruals but reflect the passage of one more year from the prior present value calculation and changes in other actuarial assumptions. The assumptions used in calculating the changes in pension benefits are described in footnote (2) to the "Fiscal 2019 Pension Benefits Table" below. No HP plan provides for above-market earnings on deferred compensation amounts, so the amounts reported in this column do not reflect any such earnings.

(6) The amounts shown are detailed in the "Fiscal 2019 All Other Compensation Table" below.

Fiscal 2019 All Other Compensation Table

The following table provides additional information about the amounts that appear in the "All Other Compensation" column in the "Summary Compensation Table" above.

NAME	401(k) COMPANY MATCH(1) ($)	NQDC COMPANY MATCH(2) ($)	MOBILITY PROGRAM(3) ($)	SECURITY SERVICES/ SYSTEMS(4) ($)	PERSONAL AIRCRAFT USAGE(5) ($)	NON-U.S. TAX GROSS-UP(6) ($)	MISCELLANEOUS(7) ($)	TOTAL AOC ($)
Dion J. Weisler	11,200	10,800	15,937	2,707	36,654	9,073	16,775	103,146
Steven J. Fieler	11,200	—	—	—	—	—	3,750	14,950
Enrique J. Lores	11,200	11,000	7,895	—	—	60	18,000	48,155
Kim M. Rivera	11,200	—	26,796	—	—	—	16,709	54,705
Alex Cho	11,200	4,920	—	—	—	—	675	16,795

(1) Represents matching contributions made under the HP 401(k) Plan that were earned for fiscal year 2019.

(2) Represents matching contributions credited during fiscal 2019 under the HP Executive Deferred Compensation Plan with respect to the 2018 calendar year of that plan.

(3) For Ms. Rivera, represents benefits provided under our domestic executive mobility program. For Mr. Weisler and Mr. Lores, represents tax preparation, filing, equalization and compliance services paid under HP's tax assistance due to business travel in Korea. Due to the taxation impact on US taxpayers who travel to Korea on business and the increase in Korea travel due to our acquisition of Samsung's Print business, the HRC Committee approved a Tax Assistance Program during its July 2017 meeting that covers our Section 16 officers. The program has the same characteristics as the existing tax equalization program for all other employees. Both programs together ensure a tax neutral scenario for all HP employees who must comply with Korean tax requirements due to business travel to Korea.

(4) Represents home security services provided to the NEOs and, consistent with SEC guidance, the expense is reported here as a perquisite since there is an incidental personal benefit.

(5) Represents the value of personal usage of HP corporate aircraft. For purposes of reporting the value of such personal usage in this table, we use data provided by an outside firm to calculate the hourly cost of operating each type of aircraft. These costs include the cost of fuel, maintenance, landing and parking fees, crew, catering and supplies. For trips by NEOs that involve mixed personal and business usage, we include the incremental cost of such personal usage (i.e., the excess of the cost of the actual trip over the cost of a hypothetical trip without the personal usage). For income tax purposes, the amounts included in NEO income are calculated based on the standard industry fare level valuation method. No tax gross ups are provided for this imputed income.

(6) Represents tax gross up costs for Korean, California state and U.S. social taxes under HP's Tax Assistance Program for Korea business travel.

(7) Includes amounts paid either directly to the executives or on their behalf for financial counseling, tax preparation and estate planning services.

Grants of Plan-Based Awards in Fiscal 2019

The following table provides information on annual PfR incentive awards for fiscal 2019 and awards of RSUs and PARSUs granted during fiscal 2019 as a part of our long-term incentive program:

		ESTIMATED FUTURE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS(1)			ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS(2)			ALL OTHER STOCK AWARDS: NUMBER OF SHARES OF STOCK OR UNITS(3)	GRANT-DATE FAIR VALUE OF STOCK AND OPTION AWARDS(2)
NAME	GRANT DATE	THRESHOLD ($)	TARGET ($)	MAXIMUM ($)	THRESHOLD (#)	TARGET (#)	MAXIMUM (#)	(#)	($)
Dion J. Weisler									
PfR		29,000	2,900,000	5,800,000					
RSU	12/7/2018							252,944	5,800,006
PARSU	12/7/2018				116,253	232,506	465,012		6,028,593
PARSU	12/7/2017				30,188	60,375	120,750		1,270,894
PARSU	12/7/2016				34,010	68,019	136,038		1,431,800

NAME	GRANT DATE	ESTIMATED FUTURE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS(1) THRESHOLD ($)	TARGET ($)	MAXIMUM ($)	ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS(2) THRESHOLD (#)	TARGET (#)	MAXIMUM (#)	ALL OTHER STOCK AWARDS: NUMBER OF SHARES OF STOCK OR UNITS(3) (#)	GRANT-DATE FAIR VALUE OF STOCK AND OPTION AWARDS(2) ($)
Steven J. Fieler									
PfR		8,625	862,500	1,725,000					
RSU	12/7/2018							69,778	1,600,010
PARSU	12/7/2018				32,070	64,140	128,280		1,663,071
PARSU	7/1/2018				3,913	7,826	15,652		164,737
Enrique J. Lores									
PfR		9,375	937,500	1,875,000					
RSU	12/7/2018							98,561	2,260,004
PARSU	12/7/2018				45,299	90,597	181,194		2,349,069
PARSU	12/7/2017				11,181	22,361	44,722		470,699
PARSU	12/7/2016				10,628	21,256	42,512		447,439
Kim M. Rivera									
PfR		9,063	906,250	1,812,500					
RSU	12/7/2018							87,222	2,000,000
PARSU	12/7/2018				40,087	80,174	160,348		2,078,815
PARSU	12/7/2017				7,379	14,758	29,516		310,656
PARSU	12/7/2016				7,794	15,588	31,176		328,127
Alex Cho									
PfR		8,438	843,750	1,687,500					
RSU	12/7/2018							69,778	1,600,010
PARSU	12/7/2018				32,070	64,140	128,280		1,663,071
PARSU	7/1/2018				3,913	7,826	15,652		164,737

(1) Amounts represent the range of possible cash payouts for fiscal 2019 PfR incentive awards, under the Stock Incentive Plan based upon annual salary.

(2) PARSU amounts represent the range of shares that may be released at the end of the two- and three-year vesting periods applicable to the PARSUs assuming achievement of threshold, target, or maximum performance. 50% of the PARSUs are eligible for vesting based on EPS performance and 50% are eligible for vesting based on relative TSR performance. PARSUs vest as follows: 16.6% of the units are eligible for vesting based on EPS performance of year one with continued service over two years, 16.6% of the units are eligible for vesting based on EPS performance of year two with continued service over three years, 16.6% of the units are eligible for vesting based on EPS performance of year three with continued service over three years, 25% of the units are eligible for vesting based on TSR performance over two years with continued service over two years, 25% of the units are eligible for vesting based on relative TSR performance over three years with continued service over three years. 2019 PARSU year 1 EPS units and all relative TSR units are reflected in this table. Further, the 2018 PARSU – fiscal 2019 EPS units and the 2017 PARSU – fiscal 2019 EPS units are also included. If our EPS and relative TSR performance are below threshold for the performance period, no shares will be released for the applicable segment. For additional details, see the discussion of PARSUs under *"Compensation Discussion and Analysis—Determination of Fiscal 2019 Executive Compensation—Long-Term Incentive Compensation—2019 PARSUs."*

(3) RSUs vest as to one-third of the units on each of the first three anniversaries of the grant date, subject to continued service.

Outstanding Equity Awards at 2019 Fiscal Year-End

The following table provides information on stock and option awards held by the NEOs as of October 31, 2019:

	OPTION AWARDS					STOCK AWARDS			
NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) EXERCISABLE	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) UNEXERCISABLE	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF SECURITIES UNDERLYING UNEXERCISED UNEARNED OPTIONS (#)	OPTION EXERCISE PRICE(1) ($)	OPTION EXPIRATION DATE(2)	NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED(3) (#)	MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED(4) ($)	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED(5) (#)	EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED(4) ($)
Dion J. Weisler	369,020			17.29	12/9/2022	701,986	12,193,497	137,827	2,394,055
	525,719			13.83	11/1/2023				
Steven J. Fieler ...						350,191	6,082,818	30,913	536,959
Enrique J. Lores ...	156,976			12.47	10/29/2023	260,215	4,519,935	52,783	916,841
Kim M. Rivera						203,543	3,535,542	42,725	742,133
Alex Cho	9,566			17.29	12/9/2022	179,887	3,124,637	30,913	536,959
	48,812			13.83	11/1/2023				

(1) Option exercise prices are the fair market value of our stock on the grant date. In connection with the separation of HPE and in accordance with the employee matters agreement, HP made certain adjustments to the exercise price and number of stock-based compensation awards with the intention of preserving the intrinsic value of the awards prior to the separation. Exercisable and non-exercisable stock options were converted to similar awards of the entity where the employee was working post-separation. RSUs and performance-contingent awards were adjusted to provide holders with RSUs and performance-contingent awards in the Company that employs such employee following the separation.

