

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended

July 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)

1501 Page Mill Road

Palo Alto, California

(Address of principal executive offices)

94-1081436

(I.R.S. employer
identification no.)

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

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 (the "Exchange Act") 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 (§232.405 of this chapter) 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 ☐

(Do not check if a 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 by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of HP common stock outstanding as of July 31, 2019 was 1,481,913,639 shares.

HP INC. AND SUBSIDIARIES

Form 10-Q

For the Quarterly Period ended July 31, 2019

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In this report on Form 10-Q, 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 Quarterly Report on Form 10-Q, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 2 of Part I, 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 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 and business model changes; successfully innovating, developing and executing HP’s go-to-market strategy, including online, omnichannel and contractual sales, in an evolving distribution and reseller landscape; successfully competing and maintaining the value proposition of HP’s products, including supplies; the impact of macroeconomic and geopolitical trends and events; 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; the protection of HP’s intellectual property assets, including intellectual property licensed from third parties; risks associated with HP’s international operations; 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; the execution and performance of contracts by HP and its suppliers, customers, clients and partners; the hiring and retention of key employees; 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 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, those discussed in this Quarterly Report on Form 10-Q, and in particular, the risks discussed in Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K, for the fiscal year ended October 31, 2018, 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. Financial Information

ITEM 1. Financial Statements and Supplementary Data.

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HP INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Earnings
(Unaudited)

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions, except per share amounts			
Net revenue	\$ 14,603	\$ 14,586	\$ 43,349	\$ 43,106
Costs and expenses:				
Cost of revenue	11,698	11,898	35,103	35,134
Research and development	413	347	1,110	1,050
Selling, general and administrative	1,376	1,289	3,963	3,836
Restructuring and other charges	17	4	141	92
Acquisition-related (credits) charges	(9)	10	12	97
Amortization of intangible assets	29	20	87	60
Total costs and expenses	13,524	13,568	40,416	40,269
Earnings from operations	1,079	1,018	2,933	2,837
Interest and other, net	(831)	—	(902)	(831)
Earnings before taxes	248	1,018	2,031	2,006
Benefit from (provision for) taxes	931	(138)	733	1,870
Net earnings	\$ 1,179	\$ 880	\$ 2,764	\$ 3,876
Net earnings per share:				
Basic	\$ 0.79	\$ 0.55	\$ 1.81	\$ 2.38
Diluted	\$ 0.78	\$ 0.54	\$ 1.80	\$ 2.36
Weighted-average shares used to compute net earnings per share:				
Basic	1,499	1,601	1,528	1,627
Diluted	1,508	1,618	1,537	1,645

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

HP INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income
(Unaudited)

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions			
Net earnings	\$ 1,179	\$ 880	\$ 2,764	\$ 3,876
Other comprehensive income (loss):				
Change in unrealized components of available-for-sale debt securities:				
Unrealized gains (losses) arising during the period	—	2	—	(3)
Losses (gains) reclassified into earnings	—	—	3	(5)
	—	2	3	(8)
Change in unrealized components of cash flow hedges:				
Unrealized gains arising during the period	180	273	271	19
(Gains) losses reclassified into earnings	(86)	17	(259)	363
	94	290	12	382
Change in unrealized components of defined benefit plans:				
(Losses) gains arising during the period	(16)	2	(20)	2
Amortization of actuarial loss and prior service benefit	11	11	34	36
Curtailments, settlements and other	41	1	40	2
	36	14	54	40
Change in cumulative translation adjustment	(30)	—	(22)	—
Other comprehensive income before taxes	100	306	47	414
Provision for taxes	(63)	(31)	(65)	(35)
Other comprehensive income (loss), net of taxes	37	275	(18)	379
Comprehensive income	\$ 1,216	\$ 1,155	\$ 2,746	\$ 4,255

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

HP INC. AND SUBSIDIARIES
Consolidated Condensed Balance Sheets
(Unaudited)

	As of	
	July 31, 2019	October 31, 2018
	In millions, except par value	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,919	\$ 5,166
Accounts receivable, net	5,295	5,113
Inventory	5,716	6,062
Other current assets	3,753	5,046
Total current assets	19,683	21,387
Property, plant and equipment, net	2,462	2,198
Goodwill	6,330	5,968
Other non-current assets	3,930	5,069
Total assets	\$ 32,405	\$ 34,622
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Notes payable and short-term borrowings	\$ 328	\$ 1,463
Accounts payable	14,648	14,816
Employee compensation and benefits	956	1,136
Taxes on earnings	144	340
Other accrued liabilities	8,503	7,376
Total current liabilities	24,579	25,131
Long-term debt	4,730	4,524
Other non-current liabilities	4,227	5,606
Stockholders' deficit:		
Preferred stock, \$0.01 par value (300 shares authorized; none issued)	—	—
Common stock, \$0.01 par value (9,600 shares authorized; 1,482 and 1,560 shares issued and outstanding at July 31, 2019 and October 31, 2018, respectively)	15	16
Additional paid-in capital	785	663
Accumulated deficit	(1,068)	(473)
Accumulated other comprehensive loss	(863)	(845)
Total stockholders' deficit	(1,131)	(639)
Total liabilities and stockholders' deficit	\$ 32,405	\$ 34,622

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

HP INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows
(Unaudited)

	Nine months ended July 31	
	2019	2018
	In millions	
Cash flows from operating activities:		
Net earnings	\$ 2,764	\$ 3,876
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	539	388
Stock-based compensation expense	233	203
Restructuring and other charges	141	92
Deferred taxes on earnings	325	(3,167)
Other, net	176	234
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(22)	23
Inventory	(24)	(121)
Accounts payable	(138)	910
Taxes on earnings	(1,123)	801
Restructuring and other	(122)	(207)
Other assets and liabilities	1,317	528
Net cash provided by operating activities	4,066	3,560
Cash flows from investing activities:		
Investment in property, plant and equipment	(475)	(359)
Proceeds from sale of property, plant and equipment	—	110
Purchases of available-for-sale securities and other investments	(80)	(320)
Maturities and sales of available-for-sale securities and other investments	771	588
Collateral posted for derivative instruments	(32)	(1,141)
Collateral returned for derivative instruments	32	1,355
Payment made in connection with business acquisitions, net of cash acquired	(427)	(1,036)
Net cash used in investing activities	(211)	(803)
Cash flows from financing activities:		
(Payments of) Proceeds from short-term borrowings with original maturities less than 90 days, net	(856)	1,577
Proceeds from short-term borrowings with original maturities greater than 90 days	—	712
Proceeds from debt, net of issuance costs	94	—
Payment of short-term borrowings with original maturities greater than 90 days	—	(1,184)
Payment of debt	(604)	(2,059)
Stock-based award activities	(58)	34
Repurchase of common stock	(1,944)	(1,959)
Cash dividends paid	(734)	(680)
Net cash used in financing activities	(4,102)	(3,559)
Decrease in cash and cash equivalents	(247)	(802)
Cash and cash equivalents at beginning of period	5,166	6,997
Cash and cash equivalents at end of period	\$ 4,919	\$ 6,195
Supplemental schedule of non-cash activities:		
Purchase of assets under capital leases	\$ 253	\$ 183

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

HP INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Stockholders' Deficit
(Unaudited)

	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 April 30, 2018	1,610,512	\$ 16	\$ 510	\$ (1,075)	\$ (1,314)	\$	(1,863)
Net earnings				880			880
Other comprehensive income, net of taxes					275		275
Comprehensive income							1,155
Issuance of common stock in connection with employee stock plans and other	2,517		30				30
Repurchases of common stock	(30,621)		(9)	(692)			(701)
Cash dividends (\$0.28 per common share)				(443)			(443)
Stock-based compensation expense			55				55
Balance July 31, 2018	1,582,408	\$ 16	\$ 586	\$ (1,330)	\$ (1,039)	\$	(1,767)
Balance April 30, 2019	1,506,292	\$ 15	\$ 723	\$ (1,325)	\$ (900)	\$	(1,487)
Net earnings				1,179			1,179
Other comprehensive income, net of taxes					37		37
Comprehensive income							1,216
Issuance of common stock in connection with employee stock plans and other	1,683		17				17
Repurchases of common stock	(26,061)		(14)	(513)			(527)
Cash dividends (\$0.32 per common share)				(478)			(478)
Stock-based compensation expense			59				59
Adjustment for adoption of accounting standards (Note 1)				69			69
Balance July 31, 2019	1,481,914	\$ 15	\$ 785	\$ (1,068)	\$ (863)	\$	(1,131)
	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, 2017	1,649,580	\$ 16	\$ 380	\$ (2,386)	\$ (1,418)	\$	(3,408)
Net earnings				3,876			3,876
Other comprehensive income, net of taxes					379		379
Comprehensive income							4,255
Issuance of common stock in connection with employee stock plans and other	19,198		26				26
Repurchases of common stock	(86,370)		(23)	(1,920)			(1,943)
Cash dividends (\$0.56 per common share)				(900)			(900)
Stock-based compensation expense			203				203
Balance July 31, 2018	1,582,408	\$ 16	\$ 586	\$ (1,330)	\$ (1,039)	\$	(1,767)
Balance October 31, 2018	1,560,270	\$ 16	\$ 663	\$ (473)	\$ (845)	\$	(639)
Net earnings				2,764			2,764
Other comprehensive loss, net of taxes					(18)		(18)
Comprehensive income							2,746
Issuance of common stock in connection with employee stock plans and other	13,827		(69)				(69)
Repurchases of common stock	(92,183)	(1)	(41)	(1,894)			(1,936)
Cash dividends (\$0.64 per common share)				(971)			(971)
Stock-based compensation expense			232				232
Adjustment for adoption of accounting standards (Note 1)				(494)			(494)
Balance July 31, 2019	1,481,914	\$ 15	\$ 785	\$ (1,068)	\$ (863)	\$	(1,131)

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

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Note 1: Basis of Presentation

Basis of Presentation

The accompanying Consolidated Condensed Financial Statements of HP and its wholly-owned subsidiaries are prepared in conformity with United States (“U.S.”) generally accepted accounting principles (“GAAP”). The interim financial information is unaudited but reflects all normal adjustments that are necessary to provide a fair statement of results for the interim periods presented. This interim information should be read in conjunction with the Consolidated Financial Statements for the fiscal year ended October 31, 2018 in the Annual Report on Form 10-K, filed on December 13, 2018. The Consolidated Condensed Balance Sheet for October 31, 2018 was derived from audited financial statements.

Principles of Consolidation

The Consolidated Condensed 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 earnings per share (“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 Condensed Financial Statements and accompanying notes. Actual results could differ materially from those estimates.

Separation Transaction

On November 1, 2015, Hewlett-Packard Company completed 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”). In connection with the Separation, HP entered into a separation and distribution agreement, a tax matters agreement, an employee matters agreement and various other agreements with Hewlett Packard Enterprise that provide a framework for the relationships between the parties. For more information on the impacts of these agreements, see Note 6, “Supplementary Financial Information”, Note 12, “Litigation and Contingencies” and Note 13, “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 Tax Cuts and Jobs Act (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.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 1: Basis of Presentation (Continued)

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 Condensed Statements 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 Selling, general and administrative expenses and a reduction in interest and other, net of \$62 million and \$180 million for the three and nine months ended July 31, 2018, respectively.

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 Condensed 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 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 Condensed 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 Condensed 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 Condensed 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, will now be 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 will capitalize the eligible sales commission costs for contracts with terms of more than one year and will amortize these 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 accrued liabilities balances.

Revenue Recognition

General

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 1: Basis of Presentation (Continued)

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.
2. *Identify the performance obligations in the contract* - HP evaluates each performance obligation in an arrangement to determine whether it represents a separate unit of accounting, such as hardware and/or service. A performance obligation constitutes a separate unit of accounting 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.
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 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 standalone selling price ("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 time for 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 accrued 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 insignificant to HP's Consolidated Condensed Financial Statements.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 1: Basis of Presentation (Continued)

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 accrued 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 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 6, "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 Condensed Balance Sheet as of July 31, 2019 and for Consolidated Condensed Statement of Earnings for three months and nine months ended July 31, 2019.

CONSOLIDATED CONDENSED BALANCE SHEET ITEMS	As of July 31, 2019		
	As Reported	Effect of Adoption	Balances Without Adoption of Topic 606
In millions			
ASSETS			
Accounts receivable, net	\$ 5,295	\$ (212)	\$ 5,083
Inventory	5,716	186	5,902
Other current assets	3,753	(186)	3,567
Other non-current assets	\$ 3,930	\$ (31)	\$ 3,899
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Taxes on earnings	\$ 144	\$ 35	\$ 179
Other accrued liabilities	8,503	(465)	8,038
Accumulated deficit	\$ (1,068)	\$ 187	\$ (881)

CONSOLIDATED CONDENSED STATEMENT OF EARNINGS ITEMS	Three months ended July 31, 2019			Nine months ended July 31, 2019		
	As Reported	Effect of Adoption	Balances Without Adoption of Topic 606	As Reported	Effect of Adoption	Balances Without Adoption of Topic 606
In millions						
Net revenue	\$ 14,603	\$ 17	\$ 14,620	\$ 43,349	\$ (31)	\$ 43,318
Earnings from operations	1,079	17	1,096	2,933	(31)	2,902
Earnings before taxes	248	17	265	2,031	(31)	2,000
Benefit from (provision for) taxes	931	(3)	928	733	6	739
Net earnings	\$ 1,179	\$ 14	\$ 1,193	\$ 2,764	\$ (25)	\$ 2,739

Opening Balance Sheet Adjustments:

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

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 1: Basis of Presentation (Continued)

	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	\$ (263)	\$ 4,839
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Taxes on earnings	\$ 340	\$ (39)	\$ —	\$ 301
Other accrued liabilities	7,376	497	—	7,873
Accumulated other comprehensive loss	(845)	—	(2)	(847)
Accumulated deficit	\$ (473)	\$ (212)	\$ (351)	\$ (1,036)

⁽¹⁾ Other includes \$353 million adjustment related to Topic 740.

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 Condensed 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 Condensed Financial Statements.

In February 2016, the FASB issued guidance, 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 Condensed Financial Statements. There are certain practical expedients that can be elected which the company is currently evaluating for application. 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 is in the process of completing the evaluation of the impacts from the new lease accounting standard. Based on the current assessment, HP expects the adoption of this standard to have a material impact on the Consolidated Condensed Balance Sheet.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

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, small- and medium-sized businesses (“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 personal computers (“PCs”), Workstations, thin clients, Commercial mobility devices, retail point-of-sale (“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 customers, including enterprise, public sector and SMB customers, with a focus on robust designs, security, serviceability, connectivity, reliability and manageability in networked and cloud-based environments. 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, 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, 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. Ongoing key initiatives include the shift to contractual through our Managed Print Service (“MPS”) and solutions offerings for the A3 copier and multifunction printer market, printer security solutions, PageWide solutions and award-winning JetIntelligence LaserJet products.
- *Home Printing Solutions* delivers innovative printing products, 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). Initiatives such as Instant Ink subscription services and Continuous Ink and Toner Supply Systems provide business model innovation to benefit and expand HP’s existing customer base, while technologies like Photo Lifestyle, HP Smart App and HP SmartTasks drive print relevance for a mobile generation.
- *Graphics Solutions* delivers large-format, commercial and industrial solutions to print service providers and packaging converters through a wide portfolio of printers and presses (HP DesignJet, HP Latex, HP Stitch, HP Scitex, HP Indigo and HP PageWide Web Presses). Ongoing key initiatives include accelerating the transformation of industrial prints from analog to digital.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 2: Segment Information (Continued)

- *3D Printing* delivers the HP Multi-Jet Fusion 3D Printing Solution designed for prototyping and production of functional parts and functioning on an open platform facilitating the development of new 3D printing materials.

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, 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 supplies, for recurring use in Consumer and Commercial Hardware.

Corporate Investments includes HP Labs and certain business incubation 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 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 Condensed 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.

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.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 2: Segment Information (Continued)

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

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions			
Net Revenue:				
Personal Systems	\$ 9,690	\$ 9,395	\$ 28,268	\$ 27,597
Printing	4,912	5,188	15,084	15,505
Corporate Investments	1	1	2	3
Total segments	\$ 14,603	\$ 14,584	\$ 43,354	\$ 43,105
Other	—	2	(5)	1
Total net revenue	\$ 14,603	\$ 14,586	\$ 43,349	\$ 43,106
Earnings before taxes:				
Personal Systems	\$ 547	\$ 362	\$ 1,342	\$ 1,026
Printing	765	829	2,425	2,465
Corporate Investments	(23)	(22)	(71)	(62)
Total segment earnings from operations	\$ 1,289	\$ 1,169	\$ 3,696	\$ 3,429
Corporate and unallocated costs and other	(113)	(62)	(290)	(140)
Stock-based compensation expense	(60)	(55)	(233)	(203)
Restructuring and other charges	(17)	(4)	(141)	(92)
Acquisition-related credits (charges)	9	(10)	(12)	(97)
Amortization of intangible assets	(29)	(20)	(87)	(60)
Interest and other, net	(831)	—	(902)	(831)
Total earnings before taxes	\$ 248	\$ 1,018	\$ 2,031	\$ 2,006

Net revenue by segment and business unit was as follows:

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions			
Notebooks	\$ 5,630	\$ 5,634	\$ 16,648	\$ 16,382
Desktops	3,111	2,869	8,908	8,576
Workstations	609	588	1,740	1,669
Other	340	304	972	970
Personal Systems	9,690	9,395	28,268	27,597
Supplies	3,164	3,405	9,762	10,190
Commercial Hardware	1,160	1,129	3,429	3,311
Consumer Hardware	588	654	1,893	2,004
Printing	4,912	5,188	15,084	15,505
Corporate Investments	1	1	2	3
Total segment net revenue	14,603	14,584	43,354	43,105
Other	—	2	(5)	1
Total net revenue	\$ 14,603	\$ 14,586	\$ 43,349	\$ 43,106

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements
(Unaudited)

Note 3: Restructuring and Other Charges

Summary of Restructuring Plans

HP's restructuring activities for the nine months ended July 31, 2019 and 2018 summarized by plan were as follows:

	Fiscal 2017 Plan		Other prior-year plans⁽¹⁾	Total
	Severance	Infrastructure and other		
In millions				
Accrued balance as of October 31, 2018	\$ 50	\$ —	\$ 9	\$ 59
Charges	110	20	—	130
Cash payments	(100)	(9)	(3)	(112)
Non-cash and other adjustments	(4)	(11)	—	(15)
Accrued balance as of July 31, 2019	\$ 56	\$ —	\$ 6	\$ 62
Total costs incurred to date as of July 31, 2019	\$ 363	\$ 101	\$ 1,317	\$ 1,781
Reflected in Consolidated Condensed Balance Sheets				
Other accrued liabilities	56	—	5	61
Other non-current liabilities	—	—	1	1
Accrued balance as of October 31, 2017	76	19	13	108
Charges (reversals)	72	(16)	—	56
Cash payments	(110)	(32)	(4)	(146)
Non-cash and other adjustments	(2)	29	1	28
Accrued balance as of July 31, 2018	\$ 36	\$ —	\$ 10	\$ 46

HP's restructuring charges for the three months ended July 31, 2019 summarized by the plans outlined below were as follows:

	Fiscal 2017 Plan		Other prior-year plans⁽¹⁾	Total
	Severance	Infrastructure and other		
In millions				
For the three months ended July 31, 2019	\$ 13	\$ 1	\$ —	\$ 14

⁽¹⁾ Includes prior-year plans which are considered substantially complete. HP does not expect any further material activity associated with these plans.

Fiscal 2017 Plan

On October 10, 2016, HP's Board of Directors approved a restructuring plan (the "Fiscal 2017 Plan"), which HP expected would be implemented through fiscal year 2019.

On May 26, 2018, HP's Board of Directors approved amending the Fiscal 2017 Plan. HP expects approximately 4,500 to 5,000 employees to exit by the end of fiscal year 2019. HP estimates that it will incur aggregate pre-tax charges of approximately \$700 million relating to labor and non-labor actions. HP estimates that approximately half of the expected cumulative pre-tax costs will relate to severance and the remaining costs will relate to infrastructure, non-labor actions and other charges.

