

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
January 31, 2025
Or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to
Commission file number
1-4423

HP INC.

(Exact name of registrant as specified in its charter)

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

(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 ☐
Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
The number of shares of HP Inc. common stock outstanding as of February 24, 2025 was 942,703,029 shares.

HP INC. AND SUBSIDIARIES

Form 10-Q

For the Quarterly Period ended January 31, 2025

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In this report on Form 10-Q, for all periods presented, “we”, “us”, “our”, the “company”, the “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 based on current expectations and assumptions that involve risks and uncertainties. If the risks or uncertainties ever materialize or the assumptions prove incorrect, they could affect the business and results of operations of HP Inc. and its consolidated subsidiaries (“HP”) which 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, 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, planned structural cost reductions and productivity initiatives; any statements of the plans, strategies and objectives of management for future operations, including, but not limited to, our business model and transformation, our sustainability goals, our go-to-market strategy, the execution of restructuring plans and any resulting cost savings (including the Fiscal 2023 Plan (as defined herein)), net revenue or profitability improvements or other financial impacts; any statements concerning the expected development, demand, performance, market share or competitive performance relating to products or services; any statements concerning potential supply constraints, component shortages, manufacturing disruptions or logistics challenges; 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, disputes or other litigation matters; any statements of expectation or belief as 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. Forward-looking statements can also generally be identified by words such as “future,” “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “will,” “would,” “could,” “can,” “may,” and similar terms. Risks, uncertainties and assumptions that could affect our business and results of operations include factors relating to HP’s ability to execute on its strategic plans, including the previously announced initiatives, business model changes and transformation; the development and transition of new products and services and the enhancement of existing products and services to meet evolving customer needs and respond to emerging technological trends, including artificial intelligence; the use of artificial intelligence; the impact of macroeconomic and geopolitical trends, changes and events, including the ongoing military conflict in Ukraine, continued instability in the Middle East or tensions in the Taiwan Strait and South China Sea and the regional and global ramifications of these events; volatility in global capital markets and foreign currency, increases in benchmark interest rates, the effects of inflation and instability of financial institutions; risks associated with HP’s international operations and the effects of business disruption events, including those resulting from climate change; the need to manage (and reliance on) third-party suppliers, including with respect to supply constraints and component shortages, and the need to manage HP’s global, multi-tier distribution network and potential misuse of pricing programs by HP’s channel partners, adapt to new or changing marketplaces and effectively deliver HP’s services; the execution and performance of contracts by HP and its suppliers, customers, clients and partners, including logistical challenges with respect to such execution and performance; the competitive pressures faced by HP’s businesses; the impact of third-party claims of IP infringement; successfully innovating, developing and executing HP’s go-to-market strategy, including online, omnichannel and contractual sales, in an evolving distribution, reseller and customer landscape; successfully competing and maintaining the value proposition of HP’s products, including supplies and 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 or our uneven sales cycle; the hiring and retention of key employees; the results of our restructuring plans (including the Fiscal 2023 Plan), including estimates and assumptions related to the cost (including any possible disruption of HP’s business) and the anticipated benefits of our restructuring plans; the protection of HP’s intellectual property assets, including intellectual property licensed from third parties; disruptions in operations from system security risks, data protection breaches, or cyberattacks; HP’s ability to maintain its credit rating, satisfy its debt obligations and complete any contemplated share repurchases, other capital return programs or other strategic transactions; changes in estimates and assumptions HP makes in connection with the preparation of its financial statements; the impact of changes to federal, state, local and foreign laws and regulations, including environmental regulations and tax laws; integration and other risks associated with business combination and investment transactions; our aspirations related to environmental, social and governance matters; potential impacts, liabilities and costs from pending or potential investigations, claims and disputes; the effectiveness of our internal control over financial reporting; and other risks that are described herein, as well as the risks discussed in Item 1A “Risk Factors” of Part I in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024 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’s Fiscal 2023 Plan includes HP’s efforts to take advantage of future growth opportunities, including but not limited to, investments to drive growth, investments in our people, improving product mix, driving structural cost savings and other productivity measures. Structural cost savings represent gross reductions in costs driven by operational efficiency, digital transformation, and portfolio optimization. These initiatives include but are not limited to workforce reductions, platform simplification, programs consolidation and productivity measures undertaken by HP, which HP expects to be sustainable in the longer-term. These structural cost savings are net of any new recurring costs resulting from these initiatives and exclude one-time investments to generate such savings. HP’s expectations on the longer-term sustainability of such structural cost savings are based on its current business operations and market dynamics and could be significantly impacted by various factors, including but not limited to HP’s evolving business models, future investment decisions, market environment and technology landscape. The forward-looking statements in this report are made as of the date of this filing and 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 January 31	
	2025	2024
	In millions, except per share amounts	
Net revenue:		
Products	\$ 12,695	\$ 12,419
Services	809	766
Total net revenue	13,504	13,185
Cost of net revenue:		
Products	10,194	9,871
Services	470	426
Total cost of net revenue	10,664	10,297
Gross profit	2,840	2,888
Research and development	397	399
Selling, general and administrative	1,459	1,383
Restructuring and other charges	70	63
Acquisition and divestiture charges	6	27
Amortization of intangible assets	63	81
Total operating expenses	1,995	1,953
Earnings from operations	845	935
Interest and other, net	(141)	(142)
Earnings before taxes	704	793
Provision for taxes	(139)	(171)
Net earnings	\$ 565	\$ 622
Net earnings per share:		
Basic	\$ 0.60	\$ 0.63
Diluted	\$ 0.59	\$ 0.62
Weighted-average shares used to compute net earnings per share:		
Basic	948	995
Diluted	957	1,002