(2) All options have an eight-year term.

(3) The amounts in this column include shares underlying dividend equivalent units credited with respect to outstanding stock awards through October 31, 2019. The amounts also include PARSUs granted in fiscal 2018 (Year 2 EPS units) and fiscal 2019 (Year 1 EPS units) plus accrued dividend equivalent shares. The 2018 PARSUs Year 2 EPS units and 2019 PARSUs Year 1 EPS units are reported based on actual performance since those results have been certified (fiscal 2019 EPS period). The release dates and release amounts for all unvested stock awards are as follows, assuming continued service and satisfaction of any applicable financial performance conditions:

- Mr. Weisler: December 7, 2019 (269,223 shares plus accrued dividend equivalent shares); December 7, 2020 (170,152 shares plus accrued dividend equivalent shares); December 7, 2021 (84,315 shares plus accrued dividend equivalent shares). The number of PARSUs and dividend equivalent shares, as described above, that will be paid out at the end of the two- and three-year vesting periods is 151,874.
- Mr. Fieler: December 7, 2019 (35,181 shares plus accrued dividend equivalent shares); January 3, 2020 (168,351 shares plus accrued dividend equivalent shares); January 11, 2020 (15,618 shares plus accrued dividend equivalent shares); July 1, 2020 (11,753 shares plus accrued dividend equivalent shares); December 7, 2020 (35,181 shares plus accrued dividend equivalent shares); July 1, 2021 (11,753 shares plus accrued dividend equivalent shares); December 7, 2021 (23,260 shares plus accrued dividend equivalent shares). The number of PARSUs and dividend equivalent shares, as described above, that will be paid out at the end of the two- and three-year vesting periods is 30,267.
- Mr. Lores: December 7, 2019 (95,604 shares plus accrued dividend equivalent shares); December 7, 2020 (64,646 shares plus accrued dividend equivalent shares); December 7, 2021 (32,854 shares plus accrued dividend equivalent shares). The number of PARSUs and dividend equivalent shares, as described above, that will be paid out at the end of the two- and three-year vesting periods is 57,668.
- Ms. Rivera: December 7, 2019 (72,760 shares plus accrued dividend equivalent shares); December 7, 2020 (50,057 shares plus accrued dividend equivalent shares); December 7, 2021 (29,074 shares plus accrued dividend equivalent shares). The number of PARSUs and dividend equivalent shares, as described above, that will be paid out at the end of the two- and three-year vesting periods is 44,511.
- Mr. Cho: December 7, 2019 (57,968 shares plus accrued dividend equivalent shares); July 1, 2020 (11,753 shares plus accrued dividend equivalent shares); December 7, 2020 (38,360 shares plus accrued dividend equivalent shares); July 1, 2021 (11,753 shares plus accrued dividend equivalent shares); December 7, 2021 (23,260 shares plus accrued dividend equivalent shares). The number of PARSUs and dividend equivalent shares, as described above, that will be paid out at the end of the two- and three-year vesting periods is 30,267.

(4) Value calculated based on the $17.37 closing price of our stock on October 31, 2019.

(5) The amounts in this column include the amounts of PARSUs granted in fiscal 2018 (50% of TSR units) and fiscal 2019 (all TSR units) plus accrued dividend equivalent shares. The TSR units are reported based on threshold performance. Actual payout will be on achievement of performance goals at the end of the two- and three-year vesting periods.

Option Exercises and Stock Vested in Fiscal 2019

The following table provides information about options exercised and stock awards vested for the NEOs during the fiscal year ended October 31, 2019:

	OPTION AWARDS		STOCK AWARDS[1]	
NAME	NUMBER OF SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ON EXERCISE ($)	NUMBER OF SHARES ACQUIRED ON VESTING (#)	VALUE REALIZED ON VESTING[2] ($)
Dion J. Weisler	—	—	942,712	19,492,224
Steven J. Fieler	—	—	233,744	4,688,198
Enrique J. Lores	—	—	250,258	4,943,981
Kim M. Rivera	—	—	264,931	5,690,415
Alex Cho	—	—	83,297	1,809,716

(1) Includes PARSUs, RSUs, and accrued dividend equivalent shares.

(2) Represents the amounts realized based on the fair market value of our stock on the performance period end date for PARSUs (October 31, 2019) and on the vesting date for RSUs and accrued dividend equivalent shares. Fair market value is determined based on the closing price of our stock on the applicable performance period end/vesting date.

Fiscal 2019 Pension Benefits Table

The following table provides information about the present value of accumulated pension benefits payable to each NEO:

NAME	PLAN NAME[1]	NUMBER OF YEARS OF CREDITED SERVICE (#)	PRESENT VALUE OF ACCUMULATED BENEFIT[2] ($)	PAYMENTS DURING LAST FISCAL YEAR ($)
Dion J. Weisler[3]	—	—	—	—
Steven J. Fieler	CAPP	1.3	$ 9,955	—
Enrique J. Lores[3]	—	—	—	—
Kim Rivera[3]	—	—	—	—
Alex Cho	RP	7.6	91,020	
	EBP	7.6	12	
	IRG	24.3	138,518	—

(1) The "RP" and the "EBP" are the qualified HP Retirement Plan and the non-qualified HP Excess Benefit Plan, respectively. "CAPP" is the qualified Cash Account Pension Plan. All benefits are frozen under these plans. The RP and CAPP have been merged into the HP Inc. Pension Plan (formerly known as the Hewlett-Packard Company Retirement Plan). The "IRG" is the International Retirement Guarantee which is a nonqualified plan covering certain highly compensated international transfers.

(2) The present value of accumulated benefits is shown at the age 65 unreduced retirement age for the RP, the EBP and the IRG, and the immediate unreduced benefit from the CAPP using the assumptions under Accounting Standards Codification (ASC) Topic 715-30 Defined Benefit Plans—Pension for the 2019 fiscal year-end measurement (as of October 31, 2019). The present value is based on a discount rate of 3.21% for the RP (this discount rate also applies for CAPP but since the benefit is currently unreduced, there is no discounting applied), 2.39% for the EBP and 2.50% for the IRG, lump sum interest rates of 2.13% for the first five years, 3.07% for the next 15 years and 3.65% thereafter, and applicable mortality for lump sums with the respective mortality improvement scale applied for future years. As of October 31, 2018 (the prior measurement date), the ASC Topic 715-30 assumptions included a discount rate of 4.54% for the RP, 4.02% for the EBP, and 4.07% for the IRG, lump sum interest rates of 3.21% for the first five years, 4.26% for the next 15 years and 4.55% thereafter, and applicable mortality for lump sums with the respective mortality improvement scale applied for future years.

(3) Mr. Weisler, Mr. Lores and Ms. Rivera are not eligible to receive benefits under any defined benefit pension plan because we ceased benefit accruals under all of our U.S.-qualified defined benefit pension plans prior to the commencement of their employment with HP in the United States.

Narrative to the Fiscal 2019 Pension Benefits Table

No NEO currently accrues a benefit under any qualified or non-qualified defined benefit pension plan because we ceased benefit accruals in all our U.S.-qualified defined benefit pension plans (and their non-qualified plan counterparts) in prior years. In the case of Mr. Cho, his IRG benefit is based on the US retirement program and since the US pension plans are frozen there is no accrual under that plan. Benefits previously accrued by Mr. Fieler under CAPP and those accrued by Mr. Cho under the RP, EBP and IRG are payable to them following termination of employment, subject to the terms of the applicable plans.

Terms of the HP Retirement Plan (RP)

Mr. Cho earned benefits under the RP and the EBP based on pay and service prior to 2006. The RP is a traditional defined benefit plan that provided a benefit based on years of service and the participant's "highest average pay rate," reduced by a portion of Social Security earnings. "Highest average pay rate" was determined based on the 20 consecutive fiscal quarters when pay was the highest. Pay for this purpose included base pay and bonus, subject to applicable IRS limits. Benefits under the RP may be taken in one of several different annuity forms or in an actuarially equivalent lump sum. Since Mr. Cho became a participant in the RP after November 1, 1993, he has no Deferred Profit Sharing Plan (DPSP) balance to be integrated with the RP.