Other Charges

Other charges include non-recurring costs, including those as a result of Separation, and are distinct from ongoing operational costs. These costs primarily relate to information technology costs such as advisory, consulting and non-recurring labor costs. For the three and nine months ended July 31, 2019, HP incurred \$3 million and \$11 million of other charges, respectively. For the three and nine months ended July 31, 2018, HP incurred \$12 million and \$36 million of other charges, respectively.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 4: Retirement and Post-Retirement Benefit Plans

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

	Three months ended July 31					
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	2019	2018	2019	2018	2019	2018
	In millions					
Service cost	\$ —	\$ —	\$ 14	\$ 14	\$ —	\$ —
Interest cost	123	113	6	6	4	4
Expected return on plan assets	(146)	(180)	(9)	(10)	(5)	(6)
Amortization and deferrals:						
Actuarial loss (gain)	15	14	8	7	(8)	(4)
Prior service benefit	—	—	(1)	(1)	(3)	(5)
Net periodic (credit) benefit cost	(8)	(53)	18	16	(12)	(11)
Curtailment gain	—	—	(9)	—	—	—
Settlement loss	1	1	—	—	—	—
Total periodic (credit) benefit cost	<u>\$ (7)</u>	<u>\$ (52)</u>	<u>\$ 9</u>	<u>\$ 16</u>	<u>\$ (12)</u>	<u>\$ (11)</u>

	Nine months ended July 31					
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	2019	2018	2019	2018	2019	2018
	In millions					
Service cost	\$ —	\$ —	\$ 43	\$ 42	\$ —	\$ —
Interest cost	369	339	18	18	12	12
Expected return on plan assets	(437)	(540)	(28)	(30)	(15)	(18)
Amortization and deferrals:						
Actuarial loss (gain)	45	45	24	21	(24)	(12)
Prior service benefit	—	—	(2)	(3)	(9)	(15)
Net periodic (credit) benefit cost	(23)	(156)	55	48	(36)	(33)
Curtailment gain	—	—	(9)	—	—	—
Settlement loss	2	2	—	—	—	—
Total periodic (credit) benefit cost	<u>\$ (21)</u>	<u>\$ (154)</u>	<u>\$ 46</u>	<u>\$ 48</u>	<u>\$ (36)</u>	<u>\$ (33)</u>

Employer Contributions and Funding Policy

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.

During fiscal year 2019, HP anticipates making contributions of approximately \$46 million to its non-U.S. pension plans, approximately \$32 million to its U.S. non-qualified plan participants and approximately \$6 million to cover benefit claims under HP's post-retirement benefit plans. During the nine months ended July 31, 2019, HP contributed \$19 million to its non-U.S. pension plans, paid \$24 million to cover benefit payments to U.S. non-qualified plan participants and paid \$2 million to cover benefit claims under HP's post-retirement benefit plans.

HP's pension and other post-retirement benefit costs and obligations depend on various assumptions. Differences between expected and actual returns on investments and changes in discount rates and other actuarial assumptions are reflected as unrecognized gains or losses, and such gains or losses are amortized to earnings in future periods. A deterioration in the funded status of a plan could result in a need for additional company contributions or an increase in net pension and post-retirement benefit costs in future periods. Actuarial gains or losses are determined at the measurement date and amortized over the remaining service life for active plans or the life expectancy of plan participants for frozen plans.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 5: 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) in December 2017, 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. The guidance indicates that either accounting for deferred taxes related to Global Minimum Tax inclusions or to treat any taxes on Global Minimum Tax inclusions as period cost are both acceptable methods subject to an accounting policy election. HP has elected to treat the Global Minimum Tax inclusions as period costs.

HP's effective tax rate was (375.4)% and 13.6% for the three months ended July 31, 2019 and 2018, respectively, and (36.1)% and (93.2)% for the nine months ended July 31, 2019 and 2018, respectively. The difference between the U.S. federal statutory tax rate of 21% and HP's effective tax rate for the three and nine months ended July 31, 2019 is primarily due to the resolution of various audits, transitional impacts of U.S. tax reform, and favorable tax rates associated with certain earnings from HP's operations in lower-tax jurisdictions throughout the world. For the three and nine months ended July 31, 2018 HP's effective tax rate generally differs from the U.S. federal statutory rate of 23% due to the transitional impacts of U.S. tax reform and resolution of various audits and tax litigation, partially offset by favorable tax rates associated with certain earnings from HP's operations in lower-tax jurisdictions throughout the world.

During the three and nine months ended July 31, 2019, HP recorded \$1.1 billion of net tax benefits related to discrete items in the provision for taxes. This amount included tax benefits of \$1.0 billion related to various audit settlements, \$75 million due to ability to utilize tax attributes, along with \$57 million and \$78 million for the three and nine months ended July 31, 2019, respectively, 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 valuation allowance charges of \$98 million for the three and nine months ended July 31, 2019. In addition to the discrete items mentioned above, HP recorded excess tax benefits of \$21 million associated with stock options, restricted stock units and performance-adjusted restricted stock units for the nine months ended July 31, 2019.

During the three and nine months ended July 31, 2018, HP recorded \$7 million and \$2.2 billion, respectively, of net tax benefits related to discrete items in the provision for taxes. As of July 31, 2018, HP had not yet completed its analysis of the full impact of TCJA. For the three months ended July 31, 2018, HP recorded net tax benefits of \$12 million related to acquisition costs offset by other charges of \$5 million. For the nine months ended July 31, 2018, HP recorded \$5.5 billion net benefit for the decrease in deferred tax liability on unremitted foreign earnings and \$1.5 billion net tax benefit related to audit settlements. These benefits are partially offset by \$3.2 billion net expense for the deemed repatriation tax, \$1.2 billion net expense for remeasurement of its deferred tax assets and liabilities to the new U.S. statutory tax rate and \$379 million related to remeasurement of its U.S. deferred tax assets that were expected to be realized at a lower rate. In addition to the discrete items mentioned above, HP recorded excess tax benefits of \$2 million and \$36 million, respectively, on stock options, restricted stock units and performance-adjusted restricted stock units for the three and nine months ended July 31, 2018.

Uncertain Tax Positions

As of July 31, 2019, the amount of gross unrecognized tax benefits was \$896 million, of which up to \$780 million would affect HP's effective tax rate if and when realized. Total gross unrecognized tax benefits decreased by \$6.9 billion for the nine months ended July 31, 2019, 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 Condensed Statements of Earnings. As of July 31, 2019 and 2018, HP had accrued \$75 million and \$149 million, respectively, for interest and penalties.

HP engages in continuous discussions and negotiations with taxing authorities regarding tax matters in various jurisdictions. HP does not expect complete resolution of any IRS audit cycle within the next 12 months. However, it is reasonably possible that certain federal, foreign and state tax issues may be concluded in the next 12 months. Accordingly, HP believes it is reasonably possible that its existing gross unrecognized tax benefits may be reduced by an amount up to \$28 million within the next 12 months.

HP is subject to income tax in the United States and approximately 60 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 U.S. Internal Revenue Service is conducting an audit of HP's 2016 income tax return.

HP INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Earnings (Continued)
(Unaudited)

Note 6: Supplementary Financial Information

Accounts Receivable, net

	As of	
	July 31, 2019	October 31, 2018
	In millions	
Accounts receivable	\$ 5,410	\$ 5,242
Allowance for doubtful accounts	(115)	(129)
	<u>\$ 5,295</u>	<u>\$ 5,113</u>

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

	Nine months ended July 31, 2019
	In millions
Balance at beginning of period	\$ 129
Provision for doubtful accounts	47
Deductions, net of recoveries	(61)
Balance at end of period	<u>\$ 115</u>

HP has third-party arrangements, consisting of revolving short-term financing, which provide liquidity to certain partners in order 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 Condensed 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 Condensed Balance Sheets. The recourse obligations as of July 31, 2019 and October 31, 2018 were not material. The costs associated with the sales of trade receivables for the three months ended July 31, 2019 and 2018 were not material.

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

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions			
Balance at beginning of period ⁽¹⁾	\$ 182	\$ 171	\$ 165	\$ 147
Trade receivables sold	2,311	2,404	7,836	7,773
Cash receipts	(2,330)	(2,427)	(7,838)	(7,778)
Foreign currency and other	(4)	(5)	(4)	1
Balance at end of period ⁽¹⁾	<u>\$ 159</u>	<u>\$ 143</u>	<u>\$ 159</u>	<u>\$ 143</u>

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

Inventory

	As of	
	July 31, 2019	October 31, 2018
	In millions	
Finished goods	\$ 3,902	\$ 4,019
Purchased parts and fabricated assemblies	1,814	2,043
	<u>\$ 5,716</u>	<u>\$ 6,062</u>

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 6: Supplementary Financial Information (Continued)

Other Current Assets

	As of	
	July 31, 2019	October 31, 2018
	In millions	
Supplier and other receivables	\$ 1,776	\$ 2,025
Prepaid and other current assets	1,145	1,445
Value-added taxes receivable	832	865
Available-for-sale investments ⁽¹⁾	—	711
	<u>\$ 3,753</u>	<u>\$ 5,046</u>

⁽¹⁾ See Note 8, “Financial Instruments” for detailed information.

Property, Plant and Equipment, net

	As of	
	July 31, 2019	October 31, 2018
	In millions	
Land, buildings and leasehold improvements	\$ 1,944	\$ 1,893
Machinery and equipment, including equipment held for lease	4,671	4,216
	6,615	6,109
Accumulated depreciation	(4,153)	(3,911)
	<u>\$ 2,462</u>	<u>\$ 2,198</u>

Other Non-Current Assets

	As of	
	July 31, 2019	October 31, 2018
	In millions	
Deferred tax assets	\$ 2,105	\$ 2,431
Tax indemnifications receivable ⁽¹⁾	152	953
Intangible assets ⁽²⁾	663	453
Other ⁽³⁾	1,010	1,232
	<u>\$ 3,930</u>	<u>\$ 5,069</u>

⁽¹⁾ See Note 13, “Guarantees, Indemnifications and Warranties” for detailed information.

⁽²⁾ See Note 15, “Intangible Assets” for detailed information.

⁽³⁾ Includes marketable equity securities and mutual funds classified as available-for-sale investments of \$55 million and \$53 million as of July 31, 2019 and October 31, 2018, respectively. See Note 8, “Financial Instruments” for detailed information

Other Accrued Liabilities

	As of	
	July 31, 2019	October 31, 2018
	In millions	
Sales and marketing programs	\$ 3,327	\$ 2,758
Deferred revenue	1,139	1,095
Other accrued taxes	862	982
Warranty	648	673
Other	2,527	1,868
	<u>\$ 8,503</u>	<u>\$ 7,376</u>

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 6: Supplementary Financial Information (Continued)

Other Non-Current Liabilities

	As of	
	July 31, 2019	October 31, 2018
	In millions	
Tax liability ⁽¹⁾	\$ 775	\$ 2,063
Pension, post-retirement, and post-employment liabilities	1,522	1,645
Deferred revenue	1,034	1,005
Deferred tax liability	73	100
Other	823	793
	<u>\$ 4,227</u>	<u>\$ 5,606</u>

⁽¹⁾ See Note 5, “Taxes on Earnings” for detailed information.

Interest and Other, net

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions			
Tax indemnifications ⁽¹⁾	\$ (784)	\$ (3)	\$ (769)	\$ (676)
Loss on extinguishment of debt	—	—	—	(126)
Interest expense on borrowings	(57)	(66)	(182)	(241)
Other, net	10	69	49	212
	<u>\$ (831)</u>	<u>\$ —</u>	<u>\$ (902)</u>	<u>\$ (831)</u>

⁽¹⁾ Includes an adjustment of \$764 million for the three and nine months ended July 31, 2019 and \$676 million for the nine months ended July 31, 2018, primarily related to indemnification receivables, pursuant to resolution of various tax matters. See Note 13, “Guarantees, Indemnifications and Warranties” for further information.

Net revenue by region

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions			
Americas	\$ 6,574	\$ 6,630	\$ 18,391	\$ 18,794
Europe, Middle East and Africa	4,746	4,907	15,214	15,267
Asia-Pacific and Japan	3,283	3,049	9,744	9,045
Total net revenue	<u>\$ 14,603</u>	<u>\$ 14,586</u>	<u>\$ 43,349</u>	<u>\$ 43,106</u>

Value of Remaining Performance Obligations

As of July 31, 2019, the estimated value of transaction price allocated to remaining performance obligations was \$4.5 billion. HP expects to recognize approximately \$1.9 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

HP INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 6: Supplementary Financial Information (Continued)

As of July 31, 2019, deferred contract fulfillment and acquisition costs balances were \$46 million and \$22 million, included in Other Current Assets and Other Non-Current Assets, respectively, in the Consolidated Condensed Balance Sheet. During the nine months ended July 31, 2019, the Company amortized \$79 million of these costs.

Contract Liabilities

As of July 31, 2019 and October 31, 2018, HP's contract liabilities balances were \$2.0 billion and \$1.9 billion, included in Other Current Liabilities and Other Non-Current Liabilities, respectively, in the Consolidated Condensed Balance Sheet.

The increase in the contract liabilities balance for the nine months ended July 31, 2019 is primarily driven by sales of fixed price support and maintenance services, partially offset by \$754 million of revenue recognized that were included in the opening contract liabilities balance as of November 1, 2018.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 7: 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:

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 July 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	\$ —	\$ 1,188	\$ —	\$ 1,188	\$ —	\$ 1,620	\$ —	\$ 1,620
Financial institution instruments	—	—	—	—	—	9	—	9
Government debt ⁽¹⁾	2,929	—	—	2,929	2,217	150	—	2,367
Available-for-Sale Investments:								
Corporate debt	—	—	—	—	—	366	—	366
Financial institution instruments	—	—	—	—	—	32	—	32
Government debt ⁽¹⁾	—	—	—	—	—	313	—	313
Mutual funds	49	—	—	49	47	—	—	47
Marketable equity securities	6	—	—	6	6	—	—	6
Derivative Instruments:								
Foreign currency contracts	—	469	—	469	—	508	7	515
Other derivatives	—	6	—	6	—	—	—	—
Total Assets	\$ 2,984	\$ 1,663	\$ —	\$ 4,647	\$ 2,270	\$ 2,998	\$ 7	\$ 5,275
Liabilities:								
Derivative Instruments:								
Interest rate contracts	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23	\$ —	\$ 23
Foreign currency contracts	—	104	—	104	—	164	—	164
Other derivatives	—	1	—	1	—	8	—	8
Total Liabilities	\$ —	\$ 105	\$ —	\$ 105	\$ —	\$ 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 traded in active markets are included in Level 1.

There were no transfers between levels within the fair value hierarchy during the nine months ended July 31, 2019.

HP INC. AND SUBSIDIARIES**Notes to Consolidated Condensed Financial Statements (Continued)****(Unaudited)****Note 7: 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 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 8, "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 Condensed 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 \$5.3 billion as of July 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 of October 31, 2018, compared to its carrying value of \$6.0 billion at that date. If measured at fair value in the Consolidated Condensed 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 accrued liabilities on the Consolidated Condensed Balance Sheets, the carrying amounts approximate fair value due to their short maturities. If measured at fair value in the Consolidated Condensed 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 Condensed Balance Sheets these would generally be classified within Level 3 of the fair value hierarchy.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 8: Financial Instruments
Cash Equivalents and Available-for-Sale Investments

	As of July 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	\$ 1,188	\$ —	\$ —	\$ 1,188	\$ 1,620	\$ —	\$ —	\$ 1,620
Financial institution instruments	—	—	—	—	9	—	—	9
Government debt	2,929	—	—	2,929	2,367	—	—	2,367
Total cash equivalents	4,117	—	—	4,117	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	4	2	—	6	4	2	—	6
Mutual funds	38	11	—	49	38	9	—	47
Total available-for-sale investments	42	13	—	55	756	11	(3)	764
Total cash equivalents and available-for-sale investments	\$ 4,159	\$ 13	\$ —	\$ 4,172	\$ 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 Condensed 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 July 31, 2019 and October 31, 2018, the carrying amount of cash equivalents approximated fair value due to the short period of time to maturity. 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 on the Consolidated Condensed Balance Sheets. These amounted to \$60 million and \$36 million as of July 31, 2019 and October 31, 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 Condensed Balance Sheets.

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 \$35 million and \$68 million as of July 31, 2019 and as of October 31, 2018, respectively, all of which were fully collateralized within two business days.

HP INC. AND SUBSIDIARIES**Notes to Consolidated Condensed Financial Statements (Continued)****(Unaudited)****Note 8: Financial Instruments (Continued)**

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 July 31, 2019 and October 31, 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 on the Consolidated Condensed 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, operating expenses, and intercompany loans denominated in currencies other than the U.S. dollar. HP's foreign currency cash flow hedges mature predominantly within twelve months. However, hedges related to longer-term procurement arrangements extend several years and forward contracts associated with intercompany loans extend for the duration of the loan term, which typically range from two to five 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 on the Consolidated Condensed 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 Condensed 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 Condensed Statements of Earnings in the same period in which ineffectiveness occurs. Amounts excluded from the assessment of effectiveness are recognized in the Consolidated Condensed Statements of Earnings in the period they arise.

As of July 31, 2019 and 2018, no portion of the hedging instruments' gain or loss was excluded from the assessment of effectiveness for fair value and cash flow hedges. Hedge ineffectiveness for fair value and cash flow hedges recognized in earnings were not material for the three and nine months ended July 31, 2019 and 2018.

Fair Value of Derivative Instruments in the Consolidated Condensed Balance Sheets

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

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 8: Financial Instruments (Continued)

	As of July 31, 2019					As of October 31, 2018				
	Outstanding Gross Notional	Other Current Assets	Other Non- Current Assets	Other Accrued Liabilities	Other Non- Current Liabilities	Outstanding Gross Notional	Other Current Assets	Other Non- Current Assets	Other Accrued Liabilities	Other Non- Current Liabilities
In millions										
Derivatives designated as hedging instruments										
Fair value hedges:										
Interest rate contracts	\$ 750	\$ —	\$ —	\$ —	\$ —	\$ 1,000	\$ —	\$ —	\$ —	\$ 23
Cash flow hedges:										
Foreign currency contracts	15,930	330	130	68	23	17,147	386	107	86	52
Total derivatives designated as hedging instruments	16,680	330	130	68	23	18,147	386	107	86	75
Derivatives not designated as hedging instruments										
Foreign currency contracts	5,072	9	—	13	—	5,437	22	—	26	—
Other derivatives	136	6	—	1	—	122	—	—	8	—
Total derivatives not designated as hedging instruments	5,208	15	—	14	—	5,559	22	—	34	—
Total derivatives	\$ 21,888	\$ 345	\$ 130	\$ 82	\$ 23	\$ 23,706	\$ 408	\$ 107	\$ 120	\$ 75

Offsetting of Derivative Instruments

HP recognizes all derivative instruments on a gross basis in the Consolidated Condensed 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 July 31, 2019 and October 31, 2018, information related to the potential effect of HP's master netting agreements and collateral security agreements was as follows:

	In the Consolidated Condensed Balance Sheets											
	Gross Amount Recognized (i)	Gross Amount Offset (ii)	Net Amount Presented (iii) = (i)–(ii)	Gross Amounts Not Offset				Net Amount (vi) = (iii)–(iv)–(v)				
				Derivatives (iv)	Financial Collateral (v)							
In millions												
<i>As of July 31, 2019</i>												
Derivative assets	\$	475	\$	—	\$	475	\$	63	\$	341 ⁽¹⁾	\$	71
Derivative liabilities	\$	105	\$	—	\$	105	\$	63	\$	36 ⁽²⁾	\$	6
<i>As of October 31, 2018</i>												
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.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 8: Financial Instruments (Continued)

Effect of Derivative Instruments in the Consolidated Condensed Statements of Earnings

Interest rate swaps agreements are designated as hedge relationships with gains or losses on the derivative recognized in interest and other financial charges offsetting the gains and losses on the underlying debt being hedged. Gain on interest rate swap agreements recognized in earnings was \$8 million for the three months ended July 31, 2019 and nil for the three months ended July 31, 2018. Gain on interest rate swap agreements recognized in earnings was \$24 million for the nine months ended July 31, 2019 and loss of \$11 million for the nine months ended July 31, 2018. Gains and losses are fully offset by changes in the fair value of the debt being hedged.

The pre-tax effect of derivative instruments in cash flow hedging relationships for the three and nine months ended July 31, 2019 was as follows:

	Gain Recognized in Other Comprehensive Income ("OCI") on Derivatives (Effective Portion)		Location	Gain (Loss) Reclassified from Accumulated OCI Into Earnings (Effective Portion)	
	Three months ended July 31, 2019	Nine months ended July 31, 2019		Three months ended July 31, 2019	Nine months ended July 31, 2019
	In millions			In millions	
Cash flow hedges:					
Foreign currency contracts	\$ 180	\$ 271	Net revenue	\$ 98	\$ 289
			Cost of revenue	(12)	(28)
			Operating expenses	—	(2)
Total	\$ 180	\$ 271		\$ 86	\$ 259

The pre-tax effect of derivative instruments in cash flow hedging relationships for the three and nine months ended July 31, 2018 was as follows:

	Gain Recognized in Other Comprehensive Income ("OCI") on Derivatives (Effective Portion)		Location	(Loss) Gain Reclassified from Accumulated OCI Into Earnings (Effective Portion)	
	Three months ended July 31, 2018	Nine months ended July 31, 2018		Three months ended July 31, 2018	Nine months ended July 31, 2018
	In millions			In millions	
Cash flow hedges:					
Foreign currency contracts	\$ 273	\$ 19	Net revenue	\$ (20)	\$ (349)
			Cost of revenue	4	(14)
			Operating expenses	(1)	—
Total	\$ 273	\$ 19		\$ (17)	\$ (363)

As of July 31, 2019, HP expects to reclassify an estimated accumulated other comprehensive gain of \$220 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 a 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 Condensed Statements of Earnings for the three and nine months ended July 31, 2019 and 2018 was as follows:

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions			
Foreign currency contracts	\$ (59)	\$ 5	\$ (116)	\$ (4)
Other derivatives	(3)	1	(12)	1
Total	\$ (62)	\$ 6	\$ (128)	\$ (3)

HP INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Earnings (Continued)
(Unaudited)

Note 9: Borrowings
Notes Payable and Short-Term Borrowings

	As of July 31, 2019		As of October 31, 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	295	3.6%	565	3.1%
Notes payable to banks, lines of credit and other	33	2.0%	44	1.7%
	<u>\$ 328</u>		<u>\$ 1,463</u>	

Long-Term Debt

	As of	
	July 31, 2019	October 31, 2018
	In millions	
U.S. Dollar Global Notes ⁽¹⁾		
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%-8.44%, due in calendar years 2019-2029	797	487
Fair value adjustment related to hedged debt	(3)	(28)
Unamortized debt issuance cost	(15)	(17)
Current portion of long-term debt	(295)	(565)
Total long-term debt	<u>\$ 4,730</u>	<u>\$ 4,524</u>

⁽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.