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 January 31	
	2025	2024
	In millions	
Net earnings	\$ 565	\$ 622
Other comprehensive income (loss) before taxes:		
Change in unrealized components of available-for-sale debt securities:		
Unrealized gains arising during the period	4	4
Change in unrealized components of cash flow hedges:		
Unrealized gains (losses) arising during the period	332	(162)
Gains reclassified into earnings	(43)	(159)
	289	(321)
Change in unrealized components of defined benefit plans:		
Unrealized gains (losses) arising during the period	1	(10)
Amortization of actuarial loss and prior service benefit	5	2
Curtailements, settlements and other	(1)	—
	5	(8)
Change in cumulative translation adjustment	(13)	20
Other comprehensive income (loss) before taxes	285	(305)
(Provision for) benefit from taxes	(55)	70
Other comprehensive income (loss), net of taxes	230	(235)
Comprehensive income	\$ 795	\$ 387

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

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

	As of	
	January 31, 2025	October 31, 2024
	In millions, except par value	
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 2,894	\$ 3,253
Accounts receivable, net of allowance for credit losses of \$84 and \$83, as of January 31, 2025 and October 31, 2024, respectively	4,188	5,117
Inventory	8,443	7,720
Other current assets	4,309	4,670
Total current assets	19,834	20,760
Property, plant and equipment, net	2,900	2,914
Goodwill	8,599	8,627
Other non-current assets	7,597	7,608
Total assets	\$ 38,930	\$ 39,909
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Notes payable and short-term borrowings	\$ 1,418	\$ 1,406
Accounts payable	16,483	16,903
Other current liabilities	9,533	10,378
Total current liabilities	27,434	28,687
Long-term debt	8,273	8,263
Other non-current liabilities	4,295	4,282
Stockholders' deficit:		
Preferred stock, \$0.01 par value (300 shares authorized; none issued)	—	—
Common stock, \$0.01 par value (9,600 shares authorized; 945 and 939 shares issued and outstanding as of January 31, 2025 and October 31, 2024, respectively)	9	9
Additional paid-in capital	1,874	1,778
Accumulated deficit	(2,751)	(2,676)
Accumulated other comprehensive loss	(204)	(434)
Total stockholders' deficit	(1,072)	(1,323)
Total liabilities and stockholders' deficit	\$ 38,930	\$ 39,909

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

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

	Three months ended January 31	
	2025	2024
	In millions	
Cash flows from operating activities:		
Net earnings	\$ 565	\$ 622
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	197	205
Stock-based compensation expense	192	177
Restructuring and other charges	70	63
Deferred taxes on earnings	(23)	(5)
Other, net	35	(20)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	966	446
Inventory	(751)	(47)
Accounts payable	(397)	(744)
Net investment in leases related to integrated financing	2	(62)
Taxes on earnings	12	49
Restructuring and other	(74)	(87)
Other assets and liabilities	(420)	(476)
Net cash provided by operating activities	374	121
Cash flows from investing activities:		
Investment in property, plant, equipment and purchased intangible	(302)	(158)
Purchases of available-for-sale securities and other investments	(3)	—
Maturities and sales of available-for-sale securities and other investments	5	—
Collateral posted for derivative instruments	—	(70)
Net cash used in investing activities	(300)	(228)
Cash flows from financing activities:		
Proceeds from short-term borrowings with original maturities less than 90 days, net	—	100
Proceeds from debt, net of issuance costs	82	92
Payment of debt and associated costs	(50)	(49)
Stock-based award activities and others	(92)	(76)
Repurchase of common stock	(100)	(500)
Cash dividends paid	(273)	(275)
Net cash used in financing activities	(433)	(708)
Decrease in cash, cash equivalents and restricted cash	(359)	(815)
Cash, cash equivalents and restricted cash at beginning of period	3,253	3,232
Cash, cash equivalents and restricted cash at end of period	\$ 2,894	\$ 2,417

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		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Number of Shares	Par Value				
	In millions, except number of shares in thousands					
Balance as of October 31, 2024	938,989	\$ 9	\$ 1,778	\$ (2,676)	\$ (434)	\$ (1,323)
Net earnings	—	—	—	565	—	565
Other comprehensive income, net of taxes	—	—	—	—	230	230
Comprehensive income	—	—	—	—	—	795
Issuance of common stock in connection with employee stock plans and other	8,405	—	(92)	—	—	(92)
Repurchases of common stock (Note 10)	(2,734)	—	(4)	(93)	—	(97)
Cash dividends (\$0.58 per common share)	—	—	—	(547)	—	(547)
Stock-based compensation expense	—	—	192	—	—	192
Balance as of January 31, 2025	944,660	\$ 9	\$ 1,874	\$ (2,751)	\$ (204)	\$ (1,072)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Number of Shares	Par Value				
	In millions, except number of shares in thousands					
Balance as of October 31, 2023	988,782	\$ 10	\$ 1,505	\$ (2,361)	\$ (223)	\$ (1,069)
Net earnings	—	—	—	622	—	622
Other comprehensive loss, net of taxes	—	—	—	—	(235)	(235)
Comprehensive income	—	—	—	—	—	387
Issuance of common stock in connection with employee stock plans and other	8,677	—	(76)	—	—	(76)
Repurchases of common stock (Note 10)	(17,062)	—	(27)	(487)	—	(514)
Cash dividends (\$0.55 per common share)	—	—	—	(545)	—	(545)
Stock-based compensation expense	—	—	177	—	—	177
Balance as of January 31, 2024	980,397	\$ 10	\$ 1,579	\$ (2,771)	\$ (458)	\$ (1,640)

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, 2024 in HP’s Annual Report on Form 10-K, filed on December 13, 2024. The Consolidated Condensed Balance Sheet for October 31, 2024 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.