Benefits not payable from the RP due to IRS limits are paid from the EBP under which benefits are unfunded and unsecured. When an EBP participant with relatively small benefits terminates they are paid their EBP benefit in January of the year following their termination, subject to any delay required by Section 409A of the Code.

Terms of the Cash Account Pension Plan (CAPP)

Mr. Fieler earned benefits under the CAPP based on his compensation beginning in September 2004 through the end of 2005 when benefits were frozen. While interest continues to accrue on the CAPP balance, no pay credits have been applied since the end of 2005. CAPP provided for 4% of pay credits to a cash balance account with interest credited at a 1-year Treasury bill plus 1% interest rate. The CAPP balance can be paid as a lump sum with the appropriate election and spousal consent if married or can be converted to annuity forms of payment.

Terms of the International Retirement Guarantee (IRG)

Employees who transferred internationally at the Company's request prior to 2000 were put into an international umbrella plan. This plan determines the country of guarantee which is generally the country in which an employee has spent the longest portion of his HP Inc. career. For Mr. Cho, the country of guarantee is currently the U.S. The IRG determines the present value of a full career benefit for Mr. Cho under the HP Inc. sponsored retirement benefit plans that applied to employees working in the U.S., and U.S. Social Security (since the U.S. is his country of guarantee) then offsets the present value of the retirement benefits from plans and social insurance systems in the countries in which he earned retirement benefits (France and the US) for his total period of HP Inc. employment. The net benefit value is payable as a single lump sum amount as soon as practicable after termination or retirement, subject to any delay required by Section 409A of the Code. This is a nonqualified retirement plan.

Fiscal 2019 Non-Qualified Deferred Compensation Table

The following table provides information about contributions, earnings, withdrawals, distributions, and balances under the EDCP:

NAME	EXECUTIVE CONTRIBUTIONS IN LAST FY(1) ($)	REGISTRANT CONTRIBUTIONS IN LAST FY(1)(2) ($)	AGGREGATE EARNINGS IN LAST FY ($)	AGGREGATE WITHDRAWALS/ DISTRIBUTIONS(3) ($)	AGGREGATE BALANCE AT FYE(4) ($)
Dion J. Weisler	10,800	10,800	3,854	—	79,705
Steven J. Fieler	—	—	1,829	—	18,672
Enrique J. Lores	595,866	11,000	186,131	—	2,189,074
Kim M. Rivera	—	—	2,810	—	28,313
Alex Cho	10,320	4,920	2,698	—	35,985

(1) The amounts reported here as "Executive Contributions" and "Registrant Contributions" are reported as compensation to such NEO in the "Salary" and "Non-Equity Incentive Plan Compensation" columns in the "Summary Compensation Table" above.

(2) The contributions reported here as "Registrant Contributions" were made in fiscal 2019 with respect to calendar year 2018 participant base pay deferrals. During fiscal 2019, the NEOs were eligible to receive a 4% matching contribution on base pay deferrals that exceeded the IRS limit that applies to the qualified HP 401(k) Plan up to a maximum of two times that limit.

(3) The distributions reported here were made pursuant to participant elections made prior to the time that the amounts were deferred in accordance with plan rules.

(4) Of these balances, the following amount was reported as compensation to such NEO in the Summary Compensation Table in prior proxy statements: Mr. Weisler $52,258, Mr. Lores $644,811, Ms. Rivera $8,840, Mr. Fieler $9,932, and Mr. Cho $0. The information reported in this footnote is provided to clarify the extent to which amounts payable as deferred compensation represent compensation reported in our prior proxy statements, rather than additional earned compensation.

Narrative to the Fiscal 2019 Non-qualified Deferred Compensation Table

HP sponsors the EDCP, a non-qualified deferred compensation plan that permits eligible U.S. employees to defer base pay in excess of the amount taken into account under the qualified HP 401(k) Plan and bonus amounts of up to 95% of the annual PfR incentive bonus payable under the annual PfR incentive plan. In addition, a matching contribution is available under the plan to eligible employees. The matching contribution applies to base pay deferrals on compensation above the IRS limit that applies to the qualified HP 401(k) Plan, up to a maximum of two times that compensation limit (matching contributions made in fiscal year 2019 pertained to base pay from $275,000 to $550,000 during calendar year 2018). During fiscal 2019, the NEOs were eligible for a matching contribution of up to 4% on base pay contributions in excess of the IRS limit, up to a maximum of two times that limit.

Upon becoming eligible for participation or during the annual enrollment period, employees must specify the amount of base pay and/or the percentage of bonus to be deferred, as well as the time and form of payment. If termination of employment occurs before retirement (defined as at least age 55 with 15 years of continuous service), distribution is made in the form of a lump sum in January of the year following the year of termination, subject to any delay required under Section 409A of the Code. At retirement (or earlier, if properly elected), benefits are paid according to the distribution election made by the participant at the time of the deferral election, subject to any delay required under Section 409A of the Code. In the event of death, the remaining vested EDCP account balance will be paid to the designated beneficiary, or otherwise in accordance with the EDCP provisions, in a single lump-sum payment in the month following the month of death.

Amounts deferred or credited under the EDCP are credited with hypothetical investment earnings based on participant investment elections made from among the investment options available under the HP 401(k) Plan. Accounts maintained for participants under the EDCP are not held in trust, and all such accounts are subject to the claims of general creditors of HP. No amounts are credited with above-market earnings.

Potential Payments Upon Termination or Change in Control

The amounts in the following table estimate potential payments due if a NEO had terminated employment with HP effective October 31, 2019 under each of the circumstances specified below. These amounts are in addition to benefits generally available to U.S. employees upon termination of employment, such as distributions from the retirement plans and the HP 401(k) Plan and payment of accrued vacation where required.

				LONG TERM INCENTIVE PROGRAMS(3)		
NAME	TERMINATION SCENARIO	TOTAL(1)	SEVERANCE(2)	STOCK OPTIONS	RESTRICTED STOCK	PARSU
Dion J. Weisler	Voluntary/For Cause	$0	$0	$0	$0	$0
	Disability	$20,173,559	$0	$0	$9,555,432	$10,618,127
	Retirement	$0	$0	$0	$0	$0
	Death	$20,173,559	$0	$0	$9,555,432	$10,618,127
	Not for Cause	$20,357,645	$10,743,471	$0	$4,565,618	$5,048,556
	Change in Control	$30,917,030	$10,743,471	$0	$9,555,432	$10,618,127
Steven J. Fieler	Voluntary/For Cause	$0	$0	$0	$0	$0
	Disability	$7,872,629	$0	$0	$5,557,079	$2,315,550
	Retirement	$0	$0	$0	$0	$0
	Death	$7,872,629	$0	$0	$5,557,079	$2,315,550
	Not for Cause	$6,944,192	$2,375,340	$0	$3,542,785	$1,026,067
	Change in Control	$10,247,969	$2,375,340	$0	$5,557,079	$2,315,550
Enrique J. Lores	Voluntary/For Cause	$0	$0	$0	$0	$0
	Disability	$7,575,972	$0	$0	$3,518,240	$4,057,732
	Retirement	$0	$0	$0	$0	$0
	Death	$7,575,972	$0	$0	$3,518,240	$4,057,732
	Not for Cause	$6,522,615	$2,984,787	$0	$1,618,241	$1,919,587
	Change in Control	$10,560,759	$2,984,787	$0	$3,518,240	$4,057,732

NAME	TERMINATION SCENARIO	TOTAL[1]	SEVERANCE[2]	LONG TERM INCENTIVE PROGRAMS[3] STOCK OPTIONS	RESTRICTED STOCK	PARSU
Kim M. Rivera	Voluntary/For Cause	$0	$0	$0	$0	$0
	Disability	$6,009,261	$0	$0	$2,762,376	$3,246,885
	Retirement	$0	$0	$0	$0	$0
	Death	$6,009,261	$0	$0	$2,762,376	$3,246,885
	Not for Cause	$5,620,679	$2,898,601	$0	$1,228,911	$1,493,167
	Change in Control	$8,907,862	$2,898,601	$0	$2,762,376	$3,246,885
Alex Cho	Voluntary/For Cause	$0	$0	$0	$0	$0
	Disability	$4,914,434	$0	$0	$2,598,884	$2,315,550
	Retirement	$0	$0	$0	$0	$0
	Death	$4,914,434	$0	$0	$2,598,884	$2,315,550
	Not for Cause	$4,413,889	$2,335,895	$0	$1,051,927	$1,026,067
	Change in Control	$7,250,329	$2,335,895	$0	$2,598,884	$2,315,550

(1) Total does not include amounts earned or benefits accumulated due to continued service by the NEO through October 31, 2019, including vested stock options, PCSOs, RSUs, PARSUs, accrued retirement benefits, and vested balances in the EDCP, as those amounts are detailed in the preceding tables. Total also does not include amounts the NEO was eligible to receive under the annual PfR incentive with respect to fiscal 2019 performance.