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 8, “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.

Commercial Paper

As of July 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.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 9: Borrowings (Continued)

Credit Facility

As of July 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 facility vary based on HP's external credit ratings. As of July 31, 2019, HP was in compliance with the financial covenants in the credit agreement governing the revolving credit facility.

Available Borrowing Resources

As of July 31, 2019, HP and its subsidiaries had available borrowing resources of \$695 million from uncommitted lines of credit in addition to the commercial paper and revolving credit facility discussed above.

Note 10: Stockholders' Deficit

Share Repurchase Program

HP's share repurchase program authorizes both open market and private repurchase transactions. During the three and nine months ended July 31, 2019, HP executed share repurchases of 26 million shares and 92 million shares and settled total shares for \$0.5 billion and \$1.9 billion, respectively. During the three and nine months ended July 31, 2018, HP executed share repurchases of 31 million shares and 86 million shares and settled total shares for \$0.7 billion and \$2.0 billion, respectively.

The shares repurchased during the nine months ended July 31, 2019 and 2018 were all open market repurchase transactions. On June 19, 2018, HP's Board of Directors authorized an additional \$4.0 billion for future repurchases of its outstanding shares of common stock. As of July 31, 2019, HP had approximately \$2.0 billion remaining under the share repurchase authorizations approved by HP's Board of Directors.

Tax effects related to Other Comprehensive Income (Loss)

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions			
Tax effect on change in unrealized components of available-for-sale debt securities:				
Tax benefit on unrealized 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	(7)	(26)	(23)	7
Tax provision (benefit) on (gains) losses reclassified into earnings	14	(2)	34	(34)
	7	(28)	11	(27)
Tax effect on change in unrealized components of defined benefit plans:				
Tax benefit (provision) on gains (losses) arising during the period	4	(1)	5	(1)
Tax provision on amortization of actuarial loss and prior service benefit	(3)	(2)	(9)	(8)
Tax provision on curtailments, settlements and other ⁽¹⁾	(79)	—	(78)	—
	(78)	(3)	(82)	(9)
Tax effect on change in cumulative translation adjustment	8	—	6	—
Tax provision on other comprehensive income (loss)	\$ (63)	\$ (31)	\$ (65)	\$ (35)

⁽¹⁾ See Note 1, "Basis of Presentation" for detailed information around adoption of FASB issued guidance, eliminating the stranded tax effects in other comprehensive income resulting from the TCJA.

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 10: Stockholders' Deficit (Continued)

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

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions			
Other comprehensive income (loss), net of taxes:				
Change in unrealized components of available-for-sale debt securities:				
Unrealized gains (losses) arising during the period	\$ —	\$ 2	\$ —	\$ (2)
Losses (gains) reclassified into earnings	—	—	3	(5)
	—	2	3	(7)
Change in unrealized components of cash flow hedges:				
Unrealized gains arising during the period	173	247	248	26
(Gains) losses reclassified into earnings	(72)	15	(225)	329
	101	262	23	355
Change in unrealized components of defined benefit plans:				
(Losses) gains arising during the period	(12)	1	(15)	1
Amortization of actuarial loss and prior service benefit ⁽¹⁾	8	9	25	28
Curtailments, settlements and other	(38)	1	(38)	2
	(42)	11	(28)	31
Change in cumulative translation adjustment	(22)	—	(16)	—
Other comprehensive income (loss), net of taxes	\$ 37	\$ 275	\$ (18)	\$ 379

⁽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 income (loss), net of taxes and changes were as follows:

	Nine months ended July 31, 2019				
	Net unrealized gains on available-for-sale debt 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 income (loss) before reclassifications	—	248	(15)	(5)	228
Reclassifications of losses (gains) into earnings	3	(225)	25	(11)	(208)
Reclassifications of curtailments, settlements and other into earnings	—	—	(38)	—	(38)
Balance at end of period	\$ 8	\$ 314	\$ (1,169)	\$ (16)	\$ (863)

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 11: Net 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:

	Three months ended July 31		Nine months ended July 31	
	2019	2018	2019	2018
	In millions, except per share amounts			
Numerator:				
Net earnings	\$ 1,179	\$ 880	\$ 2,764	\$ 3,876
Denominator:				
Weighted-average shares used to compute basic net EPS	1,499	1,601	1,528	1,627
Dilutive effect of employee stock plans	9	17	9	18
Weighted-average shares used to compute diluted net EPS	1,508	1,618	1,537	1,645
Net earnings per share:				
Basic	\$ 0.79	\$ 0.55	\$ 1.81	\$ 2.38
Diluted	\$ 0.78	\$ 0.54	\$ 1.80	\$ 2.36
Anti-dilutive weighted-average stock-based compensation awards ⁽¹⁾	7	—	6	—

- ⁽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 12: 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 July 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 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

HP INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 12: Litigation and Contingencies (Continued)

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 a 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. Both parties have filed opening briefs. The Court of Appeals will schedule oral argument after the case is fully briefed. 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.

Forsyth, et al. v. 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 originally sought 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 originally sought 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 putative nationwide ADEA collective action should be shortened and now starts, at the earliest, on December 9, 2014. The plaintiffs also agreed that the class period for the putative California state law class action should be shortened and now starts on August 18, 2012. 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, denied the pending motion to dismiss without prejudice, stayed the action and administratively closed the case pending the completion of the compelled arbitrations. 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

HP INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 12: Litigation and Contingencies (Continued)

December 22, 2017, the defendants filed a motion to: (1) stay the claims of individuals not subject to arbitration 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 forty. 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 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.

HP INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 12: Litigation and Contingencies (Continued)

Class Actions re Authentication of Supplies. Five purported consumer class actions were filed against HP, arising out of the supplies authentication protocol in certain OfficeJet printers. This authentication protocol rejects some third-party ink cartridges that use non-HP security chips. Two of the cases were dismissed, and the remaining cases were consolidated in the United States District Court for the Northern District of California, captioned *In re HP Printer Firmware Update Litigation*. The remaining plaintiffs' consolidated amended complaint was filed on February 15, 2018, alleging eleven causes of action: (1) unfair and unlawful business practices in violation of the Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, et seq.; (2) fraudulent business practices in violation of the Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, et seq.; (3) violations of the False Advertising Law, Cal. Bus. & Prof. Code § 17500, et seq.; (4) violations of the Consumer Legal Remedies Act, Cal. Civ. Code § 1750, et seq.; (5) violations of the Texas Deceptive Trade Practices – Consumer Protection Act, Tex. Bus. & Com. Code Ann. § 17.01, et seq.; (6) violations of the Washington Consumer Protection Act, Wash. Rev. Code Ann. § 19.86.010, et seq.; (7) violations of the New Jersey Consumer Fraud Act, New Jersey Statutes Ann. 56:8-1, et seq.; (8) violations of the Computer Fraud and Abuse Act, 18 U.S.C. § 1030, et seq.; (9) violations of the California Computer Data Access and Fraud Act, Cal. Penal Code § 502; (10) Trespass to Chattels; and (11) Tortious Interference with Contractual Relations and/or Prospective Economic Advantage. On February 7, 2018, the plaintiffs moved to certify an injunctive relief class of “[a]ll persons in California who own a Class Printer” under the “unfair” prong of the California unfair competition statute and a class of “[a]ll persons in the United States who purchased a Class Printer and experienced a print failure while using a non-HP aftermarket cartridge during the period between March 1, 2015 and December 31, 2017” under the Computer Fraud and Abuse Act and common law trespass to chattels. On March 29, 2018, the court granted in part and denied in part HP’s motion to dismiss. The court dismissed the plaintiffs’ claim under the “unfair” prong of the California unfair competition statute, claims under the non-California consumer protection statutes, and claim for tortious interference with contractual relations and/or prospective economic advantage. The court also dismissed in part the plaintiffs’ fraud-based claims under the California consumer protection statutes and computer hacking claims under the Computer Fraud and Abuse Act and California Computer Data Access and Fraud Act. The court denied HP’s motion to dismiss with respect to the plaintiffs’ claim for trespass to chattels and claim under the “unlawful” prong of the California unfair competition statute. The court granted the plaintiffs leave to amend on all of the dismissed claims, except the California Computer Data Access and Fraud Act claim to the extent it was based on two specific subsections of that statute. On September 18, 2018, the parties entered into a Settlement Agreement and Release pursuant to which the plaintiffs agreed to dismiss all claims against HP in exchange for a \$1.5 million payment to the class and an agreement that HP would not reinstall the authentication protocol on the printers at issue. The plaintiffs filed a motion for preliminary approval of the settlement, which was granted by the court on November 19, 2018. Notice of the settlement was given to the class beginning on January 7, 2019, and the period for individuals to opt out of or object to the settlement ended in March 2019. The court granted final approval of the class settlement on April 25, 2019. On June 28, 2019, the court granted in part the plaintiffs’ motion for attorneys’ fees, awarding \$1.9 million in attorneys’ fees and costs to class counsel. HP has paid the fee award and neither party has filed an appeal. The claims administrator is reviewing class members’ claims and will be administering the settlement fund to class members in the coming months.

Neodron Patent Litigation. 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 seeks unspecified damages and a permanent injunction, among other remedies.

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. The accused products include inkjet printers, cartridges, and printheads. The complaints seek monetary damages.

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

HP INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 12: Litigation and Contingencies (Continued)

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. Trial began on March 25, 2019 and is scheduled to continue through the remainder of 2019.

Environmental

HP's operations and products are subject to various federal, state, local and foreign 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 cleanup of contaminated sites, the content of HP's products and the recycling, treatment and disposal of those products. 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, and the energy consumption associated with those products, including requirements relating to climate change. HP is 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"). 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 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.

HP INC. AND SUBSIDIARIES**Consolidated Condensed Statements of Earnings****(Unaudited)****Note 13: 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 12, “Litigation and Contingencies.”

In connection with the Separation, HP entered into the tax matters agreement (“TMA”) with Hewlett Packard Enterprise, effective on November 1, 2015. The TMA provides that HP and Hewlett Packard Enterprise will share certain pre-Separation income tax liabilities. In addition, if the distribution of Hewlett Packard Enterprise’s common shares to the HP stockholders is determined to be taxable, Hewlett Packard Enterprise and HP would share the tax liability equally, unless the taxability of the distribution is the direct result of action taken by either Hewlett Packard Enterprise or HP subsequent to the distribution, in which case the party causing the distribution to be taxable would be responsible for any taxes imposed on the distribution.

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 actual amount that the parties pay or may be obligated to pay could vary depending on the outcome of certain unresolved tax matters and determination of such obligation under the terms of such legal agreements, which may not be resolved for several years. The net receivable as of July 31, 2019 and October 31, 2018 were \$0.1 billion and \$1.0 billion, respectively. During the three months ended July 31, 2019, \$764 million of indemnification receivables was reduced primarily due to resolution of various tax matters.

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 INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Earnings
(Unaudited)

HP's aggregate product warranty liabilities and changes were as follows:

	Nine months ended July 31, 2019
	In millions
Balance at beginning of period	\$ 915
Accruals for warranties issued	777
Adjustments related to pre-existing warranties (including changes in estimates)	(1)
Settlements made (in cash or in kind)	(786)
Balance at end of period	<u>\$ 905</u>

HP INC. AND SUBSIDIARIES
Notes to Consolidated Condensed Financial Statements (Continued)
(Unaudited)

Note 14: Acquisitions

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 preliminary purchase price allocation for HP's acquisition as of November 1, 2018 and reflects various preliminary fair value estimates and analyses, including preliminary work performed by third-party valuation specialists, which are subject to change within the measurement period as valuations are finalized. The primary areas of the preliminary purchase price allocation that are not yet finalized relate to the fair values of certain tangible assets and liabilities acquired, the valuation of intangible assets acquired and residual goodwill. HP expects to continue to obtain information to assist it in determining the fair value of the net assets acquired at the acquisition date during the measurement period.

	In millions	
Goodwill	\$	375
Amortizable intangible assets		300
Net liabilities assumed		(197)
Total fair value of consideration	\$	478

Note 15: Intangible Assets

HP's intangible assets were composed of:

	As of July 31, 2019			As of October 31, 2018		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	In millions					
Customer contracts, customer lists and distribution agreements	\$ 375	\$ 113	\$ 262	\$ 112	\$ 88	\$ 24
Technology, patents and trade name	634	233	401	601	172	429
Total intangible assets	<u>\$ 1,009</u>	<u>\$ 346</u>	<u>\$ 663</u>	<u>\$ 713</u>	<u>\$ 260</u>	<u>\$ 453</u>

During the nine months ended July 31, 2019, the increase in gross intangible assets was primarily due to intangible assets resulting from the acquisition of the Apogee group, which are based on preliminary fair value estimates of the assets acquired.

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	9
Technology, patents and trade name	7

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

Fiscal year	In millions
Remainder of 2019	\$ 29
2020	118
2021	117
2022	116
2023	115
Thereafter	168
Total	<u>\$ 663</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

HP INC. AND SUBSIDIARIES
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 operations financial results comparing the three and nine months ended July 31, 2019 to the prior-year period. 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 of our operations.

The discussion of financial condition and results of our operations that follows provides information that will assist the reader in understanding our Consolidated Condensed 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 Condensed Financial Statements. This discussion should be read in conjunction with our Consolidated Condensed 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 projects.

- In Personal Systems, our strategic focus is on profitable growth through hyper 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 Device as a Service 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 growth focus is on shift to contractual solutions and Graphics, as well as expanding our footprint in the 3D printing marketplace. The shift to contractual solutions includes a continued focus on MPS and Instant Ink, supporting our strategy of placing higher value printer units (including our A3 products and solutions) which offer strong annuity of toner and ink. In Graphics, we are focused on innovations such as our Indigo and Latex product offerings, which support growth in our Graphics solutions business. We continue to execute on our key initiatives of focusing on high-value products targeted at high usage categories and introducing new revenue delivery models.

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.

HP INC. AND SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

- In Personal Systems, we face challenges with industry component availability and a competitive pricing environment.
- In Printing, we obtain many 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. 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. 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 also present challenges in Printing.

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.

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 of Part II of this report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

MD&A is based on our Consolidated Condensed Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, net revenues and expenses, and disclosure of contingent liabilities. Our management believes that there have been no significant changes during the nine months ended July 31, 2019 to the items that we disclosed as our critical accounting policies and estimates in MD&A in our Annual Report on Form 10-K for the fiscal year ended October 31, 2018, except as mentioned previously in "Note 1: Basis of Presentation", we have adopted the new revenue standard in first quarter of fiscal 2019 and the accounting policy is updated.

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 considered to be separate units of accounting, 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 separate unit of accounting. A performance obligation constitutes a separate unit of accounting 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

HP INC. AND SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

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. 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. However, the aforementioned factors may result in a different SSP determination applying 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.

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 time for 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.

Taxes on Earnings

The 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. The guidance indicates that either accounting for deferred taxes related to Global Minimum Tax inclusions or to treat any taxes on Global Minimum Tax inclusions as period cost are both acceptable methods subject to an accounting policy election. We have elected to treat the Global Minimum Tax inclusions as period costs.

Prior to the enactment of the TCJA, our effective tax rate included the impact of certain undistributed foreign earnings for which we have not provided U.S. federal taxes because we had planned to reinvest such earnings indefinitely outside the United States. We plan distributions of foreign earnings based on projected cash flow needs as well as the working capital and long-term investment requirements of our foreign subsidiaries and domestic operations. Based on these assumptions, we estimate the amount we expect to indefinitely invest outside the United States and the amounts we expect to distribute to the United States and provide the U.S. federal taxes due on amounts expected to be distributed to the United States. Further, 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.

ACCOUNTING PRONOUNCEMENTS

For a summary of recent accounting pronouncements applicable to our Consolidated Condensed Financial Statements see Note 1, "Basis of Presentation", to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference.

HP INC. AND SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

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:

	Three months ended July 31				Nine months ended July 31			
	2019		2018		2019		2018	
	Dollars	% of Net Revenue	Dollars	% of Net Revenue	Dollars	% of Net Revenue	Dollars	% of Net Revenue
	Dollars in millions							
Net revenue	\$ 14,603	100.0 %	\$ 14,586	100.0 %	\$ 43,349	100.0 %	\$ 43,106	100.0 %
Cost of revenue	(11,698)	(80.1)%	(11,898)	(81.6)%	(35,103)	(81.0)%	(35,134)	(81.5)%
Gross profit	2,905	19.9 %	2,688	18.4 %	8,246	19.0 %	7,972	18.5 %
Research and development	(413)	(2.8)%	(347)	(2.4)%	(1,110)	(2.6)%	(1,050)	(2.4)%
Selling, general and administrative	(1,376)	(9.5)%	(1,289)	(8.8)%	(3,963)	(9.1)%	(3,836)	(8.9)%
Restructuring and other charges	(17)	(0.1)%	(4)	— %	(141)	(0.3)%	(92)	(0.3)%
Acquisition-related credits (charges)	9	0.1 %	(10)	(0.1)%	(12)	— %	(97)	(0.2)%
Amortization of intangible assets	(29)	(0.2)%	(20)	(0.1)%	(87)	(0.2)%	(60)	(0.1)%
Earnings from operations	1,079	7.4 %	1,018	7.0 %	2,933	6.8 %	2,837	6.6 %
Interest and other, net	(831)	(5.7)%	—	— %	(902)	(2.1)%	(831)	(1.9)%
Earnings before taxes	248	1.7 %	1,018	7.0 %	2,031	4.7 %	2,006	4.7 %
Benefit from (provision for) taxes	931	6.4 %	(138)	(1.0)%	733	1.7 %	1,870	4.3 %
Net earnings	\$ 1,179	8.1 %	\$ 880	6.0 %	\$ 2,764	6.4 %	\$ 3,876	9.0 %

Net Revenue

For the three months ended July 31, 2019, total net revenue remained flat (increased 2% on a constant currency basis) as compared to the prior-year period. U.S. net revenue increased 2% to \$5.4 billion, while net revenue from international operations decreased 1% to \$9.2 billion. Net revenue remained flat primarily due to increases in net revenue from Desktops and Notebooks offset by unfavorable foreign currency impacts and a decline in Supplies.

For the nine months ended July 31, 2019, total net revenue increased 1% (increased 2% on a constant currency basis) as compared to the prior-year period. U.S. net revenue remained flat at \$15.0 billion, while net revenue from international operations increased 1% to \$28.4 billion. The increase in net revenue was primarily driven by growth in Desktops, Notebooks and Consumer Printing Hardware, partially offset by unfavorable foreign currency impacts and a decline in Supplies.

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

Gross Margin

Our gross margin increased by 1.5 percentage points and 0.5 percentage points for the three and nine months ended July 31, 2019, respectively, as compared to the prior-year period. The increases were primarily due to higher rate in Personal Systems driven by lower supply chain costs.

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

Operating Expenses

HP INC. AND SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

Research and Development ("R&D")

R&D expense increased by 19.0% and 5.7% for the three and nine months ended July 31, 2019, respectively, as compared to the prior-year period, primarily due to continuing investments in innovation and key growth initiatives.

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

SG&A expense increased by 6.7% and 3.3% for the three and nine months ended July 31, 2019, respectively, 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.

Restructuring and Other Charges

Restructuring and other charges for the three and nine months ended July 31, 2019 relate primarily to the Fiscal 2017 Plan.

Acquisition-Related Credits (Charges)

Acquisition-related charges for the three and nine months ended July 31, 2019 relate primarily to third-party professional and legal fees, and integration-related costs.

Amortization of Intangible Assets

Amortization of intangible assets for the three and nine months ended July 31, 2019 relate primarily to intangible assets resulting from the acquisitions of Samsung's printer business and the Apogee group.

Interest and Other, Net

Interest and other, net expense increased by \$831 million and \$71 million for the three and nine months ended July 31, 2019, respectively, as compared to the prior-year period, primarily due to reversal of indemnification receivables from Hewlett Packard Enterprise pertaining to various audit settlements during the three months ended July 31, 2019.

Benefit from (Provision for) Taxes

Our effective tax rate was (375.4)% and 13.6% for the three months ended July 31, 2019 and 2018, respectively, and (36.1)% and (93.2)% for the nine months ended July 31, 2019 and 2018, respectively. The difference between the U.S. federal statutory tax rate of 21% and our effective tax rate for the three and nine months ended July 31, 2019 is primarily due to the resolution of various audits, transitional impacts of U.S. tax reform, and favorable tax rates associated with certain earnings from our operations in lower-tax jurisdictions throughout the world. For the three and nine months ended July 31, 2018 our effective tax rate generally differs from the U.S. federal statutory blended rate of 23% due to transitional impacts of U.S. tax reform and resolution of various audits and tax litigation, partially offset by favorable tax rates associated with certain earnings from our operations in lower-tax jurisdictions throughout the world.