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 may differ materially from those estimates.

Recently Adopted Accounting Pronouncements

In September 2022, the Financial Accounting Standards Board (“FASB”) issued guidance that enhances the transparency about the use of supplier finance programs. Under the new guidance, companies that use a supplier finance program in connection with the purchase of goods or services are required to disclose information about those programs to allow users of financial statements to understand the nature, activity during the period, changes from period to period, and potential magnitude. HP adopted this guidance in the first quarter of fiscal year 2024, except for the disclosure on rollforward information which will be adopted in its fiscal year 2025 Form 10-K, in line with the effective adoption dates prescribed by the FASB. See Note 6, “Supplementary Financial Information,” for additional disclosure related to HP’s supplier finance programs.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued guidance that requires disaggregation of specific expense categories in disclosures within the footnotes to the financial statements on an annual and interim basis. HP is required to adopt this guidance for its annual period ending October 31, 2028 and all interim periods thereafter on a prospective basis. Early adoption is permitted. HP is currently evaluating the impact of this guidance on its disclosures.

In December 2023, the FASB issued guidance that enhances the transparency of income tax disclosures by expanding annual disclosure requirements related to the rate reconciliation and income taxes paid. HP is required to adopt this guidance for its annual period ending October 31, 2026. Early adoption is permitted. HP is currently evaluating the impact of this guidance on its disclosures.

In November 2023, the FASB issued guidance that updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance on an annual and interim basis. HP is required to adopt this guidance for its annual period ending October 31, 2025 and all interim periods thereafter. Early adoption is permitted. HP is currently evaluating the impact of this guidance on its disclosures.

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

Note 2: Segment Information

HP's operations are organized into three reportable segments: Personal Systems, Printing, and Corporate Investments.

Personal Systems offers desktops, notebooks, and workstations (including HP's portfolio of AI PCs and workstations), thin clients, retail point-of-sale ("POS") systems, displays, hybrid systems, software, solutions including endpoint security and services. Personal Systems includes support and deployment, configurations and extended warranty services and maintains multi-operating system and multi-architecture strategies using Microsoft Windows and Google Chrome operating systems, and predominantly using processors from Intel, AMD, and NVIDIA.

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

- *Commercial PS* consists of endpoint computing devices and hybrid systems, for use by enterprise, public sector (which includes education), and small- and medium-sized business ("SMB") customers. These devices include our Pro and Elite commercial PC portfolio, our Z line of workstations, thin clients, retail POS systems, and HP's Dragonfly and Chromebook PCs. HP offers a range of secure services and solutions to commercial customers to help them manage the lifecycle of their PCs and mobility installed base.
- *Consumer PS* consists of devices, accessories and services which are optimized for consumer usage, focusing on gaming, learning and working remotely, consuming multi-media for entertainment, managing personal life activities, sharing information and staying connected, informed, and secure. These devices include our new Omni consumer PC portfolio, the Omen and Victus gaming lines, and HP's Spectre, Envy, Pavilion and Chromebook PCs.

Printing provides consumer and commercial printer hardware, supplies, services and solutions. Printing is also focused on Graphics and 3D Printing and Personalization in the commercial and industrial markets. Our global business capabilities within Printing are described below:

- *Office Printing Solutions* delivers HP's security enhanced office printers, supplies, services, and solutions to SMBs, public sector and large enterprises. It also includes Original Equipment Manufacturer ("OEM") hardware and solutions.
- *Home Printing Solutions* delivers innovative and security enhanced printing products, supplies, services and solutions for the home, home business and micro business customers utilizing both HP's Ink and Laser technologies.
- *Graphics Solutions* delivers large-format, commercial and industrial solutions and supplies to print service providers and packaging converters through a wide portfolio of printers and presses.
- *3D Printing & Personalization* offers a portfolio of additive manufacturing solutions and supplies to help customers succeed in their additive and digital manufacturing journey. HP offers complete solutions in collaboration with an ecosystem of partners.

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

- *Commercial Printing* consists of office printing solutions, graphics solutions and 3D printing and personalization, excluding supplies;
- *Consumer Printing* 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, industrial graphics supplies and 3D printing and personalization supplies, for recurring use in consumer and commercial hardware.

Corporate Investments includes certain business incubation and investment projects.

HP does not allocate certain operating expenses, which it manages at the corporate level, to its segments. These unallocated amounts include expenses such as certain corporate governance costs and infrastructure investments, stock-based compensation expense, restructuring and other charges, acquisition and divestiture charges and amortization of intangible assets.

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

Segment operating results and the reconciliation to HP consolidated results were as follows:

	Three months ended January 31	
	2025	2024
	In millions	
Net revenue:		
Commercial PS	\$ 6,645	\$ 6,045
Consumer PS	2,579	2,764
Personal Systems	9,224	8,809
Supplies	2,826	2,863
Commercial Printing	1,144	1,227
Consumer Printing	299	285
Printing	4,269	4,375
Corporate Investments	11	2
Total segment net revenue	13,504	13,186
Other	—	(1)
Total net revenue	\$ 13,504	\$ 13,185
Earnings before taxes:		
Personal Systems	\$ 507	\$ 537
Printing	810	872
Corporate Investments	(27)	(37)
Total segment earnings from operations	1,290	1,372
Corporate and unallocated costs and other	(114)	(89)
Stock-based compensation expense	(192)	(177)
Restructuring and other charges	(70)	(63)
Acquisition and divestiture charges	(6)	(27)
Amortization of intangible assets	(63)	(81)
Interest and other, net	(141)	(142)
Total earnings before taxes	\$ 704	\$ 793

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

Note 3: Restructuring and Other Charges

Summary of Restructuring Plans

HP's restructuring activities summarized by plan were as follows:

	Fiscal 2023 Plan		Other prior-year plans ⁽¹⁾	Total
	Severance and EER	Non-labor		
	In millions			
Accrued balance as of October 31, 2024	\$ 120	\$ 11	\$ 7	\$ 138
Charges	44	12	—	56
Cash payments	(56)	(3)	(1)	(60)
Non-cash and other adjustments	(2)	(10)	—	(12)
Accrued balance as of January 31, 2025	<u>\$ 106</u>	<u>\$ 10</u>	<u>\$ 6</u>	<u>\$ 122</u>
Total costs incurred to date as of January 31, 2025	<u>\$ 651</u>	<u>\$ 69</u>	<u>\$ 878</u>	<u>\$ 1,598</u>
Reflected in the Consolidated Condensed Balance Sheets				
Other current liabilities	\$ 106	\$ 2	\$ 6	\$ 114
Other non-current liabilities	\$ —	\$ 8	\$ —	\$ 8
Accrued balance as of October 31, 2023	\$ 88	\$ 18	\$ 2	\$ 108
Charges	43	2	3	48
Cash payments	(63)	(6)	(3)	(72)
Non-cash and other adjustments	2	—	(2)	—
Accrued balance as of January 31, 2024	<u>\$ 70</u>	<u>\$ 14</u>	<u>\$ —</u>	<u>\$ 84</u>

⁽¹⁾ Primarily includes the fiscal 2020 plan along with other legacy plans, all of which are substantially complete. HP does not expect any further material activity associated with these plans.

Fiscal 2023 Plan

On November 18, 2022, HP's Board of Directors approved the Future Ready Plan (the "Fiscal 2023 Plan") intended to enable digital transformation, portfolio optimization and operational efficiency which HP expects will be implemented through fiscal 2025. HP expects workforce reductions of approximately 7,000 employees. HP estimates that it will incur pre-tax charges of approximately \$1.0 billion of which approximately \$0.7 billion primarily in labor costs related to workforce reductions and the remaining costs will relate to non-labor actions and other charges.

On February 27, 2025, HP approved an amendment to the Fiscal 2023 Plan increasing its expected gross workforce reductions by approximately 1,000 to 2,000 employees. The changes to the workforce will vary by country, based on local legal requirements and consultations with employee works councils and other employee representatives, as appropriate. The Company anticipates incurring an additional \$150 million in restructuring and other charges primarily related to labor costs in connection with the plan amendment.

Other Charges

Other charges include non-recurring costs, including those as a result of information technology rationalization efforts and transformation program management costs, and are distinct from ongoing operational costs. These costs primarily relate to third-party professional services and other non-recurring costs. HP incurred \$14 million and \$15 million of other charges for the three months ended January 31, 2025 and January 31, 2024, respectively.

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

Note 4: Retirement and Post-Retirement Benefit Plans

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

	Three months ended January 31					
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	2025	2024	2025	2024	2025	2024
	In millions					
Service cost	\$ —	\$ —	\$ 9	\$ 9	\$ —	\$ —
Interest cost	53	57	10	12	4	4
Expected return on plan assets	(59)	(61)	(14)	(13)	(4)	(4)
Amortization and deferrals:						
Actuarial loss (gain)	7	7	2	—	(4)	(4)
Prior service cost (credit)	—	—	2	2	(2)	(3)
Net periodic benefit cost (credit)	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 9</u>	<u>\$ 10</u>	<u>\$ (6)</u>	<u>\$ (7)</u>
Total periodic benefit cost (credit)	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 9</u>	<u>\$ 10</u>	<u>\$ (6)</u>	<u>\$ (7)</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 2025, HP expects to contribute approximately \$36 million to its non-U.S. pension plans, \$30 million to its U.S. non-qualified pension plan participants and \$4 million to cover benefit claims under HP's post-retirement benefit plans. During the three months ended January 31, 2025, HP contributed \$8 million to its non-U.S. pension plans, \$7 million to cover benefit payments to U.S. non-qualified plan participants and \$2 million to cover benefit claims under HP's post-retirement benefit plans.

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

Note 5: Taxes on Earnings

Provision for Taxes

HP's effective tax rate was 19.7% and 21.6% for the three months ended January 31, 2025 and 2024, respectively. During the three months ended January 31, 2025, excess tax benefits associated with stock options, restricted stock units and performance-adjusted restricted stock units were \$15 million.

Uncertain Tax Positions

As of January 31, 2025, the amount of gross unrecognized tax benefits was \$1.2 billion, of which up to \$873 million would affect HP's effective tax rate if realized. Total gross unrecognized tax benefits decreased by \$9 million for the three months ended January 31, 2025. 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 January 31, 2025 and 2024, HP had accrued \$145 million and \$105 million, respectively, for interest and penalties.

HP engages in continuous discussions and negotiations with taxing authorities regarding tax matters in various jurisdictions. HP expects complete resolution of certain tax years with various tax authorities within the next 12 months. HP believes it is reasonably possible that its existing gross unrecognized tax benefits may be reduced by \$166 million within the next 12 months, affecting HP's effective tax rate if realized.

HP is subject to income tax in the United States and approximately 61 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 Internal Revenue Service ("IRS") is conducting an audit of HP's 2018 and 2019 income tax returns.

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

Note 6: Supplementary Financial Information

Cash, Cash Equivalents and Restricted Cash

	As of	
	January 31, 2025	October 31, 2024
	In millions	
Cash and cash equivalents	\$ 2,880	\$ 3,238
Restricted cash ⁽¹⁾	14	15
	<u>\$ 2,894</u>	<u>\$ 3,253</u>

⁽¹⁾ Restricted cash is related to amounts collected and held on behalf of a third party for trade receivables previously sold.