(2) The amounts reported are the cash benefits payable in the event of a qualifying termination under the SPEO: for CEO, 2x multiple of base pay plus the average of the actual annual incentives paid for the preceding three years; for other NEOs, 1.5x multiple of base pay plus the average of the actual annual incentives paid for the preceding three years, and includes 18 months' COBRA premiums for continued group medical coverage for the NEOs and their eligible dependents.

(3) Upon an involuntary termination not for cause, covered executives receive pro-rata vesting on unvested equity awards as discussed under "Compensation Discussion and Analysis—Severance and Long-term Incentive Change in Control Plan for Executive Officers." Full vesting of PARSUs based on performance at target levels (to the extent that the actual performance period has not been completed) applies in the event of a termination due to death or disability for all grant recipients. Pro-rata vesting of PARSUs based on actual performance applies in the event of a termination due to retirement for all grant recipients. To calculate the value of unvested PARSUs for purposes of this table, target performance is used unless the performance period has been completed and the results have been certified. Full vesting of unvested PCSOs applies in the event of a termination due to death or disability for all grant recipients. PCSOs vest pro-rata in the event of a termination due to retirement. With respect to the treatment of equity in the event of a change in control of HP, the information reported reflects the SPEO approved change in control terms.

Narrative to the Potential Payments Upon Termination or Change in Control Table

HP Severance Plan for Executive Officers

An executive will be deemed to have incurred a qualifying termination for purposes of the SPEO if he or she is involuntarily terminated without cause and executes a full release of claims in a form satisfactory to HP promptly following termination. For purposes of the SPEO, "cause" means an executive's material neglect (other than as a result of illness or disability) of his or her duties or responsibilities to HP or conduct (including action or failure to act) that is not in the best interest of, or is injurious to, HP. The material terms of the SPEO are described under "Compensation Discussion and Analysis—Severance and Long-term Incentive Change in Control Plan for Executive Officers."

Voluntary or "For Cause" Termination

In general, an NEO who remained employed through October 31, 2019 (the last day of the fiscal year) but voluntarily terminated employment immediately thereafter, or was terminated immediately thereafter in a "for cause" termination, would be eligible (1) to receive his or her annual incentive amount earned for fiscal 2019 under the annual PfR incentive (subject to any discretionary downward adjustment or elimination by the HRC Committee prior to actual payment, and to any applicable clawback policy), (2) to exercise his or her vested stock options up to three months following a voluntary termination, and up to the date of termination in the case of termination "for cause," (3) to receive a distribution of vested amounts deferred or credited under the EDCP, and (4) to receive a distribution of his or her vested benefits, if any, under the HP 401(k) and pension plans. An NEO who terminated employment before October 31, 2019, either voluntarily or in a "for cause" termination, would generally not have been eligible to receive any amount under the annual PfR incentive with respect to the fiscal year in which the termination occurred, except that the HRC Committee has the discretion to make payment of prorated bonus amounts to individuals on leave of absence or in non-pay status, as well as in connection with certain voluntary severance incentives, workforce reductions, and similar programs.

"Not for Cause" Termination

A "not for cause" termination of an NEO who remained employed through October 31, 2019 and was terminated immediately thereafter would qualify the NEO for the amounts described above under a "voluntary" termination in addition to benefits under the SPEO if the NEO signs the required release of claims in favor of HP.

In addition to the cash severance benefits and pro-rata equity awards payable under the SPEO, the NEO would be eligible to exercise vested stock options up to one year after termination and receive distributions of vested, accrued benefits from HP deferred compensation and pension plans.

Termination Following a Change in Control

In the event of a change in control of HP, RSUs, stock options, and PCSOs will vest in full if the successor does not assume such awards or if an individual is terminated without Cause or terminates with Good Reason within 24 months of a change in control. Outstanding PARSUs will vest in full upon a termination in connection with or following a change in control, assuming target performance level. Upon failure of the successor to assume outstanding PARSUs in connection with a change in control, the PARSUs will vest in full based on the better of (i) pro-rata vesting at target, and (ii) 100% of units vesting based on actual performance as determined by the Committee within 30 days of change in control.

Death or Disability Terminations

An NEO who continued in employment through October 31, 2019 whose employment is terminated immediately thereafter due to death or disability would be eligible (1) to receive his or her full annual incentive amount earned for fiscal 2019 under the annual PfR incentive determined by HP in its sole discretion, (2) to receive a distribution of vested amounts deferred or credited under the EDCP, and (3) to receive a distribution of his or her vested benefits under the HP 401(k) and pension plans.

Upon termination due to death or disability, equity awards held by the NEO may vest in full. If termination is due to disability, RSUs, stock options, and PCSOs will vest in full, subject to satisfaction of applicable performance conditions, and, in the case of stock options and PCSOs, must be exercised within three years of termination or by the original expiration date, if earlier; all unvested portions of the PARSUs, including any amounts for dividend equivalent payments, shall vest based on performance at target levels. If termination is due to the NEO's death, RSUs, stock options, and PCSOs will vest in full and, in the case of stock options and PCSOs, must be exercised within one year of termination or by the original expiration date, if earlier; all unvested portions of the PARSUs, including any amounts for dividend equivalent payments, shall vest based on performance at target levels.

HP Severance Policy for Senior Executives

Under the HP Severance Policy for Senior Executives adopted by the Board in July 2003 (the "HP Severance Policy"), HP will seek stockholder approval for future severance agreements, if any, with certain senior executives that provide specified benefits in an amount exceeding 2.99 times the sum of the executive's current annual base salary plus annual target cash bonus, in each case as in effect immediately prior to the time of such executive's termination. Individuals subject to this policy consist of the Section 16 officers designated by the Board. In implementing this policy, the Board may elect to seek stockholder approval after the material terms of the relevant severance agreement are agreed upon.

For purposes of determining the amounts subject to the HP Severance Policy, benefits subject to the limit generally include cash separation payments that directly relate to extraordinary benefits that are not available to groups of employees other than the Section 16 officers upon termination of employment. Benefits that have been earned or accrued, as well as prorated bonuses, accelerated stock or option vesting, and other benefits that are consistent with our practices applicable to employees other than the Section 16 officers, are not counted against the limit. Specifically, benefits subject to the HP Severance Policy include: (a) separation payments based on a multiplier of salary plus target bonus, or cash amounts payable for the uncompleted portion of employment agreements; (b) the value of any service period credited to a Section 16 officer in excess of the period of service actually provided by such Section 16 officer for purposes of any employee benefit plan; (c) the value of benefits and perquisites that are inconsistent with our practices applicable to one or more groups of employees in addition to, or other than, the Section 16 officers ("Company Practices"); and (d) the value of any accelerated vesting of any stock options, stock appreciation rights, restricted stock, RSUs, or long-term cash incentives that is inconsistent with Company Practices. The following benefits are not subject to the HP Severance Policy, either because they have been previously earned or accrued by the employee or because they are consistent with Company Practices: (i) compensation and benefits earned, accrued, deferred or otherwise provided for employment services rendered on or prior to the date of termination of employment pursuant to bonus, retirement, deferred compensation, or other benefit plans (e.g., 401(k) Plan distributions, payments pursuant to retirement plans, distributions under deferred compensation plans or payments for accrued benefits such as unused vacation days), and any amounts earned with respect to such compensation and benefits in accordance with the terms of the applicable plan; (ii) payments of prorated portions of bonuses or prorated long-term incentive payments that are consistent with Company Practices; (iii) acceleration of the vesting of stock options, stock appreciation rights, restricted stock, RSUs or long-term cash incentives that is consistent with Company Practices; (iv) payments or benefits required to be provided by law; and (v) benefits and perquisites provided in accordance with the terms of any benefit plan, program, or arrangement sponsored by HP or its affiliates that are consistent with Company Practices.