During the three and nine months ended July 31, 2019, we recorded \$1.1 billion of net income tax benefits related to discrete items in the provision for taxes. This amount included tax benefits of \$1.0 billion related to various audit settlements, \$75 million due to the ability to utilize tax attributes, along with \$57 million and \$78 million for the three and nine months ended July 31, 2019, respectively, related to U.S. tax reform as a result of new guidance issued by the U.S. Internal Revenue Service. These benefits were partially offset by valuation allowance charges of \$98 million for the three and nine months ended July 31, 2019. In addition to the discrete items mentioned above, we recorded \$21 million of excess tax benefits associated with stock options, restricted stock units and performance-adjusted restricted stock units for the nine months ended July 31, 2019.

During the three and nine months ended July 31, 2018, we recorded \$7 million and \$2.2 billion, respectively, of net tax benefits related to discrete items in the provision for taxes. As discussed in the Note 5 "Taxes on Earnings" to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, we had not yet completed our analysis of the full impact of TCJA. For the three months ended July 31, 2018, we recorded net tax benefits of \$12 million related to acquisition costs offset by other charges of \$5 million. For the nine months ended July 31, 2018, we recorded \$5.5 billion net benefit for the decrease in our deferred tax liability on unremitted foreign earnings and \$1.5 billion net tax benefit related to audit settlements. These benefits were partially offset by \$3.2 billion net expense for the deemed repatriation tax, \$1.2 billion net expense for remeasurement of our deferred tax assets and liabilities to the new U.S. statutory tax rate and \$379 million related to remeasurement of our U.S. deferred tax assets that were expected to be realized at a lower rate. In addition to the discrete items mentioned above, we recorded \$2 million and \$36 million, respectively, of excess tax benefits associated with stock options, restricted stock units and performance-adjusted restricted stock units for the three and nine months ended July 31, 2018.

Segment Information

A description of the products and services for each segment can be found in Note 2, "Segment Information" to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference. Future changes to this organizational structure may result in changes to the segments disclosed.

Realignment

HP INC. AND SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

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 EPS.

Personal Systems

	Three months ended July 31			Nine months ended July 31		
	2019	2018	% Change	2019	2018	% Change
Dollars in millions						
Net revenue	\$ 9,690	\$ 9,395	3.1%	\$ 28,268	\$ 27,597	2.4%
Earnings from operations	\$ 547	\$ 362	51.1%	\$ 1,342	\$ 1,026	30.8%
Earnings from operations as a % of net revenue	5.6%	3.9%		4.7%	3.7%	

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

	Three months ended July 31			Nine months ended July 31		
	Net Revenue		Weighted Net Revenue Change	Net Revenue		Weighted Net Revenue Change
	2019	2018		2019	2018	
	Dollars in millions		Percentage Points	Dollars in millions		Percentage Points
Notebooks	\$ 5,630	\$ 5,634	—	\$ 16,648	\$ 16,382	1.0
Desktops	3,111	2,869	2.5	8,908	8,576	1.2
Workstations	609	588	0.2	1,740	1,669	0.2
Other	340	304	0.4	972	970	—
Total Personal Systems	\$ 9,690	\$ 9,395	3.1	\$ 28,268	\$ 27,597	2.4

Three months ended July 31, 2019 compared with three months ended July 31, 2018

Personal Systems net revenue increased 3.1% (increased 5.8% on a constant currency basis) for the three months ended July 31, 2019 as compared to the prior-year period. The net revenue increase was primarily due to growth in Desktops, Notebooks and Workstations, partially offset by unfavorable foreign currency impacts. The net revenue increase was driven by a 4.7% increase in unit volume, partially offset by a 1.5% decrease in average selling prices ("ASPs"), as compared to the prior-year period. The increase in unit volume was primarily due an increase in Commercial units, partially offset by a decline in Consumer units driven by demand weakness. Consequently, Commercial revenue increased 9.9% and Consumer revenue decreased 11.5% for the three months ended July 31, 2019 as compared to the prior-year period. The decrease in ASPs was primarily due to unfavorable foreign currency impacts, partially offset by positive mix shifts and higher pricing.

Net revenue increased 8.4% in Desktops and 3.6% in Workstations and decreased 0.1% in Notebooks as compared to the prior-year period.

Personal Systems earnings from operations as a percentage of net revenue increased by 1.7 percentage points for the three months ended July 31, 2019 as compared to the prior-year period, primarily due to 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, partially offset by lower ASPs. The increase in operating expenses was primarily due to increased investments in key growth initiatives and go-to-market.

Nine months ended July 31, 2019 compared with nine months ended July 31, 2018

Personal Systems net revenue increased 2.4% (increased 4.6% on a constant currency basis) for the nine months ended July 31, 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 2.3% increase in ASPs, as compared to the prior-year period, primarily driven by higher pricing and positive mix shifts, partially offset by unfavorable foreign currency impacts. Increase in Commercial units was offset by a decline in Consumer units driven by demand weakness. Consequently, Commercial revenue increased 6.6% and Consumer revenue decreased 6.0% for the nine months ended July 31, 2019 as compared to the prior-year period.

Net revenue increased 1.6% in Notebooks, 3.9% in Desktops and 4.3% in Workstations as compared to the prior-year period.

HP INC. AND SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

Personal Systems earnings from operations as a percentage of net revenue increased by 1.0 percentage points for the nine months ended July 31, 2019 as compared to the prior-year period. The increase was primarily due to an increase in gross margin, primarily due to higher ASPs and lower supply chain costs.

Printing

	Three months ended July 31			Nine months ended July 31		
	2019	2018	% Change	2019	2018	% Change
	Dollars in millions					
Net revenue	\$ 4,912	\$ 5,188	(5.3)%	\$ 15,084	\$ 15,505	(2.7)%
Earnings from operations	\$ 765	\$ 829	(7.7)%	\$ 2,425	\$ 2,465	(1.6)%
Earnings from operations as a % of net revenue	15.6%	16.0%		16.1%	15.9%	

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

	Three months ended July 31			Nine months ended July 31		
	Net Revenue		Weighted Net Revenue Change	Net Revenue		Weighted Net Revenue Change
	2019	2018		2019	2018	
	Dollars in millions		Percentage Points	Dollars in millions		Percentage Points
Supplies	\$ 3,164	\$ 3,405	(4.6)	\$ 9,762	\$ 10,190	(2.8)
Commercial Hardware	1,160	1,129	0.6	3,429	3,311	0.8
Consumer Hardware	588	654	(1.3)	1,893	2,004	(0.7)
Total Printing	\$ 4,912	\$ 5,188	(5.3)	\$ 15,084	\$ 15,505	(2.7)

Three months ended July 31, 2019 compared with three months ended July 31, 2018

Printing net revenue decreased 5.3% (decreased 4.5% on a constant currency basis) for the three months ended July 31, 2019 as compared to the prior-year period. The decline in net revenue was primarily driven by a decline in Supplies. Net revenue for Supplies decreased 7.1% as compared to the prior-year period, primarily due to demand weakness. Printer unit volume decreased 9.3% and ASPs increased 4.6% as compared to the prior-year period. The decrease in printer unit volume was primarily driven by unit decreases in Consumer Hardware. Printer ASPs increased primarily due to favorable mix.

Net revenue for Commercial Hardware increased by 2.7% as compared to the prior-year period, primarily due to the acquisition of the Apogee group.

Net revenue for Consumer Hardware decreased 10.1% as compared to the prior-year period, primarily due to a 10.1% decrease in printer unit volume. The unit volume decrease was primarily driven by the Inkjet Home Consumer and LaserJet Home Business.

Printing earnings from operations as a percentage of net revenue decreased by 0.4 percentage points for the three months ended July 31, 2019 as compared to the prior-year period, primarily due to lower Supplies revenue.

Nine months ended July 31, 2019 compared with nine months ended July 31, 2018

Printing net revenue decreased 2.7% (decreased 2.3% on a constant currency basis) for the nine months ended July 31, 2019 as compared to the prior-year period. The decline in net revenue was primarily driven by a decline in Supplies and Consumer Hardware, partially offset by an increase in Commercial Hardware. Net revenue for Supplies decreased 4.2% as compared to the prior-year period, primarily due to demand weakness. Printer unit volume decreased 3.5% as compared to the prior-year period. The decrease in printer unit volume was primarily driven by unit decrease in Consumer Hardware.

Net revenue for Commercial Hardware increased by 3.6% as compared to the prior-year period, primarily due to the acquisition of the Apogee group.

Net revenue for Consumer Hardware decreased 5.5% as compared to the prior-year period, due to a 3.8% decrease in printer unit volume and 2.3% decrease in ASPs. The unit volume decrease was primarily driven by the InkJet Home Consumer Business and LaserJet Home Business. The decrease in ASPs was primarily driven by unfavorable foreign currency impacts.

HP INC. AND SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

Printing earnings from operations as a percentage of net revenue increased by 0.2 percentage points for the nine months ended July 31, 2019 as compared to the prior-year period, primarily due to decrease in operating expenses, partially offset by decline in gross margin. The gross margin decrease was primarily driven by lower Supplies revenue. Operating expenses as a percentage of net revenue decreased primarily due to operating expense spend favorability.

Corporate Investments

The loss from operations in Corporate Investments for the three and nine months ended July 31, 2019 was primarily due to expenses associated with our incubation 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 of Part II of this report and the market risks identified in the section entitled "Quantitative and Qualitative Disclosures about Market Risk" in Item 3 of Part I of this report.

Our cash and cash equivalents balances are held in numerous locations throughout the world, with almost 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 beginning in the current fiscal year. 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 key cash flow metrics were as follows:

	Nine months ended July 31	
	2019	2018
	In millions	
Net cash provided by operating activities	\$ 4,066	\$ 3,560
Net cash used in investing activities	(211)	(803)
Net cash used in financing activities	(4,102)	(3,559)
Net decrease in cash and cash equivalents	<u>\$ (247)</u>	<u>\$ (802)</u>

Operating Activities

Compared to the corresponding period in fiscal year 2018, net cash provided by operating activities increased by \$0.5 billion for the nine months ended July 31, 2019, primarily due to higher earnings from operations adjusted for non-cash items, partially offset by working capital management activities.

Working Capital Metrics

Management utilizes current cash conversion cycle information to manage HP's working capital levels. Our working capital metrics and cash conversion cycle impacts were as follows:

HP INC. AND SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

	As of			As of			
	July 31, 2019	October 31, 2018	Change	July 31, 2018	October 31, 2017	Change	Y/Y Change
Days of sales outstanding in accounts receivable ("DSO")	33	30	3	28	29	(1)	5
Days of supply in inventory ("DOS")	44	43	1	46	46	—	(2)
Days of purchases outstanding in accounts payable ("DPO")	(113)	(105)	(8)	(108)	(105)	(3)	(5)
Cash conversion cycle	(36)	(32)	(4)	(34)	(30)	(4)	(2)

July 31, 2019 as compared to July 31, 2018

The cash conversion cycle is the sum 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 net revenue. The increase in DSO was primarily due to unfavorable revenue linearity and an increase in accounts receivable driven by reclassification of certain balances to other accrued liabilities, pursuant to adoption of the new revenue standard in the first quarter of fiscal 2019.

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 cost of revenue. The decrease in DOS 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.

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 cost of revenue. The increase in DPO was primarily due to working capital management activities, partially offset by lower inventory purchasing volume.

Investing Activities

Compared to the corresponding period in fiscal year 2018, net cash used in investing activities decreased by \$0.6 billion for the nine months ended July 31, 2019, primarily due to lower net payments for acquisitions.

Financing Activities

Compared to the corresponding period in fiscal year 2018, net cash used in financing activities increased by \$0.5 billion for the nine months ended July 31, 2019, primarily due to a decrease in outstanding commercial paper amounts of \$2.0 billion, partially offset by lower payment of debt of \$1.5 billion.

Capital Resources

Debt Levels

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. Outstanding borrowings decreased to \$5.1 billion as of July 31, 2019 as compared to \$6.0 billion as of October 31, 2018, bearing weighted-average interest rates of 4.6% and 4.3% for July 31, 2019 and October 31, 2018, respectively.

Our weighted-average interest rate reflects the average effective rate on our borrowings prevailing during the period and reflects the impact of interest rate swaps. For more information on our interest rate swaps, see Note 8, "Financial Instruments", to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference.

As of July 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.

Available Borrowing Resources

We had the following resources available to obtain short or long-term financing in addition to the commercial paper and revolving credit facility discussed above:

HP INC. AND SUBSIDIARIES
Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

	As of July 31, 2019	
	In millions	
2016 Shelf Registration Statement	Unspecified	
Uncommitted lines of credit	\$	695

For more information on our borrowings, see Note 9, "Borrowings", to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, 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

Retirement and Post-Retirement Benefit Plan Contributions

As of July 31, 2019, we anticipate making contributions for the remainder of fiscal year 2019 of approximately \$27 million to our non-U.S. pension plans, \$8 million to cover benefit payments to U.S. non-qualified pension plan participants and \$4 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 requirements, as established by local government, funding and taxing authorities. For more information on our retirement and post-retirement benefit plans, see Note 4, "Retirement and Post-Retirement Benefit Plans", to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference.

Cost Savings Plan

We expect to make future cash payments of approximately \$119 million in connection with our cost savings plans. For more information on our restructuring activities that are part of our cost improvements, see Note 3, "Restructuring and Other Charges", to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference.

Uncertain Tax Positions

As of July 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 5, "Taxes on Earnings", to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference.

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 attributes are used. The payments associated with this one-time transition tax will be paid over eight years beginning in the current fiscal year.

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 6, "Supplementary Financial Information", to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For quantitative and qualitative disclosures about market risk affecting HP, see “Quantitative and Qualitative Disclosures About Market Risk” in Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended October 31, 2018. Our exposure to market risk has not changed materially since October 31, 2018.

Item 4. 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 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 that quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Information with respect to this item may be found in Note 12, “Litigation and Contingencies” to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference.

Item 1A. Risk Factors.

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended October 31, 2018, Part II, Item 1A, “Risk Factors” in our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2019, and Part II, Item 1A, “Risk Factors” in our Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2019, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common and capital stock. Other than the risk factors set forth below, there have been no material changes in the risk factors described in our Annual Report on Form 10-K for the fiscal year ended October 31, 2018 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended January 31, 2019 and April 30, 2019.

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. 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 regions 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 and security. 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 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.

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.

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.

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 and indirect channel 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. 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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Securities

There were no unregistered sales of equity securities during the period covered by this report.

Issuer Purchases of Equity Securities

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs</u>
In thousands, except per share amounts				
May 2019	10,230	\$ 19.38	10,230	\$ 2,293,889
June 2019	8,053	\$ 19.92	8,053	\$ 2,133,491
July 2019	8,228	\$ 21.18	8,228	\$ 1,959,192
Total	26,511		26,511	

On June 19, 2018, HP's Board of Directors authorized \$4.0 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 third quarter of fiscal year 2019 were open market transactions. As of July 31, 2019, HP had approximately \$2.0 billion remaining under the share repurchase authorizations.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

The Exhibit Index beginning on page [61](#) of this report sets forth a list of exhibits.

SIGNATURE

Pursuant to the requirements 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.

HP INC.

/s/ STEVE FIELER

Steve Fieler
Chief Financial Officer
(Principal Financial Officer and
Authorized Signatory)

Date: August 29, 2019

HP INC. AND SUBSIDIARIES
EXHIBIT INDEX

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)	Tax Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company. **	8-K	001-04423	2.3	November 5, 2015
2(c)	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

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
4(h)	Form of Registrant's 2.750% Global Note due January 14, 2019 and Floating Rate Global Note due January 14, 2019 and related Officers' Certificate.	8-K	001-04423	4.1 , 4.2 and 4.3	January 14, 2014
4(i)	Specimen certificate for the Registrant's common stock.	8-K/A	001-04423	4.1	June 23, 2006
4(j)	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
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(l)	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

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
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
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

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
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-Q	001-04423	10(c)(c)(c)	March 11, 2015
10(b)(b)	Form of Grant Agreement for grants of foreign stock appreciation rights.*	10-Q	001-04423	10(d)(d)(d)	March 11, 2015
10(c)(c)	Form of Grant Agreement for grants of long-term cash awards.*	10-Q	001-04423	10(e)(e)(e)	March 11, 2015
10(d)(d)	Form of Grant Agreement for grants of non-qualified stock options.*	10-Q	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

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
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
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-Q	001-04423	10(n)(n)	March 3, 2016
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

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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
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 stock options (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).*†				
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	XBRL Taxonomy Extension Schema Document.‡				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.‡				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.‡				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.‡				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.‡				
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 2019, formatted in Inline XBRL.‡				

* 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.

‡ Filed herewith.

† Furnished herewith.

The registrant agrees to furnish to the Commission supplementally upon request a copy of 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.



GRANT AGREEMENT for use from [Insert Date]

Name: fld_NAME_AC

Employee ID: fld_EMPLID

Grant Date:	expGRANT_DATE
Grant ID:	fld_GRANT_NBR
Amount:	0
Plan:	fld_DESCR
Vesting Schedule:	fld_HTMLAREA1

Restricted Stock Units

THIS GRANT AGREEMENT, as of the Grant Date noted above between HP Inc., a Delaware Corporation ("Company"), and the employee named above ("Employee"), is entered into as follows:

WHEREAS, the continued participation of the Employee is considered by the Company to be important for the Company's continued growth; and

WHEREAS, in order to give the Employee an incentive to continue in the employ of the Company (or its Affiliates or Subsidiaries), to accept ancillary agreements designed to protect the legitimate business interests of the Company that are made a condition of this grant and to participate in the affairs of the Company, the HR and Compensation Committee of the Board of Directors of the Company or its delegates ("Committee") has determined that the Employee shall be granted restricted stock units representing hypothetical shares of the Company's common stock ("RSUs"), with each RSU equal in value to one share of the Company's \$0.01 par value common stock ("Share"), subject to the restrictions stated below and in accordance with the terms and conditions of the plan named above ("Plan"), a copy of which can be found on the [Long-term Incentives website](#) along with a copy of the related prospectus. The Plan and the related prospectus also can be obtained by written or telephonic request to the Company Secretary. Unless otherwise defined in this Grant Agreement, any capitalized terms in this Grant Agreement shall have the meaning ascribed to such terms in the Plan.

THEREFORE, the parties agree as follows:

1. **Grant of Restricted Stock Units.**
Subject to the terms and conditions of this Grant Agreement and of the Plan, the Company hereby grants to the Employee the number of RSUs set forth above.
2. **Vesting Schedule.**
The interest of the Employee in the RSUs shall vest according to the vesting schedule set forth above, or if earlier, in accordance with Section 8 or 9, below, except to the extent a severance plan applicable to the Employee provides otherwise. Unless the provisions of Section 8 or 9 apply, the Employee must remain in the employ of the Company, any Subsidiary or Affiliate on a continuous basis through the close of business on the applicable Vesting Date, as set forth above, and the Employee must be in compliance with the requirements and conditions provided for in the Plan and this Grant Agreement for the interest of the Employee in the RSUs to become fully vested on that date.
3. **Benefit Upon Settlement.**
Within 75 days of each Vesting Date set forth on the above vesting schedule or, if earlier, a vesting event pursuant to Section 8 or 9 below, the Company shall deliver or pay, as applicable, to the Employee (or the Employee's guardian, estate or beneficiary in the event of Section 8 or 9) Shares or a combination of cash and Shares, as the Company determines in its sole discretion, with a value equal to:
 - (a) the number of RSUs that have become vested as of such vesting date or vesting event, as applicable, multiplied by the Fair Market Value of a Share on the date on which such RSUs vested; plus
 - (b) a dividend equivalent payment credited in the form of additional RSUs for each ordinary cash dividend the Company pays on its Shares and for which the record date occurs between the grant date and the date the RSUs are settled, determined by:

Retention Grant Agreement effective for grants on and after July 2019

- (1) multiplying the per share cash dividend paid by the Company on its Shares by the total number of RSUs that are outstanding as of the record date for the dividend; and
- (2) dividing the amount determined in (1) above by the Fair Market Value of a Share on the dividend payment date to determine the number of additional whole and fractional RSUs to be credited to the Employee;

provided, however, that if any aggregated dividend equivalent payments in Section (b)(2) above to be delivered in Shares result in a payment of a fractional Share, such fractional Share shall be rounded up to the next whole Share.

Notwithstanding the foregoing, the Company may, in its sole discretion, settle the RSUs in the form of a cash payment to the extent settlement in Shares: (i) is prohibited under local law; (ii) would require the Employee, the Company and/or any Subsidiary or Affiliate to obtain the approval of any governmental and/or regulatory body in the Employee's country; (iii) would result in adverse tax consequences for the Employee, the Company or any Subsidiary or Affiliate; or (iv) is administratively burdensome. Alternatively, the Company may, in its sole discretion, settle the RSUs in the form of Shares but require the Employee to sell such Shares immediately or within a specified period of time following the Employee's termination of employment (in which case the Employee expressly authorizes the Company to issue sales instructions on the Employee's behalf).