Accounts Receivable

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

	Three months ended January 31, 2025
	In millions
Balance at beginning of period	\$ 83
Current-period allowance for credit losses	4
Deductions, net of recoveries	(3)
Balance at end of period	<u>\$ 84</u>

HP utilizes certain third-party arrangements in the normal course of business as part of HPs cash and liquidity management and also to provide liquidity to certain partners to facilitate their working capital requirements. These financing arrangements, which in certain circumstances may contain partial recourse, result in a transfer of HP's receivables and risk to the third-party. As these transfers qualify as true sales under the applicable accounting guidance, the receivables are de-recognized from the Consolidated 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 similar transactions and reported as a current liability in the Consolidated Condensed Balance Sheets. The recourse obligations as of January 31, 2025 and October 31, 2024 were not material.

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

	Three months ended January 31	
	2025	2024
	In millions	
Balance at beginning of period ⁽¹⁾	\$ 284	\$ 141
Trade receivables sold	3,049	3,298
Cash receipts	(3,191)	(3,232)
Foreign currency and other	(9)	5
Balance at end of period ⁽¹⁾	<u>\$ 133</u>	<u>\$ 212</u>

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

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

Inventory

	As of	
	January 31, 2025	October 31, 2024
	In millions	
Finished goods	\$ 4,554	\$ 4,338
Purchased parts and fabricated assemblies	3,889	3,382
	<u>\$ 8,443</u>	<u>\$ 7,720</u>

Other Current Assets

	As of	
	January 31, 2025	October 31, 2024
	In millions	
Supplier and other receivables	\$ 1,792	\$ 2,180
Prepaid and other current assets	1,596	1,462
Value-added taxes receivable	921	1,028
	<u>\$ 4,309</u>	<u>\$ 4,670</u>

Property, Plant and Equipment, Net

	As of	
	January 31, 2025	October 31, 2024
	In millions	
Land, buildings and leasehold improvements	\$ 2,518	\$ 2,527
Machinery and equipment, including equipment held for lease	5,534	5,465
	8,052	7,992
Accumulated depreciation	(5,152)	(5,078)
	<u>\$ 2,900</u>	<u>\$ 2,914</u>

Other Non-Current Assets

	As of	
	January 31, 2025	October 31, 2024
	In millions	
Deferred tax assets	\$ 3,283	\$ 3,311
Intangible assets	1,252	1,319
Right-of-use assets	1,158	1,165
Deposits and prepaid	301	322
Prepaid pension and post-retirement benefit assets	374	362
Other	1,229	1,129
	<u>\$ 7,597</u>	<u>\$ 7,608</u>

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

Other Current Liabilities

	As of	
	January 31, 2025	October 31, 2024
	In millions	
Sales and marketing programs	\$ 2,900	\$ 3,060
Deferred revenue	1,452	1,446
Other accrued taxes	1,058	1,233
Employee compensation and benefit	642	970
Warranty	457	486
Operating lease liabilities	431	443
Tax liability	281	291
Other	2,312	2,449
	<u>\$ 9,533</u>	<u>\$ 10,378</u>

Other Non-Current Liabilities

	As of	
	January 31, 2025	October 31, 2024
	In millions	
Deferred revenue	\$ 1,519	\$ 1,487
Tax liability	873	839
Operating lease liabilities	781	787
Pension, post-retirement, and post-employment liabilities	588	607
Deferred tax liability	49	31
Other	485	531
	<u>\$ 4,295</u>	<u>\$ 4,282</u>

Interest and Other, Net

	Three months ended January 31	
	2025	2024
	In millions	
Interest expense on borrowings	\$ (104)	\$ (116)
Factoring costs	(37)	(40)
Non-operating retirement-related credits	6	4
Other, net	(6)	10
	<u>\$ (141)</u>	<u>\$ (142)</u>

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

Net Revenue by Region

	Three months ended January 31	
	2025	2024
	In millions	
Americas	\$ 5,519	\$ 5,408
Europe, Middle East and Africa	4,754	4,668
Asia-Pacific and Japan	3,231	3,109
Total net revenue	<u>\$ 13,504</u>	<u>\$ 13,185</u>

Value of Remaining Performance Obligations

As of January 31, 2025, the estimated value of transaction price allocated to remaining performance obligations was \$3.9 billion. HP expects to recognize approximately \$1.7 billion of the unearned amount in next 12 months and \$2.2 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.

Contract Liabilities

As of January 31, 2025 and October 31, 2024, HP's contract liabilities balances were \$3.0 billion and \$2.9 billion, respectively, included in Other current liabilities and Other non-current liabilities in the Consolidated Condensed Balance Sheets.

The increase in the contract liabilities balance for the three months ended January 31, 2025, was primarily driven by sales of fixed-price support and maintenance services, partially offset by \$0.5 billion of revenue recognized that was included in the contract liabilities balance as of October 31, 2024.

Supplier Finance Programs

HP facilitates voluntary supplier finance programs to provide certain suppliers the opportunity to sell their right to HP's payment obligations to participating financial institutions. Under these programs, HP agrees to pay the participating financial institutions the stated amount of confirmed invoices from its designated suppliers on the original maturity dates of the invoices. Participation by suppliers in these programs have no impact on the payment terms and amounts due from HP. HP does not have an economic interest in a supplier's participation in the program and is not a party to the agreement between the supplier and the financial institutions. In connection with these programs, HP does not pledge assets or other forms of guarantees as security for the committed payment to the participating financial institutions. For certain programs, HP pays a monthly service fee to a third-party administrator that provides the supplier finance platform and related support. HP and the participating financial institutions may terminate the agreement upon at least 30 days notice. As of January 31, 2025 and October 31, 2024, HP had \$8.7 billion and \$7.8 billion respectively, in obligations outstanding (i.e., unpaid invoices) that were confirmed as valid under the supplier finance programs. Of the amounts confirmed as valid under the program and outstanding, the amounts owed to participating financial institutions were \$0.8 billion and \$0.9 billion as of January 31, 2025 and October 31, 2024, respectively. These obligations are included within the Accounts payable line item of HP's Consolidated Condensed Balance Sheets.