For purposes of the HP Severance Policy, future severance agreements include any severance agreements or employment agreements containing severance provisions that we may enter into after the adoption of the HP Severance Policy by the Board, as well as agreements renewing, modifying, or extending such agreements. Future severance agreements do not include retirement plans, deferred compensation plans, early retirement plans, workforce restructuring plans, retention plans in connection with extraordinary transactions, or similar plans or agreements entered into in connection with any of the foregoing, provided that such plans or agreements are applicable to one or more groups of employees in addition to the Section 16 officers.

HP Retirement Arrangements

Upon retirement immediately after October 31, 2019 with a minimum age of 55 and years of combined age and service equal to or greater than 70, HP employees in the United States receive full vesting of time-based options granted under our stock plans with a post-termination exercise period of up to three years or the original expiration date, whichever comes first, as well as full vesting of RSUs (other than RSUs granted under a retention agreement on or after June 25, 2019). PCSOs will receive prorated vesting if the stock price appreciation conditions are met and may vest on a prorated basis post-termination to the end of the performance period, subject to stock price appreciation conditions and certain post-employment restrictions. Awards under the PARSU program, if any, are paid on a prorated basis to participants at the end of the performance period based on actual results, and bonuses, if any, under the annual PfR incentive plan may be paid in prorated amounts at the discretion of management based on actual results. In accordance with Section 409A of the Code, certain amounts payable upon retirement (or other termination) of the NEOs and other key employees will not be paid out for at least six months following termination of employment.

We sponsor two retiree medical programs in the United States, one of which provides subsidized coverage for eligible participants based on years of service. Eligibility for this program requires that participants have been continuously employed by HP since January 1, 2003 and have met other age and service requirements. None of the NEOs are eligible for this program.

The other U.S. retiree medical program we sponsor provides eligible retirees with access to coverage at group rates only, with no direct subsidy provided by HP. All the NEOs could be eligible for this program if they retire from HP on or after age 55 with at least ten years of qualifying service or if they retire at any age with combined age plus service equal to 80 or more years. In addition, beginning at age 45, eligible U.S. employees may participate in the HP Retirement Medical Savings Account Plan (the "RMSA"), under which certain participants are eligible to receive HP matching credits of up to $1,200 per year, up to a lifetime maximum of $12,000, which can be used to cover the cost of such retiree medical coverage (or other qualifying medical expenses) if the employee meets the eligibility requirements for HP retiree medical benefits. None of the NEOs are eligible for the HP matching credits under the RMSA.

CEO Pay Ratio Disclosure

In accordance with SEC rules we are reporting our CEO pay ratio. As set forth in the Summary Compensation Table, our CEO's annual total compensation for fiscal 2019 was $19,317,972. Our median employee's annual total compensation was $75,013, resulting in a CEO pay ratio of 258:1.

In calculating the CEO pay ratio, the SEC rules allow companies to adopt a variety of methodologies, apply certain exclusions, and make reasonable estimates and assumptions reflecting their unique employee populations. Therefore, our reported CEO pay ratio may not be comparable to CEO pay ratios reported by other companies due to differences in industries and geographical dispersion, as well as the different estimates, assumptions, and methodologies applied by other companies in calculating their CEO pay ratios.

Our CEO pay ratio is based on the following methodology:

- We are using the same median employee for our fiscal 2019 pay ratio calculation as we used in fiscal 2018, as there have been no changes in employee population or compensation arrangements, such as any mergers, spinoffs, or mass layoffs, that would result in a significant change to our pay ratio disclosure.
- We calculated the median employee's annual total compensation for fiscal 2019 using the same methodology that was used for our named executive officers, as set forth in the Summary Compensation Table.

Director Compensation and Stock Ownership Guidelines

Non-employee Director compensation is determined annually by the independent members of the Board acting on the recommendation of the HRC Committee. In formulating its recommendation, the HRC Committee considers market data for our peer group and input from the independent compensation consultant retained by the HRC Committee. Mr. Weisler and Mr. Lores, as employees of the Company, do not receive any separate compensation for their HP Board service.

For the 2019 Board year, which began March 1, 2019 (and therefore approximates the period between annual stockholder meetings when non-employee Directors are regularly elected), each non-employee Director was entitled to receive an annual cash Board retainer of $105,000. Non-employee Directors may elect to defer up to 50% of their annual cash retainer. Additionally, in lieu of the annual cash retainer, non-employee Directors may elect to receive an equivalent value of equity either entirely in fully vested shares or in equal values of shares and stock options. For fiscal 2019, two non-employee Directors elected to receive an equivalent value of equity in shares and stock options, and two non-employee Directors elected to defer their annual cash retainer.

Each non-employee Director also received an annual equity Board retainer of $215,000 for service during the 2019 Board year, with regular grants on the date of the annual stockholder meeting. Under special circumstances, the annual equity retainer may be paid in cash. No annual equity retainer was paid in cash during fiscal 2019. Typically, the annual equity retainer is paid at the election of the Director either entirely in fully vested shares or in equal values of shares and stock options. The number of shares subject to the equity awards is determined based on the fair market value of our stock on the grant date, and the number of shares subject to stock option awards is determined as of the grant date based on a Black-Scholes-Merton option pricing formula. Equity grants to non-employee Directors are primarily intended to strengthen alignment with stockholder interests and to reinforce a long-term ownership view of the Company and its value. Retention is not the focus of equity grants for non-employee Directors and could cause entrenchment, which is why service-related vesting on equity awards was eliminated in July 2017. Non-employee Directors may elect to defer the settlement of shares received as part of the program until either (a) the first to occur of the Director's death, disability (as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")) or when the non-employee Director no longer serves as a member of the HP Board (a "Separation From Service" as defined in Section 409A of the Code) or (b) April 1 of a given year; however, non-employee Directors may not defer the issuance of shares received upon the exercise of their stock options.

The Chairman of the Board receives an additional $200,000 annual cash retainer in recognition of the greater duties that the position requires. In addition to the regular annual cash and equity retainers, and the Chairman retainer described above, the non-employee Directors who served as chairs of standing committees during fiscal 2019 received cash retainers for such service. The Board approved annual cash retainers for committee chairs as follows for chair service during fiscal 2019:

- $35,000 for the Audit Committee Chair;
- $25,000 for the HRC Committee Chair;
- $20,000 for the Nominating, Governance and Social Responsibility Committee Chair; and
- $20,000 for Chairs of other Board standing committees.

Each non-employee Director also receives $2,000 for Board meetings attended in excess of ten meetings per Board year (which begins in March and ends the following February), and $2,000 for each committee meeting attended in excess of a total of ten meetings of each committee per Board year.

Non-employee Directors are reimbursed for their expenses in connection with attending Board meetings including expenses related to spouses when spouses are invited to attend Board events, and they may use the Company aircraft for travel to and from Board meetings and other Company events.

Fiscal 2019 Director Compensation

NAME[(1)]	FEES EARNED OR PAID IN CASH[(2)] ($)	STOCK AWARDS[(3)] ($)	OPTION AWARDS[(3)] ($)	ALL OTHER COMPENSATION ($)	TOTAL ($)
Aida Alvarez	$104,928	$ 215,003	$—	$—	$319,931
Shumeet Banerji	$123,253	$215,003	$—	$—	$338,256
Robert R. Bennett	$125,253	$215,003	$—	$—	$340,256
Charles "Chip" V. Bergh	$199,863	$160,017	$160,002	$—	$519,882
Stacy Brown-Philpot	$106,928	$215,003	$—	$—	$321,931
Stephanie A. Burns	$128,250	$215,003	$—	$—	$343,253
Mary Anne Citrino	$142,243	$107,502	$107,501	$—	$357,246
Yoky Matsuoka	$82,418	$344,182	$—	$—	$426,600
Stacey Mobley	$104,928	$215,003	$—	$—	$319,931
Subra Suresh	$106,928	$215,003	$—	$—	$321,931
Dion J. Weisler[(4)]	$—	$—	$—	$—	$—

(1) Mr. Clemmer was appointed to our Board during our Fiscal 2020 year. Accordingly, he did not receive any compensation during Fiscal 2019.

(2) For purposes of determining Director compensation, the Board year begins in March and ends the following February, which does not coincide with our November through October fiscal year. Cash amounts included in the table above represent the portion of the annual retainers and committee chair fees earned with respect to service during fiscal 2019, as well as any additional meeting fees paid during fiscal 2019. See "Additional Information about Fees Earned or Paid in Cash in Fiscal 2019" below.