4. **Restrictions.**
Except as otherwise provided for in this Grant Agreement, the RSUs or rights granted hereunder may not be sold, pledged or otherwise transferred. The period of time between the Grant Date and the date the RSUs become fully vested pursuant to Section 2 is referred to herein as the "Restriction Period."
5. **Custody of Restricted Stock Units.**
The RSUs subject hereto shall be recorded in an account with the Plan broker in the name of the Employee. Upon termination of the Restriction Period, if the Company determines, in its sole discretion, to deliver Shares pursuant to Section 3 above, such Shares shall be released into the Employee's account; provided, however, that a portion of such Shares shall be surrendered in payment of Tax-Related Items, as defined and in accordance with Section 11 below, unless the Company, in its sole discretion, establishes alternative procedures for the payment of Tax-Related Items.
6. **No Stockholder Rights.**
RSUs represent hypothetical Shares. Until Shares are delivered to the Employee pursuant to the terms of this Grant Agreement, the Employee shall not be entitled to any of the rights or benefits generally accorded to stockholders, including, without limitation, the receipt of dividends.
7. **Termination of Employment.**
Except as otherwise provided for in this Grant Agreement or in the Plan or as otherwise determined by the Company in its sole discretion, if the Employee's employment with the Company, any Subsidiary or Affiliate is terminated at any time for any reason prior to the lapse of the Restriction Period, all unvested RSUs granted hereunder shall be forfeited by the Employee, except to the extent a severance plan applicable to the Employee provides otherwise.

For purposes of this Grant Agreement, the Employee's employment or service will be considered terminated as of the date he or she is no longer actively providing services to the Company, any Subsidiary or Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Employee is employed or retained or the terms of the Employee's employment or service agreement, if any) and will not be extended by any notice period (e.g., the Employee's period of employment or service would not include any contractual notice period or any period of "garden leave" or similar period mandated under the employment laws in the jurisdiction where the Employee is employed or retained or the terms of the Employee's employment or service agreement, if any). The Committee shall have the exclusive discretion to determine when the Employee's employment or service is terminated for purposes of this Grant Agreement (including whether the Employee may still be considered to be providing service while on a leave of absence).
8. **Disability of the Employee.**
If the Employee's employment is terminated prior to the end of the Restriction Period by reason of the Employee's Total and Permanent Disability, all RSUs shall immediately vest including any amounts for dividend equivalent payments on RSUs that vest at termination subject to the condition that the Employee shall have executed a current Agreement Regarding Confidential Information and Proprietary Developments ("ARCIPD") that is satisfactory to the Company, and shall not have engaged in any conduct that creates a conflict of interest in the opinion of the Company.
9. **Death of the Employee.**
In the event that termination of employment prior to the end of the Restriction Period is due to the death of the Employee, all unvested RSUs shall immediately vest including any amounts for dividend equivalent payments on such vested RSUs.
10. **Section 409A.**
The following provisions apply to the extent the Employee is subject to taxation in the U.S. Payments made pursuant to the Plan and this Grant Agreement are intended to comply with or qualify for an exemption from Section 409A of the Code ("Section 409A"). The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend or modify the Plan and/or this Grant Agreement or adopt other policies and procedures (including amendments, policies and procedures)

Retention Grant Agreement effective for grants on and after July 2019

with retroactive effect), or take any other actions, including any amendments or actions that would result in the reduction of benefits payable under this Grant Agreement, as the Company determines are necessary or appropriate to ensure that all RSUs and dividend equivalent payments are made in a manner that qualifies for an exemption from, or complies with, Section 409A or mitigate any additional tax, interest and/or penalties or other adverse tax consequences that may apply under Section 409A: provided however, that the Company makes no representations that the RSUs or dividend equivalents will be exempt from any taxes, interest, and/or penalties that may apply under Section 409A and makes no undertaking to preclude Section 409A from applying to this RSU. For the avoidance of doubt, the Employee hereby acknowledges and agrees that neither the Company nor any Affiliate or Subsidiary will have any liability to the Employee or any other party if any amounts payable under this Grant Agreement are not exempt from, or compliant with, Section 409A, or for any action taken by the Company with respect thereto. Any payments under this Grant Agreement, the settlement of which is triggered by a "separation from service" (within the meaning of Section 409A) of a "specified employee" (as defined under Section 409A), shall be made on a date that is the earlier of (a) the Employee's death or (b) the later of the specified settlement date and the date which is six months after the date of the Employee's separation from service.

11. Taxes.

- (a) The Employee shall be liable for any and all taxes, including income tax, social insurance, fringe benefit tax, payroll tax, payment on account, employer taxes or other tax-related items related to the Employee's participation in the Plan and legally applicable to or otherwise recoverable from the Employee by the Company and/or, if different, the Employee's employer (the "Employer") whether incurred at grant, vesting, sale, prior to vesting or at any other time ("Tax-Related Items"). In the event that the Company or the Employer (which, for purposes of this Section 11, shall include a former employer) is required, allowed or permitted to withhold taxes as a result of the grant or vesting of RSUs or the issuance or subsequent sale of Shares acquired pursuant to such RSUs, or due upon receipt of dividend equivalent payments or dividends, the Employee shall surrender a sufficient number of whole Shares, make a cash payment or make adequate arrangements satisfactory to the Company and/or the Employer to withhold such taxes from Employee's wages or other cash compensation paid to the Employee by the Company and/or the Employer at the election of the Company, in its sole discretion, or, if permissible under local law, the Company may sell or arrange for the sale of Shares that Employee acquires as necessary to cover all Tax-Related Items that the Company or the Employer has to withhold or that are legally recoverable from the Employee (such as fringe benefit tax) at the time the restrictions on the RSUs lapse, unless the Company, in its sole discretion, has established alternative procedures for such payment. However, with respect to any RSUs subject to Section 409A, the Employer shall limit the surrender of Shares to the minimum number of Shares permitted to avoid a prohibited acceleration under Section 409A. The Employee will receive a cash refund for any fraction of a surrendered Share or Shares in excess of any and all Tax-Related Items. To the extent that any surrender of Shares or payment of cash or alternative procedure for such payment is insufficient, the Employee authorizes the Company, its Affiliates and Subsidiaries, which are qualified to deduct tax at source, to deduct from the Employee's compensation all Tax-Related Items. The Employee agrees to pay any Tax-Related Items that cannot be satisfied from wages or other cash compensation, to the extent permitted by Applicable Law.
- (b) Regardless of any action the Company or the Employer takes with respect to any or all Tax-Related Items, the Employee acknowledges and agrees that the ultimate liability for all Tax-Related Items is and remains the Employee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Employee further acknowledges that the Company and/or the Employer: (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this grant of RSUs or dividend equivalents, including, but not limited to, the grant, vesting or settlement of RSUs or dividend equivalents, the subsequent delivery of Shares and/or cash upon settlement of such RSUs or the subsequent sale of any Shares acquired pursuant to such RSUs and receipt of any dividends or dividend equivalent payments; and (ii) notwithstanding Section 10, do not commit to and are under no obligation to structure the terms or any aspect of this grant of RSUs and/or dividend equivalents to reduce or eliminate the Employee's liability for Tax-Related Items or to achieve any particular tax result. Further, if the Employee has become subject to tax in more than one jurisdiction, the Employee acknowledges that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.
- (c) Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates in the Employee's jurisdiction(s), in which case the Employee will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Employee is deemed to have been issued the full number of shares of Common Stock subject to the vested RSUs, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items.
- (d) The Employee shall pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Employee's participation in the Plan or the Employee's receipt of RSUs that cannot be satisfied by the means previously described. The Company may refuse to deliver the benefit described in Section 3 if the Employee fails to comply with the Employee's obligations in connection with the Tax-Related Items.
- (e) The Employee consents and agrees that in the event the RSUs or the dividend equivalents become subject to an employer tax that is legally permitted to be recovered from the Employee, as may be determined by the Company and/or the Employer at their sole discretion, and whether or not the Employee's employment with the Company and/or the Employer is continuing at the time such tax becomes recoverable, the Employee will assume any liability for any such taxes that may be payable by the Company and/or the Employer in connection with the RSUs and dividend equivalents. Further, the Employee agrees that the Company

and/or the Employer may collect any such taxes from the Employee by any of the means set forth in this Section 11. The Employee further agrees to execute any other consents or elections required to accomplish the above, promptly upon request of the Company.

12. *Data Privacy Consent.*

- (a) The Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Employee's personal data as described in this Grant Agreement and any other materials by and among, as applicable, the Company, its Subsidiaries or Affiliates, and the Employer for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan.*
- (b) The Employee understands that the Company, its Subsidiaries and Affiliates, and the Employer may hold certain personal information about the Employee, including, but not limited to, name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, residency, status, job title, any shares of stock or directorships held in the Company, details of all RSUs, options or any other entitlement to shares of stock granted, canceled, purchased, exercised, vested, unvested or outstanding in the Employee's favor ("Data") for the exclusive purpose of implementing, managing and administering the Plan.*
- (c) The Employee understands that Data may be transferred to Merrill Lynch and any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Employee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Employee's country. The Company is committed to protecting the privacy of Data in such cases. The Employee understands that by contract both with the Company and/or any of its Subsidiaries or Affiliates and with Merrill Lynch and/or the Company's other vendors, the people and companies that have access to the Employee's Data are bound to handle such Data in a manner consistent with the Company's privacy policy and law. The Company periodically performs due diligence and audits on its vendors in accordance with good commercial practices to ensure their capabilities and compliance with those commitments. The Employee further understands that Data will be held only as long as is necessary to implement, administer and manage the Employee's participation in the Plan.*
- (d) The Employee understands that if he or she resides outside the United States, the Employee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, the Employee understands that he or she is providing the consents herein on a purely voluntary basis. If the Employee does not consent, or if the Employee later seeks to revoke his or her consent, the Employee's employment status or service with the Company or his or her Employer will not be affected; the only consequence of refusing or withdrawing the Employee's consent is that the Company would not be able to grant the Employee RSUs or other equity awards or administer and manage the Employee's participation in the Plan. Therefore, the Employee understands that refusing or withdrawing his or her consent may affect the Employee's ability to participate in the Plan. For more information on the consequences of the Employee's refusal to consent or withdrawal of consent, the Employee understands that he or she may contact his or her local human resources representative.*
- (e) Further, the Employee understands that the Company may rely on a different legal basis for the processing and/or transfer of Data in the future and/or request that the Employee provide another data privacy consent. If applicable and upon request of the Company or a Subsidiary or Affiliate, the Employee agrees to provide an executed data privacy consent or acknowledgement (or any other consents, acknowledgements or agreements) to the Company or a Subsidiary or Affiliate that the Company and/or a Subsidiary or Affiliate may deem necessary to obtain under the data privacy laws in the Employee's country of employment, either now or in the future. The Employee understands that he or she may be unable to participate in the Plan if he or she fails to execute any such acknowledgement, agreement or consent requested by the Company and/or a Subsidiary or Affiliate.*

13. *Plan Information.*

The Employee agrees to receive copies of the Plan, the Plan prospectus and other Plan information, including information prepared to comply with Applicable Laws outside the United States, from the Long-term Incentives website and stockholder information, including copies of any annual report, proxy and Form 10-K, from the investor relations section of the Company's website at www.hp.com. The Employee acknowledges that copies of the Plan, Plan prospectus, Plan information and stockholder information are available upon written or telephonic request to the Company Secretary. The Employee hereby consents to receive any documents related to current or future participation in the Plan by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. *Acknowledgment and Waiver.*

The Employee understands, acknowledges and agrees that:

- (a) except as provided in Sections 8 and 9, the vesting of the RSUs is earned only by continuing employment with the Company or one of its Subsidiaries or Affiliates and that being hired and granted RSUs will not result in the RSUs vesting;*

- (b) this Grant Agreement and its incorporated documents reflect all agreements on its subject matters and the Employee is not accepting this Grant Agreement based on any promises, representations or inducements other than those reflected in this Grant Agreement;
- (c) all good faith decisions and interpretations of the Committee regarding the Plan and RSUs granted under the Plan are binding, conclusive and final;
- (d) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time;
- (e) the grant of RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs or other awards, or benefits in lieu of RSUs, even if Shares or RSUs have been granted in the past;
- (f) all decisions with respect to future grants, if any, will be at the sole discretion of the Company;
- (g) the Employee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate the Employee's employment relationship at any time and it is expressly agreed and understood that employment is terminable at the will of either party;
- (h) the Employee is voluntarily participating in the Plan;
- (i) RSUs and their resulting benefits are extraordinary items that are outside the scope of the Employee's employment contract, if any;
- (j) RSUs and their resulting benefits are not intended to replace any pension rights or compensation;
- (k) RSUs and their resulting benefits are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
- (l) unless otherwise agreed by the Company, the RSUs and their resulting benefits are not granted as consideration for, or in connection with, the service the Employee may provide as a director of a Subsidiary or Affiliate;
- (m) this grant of RSUs will not be interpreted to form an employment contract or relationship with the Company, and furthermore, this grant of RSUs will not be interpreted to form an employment contract with any Subsidiary or Affiliate;
- (n) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (o) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from termination of Employee's employment (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Employee is employed or retained or the terms of the Employee's employment or service agreement, if any), and in consideration of the grant of the RSUs to which the Employee is otherwise not entitled, the Employee irrevocably agrees never to institute any claim against the Company, the Employer or any other Subsidiary or Affiliate and releases the Company, the Employer and any other Subsidiary and Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Employee shall be deemed irrevocably to have agreed not to pursue such claim and to have agreed to execute any and all documents necessary to request dismissal or withdrawal of such claims;
- (p) the Company, the Employer or any other Subsidiary or Affiliate will not be liable for any foreign exchange rate fluctuation between the Employee's local currency and the United States dollar that may affect the value of the RSUs or any amounts due to the Employee pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement;
- (q) if the Company determines that the Employee has engaged in misconduct prohibited by Applicable Law or any applicable policy of the Company, as in effect from time to time, or the Company is required to make recovery from the Employee under Applicable Law or a Company policy adopted to comply with applicable legal requirements, then the Company may, in its sole discretion, to the extent it determines appropriate, (i) recover from the Employee the proceeds from RSUs vested up to three years prior to the Employee's termination of employment or any time thereafter, (ii) cancel the Employee's outstanding RSUs, and (iii) take any other action it deems to be required and appropriate; and
- (r) the delivery of any documents related to the Plan or Awards granted under the Plan, including the Plan, this Grant Agreement, the Plan prospectus and any reports of the Company generally provided to the Company's stockholders, may be made by electronic

delivery. Such means of electronic delivery may include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via electronic mail or other such means of electronic delivery specified by the Company. The Employee may receive from the Company a paper copy of any documents delivered electronically at no cost to the Employee by contacting the Company in writing in accordance with Section 17(k). If the attempted electronic delivery of any document fails, the Employee will be provided with a paper copy of such document. The Employee may revoke his or her consent to the electronic delivery of documents or may change the electronic mail address to which such documents are to be delivered (if the Employee has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised electronic mail address in accordance with Section 17(k). The Employee is not required to consent to the electronic delivery of documents.

15. No Advice Regarding Grant.

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Employee's participation in the Plan, or the Employee's acquisition or sale of the underlying Shares. The Employee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

16. Additional Eligibility Requirements Permitted.

In addition to any other eligibility criteria provided for in the Plan, the Company may require that the Employee execute a separate document agreeing to the terms of a current arbitration agreement and/or a current ARCIPD, each in a form acceptable to the Company and/or that the Employee be in compliance with the ARCIPD throughout the entire Restriction Period and through the date the RSU is to be granted or settled. If such separate documents are required by the Company and the Employee does not accept them within 75 days of the Grant Date or such other date as of which the Company shall require in its discretion, this RSU shall be canceled and the Employee shall have no further rights under this Grant Agreement.

17. Miscellaneous.

- (a) The Company shall not be required to treat as owner of RSUs and any associated benefits hereunder, any transferee to whom such RSUs or benefits shall have been transferred in violation of any of the provisions of this Grant Agreement.
- (b) The parties agree to execute such further instruments and to take such action as may reasonably be necessary to carry out the intent of this Grant Agreement.
- (c) The Plan is incorporated herein by reference. The Plan and this Grant Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Employee with respect to the subject matter hereof, other than the terms of any severance plan applicable to the Employee that provides more favorable vesting. Notwithstanding the foregoing, nothing in the Plan or this Grant Agreement shall affect the validity or interpretation of any duly authorized written agreement between the Company and the Employee under which an award properly granted under and pursuant to the Plan serves as any part of the consideration furnished to the Employee, including, without limitation, any agreement that imposes restrictions during or after employment regarding confidential information and proprietary developments. This Grant Agreement is governed by the laws of the state of Delaware without regard to its conflict of law provisions.
- (d) If the Employee has received this or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
- (e) The provisions of this Grant Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
- (f) Notwithstanding Section 17(e), the Company's obligations under this Grant Agreement and the Employee's agreement to the terms of an arbitration agreement and/or an ARCIPD, if any, are mutually dependent. In the event that the Employee breaches the arbitration agreement or the Employee's ARCIPD is breached or found not to be binding upon the Employee for any reason by a court of law, then the Company will have no further obligation or duty to perform under the Plan or this Grant Agreement.
- (g) A waiver by the Company of a breach of any provision of this Grant Agreement shall not operate or be construed as a waiver of any other provision of this Grant Agreement, or of any subsequent breach by the Employee or any other Awardee.
- (h) The Employee acknowledges that, depending on the Employee or broker's country of residence or where the Company Shares are listed, the Employee may be subject to insider trading restrictions and/or market abuse laws, which may affect the Employee's ability to acquire, sell or otherwise dispose of Shares or rights to Shares during times the Employee is considered to have "inside information" regarding the Company (as defined by the laws in the Employee's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Employee placed before he or she possessed inside information. Furthermore, the Employee could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind that third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Employee acknowledges that it is his or her

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responsibility to comply with any applicable restrictions and that the Employee should to consult his or her personal advisor on this matter.

- (i) Notwithstanding any provisions in this Grant Agreement, for any Employee who resides and/or works in a country other than the United States, the grant of the RSUs shall be subject to any special terms and conditions set forth in the Appendix to this Grant Agreement for the Employee's country of employment (account of residence, if different), if any. Moreover, if the Employee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Employee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal, regulatory, tax or administrative reasons. The Appendix, if any, constitutes part of this Grant Agreement.
- (j) The Company reserves the right to impose other requirements on the Employee's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
- (k) Any notice required or permitted hereunder to the Employee shall be given in writing and shall be deemed effectively given upon delivery to the Employee at the address then on file with the Company.
- (l) Any notice to be given under the terms of this Grant Agreement to the Company will be addressed in care of Attn: Global Equity at HP Inc., 1501 Page Mill, Palo Alto, California 94304, USA.
- (m) The Employee acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalent payments) in a brokerage or bank account outside the Employee's country. The Employee may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Employee also may be required to repatriate sale proceeds or other funds received as a result of the Employee's participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. The Employee acknowledges that it is his or her responsibility to be compliant with such regulations, and the Employee is advised to consult his or her personal legal advisor for any details.

HP Inc.

Dion Weisler
CEO and President

Tracy Keogh
Chief Human Resources Officer

RETAIN THIS GRANT AGREEMENT FOR YOUR RECORDS

Important Note: Your grant is subject to the terms and conditions of this Grant Agreement, including any Appendix for your country of employment, and to the Company obtaining all necessary government approvals. If you have questions regarding your grant, please contact global.equity@hp.com.

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APPENDIX
HP INC. 2004 STOCK INCENTIVE PLAN, AS AMENDED

GRANT AGREEMENT FOR NON-U.S. EMPLOYEES

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Grant Agreement or the Plan.

This Appendix includes additional terms and conditions that govern the RSUs granted to the Employee if the Employee resides and/or is employed in one of the countries listed herein. This Appendix is part of the Grant Agreement.

If the Employee is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Employee is currently residing and/or employed, or if the Employee transfers to another country after the Grant Date, the Company shall, in its discretion, determine to what extent the special terms and conditions contained herein shall be applicable to the Employee.

This Appendix also includes information and notices regarding securities, exchange control, tax and certain other issues of which the Employee should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control, tax and other laws in effect in the respective countries as of September 2018. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Employee not rely on the information contained herein as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time the Employee vests in the RSUs, receives Shares, a cash payment or a dividend equivalent payment upon vesting, sells any Shares acquired under the Plan or receive dividends paid on such Shares. In addition, the information is general in nature and may not apply to the Employee's particular situation, and the Company is not in a position to assure the Employee of any particular result. Therefore, the Employee is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to the Employee's individual situation.

If the Employee is a citizen or resident (or is considered as such for local law purposes) of a country other than the country in which the Employee is currently residing and/or employed, or if the Employee transfers to another country after the Grant Date, the information contained herein may not be applicable to the Employee in the same manner.

European Union ("EU") / European Economic Area ("EEA")

Data Privacy. If the Employee resides or is employed in the EU or EEA, the following provision replaces Section 12 of the Grant Agreement.

The Company is located at 1501 Page Mill, Palo Alto, California 94304, USA and grants RSUs under the Plan to the Employee at the Company's sole discretion. The Employee should review the following information about the Company's data processing practices.