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 January 31, 2025				As of October 31, 2024											
	Fair Value Measured Using			Total	Fair Value Measured Using			Total								
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3									
	In millions															
Assets:																
Cash Equivalents:																
Time deposits	\$	—	\$	1,011	\$	—	\$	1,012	\$	—	\$	1,012				
Government debt ⁽¹⁾		426		—		—		426		1,332		—		—		1,332
Available-for-Sale Investments:																
Financial institution instruments		—		3		—		3		—		3		—		3
Marketable securities and mutual funds ⁽²⁾		58		124		—		182		54		130		—		184
Derivative Instruments:																
Interest rate contracts		—		11		—		11		—		4		—		4
Foreign currency contracts		—		451		—		451		—		225		—		225
Other derivatives		—		2		—		2		—		—		—		—
Total assets	\$	484	\$	1,602	\$	—	\$	2,086	\$	1,386	\$	1,374	\$	—	\$	2,760
Liabilities:																
Derivative Instruments:																
Interest rate contracts	\$	—	\$	14	\$	—	\$	14	\$	—	\$	22	\$	—	\$	22
Foreign currency contracts		—		122		—		122		—		158		—		158
Other derivatives		—		—		—		—		—		2		—		2
Total liabilities	\$	—	\$	136	\$	—	\$	136	\$	—	\$	182	\$	—	\$	182

⁽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.

⁽²⁾ As of January 31, 2025 and October 31, 2024, \$74 million and \$78 million, respectively, of debt securities were restricted to fund benefits received by qualifying employees under a sponsored defined benefit plan.

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

Valuation Techniques

Cash Equivalents and Investments: HP holds time deposits, money market funds, mutual funds, other debt securities primarily consisting of corporate and foreign government notes and bonds, and common stock and equivalents. HP values cash equivalents and equity investments using quoted market prices, alternative pricing sources, including net asset value, or models utilizing market observable inputs. The fair value of debt investments is 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: 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 \$9.4 billion as compared to its carrying amount of \$9.7 billion at January 31, 2025. The fair value of HP’s short- and long-term debt was \$9.4 billion as compared to its carrying value of \$9.7 billion at October 31, 2024. 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 current 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 as 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 January 31, 2025				As of October 31, 2024			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
In millions								
Cash Equivalents:								
Time deposits	\$ 1,011	\$ —	\$ —	\$ 1,011	\$ 1,012	\$ —	\$ —	\$ 1,012
Government debt	426	—	—	426	1,332	—	—	1,332
Total cash equivalents	1,437	—	—	1,437	2,344	—	—	2,344
Available-for-Sale Investments:								
Financial institution instruments	3	—	—	3	3	—	—	3
Marketable securities and mutual funds ⁽¹⁾	113	69	—	182	115	69	—	184
Total available-for-sale investments	116	69	—	185	118	69	—	187
Total cash equivalents and available-for-sale investments	\$ 1,553	\$ 69	\$ —	\$ 1,622	\$ 2,462	\$ 69	\$ —	\$ 2,531

⁽¹⁾ As of January 31, 2025 and October 31, 2024, \$74 million and \$78 million, respectively, of debt securities were restricted to fund benefits received by qualifying employees under a sponsored defined benefit plan.

All highly liquid investments with original maturities of three months or less at the date of acquisition are considered cash equivalents. As of January 31, 2025 and October 31, 2024, 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.

Contractual maturities of investments in available-for-sale debt securities were as follows:

	As of January 31, 2025	
	Amortized Cost	Fair Value
In millions		
Due in one year	\$ 18	\$ 18
Due in one to five years	59	59
	<u>\$ 77</u>	<u>\$ 77</u>

Non-marketable equity securities in privately held companies are included in Other current and non-current assets in the Consolidated Condensed Balance Sheets. These amounted to \$109 million and \$107 million as of January 31, 2025 and October 31, 2024, respectively.

HP determines credit losses on cash equivalents and available-for-sale debt securities at the individual security level. All instruments are considered investment grade. No credit-related or noncredit-related impairment losses were recorded for the three months ended January 31, 2025.

Derivative Instruments

HP uses derivative instruments, primarily forward contracts, interest rate swaps, total return swaps, treasury rate locks, forward starting swaps and option contracts to offset business exposure to foreign currency and interest rate risk on expected future cash flows and on certain existing assets and liabilities. 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.

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

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 the net fair value of financial instruments fluctuates from contractually established thresholds. The Company includes gross collateral posted and received in other current assets and other current liabilities in the Consolidated Condensed Balance Sheets, respectively. The fair value of derivatives with credit contingent features in a net liability position was \$35 million and \$59 million as of January 31, 2025 and as of October 31, 2024, respectively, all of which were fully collateralized within two business days.

Under HP's derivative contracts, the counterparty can terminate all outstanding trades following a covered change of control event affecting HP that results in the surviving entity being rated below a specified credit rating. This credit contingent provision did not affect HP's financial position or cash flows as of January 31, 2025 and October 31, 2024.

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 benchmark interest rates on HP's future interest payments.