(3) Represents the grant date fair value of stock awards and option awards granted in fiscal 2019 calculated in accordance with applicable accounting standards relating to share-based payment awards. For awards of shares, that amount is calculated by multiplying the closing price of HP's stock on the date of grant by the number of shares awarded. For elective options, that amount is calculated by multiplying the Black-Scholes-Merton value determined as of the date of grant by the number of options awarded. For information on the assumptions used to calculate the value of the stock awards, refer to Note 5 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended October 31, 2019, as filed with the SEC on December 12, 2019. See "Additional Information about Non-Employee Director Equity Awards" below.

(4) Mr. Weisler served as President and CEO of HP until November 1, 2019, the first day of our 2020 fiscal year. Accordingly, he did not receive compensation for his Board service during Fiscal 2019.

Additional Information about Fees Earned or Paid in Cash in Fiscal 2019

NAME	ANNUAL RETAINERS[(a)] ($)	COMMITTEE CHAIR AND CHAIRMAN FEES[(b)] ($)	ADDITIONAL MEETING FEES[(c)] ($)	TOTAL ($)
Aida Alvarez	$104,928	$0	$0	$104,928
Shumeet Banerji	$104,928	$18,325	$0	$123,253
Robert R. Bennett	$104,928	$18,325	$2,000	$125,253
Charles "Chip" V. Bergh	$0	$199,863	$0	$199,863
Stacy Brown-Philpot	$104,928	$0	$2,000	$106,928
Stephanie A. Burns	$104,928	$23,322	$0	$128,250
Mary Anne Citrino	$104,928	$33,315	$4,000	$142,243
Yoky Matsuoka	$82,418	$0	$0	$82,418
Stacey Mobley	$104,928	$0	$0	$104,928
Subra Suresh	$104,928	$0	$2,000	$106,928

(a) The Board year begins in March and ends the following February, which does not coincide with HP's November through October fiscal year. The dollar amounts shown include cash annual retainers earned for service during the last four months of the March 2018 through February 2019 Board year and cash annual retainers earned for service during the first eight months of the March 2019 through February 2020 Board year. This also includes cash earned in the period described that was deferred by Director election into the 2005 Executive Deferred Compensation Plan, which provides that Directors may elect when to receive their deferred cash annual retainer. Directors may not receive their deferred cash annual retainer earlier than January 2022. In the case of a termination of service, Directors can elect to receive the deferred money in the January following the termination of service if the date occurs prior to the specified distribution year elected.

(b) Committee chair fees are calculated based on service during each Board term. The dollar amounts shown include such fees earned for service during the last four months of the March 2018 through February 2019 Board term and fees earned for service during the first eight months of the March 2019 through February 2020 Board term.

(c) Additional meeting fees are calculated based on the number of designated Board meetings and the number of committee meetings attended during each Board term. The dollar amounts shown include any additional meeting fees paid during fiscal 2019 for service in the 2018 Board term ending February 2019. Additional meeting fees for the 2019 Board term, if any, will be paid during fiscal 2020.

Additional Information about Non-Employee Director Equity Awards

The following table provides additional information about non-employee Director equity awards, including the stock awards and elective options made to non-employee Directors during fiscal 2019, the grant date fair value of each of those awards and the number of stock awards and option awards outstanding as of the end of fiscal 2019:

NAME	STOCK AWARDS GRANTED DURING FISCAL 2019 (#)	OPTION AWARDS GRANTED DURING FISCAL 2019 (#)	GRANT DATE FAIR VALUE OF STOCK AND OPTION AWARDS GRANTED DURING FISCAL 2019[(a)] ($)	STOCK AWARDS OUTSTANDING AT FISCAL YEAR END[(b)] (#)	OPTION AWARDS OUTSTANDING AT FISCAL YEAR END (#)
Aida Alvarez	10,702	0	$215,003	11,402	0
Shumeet Banerji	10,702	0	$215,003	0	0
Robert R. Bennett	10,702	0	$215,003	10,875	0
Charles "Chip" V. Bergh	7,965	38,930	$320,019	31,073	146,148
Stacy Brown-Philpot	10,702	0	$215,003	51,663	0
Stephanie A. Burns	10,702	0	$215,003	20,966	0
Mary Anne Citrino	5,351	26,156	$215,003	33,506	159,671
Yoky Matsuoka	17,138	0	$344,182	0	0
Stacey Mobley	10,702	0	$215,003	51,663	0
Subra Suresh	10,702	0	$215,003	19,295	0

(a) Represents the grant date fair value of stock awards and elective options granted in fiscal 2019 calculated in accordance with applicable accounting standards. For stock awards, that number is calculated by multiplying the closing price of HP's stock on the date of grant by the number of shares awarded. For elective options, that amount is calculated by multiplying the Black-Scholes-Merton value determined as of the date of grant by the number of options awarded. For information on the assumptions used to calculate the value of the stock awards, refer to Note 5 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended October 31, 2019, as filed with the SEC on December 12, 2019.

(b) Includes dividend equivalent units accrued with respect to share awards granted in fiscal 2019 and RSUs granted in previous years that have been deferred at the election of the Director.

Non-Employee Director Stock Ownership Guidelines

Under our stock ownership guidelines, non-employee Directors are required to accumulate, within five years of election to the Board, shares of HP's stock equal in value to at least five times the amount of the annual cash Board retainer. Shares counted toward these guidelines include any shares held by the Director directly or indirectly, including deferred vested awards.

All non-employee Directors with more than five years of service have met our stock ownership guidelines and all non-employee Directors with less than five years of service have either met or are on track to meet our stock ownership guidelines within the required time based on current trading prices of HP's stock. See "Common Stock Ownership of Certain Beneficial Owners and Management" on page 37 of this Form 10-K/A.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity Compensation Plan Information

The following table summarizes our equity compensation plan information as of October 31, 2019.

PLAN CATEGORY	COMMON SHARES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS[(1)] (A)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS[(2)] (B)	COMMON SHARES AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A)) (C)
Equity compensation plans approved by HP stockholders	36,472,053 [(3)]	$15.4187	265,135,483 [(4)]
Equity compensation plans not approved by HP stockholders	—	—	—
Total	36,472,053	$15.4187	265,135,483

(1) This column does not reflect awards of options and RSUs assumed in acquisitions where the plans governing the awards were not available for future awards as of October 31, 2019. As of October 31, 2019, there were no individual awards of options or RSUs outstanding pursuant to awards assumed in connection with acquisitions and granted under such plans.

(2) This column does not reflect the exercise price of shares underlying the assumed options referred to in footnote (1) to this table or the purchase price of shares to be purchased pursuant to the HP Inc. 2011 Employee Stock Purchase Plan (the "2011 ESPP") or the legacy HP Employee Stock Purchase Plan (the "Legacy ESPP"). In addition, the weighted-average exercise price does not take into account the shares issuable upon vesting of outstanding awards of RSUs and PARSUs, which have no exercise price.

(3) Includes awards of options and RSUs outstanding under the 2004 Plan and 2011 ESPP. Also includes awards of PARSUs representing 4,465,608 shares that may be issued under the 2004 Plan. Each PARSU award reflects a target number of shares that may be issued to the award recipient. HP determines the actual number of shares the recipient receives at the end of a three-year performance period based on results achieved compared with Company performance goals and stockholder return relative to the market. The actual number of shares that a grant recipient receives at the end of the period may range from 0% to 200% of the target number of shares.

(4) Includes (i) 184,508,645 shares available for future issuance under the 2004 Plan; (ii) 76,534,847 shares available for future issuance under the 2011 ESPP; (iii) 2,725,611 shares available for future issuances under the Legacy ESPP, a plan under which employee stock purchases are no longer made; and (iv) 1,366,380 shares are reserved for issuance under our Service Anniversary Stock Plan, a plan under which awards are no longer granted. Taking into account the enumerated unavailable shares from the Legacy ESPP and the Service Anniversary Stock Plan, a total of 265,135,483 shares were available for future grants as of October 31, 2019.

Common Stock Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of December 31, 2019 (or as of the date otherwise indicated below) concerning beneficial ownership by:

- holders of more than 5% of HP's outstanding shares of common stock;
- our Directors and nominees;
- each of the named executive officers listed in the Summary Compensation Table on page 23; and
- all of our Directors and executive officers as a group.

The information provided in the table is based on our records, information filed with the SEC and information provided to HP, except where otherwise noted.