Data Collection and Usage. Pursuant to applicable data protection laws, the Employee is hereby notified that the Company collects, processes uses, and transfers certain personally-identifiable information about the Employee for the legitimate interest of implementing, administering and managing the Plan and generally administering equity awards; specifically, including the Employee's name, home address, email address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all RSUs or any other awards granted, canceled, exercised, vested, or outstanding in the Employee's favor, which the Company receives from the Employee or the Employer. In granting the Employee RSUs under the Plan, the Company will collect the Employee's personal data for purposes of allocating Shares and implementing, administering and managing the Plan. The Company's collection, processing, use and transfer of the Employee's personal data is necessary for the performance of the Company's contractual obligations under the Plan and pursuant to the Company's legitimate interest of managing and generally administering employee equity awards. The Employee's refusal to provide personal data would make it impossible for the Company to perform its contractual obligations and may affect the Employee's ability to participate in the Plan. As such, by participating in the Plan, the Employee voluntarily acknowledges the collection, use, processing and transfer of the Employee's personal data as described herein.

Stock Plan Administration Service Provider. The Company transfers the Employee's data to Merrill Lynch, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share the Employee's data with another company that serves in a similar manner. The Company's service provider will open an account for the Employee to receive and trade Shares. The Employee will be asked to agree on separate terms and data processing practices with the service provider, which is a condition to the Employee's ability to participate in the Plan.

International Data Transfers. The Company and its service providers are based in the United States. The Company can only meet its contractual obligations to the Employee if the Employee's personal data is transferred to the United States. The performance of the Company's contractual obligations to the Employee is one of the legal bases for the transfer of the Employee's data from the EU/EEA to the United States. The Employee should be aware that the United States has different data privacy laws and protections than the data privacy laws in place in the EU/EEA.

Data Retention. The Company will use the Employee's personal data only as long as is necessary to implement, administer and manage the Employee's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs the Employee's personal data, the Company will remove it from its systems. If the Company keeps

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the Employee's data longer, it will be to satisfy legal, regulatory or tax obligations and the Company's legal basis would be for compliance with relevant laws or regulations.

Data Subjects Rights. The Employee may have a number of rights under data privacy laws in the Employee's country of employment (and country of residence, if different). For example, the Employee's rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in the Employee's country, and/or (vi) request a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding the Employee's rights or to exercise his or her rights, the Employee should contact the Employee's local HR manager.

ALBANIA

Terms and Conditions

Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Albania, the RSUs granted to Employees in Albania shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

ALGERIA

Terms and Conditions

Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Algeria, the RSUs granted to Employees in Algeria shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

ANGOLA

Terms and Conditions

Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Angola, the RSUs granted to Employees in Angola shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

ARGENTINA

Notifications

Securities Law Notice

Shares of the Company are not publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

Exchange Control Notice

Exchange control regulations in Argentina are subject to frequent change. The Employee is solely responsible for complying with any applicable exchange control rules and should consult with his or her personal legal advisor prior to remitting proceeds from the sale of Shares or cash dividends paid on such Shares.

Foreign Asset/Account Reporting Notice

Argentine residents must report any Shares acquired under the Plan and held by the resident on December 31st of each year on their annual tax return for that year. In addition, when the Employee acquires, sells, transfers or otherwise disposes of Shares, the Employee must register the transaction with the Federal Tax Administration. Argentine residents should consult with their personal tax advisor to determine their personal reporting obligations.

AUSTRALIA

Terms and Conditions

Breach of Law

Notwithstanding anything to the contrary in the Plan or the Grant Agreement, the Employee will not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (Cth), any other provision of that Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits. Further, the Employer is under no obligation to seek or obtain the approval of its stockholders in a general meeting for the purpose of overcoming any such limitation or restriction.

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Australian Offer Document

The Employee's right to participate in the Plan and the RSUs granted under the Plan is intended to comply with the provision of the Corporations Act 2001, Regulatory Guide 49 and ASIC Class Order CO 14/1000. The Employee understands that the RSUs are subject to the terms and conditions stated in the Offer Document, the Plan, the Grant Agreement and this Appendix. The Employee acknowledges and confirms that he or she has received and reviewed these documents.

Notifications

Exchange Control Notice

Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. The Australian bank assisting with the transaction may file the report on the Employee's behalf. If there is no Australian bank involved in the transfer, the Employee is required to file the report. The Employee understands that the Employee should consult with her or her personal advisor to ensure compliance with the applicable reporting obligations.

Tax Information

The Plan is a plan subject to which subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

AUSTRIA

Notifications

Exchange Control Notice

If the Employee holds Shares acquired under the Plan outside Austria, the Employee may be required to submit reports to the Austrian National Bank as follows: (i) on a quarterly basis if the value of the Shares on the last day of the given quarter meets or exceeds €30,000,000; and (ii) on an annual basis if the value of the Shares as of December 31 meets or exceeds €5,000,000. The deadline for filing a quarterly report is the fifteenth day of the month following the end of the respective quarter. The deadline for filing an annual report is January 31 of the following year.

The Employee also may be required to comply with certain exchange control obligations if the Employee holds cash in accounts outside Austria. Monthly reporting requirements will apply if the aggregate transaction volume of such cash accounts meets or exceeds €10,000,000. The movements and balances of all accounts must be reported monthly (as of the last day of the month), on or before the fifteenth day of the following month, on the prescribed form (*Meldungen SI-Forderungen und/oder SI-Verpflichtungen*).

BELGIUM

Notifications

Foreign Asset/Account Reporting Notice

Belgium residents are required to complete a report providing the National Bank of Belgium with details of any securities or bank accounts held outside Belgium, including the account number, the name of the bank in which the account is held, and the country in which the account is located). This report, as well as information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the Kredietcentrales / Centrales des credits caption. Belgian residents are also required to report any securities or bank accounts held outside Belgium on their annual tax return.

Stock Exchange Tax Information

A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when the Shares are sold. The Employee should consult with his or her personal tax advisor for additional details on his or her obligations with respect to the stock exchange tax.

Brokerage Account Tax Information

A brokerage account tax may apply if the average annual value of the securities the Employee holds (including Shares acquired under the Plan) in a brokerage or other securities account exceeds certain thresholds. The Employee should consult with his or her personal tax advisor for details regarding his or her obligations with respect to the brokerage account tax.

BRAZIL

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Terms and Conditions

Intent to Comply with Law

The Employee agrees to comply with applicable Brazilian laws and to report and pay any and all applicable Tax-Related Items associated with the vesting of the RSUs, the sale of any Shares acquired upon vesting of the RSUs and the receipt of any dividends or dividend equivalents.

Labor Law Acknowledgment

This provision supplements Section 14 of the Grant Agreement:

The Employee agrees that (i) the Employee is making an investment decision, (ii) the RSUs will vest only if the vesting conditions are met and any necessary services are rendered by the Employee over the vesting period and (iii) the value of the Shares subject to the RSUs is not fixed and may increase or decrease in value over the vesting period without compensation to the Employee.

Notifications

Exchange Control Notice

The Employee acknowledges that if he or she is a Brazilian resident or domiciled in Brazil, the Employee is required to submit an annual declaration of assets and rights held outside Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is US\$100,000 or more. Assets and rights that must be reported include Shares acquired under the Plan. The US\$100,000 threshold may be changed annually.

Tax on Financial Transactions

Payments to foreign countries, repatriation of funds into Brazil, and the conversion between BRL and USD associated with such fund transfers, may be subject to the Tax on Financial Transaction. It is the Employee's personal responsibility to comply with any applicable Tax on Financial Transaction arising from participation in the Plan. The Employee should consult with his or her personal tax advisor for additional details.

BULGARIA

Notifications

Exchange Control Notice

Bulgarian residents are required to file statistical forms with the Bulgarian National Bank annually regarding their receivables in bank accounts abroad as well as securities held abroad (e.g., Shares acquired under the Plan) if the total sum of all such receivables and securities equals or exceeds BGN 50,000 as of the previous calendar year-end. The reports are due by March 31. The Employee understands that the Employee should contact his or her bank in Bulgaria for additional information regarding these requirements.

CANADA

Terms and Conditions

Payout of RSUs in Shares Only

Pursuant to its discretion under Section 2(ii) of the Plan, with respect to all Employees residing in Canada, the Company will convert all vested RSUs only into an equivalent number of Shares. Employees residing in Canada (or in the event of death, such Employee's legal representative or estate) will not receive an equivalent or fractional Share cash payment with respect to vested RSUs.

Termination of Employment

The following provision replaces the second paragraph of Section 7 of the Grant Agreement:

For purposes of this Grant Agreement and except as expressly required by applicable legislation, the Employee understands that in the event the Employee ceases to provide services to the Company or his or her Employer (for any reason whatsoever, whether or not later found to be invalid or in breach of local laws or the terms of the Employee's employment agreement, if any), unless otherwise determined by the Company, the Employee's employment or service will be considered terminated as of the earlier of: (a) the date of termination of the Employee's employment; (b) the date upon which the Employee receives a notice of termination of employment; or (c) the date upon which the Employee ceases to actively provide services. With respect to (c), the Employee will no longer be considered to be actively employed during any notice period (e.g., employment would not include any contractual notice or any period of "garden leave" or similar period mandated under local laws or the terms of the Employee's employment agreement, if any); the Committee has the exclusive discretion to determine when the Employee is no longer actively employed for purposes of this Grant Agreement (including whether the Employee may still be considered to be actively employed while on a leave of absence).

Notifications

Foreign Asset/Account Reporting Notice

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Canadian residents may be required to report foreign property (including Shares) on an annual basis on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds CAD 100,000 at any time in the year. The grant of RSUs must be reported if the CAD 100,000 cost threshold is exceeded because of other foreign property held. RSUs may be reported at a nil cost. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the fair market value of the Shares at the time of vesting, but if other Shares are held (e.g., acquired under other circumstances or at another time), the ACB may be different. The form must be filed by April 30 of the following year. The Employee understands that the Employee should consult with his or her personal advisor to ensure compliance with the applicable reporting obligations.

Securities Law Notice

The Employee will not be permitted to sell or otherwise dispose of any Shares acquired under the Plan within Canada. The Employee will only be permitted to sell or dispose of any such Shares if such sale or disposal takes place outside Canada on the facilities on which the Shares are traded (i.e., on the New York Stock Exchange).

The following provisions will also apply to Employees who are resident in Quebec:

Data Privacy

The following provision supplements Section 12 of the Grant Agreement:

The Employee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information regarding the Employee's grant of RSUs from all personnel, professional or not, involved in the administration and operation of the Plan. The Employee further authorizes the Company any of its Subsidiaries or Affiliates, and the administrator of the Plan to disclose and discuss the Employee's participation in the Plan with their advisors. The Employee further authorizes the Company and any of its Subsidiaries or Affiliates to record such information and to keep such information in the Employee's employee file.

Consent to Receive Information in English

The parties acknowledge that it is their express wish that the Grant Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la convention («Grant Agreement»), ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Plan Document Acknowledgment

The Employee acknowledges that he or she has received a copy of the Plan, has reviewed the Plan and the Grant Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Grant Agreement.

CHILE

Notifications

Securities Law Notice

The offer of RSUs constitutes an offering of securities in Chile subject to General Ruling N° 345 ("NCG 345") of the Chilean Commission of the Financial Market ("CMF"). This offer refers to securities not registered at the securities registry or at the foreign securities registry of the CMF, and therefore, such securities are not subject to oversight of the CMF. Given that the RSUs are not registered in Chile, the Company is not required to provide public information about the RSUs or shares of common stock in Chile. Unless the securities offered are registered with the CMF, a public offering of such securities cannot be made in Chile, unless the offer complies with the conditions set forth in NCG 345.

Información bajo la Ley de Mercado de Valores

Esta oferta de Unidades de Acciones Restringidas ("RSU") constituye una oferta sujeta a la norma de carácter general N°345 ("NCG 345") de la Comisión para el Mercado Financiero de Chile ("CMF"). Esta oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse los RSU de valores no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública respecto de los RSU o de las acciones. Estos valores no podrán ser objeto de oferta pública respecto de los RSUs o de las acciones. Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el registro de valores correspondiente, a menos que la oferta cumpla con las condiciones establecidas en la NCG 345.

Exchange Control Notice

The Employee is not required to repatriate funds obtained from the sale of Shares or the receipt of any dividends or dividend equivalents. However, if the Employee decides to repatriate such funds, the Employee must do so through the Formal Exchange Market (i.e., a commercial bank or registered foreign exchange office in Chile) if the amount of the funds exceeds US\$10,000. In such case, the Employee must report the payment to the commercial bank or registered foreign exchange office receiving the funds. If the Employee does not repatriate the proceeds and uses such proceeds for the payment of other obligations contemplated under a different Chapter of the Foreign Exchange Regulations, the Employee must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank of Chile within the first 10 days of the month immediately following the transaction.

Additionally, if the Employee's aggregate investments held outside of Chile exceed US\$5,000,000 (including the Shares and any other cash proceeds obtained under the Plan), the Employee must report the investments annually to the Central Bank. Annex 3.1 of Chapter

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XII of the Foreign Exchange Regulations must be used to file this report. Please note that exchange control regulations in Chile are subject to change. The Employee should consult with his or her personal legal advisor regarding any exchange control obligations that the Employee may have prior to vesting in the RSUs, receiving proceeds from the sale of Shares acquired upon vesting of the RSUs or cash dividends or dividend equivalents.

Foreign Asset/Account Reporting Notice

The Chilean Internal Revenue Service ("CIRS") requires all taxpayers to provide information annually regarding: (i) the results of investments held abroad and (ii) any taxes paid abroad which the taxpayers will use as credit against Chilean income tax. The sworn statements disclosing this information (or Formularios) must be submitted electronically through the CIRS website www.sii.cl using Form 1929. Form 1929 is due on June 30 of each year, depending on the assets and/or taxes being reported.

CHINA

Terms and Conditions

Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in People's Republic of China ("PRC"), the RSUs granted to Employees in PRC shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

Notifications

Exchange Control Notice

The following terms and conditions will apply to Employees who are subject to exchange control restrictions and regulations in the PRC, including the requirements imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Company in its sole discretion:

The Employee understands and agrees that, pursuant to local exchange control requirements, the Employee will not be permitted to vest in an RSU or receive any cash or Shares under the Plan unless or until the Company, its Subsidiary or Affiliate, or the Employer in the PRC has obtained all necessary approvals from SAFE for the Plan.

The Employee further understands and agrees that, pursuant to local exchange control requirements, the Employee will be required to immediately repatriate any cash payments or proceeds obtained with respect to participation in the Plan to the PRC. The Employee further understands that such repatriation of any cash payments or proceeds may need to be effectuated through a special exchange control account established by the Company, any Subsidiary or Affiliate, or the Employer, and the Employee hereby consents and agrees that any payment or proceeds may be transferred to such special account prior to being delivered to the Employee.

Any payment or proceeds may be paid to the Employee in U.S. dollars or local currency at the Company's discretion. If the payments or proceeds are paid to the Employee in U.S. dollars, the Employee will be required to set up a U.S. dollar bank account in the PRC so that the payments or proceeds may be deposited into this account. If the payments or proceeds are paid to the Employee in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the payments or proceeds to local currency due to exchange control restrictions.

The Employee further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in the PRC.

COLOMBIA

Notifications

Labor Law Acknowledgement

The following provision supplements Section 14 of the Grant Agreement:

The Employee acknowledges that pursuant to Article 128 of the Colombian Labor Code, the Plan and related benefits do not constitute a component of the Employee's "salary" for any legal purpose. The Plan and related benefits will not be included and / or considered for purposes of calculating any and all labor benefits, such as legal / fringe benefits, vacation, indemnities, payroll taxes, social insurance contributions and / or any other labor related amount which may be payable.

Securities Law Notice

The Shares subject to the RSUs are not and will not be registered with the Colombian registry of publicly traded securities (*Registro Nacional de Valores y Emisores*) and therefore the Shares may not be offered to the public in Colombia. Nothing in this document should be construed as the making of a public offer of securities in Colombia.

Exchange Control Notice

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The Employee must register his or her investments with the Central Bank of Colombia (Banco de la República). The registration method will vary depending on whether cash is remitted from Colombia (either by the Employee or the Employer), or no cash consideration is paid at all. Upon liquidation of assets held abroad, the Employee must (i) cancel the registration with the Central Bank and (ii) repatriate the proceeds from the sale or liquidation to Colombia and file the appropriate Central Bank form (usually through the Employee's own local bank). The Employee personally is responsible for complying with applicable exchange control requirements in Colombia.

COSTA RICA

There are no country-specific provisions.

CROATIA

Notifications

Exchange Control Notice

The Employee must report any foreign investments (including Shares acquired under the Plan) to the Croatian National Bank for statistical purposes and obtain prior approval of the Croatian National Bank for bank accounts opened abroad. However, because exchange control regulations may change without notice, the Employee should consult with his or her personal legal advisor to ensure compliance with current regulations. It is the Employee's responsibility to comply with Croatian exchange control laws.

CZECH REPUBLIC

Notifications

Exchange Control Notice

The Czech National Bank may require residents of the Czech Republic to fulfill certain notification duties in relation to the opening and maintenance of a foreign account. In addition, residents of the Czech Republic may need to report certain events in the absence of a request from the Czech National Bank. Because exchange control regulations change frequently and without notice, residents of the Czech Republic should consult with their legal advisor prior to the sale of Shares to ensure compliance with current regulations. It is the Employee's responsibility to comply with Czech exchange control laws, and neither the Company nor the Employer will be liable for any resulting fines or penalties.

DENMARK

Terms and Conditions

Danish Stock Option Act

By participating in the Plan, the Employee acknowledges that he or she received an Employer Statement translated into Danish, which is being provided to comply with the Danish Stock Option Act. To the extent more favorable to the Employee, the terms set forth in the Employer Statement will apply to the Employee's participation in the Plan.

Notifications

Foreign Asset/Account Reporting Notice

The Employee understands that if he or she establishes an account holding Shares or an account holding cash outside Denmark, the Employee must report the account to the Danish Tax Administration. The form which should be used in this respect can be obtained from a local bank. (These obligations are separate from and in addition to the obligations described below.)

Securities/Tax Reporting Notice

If the Employee holds Shares acquired under the Plan in a brokerage account with a broker or bank outside Denmark, the Employee is required to inform the Danish Tax Administration about the account. For this purpose, the Employee must file a Form V (*Erklæring V*) with the Danish Tax Administration. The Form V must be signed both by the Employee and by the applicable broker or bank where the account is held, unless an exemption from the broker/bank signature requirement is obtained from the Danish Tax Administration. It is possible to seek an exemption on the Form V, and it is strongly recommended that it be done at the time the Form V is submitted. The Employee understands that by signing the Form V, the broker or bank (to the extent the exemption is not obtained) and the Employee undertake to forward information to the Danish Tax Administration concerning the Shares in the account without further request each year. In the event that an exemption is not obtained and the applicable broker or bank with which the account is held does not wish to, or pursuant to the laws of the country in question, is not allowed to assume such obligation to report, the Employee acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage account and Shares deposited therein to the Danish Tax Administration as part of the Employee's annual income tax return. By signing the Form V, the Employee authorizes the Danish Tax Administration to examine the account. A sample of Form K can be found at the following website: www.skat.dk.

In addition, the Employee acknowledges that if he or she opens a brokerage account (or a deposit account with a U.S. bank) for the purpose of holding cash outside Denmark, the Employee is also required to inform the Danish Tax Administration of this account. To do so, the Employee must file a Form K (*Erklæring K*) with the Danish Tax Administration. The Form K must be signed both the Employee and by the applicable broker or bank where the account is held, unless an exemption from the broker/bank signature requirement is obtained from

Retention Grant Agreement effective for grants on and after July 2019

the Danish Tax Administration. It is possible to seek an exemption on the Form K, and it is strongly recommended that it be done at the time the Form V is submitted. The Employee understands that by signing the Form K, the broker or bank (to the extent the exemption is not obtained) and the Employee undertake an obligation to forward information to the Danish Tax Administration concerning the content of the account without further request each year. In the event that an exemption is not obtained and the applicable broker or bank with which the account is held, does not wish to, or pursuant to the laws of the country in question, is not allowed to assume such obligation to report, the Employee acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of the Employee's annual income tax return. The Employee understands that, by signing the Form K, the Employee authorizes the Danish Tax Administration to examine the account. A sample of Form K can be found at the following website: www.skat.dk.

FINLAND

There are no country-specific provisions.

FRANCE

Terms and Conditions

Language Consent

The Employee confirms having read and understood the Plan and the Grant Agreement, which were provided in English language. The Employee accepts the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée

L'Employé confirme avoir lu et compris le Plan et le Contrat d'Attribution qui m'ont été transmis en langue anglaise. L'Employé accepte les termes et conditions incluses dans ces documents en connaissance de cause.

Notifications

Foreign Asset/Account Reporting Notice

French residents are required to report all foreign accounts (whether open, current or closed) to the French tax authorities when filing his or her annual tax return.

Tax Information

The RSUs are not intended to qualify for special tax or social security treatment in France.

GERMANY

Notifications

Exchange Control Notice

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. The report must be made electronically by the fifth day of the month following the month in which the payment was received. The form of the report ("*Allgemeine Meldeportal Statistik*") can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English. The Employee understands he or she is responsible for making this report.

GREECE

There are no country-specific provisions.

HONG KONG

Terms and Conditions

Sale Restriction

Any Shares received at vesting are accepted as a personal investment. Notwithstanding anything contrary in the Grant Agreement or the Plan, in the event the RSUs vest and Shares are issued to the Employee or his or her legal representatives or estate within six months of the Grant Date, the Employee agrees that the Employee or his or her legal representatives or estate will not offer to the public or otherwise dispose of any Shares acquired prior to the six-month anniversary of the Grant Date.