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

Cash Flow Hedges

HP uses forward contracts, option contracts, treasury rate locks and forward starting swaps designated as cash flow hedges to protect against the foreign currency exchange and interest rate risks inherent in its forecasted products net revenue, cost of products net revenue, operating expenses and debt issuance. HP's foreign currency cash flow hedges mature predominantly within twelve months; however, hedges related to long-term procurement arrangements, contractual pricing and/or business unit specific exposures may extend several years.

For derivative instruments that are designated and qualify as cash flow hedges, HP initially records changes in fair value of the derivative instrument in Accumulated other comprehensive loss as a separate component of Stockholders' deficit in 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 changes in the fair value of the derivative instrument 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 also 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, forward contracts and forward starting swaps 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.

During the three months ended January 31, 2025 and 2024, no portion of the hedging instruments' gain or loss was excluded from the assessment of effectiveness for fair value and cash flow hedges.

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)

	As of January 31, 2025					As of October 31, 2024				
	Outstanding Gross Notional	Other Current Assets	Other Non- Current Assets	Other Current Liabilities	Other Non- Current Liabilities	Outstanding Gross Notional	Other Current Assets	Other Non- Current Assets	Other Current Liabilities	Other Non- Current Liabilities
In millions										
Derivatives designated as hedging instruments										
Fair value hedges:										
Interest rate contracts	\$ 750	\$ —	\$ —	\$ 14	\$ —	\$ 750	\$ —	\$ —	\$ 11	\$ 10
Cash flow hedges:										
Foreign currency contracts	15,625	355	88	82	23	14,563	169	36	117	34
Interest rate contracts	500	—	11	—	—	500	—	4	—	1
Total derivatives designated as hedging instruments	16,875	355	99	96	23	15,813	169	40	128	45
Derivatives not designated as hedging instruments										
Foreign currency contracts	4,235	8	—	17	—	4,284	20	—	7	—
Other derivatives	170	2	—	—	—	156	—	—	2	—
Total derivatives not designated as hedging instruments	4,405	10	—	17	—	4,440	20	—	9	—
Total derivatives	\$ 21,280	\$ 365	\$ 99	\$ 113	\$ 23	\$ 20,253	\$ 189	\$ 40	\$ 137	\$ 45

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 January 31, 2025 and October 31, 2024, 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					
(i)	(ii)	(iii) = (i)–(ii)	(iv)	(v)	(vi) = (iii)–(iv)–(v)
Gross Amount Recognized	Gross Amount Offset	Net Amount Presented	Gross Amounts Not Offset		Net Amount
			Derivatives	Financial Collateral	

In millions										
<u>As of January 31, 2025</u>										
Derivative assets	\$	464	\$	—	\$	464	\$ 98	\$ 337 ⁽¹⁾	\$	29
Derivative liabilities	\$	136	\$	—	\$	136	\$ 98	\$ 35 ⁽²⁾	\$	3
<u>As of October 31, 2024</u>										
Derivative assets	\$	229	\$	—	\$	229	\$ 113	\$ 88 ⁽¹⁾	\$	28
Derivative liabilities	\$	182	\$	—	\$	182	\$ 113	\$ 61 ⁽²⁾	\$	8

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

Effect of Derivative Instruments in the Consolidated Condensed Statements of Earnings

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

The pre-tax effect of derivative instruments and related hedged items in a fair value hedging relationship were as follows:

Derivative Instrument	Hedged Item	Location	Year	Total amounts of income/(expense) line items in the statement of financial performance in which the effects of fair value hedges are recorded	Gain/(loss) recognized in earnings on derivative instruments	Gain/(loss) recognized in earnings on hedged item
In millions						
<i>Three months ended January 31</i>						
Interest rate contract	Fixed-rate debt	Interest and other, net	2025	\$ (141)	\$ 7	\$ (7)
			2024	\$ (142)	\$ 15	\$ (15)

The pre-tax effect of derivative instruments in cash flow hedging relationships included in Accumulated other comprehensive (loss) income was as follows:

	Three months ended January 31	
	2025	2024
In millions		
Gain/(loss) recognized in Accumulated other comprehensive (loss) income on derivatives:		
Foreign currency contracts	\$ 324	\$ (162)
Interest rate contracts	8	—
Total	\$ 332	\$ (162)

The pre-tax effect of derivative instruments in cash flow hedging relationships included in earnings were as follows:

	Gain/(loss) reclassified from Accumulated other comprehensive (loss) income into earnings	
	2025	2024
In millions		
Products net revenue	\$ 67	\$ 199
Cost of products net revenue	(27)	(40)
Operating expenses	—	(3)
Interest and other, net	3	3
Total	\$ 43	\$ 159

As of January 31, 2025, HP expects to reclassify an estimated accumulated other comprehensive gain of \$209 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 other comprehensive (loss) income based on the change of market rate, and therefore could have different impact on earnings.

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

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 as follows:

	Gain/(loss) recognized in earnings on derivative instrument	
	Three months ended January 31	
	2025	2024
	In millions	
Foreign currency contracts	\$ (3)	\$ 1
Other derivatives	4	4
Total	<u>\$ 1</u>	<u>\$ 5</u>

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

Note 9: Borrowings
Notes Payable and Short-Term Borrowings

	As of January 31, 2025		As of October 31, 2024	
	Amount Outstanding	Weighted-Average Interest Rate	Amount Outstanding	Weighted-Average Interest Rate
In millions				
Current portion of long-term debt	\$ 1,363	5.0 %	\$ 1,358	5.0 %
Notes payable to banks, lines of credit and other	55	— %	48	— %
Total notes payable and short-term borrowings	<u>\$ 1,418</u>		<u>\$ 1,406</u>	