The number of shares beneficially owned by each entity or individual is determined under SEC rules, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the entity or individual has sole or shared voting or investment power and also any shares that the entity or individual has the right to acquire as of March 1, 2020 (60 days after December 31, 2019) through the exercise of any stock options, through the vesting/settlement of RSUs payable in shares, or upon the exercise of other rights. Beneficial ownership excludes options or other rights vesting after March 1, 2020 and any RSUs vesting/settling, as applicable, on or before March 1, 2020 that may be payable in cash or shares at HP's election. Unless otherwise indicated, each person has sole voting and investment power (or shares such power with his or her spouse) with respect to the shares set forth in the following table.

Beneficial Ownership Table

NAME OF BENEFICIAL OWNER	SHARES OF COMMON STOCK BENEFICIALLY OWNED	PERCENT OF COMMON STOCK OUTSTANDING
Dodge & Cox(1)	146,883,601	10.1%
BlackRock, Inc.(2)	99,903,361	6.9%
The Vanguard Group(3)	129,732,144	8.9%
Aida M. Alvarez	50,698	*
Shumeet Banerji	31,311	*
Robert R. Bennett	71,091	*
Charles "Chip" V. Bergh(4)	150,382	*
Stacy Brown-Philpot	51,663	*
Stephanie A. Burns	63,233	*
Mary Anne Citrino(5)	197,682	*
Richard L. Clemmer	4,000	*
Yoky Matsuoka	17,138	*
Stacey Mobley	51,663	*
Subra Suresh	36,924	*
Dion J. Weisler(6)	1,767,869	*
Alex Cho(7)	88,582	*
Steven J. Fieler(8)	341,859	*
Enrique J. Lores(9)	540,626	*
Kim M. Rivera	203,223	*
All current Executive Officers and Directors as a Group (20 persons)(10)	4,555,175	*

* Represents holdings of less than 1% based on shares of our common stock outstanding as of December 31, 2019.

(1) Based on the most recently available Schedule 13G/A filed with the SEC on February 10, 2020 by Dodge & Cox. According to its Schedule 13G/A, Dodge & Cox reported having sole voting power over 140,708,785 shares, shared voting power over no shares, sole dispositive power over 146,883,601 shares and shared dispositive power over no shares. The securities reported on the Schedule 13G/A are beneficially owned by clients of Dodge & Cox, which clients may include investment companies registered under the Investment Company Act of 1940 and other managed accounts, and which clients have the right to receive or the power to direct the receipt of dividends from, and the proceeds from the sale of, HP's stock. Dodge & Cox Stock Fund, an investment company registered under the Investment Company Act of 1940, has an interest of 91,145,478 shares. The Schedule 13G/A contained information as of January 31, 2020 and may not reflect current holdings of HP's stock. The address of Dodge & Cox is 555 California Street, 40th Floor, San Francisco, CA 94104.

(2) Based on the most recently available Schedule 13G/A filed with the SEC on February 5, 2020 by BlackRock, Inc. According to its Schedule 13G/A, BlackRock, Inc. reported having sole voting power over 83,693,896 shares, shared voting power over no shares, sole dispositive power over 99,903,361 shares and shared dispositive power over no shares. The Schedule 13G/A contained information as of December 31, 2019 and may not reflect current holdings of HP's stock. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

(3) Based on the most recently available Schedule 13G/A filed by the Vanguard Group on February 12, 2020. According to its Schedule 13G/A, the Vanguard Group reported having sole voting power over 2,199,101 shares, shared voting power over 460,709 shares, sole dispositive power over 127,188,851 shares, and shared dispositive power over 2,543,293 shares. The Schedule 13G/A contained information as of December 31, 2019 and may not reflect current holdings of HP's stock. The address for the Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

(4) Includes 146,148 shares that Mr. Bergh has the right to acquire by exercise of stock options.

(5) Includes 159,671 shares that Ms. Citrino has the right to acquire by exercise of stock options.

(6) Includes 894,739 shares that Mr. Weisler has the right to acquire by exercise of stock options.

(7) Includes 58,378 shares that Mr. Cho has the right to acquire by exercise of stock options.

(8) Includes 198,332 shares that Mr. Fieler has the right to acquire by settlement of Restricted Stock Units.

(9) Includes 156,976 shares that Mr. Lores has the right to acquire by exercise of stock options.

(10) Includes 1,790,132 shares that current executive officers and Directors have the right to acquire by exercise of stock options and 198,332 shares that current executive officers and Directors have the right to acquire by settlement of Restricted Stock Units.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Director Independence

Our Corporate Governance Guidelines, which are available on our website at *https://investor.hp.com/governance/governance-documents/default.aspx*, provide that a substantial majority of the Board will consist of independent Directors and that the Board can include no more than three Directors who are not independent Directors. The independence standards can be found as Exhibit A to our Corporate Governance Guidelines. Our Director independence standards are consistent with, and in some respects more stringent than, the NYSE director independence standards. In addition, each member of the Audit Committee meets the heightened independence standards required for audit committee members under the applicable listing and SEC standards and each member of the HRC Committee meets the heightened independence standards required for compensation committee members under the applicable listing standards and SEC standards.

Under our Corporate Governance Guidelines, a Director will not be considered independent in the following circumstances:

- The Director is, or has been within the last three years, an employee of HP, or an immediate family member of the Director is, or has been within the last three years, an executive officer of HP.
- The Director has been employed as an executive officer of HP, its subsidiaries or affiliates within the last five years.
- The Director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from HP, other than compensation for Board service, compensation received by a Director's immediate family member for service as a non-executive employee of HP, and pension or other forms of deferred compensation for prior service with HP that is not contingent on continued service.
- (A) The Director or an immediate family member is a current partner of the firm that is HP's internal or external auditor; (B) the Director is a current employee of such a firm; (C) the Director has an immediate family member who is a current employee of such a firm and who personally worked on HP's audit; or (D) the Director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on HP's audit within that time.
- The Director or an immediate family member is, or has been in the past three years, employed as an executive officer of another company where any of HP's present executive officers at the same time serves or has served on that company's compensation committee.
- The Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, HP for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company's consolidated gross revenues.
- The Director is affiliated with a charitable organization that receives significant contributions from HP.
- The Director has a personal services contract with HP or an executive officer of HP.

For these purposes, an "immediate family" member includes a person's spouse, parents, stepparents, children, step-children, siblings, mother and father-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares the Director's home.

In determining independence, the Board reviews whether Directors have any material relationship with HP. An independent Director must not have any material relationship with HP, either directly or as a partner, stockholder or officer of an organization that has a relationship with HP, nor any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. In assessing the materiality of a Director's relationship to HP, the Board considers all relevant facts and circumstances, including consideration of the issues from the Director's standpoint and from the perspective of the persons or organizations with which the Director has an affiliation, and is guided by the standards set forth above.

In making its independence determinations, the Board considered transactions occurring since the beginning of fiscal 2017 between HP and entities associated with the independent Directors or their immediate family members. In addition to the transactions described below under "Fiscal 2019 Related-Person Transactions," if any, the Board's independence determinations included consideration of the following transactions:

Current Directors:

- Mr. Bergh has served as President and Chief Executive Officer and a Director of Levi Strauss & Co. since September 2011. HP has entered into transactions for the purchase and sale of goods and services in the ordinary course of its business during the past three fiscal years with Levi Strauss & Co. The amount that HP paid in each of the last three fiscal years to Levi Strauss & Co., and the amount received in each fiscal year by HP from Levi Strauss & Co., did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of either company's consolidated gross revenues.

- Mr. Clemmer has served as Chief Executive Officer and Executive Director of NXP Semiconductors N.V. since January 2009. HP has entered into transactions for the purchase and sale of goods and services in the ordinary course of its business during the past three fiscal years with NXP Semiconductors N.V. The amount that HP paid in each of the last three fiscal years to NXP Semiconductors N.V., and the amount received in each fiscal year by HP from NXP Semiconductors N.V., did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of either company's consolidated gross revenues.
- Mr. Suresh has served as President of Nanyang Technological University since January 2018. HP has entered into transactions for the purchase and sale of goods and services in the ordinary course of its business during the past three fiscal years with Nanyang Technological University. The amount that HP paid in each of the last three fiscal years to Nanyang Technological University, and the amount received in each fiscal year by HP from Nanyang Technological University, did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of either entity's consolidated gross revenues.
- Ms. Matsuoka served as Vice President, Healthcare at Google, a subsidiary of Alphabet, from 2018 to October 2019. HP has entered into transactions for the purchase and sale of goods and services in the ordinary course of its business during the past three fiscal years with Google and Alphabet. The amount that HP paid in each of the last three fiscal years to Google and Alphabet, and the amount received in each fiscal year by HP from Google and Alphabet, did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of either company's consolidated gross revenues.
- Ms. Matsuoka has served as Division CEO at Panasonic since October 2019. HP has entered into transactions for the purchase and sale of goods and services in the ordinary course of its business during the past three fiscal years with Panasonic. The amount that HP paid in each of the last three fiscal years to Panasonic, and the amount received in each fiscal year by HP from Panasonic, did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of either company's consolidated gross revenues.
- Each of Mr. Banerji, Mr. Bennett, Ms. Brown-Philpot, Dr. Burns, Ms. Citrino, Ms. Matsuoka, and Mr. Mobley, or one of their immediate family members, is a non-employee director, trustee or advisory board member of another company that did business with HP at some time during the past three fiscal years. These business relationships were as a supplier or purchaser of goods or services in the ordinary course of business.