Payout of RSUs in Shares Only

Pursuant to its discretion under Section 2(ii) of the Plan, with respect to all Employees residing in Hong Kong, the Company will convert all vested RSUs only into an equivalent number of Shares. The Employees residing in Hong Kong (or in the event of death, the Employee's legal representative or estate) will not receive an equivalent cash payment with respect to vested RSUs.

Notifications

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Securities Warning

The Employee understands that the contents of the Plan, the Grant Agreement, including this Appendix and other incidental communication materials have not been reviewed by any regulatory authority in Hong Kong. The Employee should exercise caution in relation to the offer. If the Employee is in any doubt about any of the contents of the Plan, the Employee should obtain independent professional advice. The Employee understands that this grant of RSUs does not constitute a public offer of securities under Hong Kong law. The grant of RSUs is available only to employees. The Employee understands that the Plan, Grant Agreement, including this Appendix and other incidental communication materials that the Employee may receive (i) are not intended to constitute a "prospectus" for a public offering of securities under applicable securities legislation in Hong Kong and (ii) are intended only for the personal use of each Employee and may not be distributed to any other person.

Nature of Scheme

The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

HUNGARY

Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Hungary, the RSUs granted to Employees in Hungary shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

INDIA

Notifications

Exchange Control Notice

The Employee understands that any proceeds from the sale of Shares acquired under the Plan must be repatriated to India within 90 days of receipt and converted into local currency. Any cash dividends acquired under the Plan must be repatriated to India within 180 days of receipt and converted into local currency. The Employee understands that he or she will receive a foreign inward remittance certificate ("FIRC") from the bank where the foreign currency is deposited. The Employee understands that he or she should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation.

Foreign Asset/Account Reporting Notice

The Employee understands that he or she is required to declare foreign bank accounts and foreign financial assets (including Shares held outside India) on his or her annual tax return. The Employee acknowledges that it is his or her responsibility to comply with the applicable tax laws in India and that the Employee should consult with his or her personal tax advisor to ensure that the Employee is properly reporting the Employee's foreign assets and bank accounts.

INDONESIA

Exchange Control Notice

If the Employee is an Indonesian resident and remits funds (including proceeds from the sale of Shares) into Indonesia, the Indonesian Bank through which the transaction is made will submit a transaction report to the Bank of Indonesia for statistical reporting purposes. For transactions equal to or exceeding a threshold amount (currently US\$10,000), the report must include a description of the transaction. Although the bank through which the transaction is made must make the report, the Employee must complete a "Transfer Report Form." The bank through which the transaction is made will provide the Transfer Report Form to the Employee. The Employee is personally responsible for complying with applicable exchange control requirements in Indonesia.

IRELAND

There are no country-specific provisions.

ISRAEL

Terms and Conditions

Israeli Sub-Plan

The RSUs are granted to the Employee pursuant to the Israeli Sub-Plan to the HP Inc. Second Amended and Restated 2004 Stock Incentive Plan (the "Israeli Sub-Plan"), and are subject to the terms and conditions stated in the Israeli Sub-Plan, the Plan and the Grant Agreement, including this Appendix. The Employee acknowledges and agrees to be bound by the terms of the Israeli Sub-Plan. The Israeli Sub-Plan is incorporated herein by reference and references to the Plan include the Israeli Sub-Plan.

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The RSUs and Shares issued upon vesting of such RSUs are intended to qualify for the tax treatment available in Israel pursuant to the provisions of the "capital gain route" under Section 102 of the Israeli Tax Ordinance ("Section 102"), including the provisions of the Income Tax (Tax Abatement on the Grant of Shares to Employees) Regulations 2003 (the "Regulations"), and any tax ruling or agreement obtained by the Company or the Employer with regard to the Plan. It is clarified that in order to qualify for the "capital gains route," the RSUs may be settled only in Shares.

Custody of RSUs

The following provisions replace Section 5 of the Grant Agreement:

5. Custody of Restricted Stock Units.

(a) The RSUs subject hereto shall be held in trust by IBI Capital, as trustee (the "Trustee") and further recorded in a restricted book entry account in the name of the Employee. Each RSU will be deemed granted on the date stated above, provided that (i) the Company has provided a copy of this Agreement to the Trustee and (ii) the Employee has signed all documents required pursuant to Applicable Law and under the Plan. Upon completion of the Restriction Period, Shares issued pursuant to Section 3 above shall be deposited with the Trustee (as further detailed below) in lieu of the RSUs previously held by the Trustee; provided, however, that a portion of such Shares may be surrendered in payment of any Tax-Related in accordance with Section 11 of this Grant Agreement, unless the Company, in its sole discretion, establishes alternative procedures for the payment of such taxes.

(b) Without derogating from the above, the Shares shall further be held in accordance with the undertakings of the Company and the Trustee, under a Trust Agreement in accordance with Section 102(b)(2) of the Israeli Tax Ordinance. Under the conditions of Section 102(b)(2), the RSUs and the Shares may be issued to the Employee only through the Trustee. To receive the tax treatment provided for in Section 102(b)(2), the RSUs and the Shares must be issued to the Trustee for a period of no less than 24 months from their Grant Date and deposit with the Trustee (the "Lock-Up Period"). In order for the tax benefits of Section 102(b)(2) to apply, as long as the RSUs are held by the Trustee, the RSUs or the underlying Shares may not be sold, transferred, assigned, pledged or mortgaged (other than through a transfer by will or by operation of law), nor may they be the subject of an attachment or security interest, and no power of attorney or transfer deed shall be given in respect thereof prior to the payment of the tax liability. Upon the conclusion of the Lock-Up Period the Trustee may release the Shares issued hereunder to the Employee only after (i) the receipt by the Trustee of an acknowledgment from the Israeli Income Tax Authority that the Employee has paid all applicable tax due pursuant to the Israeli Tax Ordinance and Section 102, or (ii) the Trustee withholds any applicable tax due pursuant to the Israeli Tax Ordinance and Section 102. Notwithstanding the foregoing, in the event the Employee shall elect to release the Shares prior to the conclusion of the Lock-up Period, the sanctions under Section 102 shall apply to and shall be borne solely by the Employee.

(c) The Employee understands that in the event of a distribution of rights, including an issuance of stock dividend or bonus shares, in connection with the RSU (the "Additional Rights"), all such Additional Rights shall be deposited with and/or issued to the Trustee for the benefit of the Employee, and shall also be subject to the provisions of Section 102(b)(2). The Lock-Up Period for such Additional Rights shall be measured from the commencement of the Lock-Up Period of the RSU to be issued hereunder, from which the Additional Rights were declared or distributed.

Death of the Employee

The following provision supplements Section 9 of the Grant Agreement:

As long as the Shares are held by the Trustee for the benefit of the Employee, all rights of the Employee over the Shares cannot be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

* * * * *

TO BE SIGNED BY THE ISRAELI EMPLOYEE WITH A COPY RETURNED TO PAYROLL ADMINISTRATION:

I have read and understood this Grant Agreement, including this Appendix. I understand that the rights granted and the Shares issued to me under this Grant Agreement are subject to the terms and provisions of Section 102(b)(2) of the Israeli Tax Ordinance and its related rules and regulations and I hereby accept such rights and Shares subject to such terms and provisions. I acknowledge that my holding, sale and transfer of the Shares and/or any Additional Rights is therefore subject to various restrictions and limitations that are imposed by such Section and its related rules and regulations, of which I am aware and with which I agree to comply.

Signed by: _____

Date: _____

ITALY

Terms and Conditions

Retention Grant Agreement effective for grants on and after July 2019

Data Privacy Notice

Notwithstanding Section 12 or any other provision of the Grant Agreement, the Employee agrees that the following shall apply with regard to data privacy in Italy:

The Employee understands that the Employer, the Company and any of its other Subsidiaries and Affiliates may collect, use, transfer and hold certain personal information about the Employee, including but not limited to, the Employee's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, residency status, job title, any shares of stock or directorships held in the Company, details of all RSUs, options or any other entitlement to shares of stock granted, canceled, purchased, exercised, vested, unvested or outstanding in the Employee's favor ("Data"), for the exclusive purpose of implementing, managing and administering the Plan.

The Employee also understands that providing the Company with the Data is necessary for the performance of the Plan and without such Data it would be impossible for the Company to perform its contractual obligations and may affect the Employee's ability to participate in the Plan. The Controller of personal data processing is HP Inc., with registered offices at 1501 Page Mill, Palo Alto, California 94304, USA, and, pursuant to Legislative Decree no. 196/2003, its representative in Italy is HP Italiana S.r.l., with registered offices at Via Giuseppe di Vittorio n. 9, 20063 Cernusco sul Naviglio, Italy. The Employee understands that Data will not be publicized, but it may be transferred to Merrill Lynch or other third parties, banks, other financial institutions or brokers involved in the management and administration of the Plan. The Employee further understands that the Company and/or its Subsidiaries and Affiliates will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the Employee's participation in the Plan, and that the Company and/or its Subsidiaries and Affiliates may each further transfer Data to third parties assisting the Company in the implementation, administration and management of the Plan, including any requisite transfer to Merrill Lynch or another third party with whom the Employee may elect to deposit any Shares acquired under the Plan. Such recipients may receive, possess, use, retain and transfer the Data in electronic or other form, for the purposes of implementing, administering and managing the Employee's participation in the Plan. The Employee understands that these recipients may be located in the European Economic Area, or elsewhere, such as the U.S. or Asia. Should the Company exercise its discretion in suspending all necessary legal obligations connected with the management and administration of the Plan, it will delete Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan. In any event, Data will be stored only for the time needed to fulfill the purposes mentioned above.

The Employee understands that Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by Applicable Laws and regulations, with specific reference to Legislative Decree no. 196/2003.

The processing activity, including communication, the transfer of Data abroad, including outside of the European Union, as herein specified and pursuant to Applicable Laws and regulations, does not require the Employee's consent thereto as the processing is necessary to performance of contractual obligations related to implementation, administration and management of the Plan, which represents the legal basis for the processing. The Employee understands that, pursuant to Section 7 of the Legislative Decree no. 196/2003, the Employee has the right to, including but not limited to, access, delete, update, ask for rectification of Data and estop, for legitimate reasons, the Data processing. The Employee also understands that he or she has the right to data portability and to lodge a complaint with the Italian supervisory authority. Furthermore, the Employee is aware that Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting the Employee's local human resources department.

Plan Document Acknowledgment

The Employee acknowledges that he or she has received a copy of the Plan and the Grant Agreement and has reviewed the Plan and the Plan Agreement, including this Appendix, in their entirety and fully understands and accepts all provisions of the Plan and the Grant Agreement, including this Appendix. The Employee acknowledges having read and specifically and expressly approves the following sections of the Grant Agreement: Section 2 ("Vesting Schedule"), Section 4 ("Restrictions"), Section 5 ("Custody of Restricted Stock Units"), Section 11 ("Taxes"), Section 13 ("Plan Information"), Section 14 ("Acknowledgment and Waiver"), Section 15 ("No Advice Regarding Grant"), Section 17(d) ("Language"), Section 17(h) ("Appendix"), Section 17(i) ("Imposition of Other Requirements") Section 17(j) and (k) ("Notices") and the Data Privacy Notice below.

Notifications

Exchange Control Notice

The Employee acknowledges that he or she is entitled to participate in investments, divestitures and other transactions that entail transfer of assets to or from Italy subject only to certain reporting, record-keeping and disclosure requirements which the Employee hereby agrees to undertake as necessary.

Foreign Asset / Account Reporting Notice

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Italian residents who, at any time during the fiscal year, hold foreign financial assets (including cash and Shares) which may generate income taxable in Italy are required to report these assets on their annual tax return (UNICO Form, RW Schedule) for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations will also apply to beneficial owners of foreign financial assets, even if they do not directly hold investment abroad or foreign assets.

Foreign Asset Tax Information

The value of the financial assets held outside of Italy by Italian residents is subject to a foreign asset tax. The taxable amount will be the fair market value of the financial assets (e.g., Shares) assessed at the end of the calendar year.

JAPAN

Notifications

Foreign Asset/Account Reporting Notice

The Employee is required to report details of any assets held outside Japan as of December 31 (including any Shares acquired under the Plan) to the extent such assets have a total net fair market value exceeding JPY 50,000,000. Such report will be due by March 15 each year. The Employee understands that he or she should consult with the Employee's personal tax advisor as to whether the reporting obligation applies to the Employee and whether the Employee will be required to report details of any outstanding rights, Shares or cash that he or she holds.

KAZAKHSTAN

Terms and Conditions

Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Kazakhstan, the RSUs granted to Employees in Kazakhstan shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

LUXEMBOURG

There are no country-specific provisions.

MALAYSIA

Data Privacy Consent

The following provision supplements Section 12 of the Grant Agreement:

Retention Grant Agreement effective for grants on and after July 2019

The Employee hereby explicitly, voluntarily and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Employee's personal data as described in this Agreement and any other Plan materials by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan.	Penerima dengan ini secara eksplisit, secara sukarela dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi Penerima seperti yang dinyatakan dalam Perjanjian ini dan apa-apa bahan Pelan, oleh dan di antara, sebagaimana yang berkenaan, Majikan, Syarikat, dan anak-anak syarikat bagi tujuan eksklusif untuk melaksanakan, mentadbir, dan menguruskan penyertaan Penerima dalam Pelan tersebut.
The Employee understands that the Company and the Employer may hold certain personal information about the Employee, including, but not limited to, the Employee's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of any entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding in the Employee's favor for the purpose of implementing, administering and managing the Plan ("Data").	Penerima memahami bahawa Syarikat dan Majikan mungkin memegang maklumat peribadi tertentu tentang Penerima, termasuk, tetapi tidak terhad kepada, nama, alamat rumah, alamat emel dan nombor telefon, , tarikh lahir, insurans sosial, nombor pasport atau nombor pengenalan lain, gaji, kewarganegaraan, jawatan Penerima, apa-apa syer dalam saham atau jawatan pengarah yang dipegang dalam Syarikat, butir-butir apa-apa hak untuk syer yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun tertunggak bagi faedah Penerima untuk melaksanakan, mentadbir dan menguruskan Pelan tersebut ("Data").
The Employee understands that the Data will be transferred to Merrill Lynch or such other stock plan providers as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Employee understands that those receiving the Data may be located in the United States or elsewhere, and that the applicable country (e.g., the United States) may have different data privacy laws and protections than the Employee's country. The Employee understands that he or she may request a list with the names and addresses of any potential Employees of Data by contacting his or her human resources representative. The Employee authorizes the Company, and any other possible Employees who may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess use retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Employee's participation in the Plan. The Employee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. The Employee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case, without cost, by contacting your local human resources representative, whose contact details are shelly.raipal@hp.com.	Penerima memahami bahawa Data akan dipindah kepada Merrill Lynch atau pembekal-pembekal pelan saham yang lain sebagaimana yang dipilih oleh Syarikat pada masa depan, yang membantu Syarikat dalam pelaksanaan, pentadbiran dan pengurusan Pelan tersebut. Penerima memahami bahawa mereka yang menerima Data mungkin berada di Amerika Syarikat atau di tempat lain, dan negara yang berkenaan (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara Penerima. Penerima memahami bahawa dia boleh meminta senarai nama dan alamat mana-mana pihak yang mungkin menerima Data dengan menghubungi wakil sumber manusianya. Penerima memberi kuasa kepada Syarikat, dan mana-mana penerima lain yang mungkin membantu Syarikat (masa sekarang atau pada masa depan) untuk melaksanakan, mentadbir dan menguruskan Pelan tersebut untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, semata-mata dengan tujuan untuk melaksanakan, mentadbir dan menguruskan penyertaan Penerima dalam Pelan tersebut. Penerima memahami bahawa Data akan dipegang hanya untuk tempoh yang diperlukan untuk melaksanakan, mentadbir dan menguruskan penyertaannya dalam Pelan tersebut. Penerima memahami bahawa dia boleh, pada bila-bila masa, melihat data, meminta maklumat tambahan mengenai penyimpanan dan pemrosesan Data, meminta apa-apa pindaan dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis wakil sumber manusianya, di mana butir-butir hubungannya adalah shelly.raipal@hp.com.
Further, the Employee understands that he or she is providing the consents herein on a purely voluntary basis. If the Employee does not consent, or later seeks to revoke the consent, the Employee's employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing the consent is that the Company would not be able to grant the RSUs or other equity awards under the Plan, or administer or maintain such awards. Therefore, the Employee understands that refusing or withdrawing his or her consent may affect the Employee's ability to participate in the Plan. The refusal and/or withdrawal of consent will have no further impact. For more information on the consequences of the refusal to consent or withdrawal of consent, the Employee understands that he or she may contact his or her human resources representative.	Selanjutnya, Penerima memahami bahawa dia memberikan persetujuan di sini secara sukarela. Jika Penerima tidak bersetuju, kemudian membatalkan persetujuannya, status dan perkhidmatan pekerjaan Penerima dengan Majikan tidak akan terjejas; satunya akibat jika dia tidak bersetuju atau menarik balik persetujuannya adalah bahawa Syarikat tidak akan dapat memberikan Unit Saham Terbatas ("UST") atau anugerah ekuiti lain atau mentadbir atau mengekalkan anugerah tersebut. Oleh itu, Penerima memahami bahawa keengganan atau penarikan balik persetujuannya boleh menjejaskan keupayaan Penerima untuk mengambil bahagian dalam Pelan tersebut. Untuk maklumat lanjut mengenai akibat keengganannya untuk memberikan keizinan atau penarikan balik keizinan, Penerima memahami bahawa dia boleh menghubungi wakil sumber manusianya.

Director Reporting Notice

If the Employee is a director of a Malaysian Subsidiary or Affiliate, the Employee is subject to certain notification requirements under the Malaysian Companies Act, 2016. Among these requirements is an obligation to notify the Malaysian Subsidiary or Affiliate in writing when the Employee receives or disposes of an interest (e.g., RSUs or Shares) in the Company or any Subsidiary or Affiliate. These notifications must be made within 14 days of receiving or disposing of any interest in the Company or any of its Subsidiaries or Affiliates.

MEXICO

Terms and Conditions

The following provisions supplement Section 14 of the Grant Agreement:

Labor Law Acknowledgment

The Employee acknowledges that he or she understands and agrees that:

(i) the RSUs are not related to the salary and other contractual benefits granted to the Employee by the Employer; and (ii) any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of employment.

Policy Statement

The invitation the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability to the Employee.

The Company, with its registered office at 1501 Page Mill, Palo Alto, California 94304, USA, is solely responsible for the administration of the Plan. Participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between the Employee and the Company since the Employee is participating in the Plan on a wholly commercial basis and the sole employer is the Employer, nor does it establish any rights between the Employee and Employer.

Plan Document Acknowledgment

The Employee acknowledges he or she has received a copy of the Plan, has reviewed the Plan and the Grant Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Grant Agreement.

In addition, by signing below, the Employee further acknowledges that having read and specifically and expressly approved the terms and conditions in Section 14 of the Grant Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company, its Subsidiaries and its Affiliates are not responsible for any decrease in the value of the Shares underlying the RSUs.

Finally, the Employee does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of participation in the Plan and the Employee therefore grants a full and broad release to his/her Employer and the Company and its other Subsidiaries and Affiliates with respect to any claim that may arise under the Plan.

Spanish Translation

Las siguientes disposiciones complementan la Sección 14 del Acuerdo de Otorgamiento:

Reconocimiento de la Ley Laboral

El Empleado reconoce que entiende y acepta que:

(i) las Unidades de Acciones no se encuentran relacionadas con el salario ni con otras prestaciones contractuales concedidas al Empleado por parte del Empleador; y (ii) cualquier modificación del Plan o su terminación no constituye un cambio o desmejora de los términos y condiciones de empleo.

Declaración de Política

La invitación por parte de la Compañía bajo el Plan, es unilateral y discrecional; por lo tanto, la Compañía se reserva el derecho absoluto de modificar el mismo y discontinuarlo en cualquier tiempo, sin ninguna responsabilidad para el Empleado.

La Compañía, con oficinas registradas ubicadas en 1501 Page Mill, Palo Alto, California 94304, USA es la única responsable de la administración del Plan y de la participación en el mismo y la adquisición de Acciones Comunes no establece de forma alguna, una relación de trabajo entre el Empleado y la Compañía, ya que la participación del Empleado en el Plan es completamente comercial y el único empleador es el Empleador, así como tampoco establece ningún derecho entre el Empleado y su Empleador.

Reconocimiento del Documento del Plan

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Por medio de la aceptación las Unidades de Acciones, el Empleado reconoce que ha recibido una copia del Plan, que el mismo ha sido revisado al igual que la totalidad del Acuerdo de Otorgamiento y, que ha entendido y aceptado completamente todas las disposiciones contenidas en el Plan y en el Acuerdo de Otorgamiento.

Adicionalmente, al firmar abajo, el Empleado reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en la Sección 14 del Acuerdo, en la cual se encuentra claramente descrito y establecido que: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, así como sus Subsidiarias y Afiliadas no son responsables por cualquier detrimento en el valor de las Acciones Comunes en relación con las Unidades de Acciones.