As a result of this review, the Board has determined the transactions described above and below under "Fiscal 2019 Related-Person Transactions," if any, would not interfere with the Director's exercise of independent judgment in carrying out the responsibilities of a Director. The Board has also determined that, with the exception of Messrs. Lores and Weisler, (i) each of HP's remaining Directors, including Ms. Alvarez, Mr. Banerji, Mr. Bennett, Mr. Bergh, Ms. Brown-Philpot, Dr. Burns, Ms. Citrino, Mr. Clemmer, Ms. Matsuoka, Mr. Mobley and Mr. Suresh, and (ii) each of the members of the Audit Committee, the HRC Committee and the NGSR Committee, has (or had) no material relationship with HP (either directly or as a partner, stockholder or officer of an organization that has a relationship with HP) and is (or was) independent within the meaning of the NYSE and our Director independence standards. The Board has determined that Mr. Lores is not independent because of his status as our current President and CEO, and Mr. Weisler is not independent due to his prior service as our President and CEO until November 1, 2019 and his subsequent role as Senior Executive Advisor to the Company.

Related Person Transactions Policies and Procedures

Related Person Transactions Policy

We have adopted a written policy for approval of transactions between us and our non-employee Directors, Director nominees, executive officers, beneficial owners of more than 5% of HP's stock, and their respective immediate family members where the amount involved in the transaction exceeds or is expected to exceed $100,000 in a single calendar year.

The policy provides that the NGSR Committee reviews certain transactions subject to the policy and decides whether to approve or ratify those transactions. In doing so, the NGSR Committee determines whether the transaction is in the best interests of HP. In making that determination, the NGSR Committee considers, among other factors it deems appropriate:

- the extent of the related-person's interest in the transaction;
- whether the transaction is on terms generally available to an unaffiliated third party under the same or similar circumstances;
- the benefits to HP;
- the impact or potential impact on a Director's independence in the event the related person is a Director, an immediate family member of a Director or an entity in which a Director is a partner, 10% stockholder or executive officer;
- the availability of other sources for comparable products or services; and
- the terms of the transaction.

The NGSR Committee has delegated authority to the Chair of the NGSR Committee to pre-approve or ratify transactions where the aggregate amount involved is expected to be less than $1 million.

A summary of any new transactions pre-approved by the Chair is provided to the full NGSR Committee for its review at each of the NGSR Committee's regularly scheduled meetings.

The NGSR Committee has adopted standing pre-approvals under the policy for limited transactions with related persons. Pre-approved transactions include:

- compensation of executive officers that is excluded from reporting under SEC rules where the HRC Committee approved (or recommended that the Board approve) such compensation;
- non-employee Director compensation;
- transactions with another company with a value that does not exceed the greater of $1 million or 2% of the other company's annual revenues, where the related-person has an interest only as an employee (other than executive officer), Director or beneficial holder of less than 10% of the other company's shares;
- contributions to a charity in an amount that does not exceed the greater of $1 million or 2% of the charity's annual receipts, where the related person has an interest only as an employee (other than executive officer) or non-employee Director; and
- transactions where all stockholders receive proportional benefits.

A summary of new transactions covered by the standing pre-approvals relating to other companies (as described above) is provided to the NGSR Committee for its review in connection with that committee's regularly scheduled meetings.

Fiscal 2019 Related-Person Transactions

We enter into commercial transactions with many entities for which our executive officers or non-employee Directors serve as non-employee Directors and/or employees in the ordinary course of our business. All those transactions were pre-approved transactions as defined above. There have otherwise been no related-person transactions (actual or proposed) since the beginning of HP's last completed fiscal year.

Item 14. Principal Accounting Fees and Services.

Principal Accountant Fees and Services

Fees incurred by HP for Ernst & Young LLP

The following table shows the fees paid or accrued by HP for audit and other services provided by Ernst & Young LLP for fiscal 2019 and 2018. All fees paid to Ernst & Young LLP were pre-approved in accordance with the pre-approval policy, as discussed below.

	2019	2018
	IN MILLIONS	
Audit Fees(1)	$15.9	$15.9
Audit-Related Fees(2)	$2.4	$3.3
Tax Fees(3)	$2.9	$4
All Other Fees(4)	$—	$0.2
Total	$21.2	$23.4

(1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

(2) Audit-related fees for fiscal 2019 consisted primarily of accounting consultations, employee benefit plan audits and other attestation services. Audit-related fees for fiscal 2018 consisted primarily of accounting consultations, employee benefit plan audits, and other attestation services.

(3) Tax fees consisted primarily of tax advice and tax planning fees of $650,000 and $1.6 million for fiscal 2019 and fiscal 2018, respectively. For fiscal 2019 and fiscal 2018, tax fees also included tax compliance fees of $2.2 million and $2.3 million, respectively.

(4) For fiscal 2018, all other fees included primarily advisory service fees.

Pre-Approval of Audit and Non-Audit Services Policy

The Audit Committee has delegated to the Chair of the Audit Committee the authority to pre-approve audit-related and non-audit services not prohibited by law to be performed by our independent registered public accounting firm and associated fees up to a maximum for any one service of $250,000, provided that the chair shall report any decisions to pre-approve services and fees to the full Audit Committee at its next regular meeting.

Part IV

Item 15. Exhibits.

The following documents are included as exhibits to this Form 10-K/A. Those exhibits incorporated by reference are indicated as such in the parenthetical following the description. All other exhibits are included herewith.

(31.1)#	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2)#	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(104)#	The cover page from this Amendment No. 1 on Form 10-K/A, formatted in Inline XBRL.

Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 27, 2020	HP INC.
	By: /s/ STEVE FIELER
	Steve Fieler
	Chief Financial Officer

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Enrique Lores, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of HP Inc. (this "Report"); and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report.

Date: February 27, 2020

/s/ Enrique Lores

Enrique Lores
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steve Fieler, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K of HP Inc. (this “Report”); and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report.

Date: February 27, 2020

/s/ Steve Fieler

Steve Fieler
Chief Financial Officer
(Principal Financial Officer)

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USE OF NON-GAAP FINANCIAL INFORMATION

HP has included non-GAAP financial measures in this document to supplement HP's consolidated financial statements presented on a generally accepted accounting principles ("GAAP") basis. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the press release announcing our fiscal 2018 full year and fourth quarter results. HP's management uses net revenue on a constant currency basis, non-GAAP operating profit, non-GAAP net earnings, non-GAAP diluted net earnings per share, and other non-GAAP financial measures to evaluate and forecast HP's performance before gains, losses or other charges that are considered by HP's management to be outside of HP's core business segment operating results. Free cash flow is a liquidity measure that provide useful information to management about the amount of cash available for investment in HP's businesses, funding acquisitions, repurchasing stock and other purposes.

These and the other non-GAAP financial measures that HP uses may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of HP's results as reported under GAAP. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies. We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide reconciliations of non-GAAP financial measure to the most directly comparable GAAP measure, and we encourage investors to review those reconciliations carefully.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency to the information used by HP's management in its financial and operational decision-making and allows investors to see HP's results "through the eyes" of management. We further believe that providing this information better enables investors to understand HP's operating performance and financial condition and to evaluate the efficacy of the methodology and information used by HP's management to evaluate and measure such performance and financial condition.

HP's Investor Relations website at *https://investor.hp.com* contains a significant amount of information about HP, including financial and other information for investors. HP encourages investors to visit its website from time to time, as information is updated and new information is posted.

Instagram
www.instagram.com/hp

Twitter
@HP

Facebook
www.facebook.com/HP

YouTube
www.youtube.com/user/HPComputers