Finalmente, el Empleado declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y en consecuencia, otorga el más amplio finiquito a su Empleador, así como a la Compañía, a sus otras Subsidiarias y Afiliadas con respecto a cualquier demanda que pudiera originarse en virtud del Plan.

MOROCCO

Terms and Conditions

Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Morocco, the RSUs granted to Employees in Morocco shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

NETHERLANDS

Notifications

Securities Law Notice

**Attention! This investment falls outside AFM supervision.
No prospectus required for this activity.**



NEW ZEALAND

Securities Warning

In compliance with New Zealand securities laws, the Employee is hereby notified that the documents listed below are available for review on the Company's external and internal sites at the following web addresses listed: [\[Insert Link\]](#) (for (i) and (ii)) and <http://h30261.www3.hp.com/> (for (iii)). The items in (iii) are also available at www.sec.gov.

- i. the Grant Agreement, including this Appendix, which sets forth the terms and conditions of the grant of RSUs;
- ii. a copy of the Plan and its accompanying prospectus; and
- iii. a copy of the Company's most recent annual report and most recent financial statements.

The Employee understands that he or she is advised to carefully read the available materials before making a decision whether to participate in the Plan. The Employee is advised to contact his or her tax advisor for specific information concerning the Employee's personal tax situation with regard to the grant of RSUs.

Warning

This is a grant of RSUs. The underlying Shares give you a stake in the ownership of the Company. The Employee may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, the Employee will be paid only after all creditors and holders of preference shares have been paid. The Employee may lose some or all of his or her investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision.

The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, the Employee may not be given all the information usually required. The Employee will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

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NIGERIA

There are no country-specific provisions.

NORWAY

There are no country-specific provisions.

PAKISTAN

Notifications

Exchange Control Notice

The Employee's participation in the Plan may be subject to certain terms and conditions imposed by the State Bank of Pakistan, as well as general foreign exchange controls. The Employee is required to immediately repatriate to Pakistan the proceeds from the sale of Shares. The Employee may be required to register ownership of foreign shares with the State Bank of Pakistan using the prescribed Form V-96. The Employee should consult his or her personal advisor prior to repatriation of the sale proceeds to ensure compliance with applicable exchange control regulations in Pakistan, as such regulations are subject to frequent change. Please note that the Employee should keep copies of any documents, certificates or invoices involving foreign currency transactions connected in any way to the Employee's participation in the Plan. The Employee is responsible for ensuring compliance with all exchange control laws in Pakistan.

PERU

Notifications

Securities Law Notice

The grant of RSUs under the Plan is considered a private offering in Peru and is therefore not subject to registration. For more information concerning this offer, please refer to the Plan, the Grant Agreement, the Plan Prospectus and any other materials made available by the Company. For more information regarding the Company, please refer to the Company's most recent annual report on Form 10-K and quarterly report on Form 10-Q available at www.sec.gov, as well as on the Company's website at <http://h30261.www3.hp.com>.

Labor Law Acknowledgement

The following provision supplements Section 14 of the Grant Agreement:

The Employee acknowledges, understands and agrees that the RSUs are being granted *ex gratia* to the Employee with the purpose of rewarding him or her as set forth in the Plan.

PHILIPPINES

Notifications

Securities Law Notice

The grant of RSUs made under the Plan is being made pursuant to an exemption from registration under Section 10.2 of the Philippines Securities Regulation Code that has been approved by the Philippines Securities and Exchange Commission.

The Employee bears (without limitation) the risk of fluctuation in the price of the Shares on the New York Stock Exchange and the risk of currency fluctuations between the U.S. Dollar and the Employee's local currency. The value of any Shares the Employee may acquire under the Plan may decrease, and fluctuations in foreign exchange rates between the Employee's local currency and the U.S. Dollar may affect the value of the subsequent sale of any Shares acquired under the Plan. The Company is not making any representations, projections or assurances about the value of the Shares now or in the future.

For further information on risk factors impacting the Company's business that may affect the value of the Shares, the Employee can refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's website at <http://h30261.www3.hp.com>. In addition, the Employee may receive, free of charge, a copy of the Company's Annual Report, Quarterly Reports or any other reports, proxy statements or communications distributed to the Company's stockholders by contacting Investor Relations at 1501 Page Mill Road, Palo Alto, California 94304, U.S.A.

The Employee acknowledges that he or she is permitted to sell Shares acquired under the Plan through the designated broker appointed by the Company (or such other broker to whom the Employee may transfer the Shares), provided that such sale takes place outside the Philippines through the facilities of the New York Stock Exchange on which the Shares are listed.

Issuance of Shares

The Employee acknowledges, understands and agrees that, if the issuance of Shares on the vesting date does not comply with all applicable Philippines securities laws, Shares will not be issued. In particular, Shares will not be issued unless and until the Philippines Securities

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and Exchange Commission authorizes the issuance of Shares under the Plan by approving the Company's request for exemption from the securities registration requirement.

POLAND

Notifications

Exchange Control Notice

The Employee acknowledges that Polish residents holding foreign securities (including Shares) and maintaining accounts abroad must report information to the National Bank of Poland if the value of such transactions or balances exceeds PLN 7,000,000. If required, the reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland.

Further, the Employee acknowledges that any transfer of funds in excess of €15,000 into or out of Poland must be effected through a bank account in Poland. The Employee understands that he or she is required to store all documents connected with any foreign exchange transactions the Employee engages in for a period of five years.

PORTUGAL

Terms and Conditions

Language Consent

The Employee hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Grant Agreement.

Consentimento sobre Língua

O Empregado Contratado, pelo presente instrumento, declara expressamente que domina a língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidos no Plano e no Acordo de Atribuição.

Notifications

Exchange Control Notice

If the Employee holds Shares upon vesting of the RSUs, the acquisition of such Shares should be reported to the Banco de Portugal for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report to the Banco de Portugal. If the Shares are not deposited with a commercial bank or financial intermediary in Portugal, the Employee is responsible for submitting the report to the Banco de Portugal.

PUERTO RICO

Notifications

Securities Law Notice

The offer of the Plan is subject exclusively to U.S. securities laws, including the U.S. Securities Exchange Act of 1934, as amended.

ROMANIA

Notifications

Exchange Control Notice

Any transfer of funds exceeding €15,000 (whether via one transaction or several transactions that appear to be linked to each other) must be reported to the National Office for Prevention and Control of Money Laundering on specific forms by the relevant bank or financial institution. If the Employee deposits the proceeds from the sale of Shares in a bank account in Romania, the Employee may have to provide the Romanian bank through which the operations are effected with appropriate documentation regarding the receipt of the income. The Employee should consult with a personal legal advisor to determine whether you will be required to submit such documentation to the Romanian bank.

RUSSIA

Terms and Conditions

Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Russia, the RSUs granted to Employees in Russia shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

Notifications

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Securities Law Notice

The Grant Agreement, the Plan and all other materials the Employee may receive regarding participation in the Plan do not constitute advertising or an offering of securities in Russia. Absent any requirement under local law, the issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Exchange Control Notice

The Employee is required to repatriate certain cash amounts you receive with respect to the RSUs, including proceeds from the sale of Shares that may be issued to the Employee pursuant to the RSUs, from the Employee's U.S. brokerage account to Russia as soon as the Employee intends to use those cash amounts for any purpose, including reinvestment. Such funds must initially be credited to the Employee through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws.

As an express statutory exception to the above-mentioned repatriation rule, cash dividends paid on the Shares can be paid directly to a foreign bank or brokerage account opened with a bank located in an OECD (Organization for Economic Co-operation and Development) or FATF (Financial Action Task Force) country. As of January 1, 2018, cash proceeds from the sale of shares listed on one of the foreign stock exchanges on the list provided for by the Russian Federal law "On the Securities Market" (which currently includes the New York Stock Exchange) can also be paid directly to a foreign bank or brokerage account opened with a bank located in an OECD or FATF country. Other statutory exceptions may apply, and the Employee should consult with his or her personal legal advisor in this regard.

The Employee is encouraged to contact his or her personal advisor as exchange control requirements may change and significant penalties apply in the case of non-compliance with the exchange control requirements.

Foreign Asset/Account Reporting Notice

The Employee is required to report the opening, closing or change of details of any foreign bank account to Russian tax authorities within one month of opening, closing or change of details of such account. The Employee is also required to report (i) the beginning and ending balances in such a foreign bank account each year and (ii) transactions related to such a foreign account during the year to the Russian tax authorities, on or before June 1 of the following year. The tax authorities can require the Employee to provide appropriate supporting documents related to transactions in a foreign bank account. The Employee should consult with his or her personal legal advisor to determine the applicability of these reporting requirements to any brokerage account opened in connection with the Employee's participation in the Plan.

Anti-Corruption Information

Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign-source financial instruments (e.g., shares of foreign companies such as the Corporation). Accordingly, if the Employee is covered by these laws, the Employee should inform the Company because the Employee should not hold Shares acquired under the Plan.

SERBIA AND MONTENEGRO

Notifications

Securities Law Notice

The grant of RSUs and the issuance of any Shares are not subject to the regulations concerning public offers and private placements under the Law on Capital Markets.

Exchange Control Notice

Pursuant to the Law on Foreign Exchange Transactions, Serbian residents may freely acquire Shares under the Plan. However, the National Bank of Serbia generally requires residents to report the acquisition of Shares, the value of the Shares at vesting and, on a quarterly basis, any changes in the value of the underlying Shares. An exemption from this reporting obligation may apply on the basis that the Shares are acquired for no consideration. The Employee is advised to consult with his or her personal legal advisor to determine the Employee's reporting obligations upon the acquisition of Shares under the Plan as such obligations are subject to change based on the interpretation of applicable regulations by the National Bank of Serbia.

SINGAPORE

Terms and Conditions

Payout of RSUs in Cash Only for Mobile Employees

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Singapore, the RSUs granted to Employees in Singapore shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

Notifications

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Securities Law Notice

The grant of RSUs is being made to the Employee in reliance on the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA"). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore and is not regulated by any financial supervisory authority pursuant to legislation in Singapore. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Further, the Employee acknowledges that the RSUs are subject to section 257 of the SFA and the Employee will not be able to make any subsequent sale of the Shares in Singapore unless such sale or offer is made (i) after six months from the Grant Date or (ii) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Chief Executive Officer and Director Notification Obligation

A Chief Executive Officer ("CEO") or a director of a Singapore Subsidiary or Affiliate must notify the Singapore Subsidiary or Affiliate in writing within two business days of (i) receiving or disposing of an interest (e.g., Shares) in the Company, (ii) any change in a previously disclosed interest or (iii) becoming the CEO or a director if such an interest exists at the time. This notification requirement also applies to an associate director and to a shadow director (i.e., an individual who is not on the board of directors but who has sufficient control so that the board of directors acts in accordance with the "directions and instructions" of the individual) of a Singapore Subsidiary or Affiliate.

Insider Trading Notification

The Employee acknowledges that he or she should be aware of the Singapore insider-trading rules, which may impact the Employee's ability to acquire or dispose of Shares. Under the Singapore insider-trading rules, the Employee is prohibited from selling Shares when the Employee is in possession of information concerning the Company which is not generally available and which the Employee knows or should know will have a material effect on the price of such Shares once such information is generally available.

SLOVAKIA

There are no country-specific provisions.

SOUTH AFRICA

Terms and Conditions

Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in South Africa, the RSUs granted to Employees in South Africa shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

Notifications

Exchange Control Notice

Because no transfer of funds from South Africa is required under the RSUs, no filing or reporting requirements should apply when the RSUs are granted or when a payment is received upon vesting and settlement of the RSUs. However, because the exchange control regulations are subject to change, the Employee should consult his or her personal advisor prior to vesting and settlement of the RSUs to ensure compliance with current regulations. The Employee is responsible for ensuring compliance with all exchange control laws in South Africa.

Tax Reporting Notice

The Employee agrees to notify the Employer of the amount of income realized at vesting of the RSUs. If the Employee fails to advise the Employer of the income at vesting, he or she may be liable for a fine. The Employee will be responsible for paying any difference between the actual tax liability and the amount withheld.

SOUTH KOREA

Notifications

Foreign Asset/Account Reporting Notice

Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency) on any month-end date in the calendar year. The Employee understands that he or she should consult with the Employee's personal tax advisor to determine how to value his or her foreign accounts for purposes of this reporting requirement and whether the Employee is required to file a report with respect to such accounts.

SPAIN

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Terms and Conditions

Acknowledgment and Waiver

The following provisions supplement Section 14 of the Grant Agreement:

The Employee acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

The Employee understands that the Company has unilaterally, gratuitously and discretionally decided to grant RSUs under the Plan to individuals who may be employees of the Company or its Subsidiaries or Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries or Affiliates on an ongoing basis except as provided in the Plan. Consequently, the Employee understands that the RSUs are granted on the assumption and condition that the RSUs or the Shares acquired upon vesting shall not become a part of any employment contract (either with the Company or any of its Subsidiaries or Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Employee understands that this grant would not be made to the Employee but for the assumptions and conditions referred to above; thus, the Employee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the RSUs shall be null and void.

The RSUs are a conditional right to Shares and can be forfeited in the case of, or affected by, the Employee's termination of service or employment. This will be the case, for example, even if (1) the Employee is considered to be unfairly dismissed without good cause; (2) the Employee is dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) the Employee terminates employment or service due to a change of work location, duties or any other employment or contractual condition; (4) the Employee terminates employment or service due to unilateral breach of contract of the Company, the Employer, or any other Subsidiary or Affiliate; or (5) the Employee's employment or service terminates for any other reason whatsoever, except for reasons specified in the Grant Agreement. Consequently, upon termination of the Employee's employment or service for any of the reasons set forth above, the Employee may automatically lose any rights to the unvested RSUs granted to him or her as of the date of the Employee's termination of employment, as described in the Plan and the Grant Agreement.

Notifications

Securities Law Notice

No "offer to the public," as defined under Spanish Law, has taken place or will take place in the Spanish territory. The Plan and the Grant Agreement, including this Appendix, have not been nor will they be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and do not constitute a public offering prospectus.

Exchange Control Notice

The acquisition, ownership and sale of Shares under the Plan must be declared to the Spanish *Dirección General de Comercio e Inversiones* (the "DGCI"), which is a department of the Ministry of Economy and Competitiveness. Generally, the declaration must be made in by filing the appropriate form with the DGCI. The ownership of any Shares must also be declared with the DGCI each January while the Shares are owned. However, if the value of the Shares acquired or sold during the year exceeds a particular threshold, the declaration must be filed within one month of the acquisition or sale, as applicable.

Foreign Asset/Account Reporting Notice

The Employee understands that to the extent he or she holds assets (e.g., cash or Shares held in a bank or brokerage account) outside Spain with a value in excess of €50,000 per type of asset (e.g., cash or Shares) as of December 31 each year, the Employee is required to report information on such rights and assets on his or her tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. The reporting must be completed by March 31 following the end of the relevant tax year.

Further, the Employee understands that he or she is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities (including Shares acquired under the Plan) held in such accounts, and any transaction carried out with non-residents, if the value of the transactions or the balances in such accounts as of December 31st of the prior tax year exceeds €1,000,000.

The Employee understands that he or she is solely responsible for complying with these reporting obligations. The Employee acknowledges that he or she should consult with the Employee's personal advisor to determine his or her personal reporting obligations.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Notifications

Retention Grant Agreement effective for grants on and after July 2019

Securities Law Notice

The Employee acknowledges that the Plan is considered a private offering in Switzerland and is therefore not subject to securities registration in Switzerland. Neither this document nor any other materials relating to the RSUs constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, and neither this document nor any other materials relating to the RSUs may be publicly distributed nor otherwise made publicly available in Switzerland. Neither this document nor any other offering or marketing materials relating to the grant of RSUs under the Plan has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

TAIWAN

Terms and Conditions

Data Privacy

The following provision supplements Section 12 of the Grant Agreement:

The Employee acknowledges that he or she has read and understood the terms regarding collection, processing and transfer of the Employee's Data contained in the Data Privacy Consent section of the Grant Agreement and agree that the Employee is agreeing to such terms. In this regard, upon request of the Company or the Employer, the Employee agrees to provide any executed data privacy consent form to the Company or the Employer (or any other agreements or consents that may be required by the Company or the Employer) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in the Employee's country, either now or in the future. The Employee understands he or she will not be able to participate in the Plan if the Employee fails to execute any such consent or agreement.

Notifications

Securities Law Notice

The grant of RSUs is only to employees of the Company and its Subsidiaries. The grant of RSUs under the Plan is not a public offer of securities by a Taiwanese country.

Exchange Control Notice

If the Employee is a Taiwanese resident, the Employee understands that he or she may acquire and remit foreign currency (including proceeds from the sale of Shares) into Taiwan up to US\$5,000,000 per year without submission of supporting documentation. If the transaction amount is TWD 500,000 or more in a single transaction, the Employee must submit a Foreign Exchange Transaction Form and also provide supporting documentation to the satisfaction of the remitting bank. The Employee understands he or she is personally responsible for complying with exchange control restrictions in Taiwan.

THAILAND

Notifications

Exchange Control Notice

If the Employee is a Thai resident and the Employee realizes sale proceeds equal to or in excess of a specified threshold (currently US\$50,000) in a single transaction, the Employee understands he or she is required to repatriate the cash proceeds to Thailand immediately following the receipt of such proceeds and then either convert such repatriation proceeds into Thai Baht or deposit the proceeds into a foreign currency account opened with any commercial bank in Thailand within 360 days of repatriation. Further, for repatriated amounts equal to or in excess of the specified threshold, the Employee understands he or she must specifically report the inward remittance to the Bank of Thailand on a Foreign Exchange Transaction Form. The Employee is responsible for ensuring compliance with all exchange control laws in Thailand.

TUNISIA

Terms and Conditions

Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Tunisia, the RSUs granted to Employees in Tunisia shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

TURKEY

Notifications

Securities Law Notice

Retention Grant Agreement effective for grants on and after July 2019

The Employee understands that he or she is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol “HPQ” and the Shares may be sold through this exchange.

Exchange Control Notice

Pursuant to Decree No. 32 on the Protection of the Value of the Turkish Currency (“Decree 32”) and Communiqué No. 2008-32/34 on Decree No. 32, any activity by Turkish residents related to investments in foreign securities (e.g., the sale of Shares acquired under the Plan) must be conducted through a bank or financial intermediary institution licensed by the Turkish Capital Markets Board and should be reported to the Turkish Capital Markets Board. The Employee understands that he or she is solely responsible for complying with this requirement and is advised to contact his or her personal legal advisor for further information regarding the Employee’s obligations in this respect.

UNITED ARAB EMIRATES

Notifications

Securities Law Notice

The grant of RSUs under the Plan is made only to employees and is in the nature of providing equity incentives to employees of the Company, its Subsidiaries and Affiliates. The Plan, the Grant Agreement and any other Plan materials (collectively, the “Plan Documents”) are intended for distribution only to such employees and must not be delivered to, or relied on by, any other person. The Emirates Securities and Commodities Authority have no responsibility for reviewing or verifying any Plan Documents. Neither the Ministry of Economy nor the Dubai Department of Economic Development has approved the Plan Documents nor taken steps to verify the information set out therein, and has no responsibility for them. The securities to which the offer under the Plan relates may be illiquid and/or subject to restrictions on their resale.

The United Arab Emirates securities and financial authorities have no responsibility for reviewing or verifying any Plan Documents and have not approved the Plan Documents nor taken steps to verify the information set out in them, and thus are not responsible for their content.

Employees should, as prospective stockholders, conduct their own due diligence on the securities. The Employee acknowledges that if he or she does not understand the contents of the Plan Documents, the Employee should consult an authorized financial advisor.

UNITED KINGDOM

Terms and Conditions

Payout of RSUs in Shares Only

Pursuant to the Company’s discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in United Kingdom, the RSUs granted to Employees in United Kingdom shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

Exclusion of Claim

The Employee acknowledges and agrees that the Employee will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Employee ceasing to have rights under or to be entitled to the RSUs, whether or not as a result of termination of employment (whether such termination is in breach of contract or otherwise), or from the loss or diminution in value of the RSUs. Upon the grant of the RSUs, the Employee shall be deemed to have waived irrevocably such entitlement.

VIETNAM

Terms and Conditions

Payout of RSUs in Cash Only

Pursuant to the Company’s discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Vietnam, the RSUs granted to Employees in Vietnam shall be settled in cash paid in local currency by the Employer through local payroll (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

Retention Grant Agreement effective for grants on and after July 2019

CERTIFICATION

I, Dion J. Weisler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HP Inc.;
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;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 29, 2019

/s/ DION J. WEISLER

Dion J. Weisler
President and Chief Executive Officer

CERTIFICATION

I, Steve Fieler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of HP Inc.;
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;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 29, 2019

/s/ STEVE FIELER

Steve Fieler
Chief Financial Officer
(Principal Financial Officer)

**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**

I, Dion J. Weisler, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of HP Inc. for the third quarter ended July 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of HP Inc.

August 29, 2019

By: /s/ DION J. WEISLER
Dion J. Weisler
President and Chief Executive Officer

I, Steve Fieler, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of HP Inc. for the third quarter ended July 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of HP Inc.

August 29, 2019

By: /s/ STEVE FIELER
Steve Fieler
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to HP Inc. and will be retained by HP Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