Long-Term Debt

	As of	
	January 31, 2025	October 31, 2024
In millions		
U.S. Dollar Global Notes ⁽¹⁾		
\$1,200 issued at discount to par at a price of 99.863% at 6.00%, due September 2041	\$ 1,199	\$ 1,199
\$1,150 issued at discount to par at a price of 99.769% at 2.20%, due June 2025	1,150	1,150
\$1,000 issued at discount to par at a price of 99.718% at 3.00%, due June 2027	999	999
\$850 issued at discount to par at a price of 99.790% at 3.40%, due June 2030	503	503
\$1,000 issued at discount to par at a price of 99.808% at 1.45%, due June 2026	521	521
\$1,000 issued at discount to par at a price of 99.573% at 2.65%, due June 2031 ⁽²⁾	997	997
\$1,000 issued at discount to par at a price of 99.767% at 4.00%, due April 2029	999	999
\$1,000 issued at discount to par at a price of 99.966% at 4.20%, due April 2032	676	676
\$900 issued at discount to par at a price of 99.841% at 4.75%, due January 2028	899	899
\$1,100 issued at discount to par at a price of 99.725% at 5.50%, due January 2033	1,098	1,098
\$500 issued at par at a price of 100% at 4.75%, due March 2029	3	3
	<u>9,044</u>	<u>9,044</u>
Other borrowings at 1.46%-7.98%, due in fiscal years 2025-2031	650	645
Fair value adjustment related to hedged debt	(14)	(21)
Unamortized debt issuance cost	(44)	(47)
Current portion of long-term debt	(1,363)	(1,358)
Total long-term debt	<u>\$ 8,273</u>	<u>\$ 8,263</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.

⁽²⁾ HP allocated an amount equal to the net proceeds to finance or refinance, in whole or in part, environmentally and socially responsible eligible projects in the following eight areas: renewable energy; green buildings; energy efficiency; clean transportation; pollution prevention and control; eco-efficient and/or circular economy products, production technologies and processes; environmentally sustainable management of living natural resources and land use; and socioeconomic advancement and empowerment.

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 benchmark interest rates. 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 January 31, 2025, HP maintained a U.S. commercial paper program for the issuance of U.S. dollar-denominated commercial paper up to a maximum aggregate principal amount of \$6.0 billion. The principal amount outstanding under this program and certain short-term borrowings at any time cannot exceed a \$6.0 billion authorization by HP's Board of Directors.

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

Credit Facility

As of January 31, 2025, HP maintained a \$5.0 billion 5-year sustainability-linked senior unsecured committed revolving credit facility, which HP entered into on August 1, 2024. Commitments under the revolving credit facility will be available until August 1, 2029. Commitment fees, interest rates and other terms of borrowing under the revolving credit facility vary based on HP's external credit ratings and certain sustainability metrics. Funds borrowed under the revolving credit facility may be used for general corporate purposes.

As of January 31, 2025, HP was in compliance with the covenants in the credit agreement governing the revolving credit facility.

Available Borrowing Resources

As of January 31, 2025, HP had available borrowing resources of \$1.0 billion from uncommitted lines of credit in addition to funds available under the revolving credit facility.

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

Note 10: Stockholders' Deficit

Share Repurchase Program

HP's share repurchase program authorizes both open market and private repurchase transactions. During the three months ended January 31, 2025, HP executed share repurchases of 2.7 million shares and settled total shares for \$0.1 billion. Share repurchases executed during the three months ended January 31, 2025 included 0.2 million shares settled in February 2025. During the three months ended January 31, 2024, HP executed share repurchases of 17.1 million shares and settled total shares for \$0.5 billion.

The shares repurchased during the three months ended January 31, 2025 and 2024 were all open market repurchase transactions. As of January 31, 2025, HP had approximately \$9.2 billion remaining under the share repurchase authorizations approved by HP's Board of Directors.

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

Changes and reclassifications related to Accumulated Other Comprehensive Loss, net of taxes

	Three months ended January 31	
	2025	2024
	In millions	
Other comprehensive (loss) income, net of taxes:		
<i>Unrealized components of available-for-sale debt securities</i>		
Balance at the beginning of period	\$ 14	\$ 7
Unrealized gains arising during the period	4	4
Unrealized components of available-for-sale debt securities, net of taxes	4	4
Balance at the end of period	\$ 18	\$ 11
<i>Unrealized components of cash flow hedges</i>		
Balance at the beginning of period	\$ 47	\$ 230
Unrealized gains (losses) arising during the period	332	(162)
Gains reclassified into earnings	(43)	(159)
Tax effects on change in unrealized components of cash flow hedges	(54)	68
Unrealized components of cash flow hedges, net of taxes	235	(253)
Balance at the end of period	\$ 282	\$ (23)
<i>Unrealized components of defined benefit plans</i>		
Balance at the beginning of period	\$ (496)	\$ (437)
Unrealized gains (losses) arising during the period	1	(10)
Amortization of actuarial loss and prior service benefit ⁽¹⁾	5	2
Curtailments, settlements and other	(1)	—
Tax effects on change in unrealized components of defined benefit plans	(1)	2
Unrealized components of defined benefit plans, net of taxes	4	(6)
Balance at the end of period	\$ (492)	\$ (443)
<i>Cumulative translation adjustment</i>		
Balance at the beginning of period	\$ 1	\$ (23)
Change in cumulative translation adjustment	(13)	20
Cumulative translation adjustment, net of taxes	(13)	20
Balance at the end of period	\$ (12)	\$ (3)
Other comprehensive income (loss)	\$ 230	\$ (235)
Accumulated other comprehensive loss	\$ (204)	\$ (458)

⁽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".

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

Note 11: 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 2021 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 January 31	
	2025	2024
	In millions, except per share amounts	
Numerator:		
Net earnings	\$ 565	\$ 622
Denominator:		
Weighted-average shares used to compute basic net EPS	948	995
Dilutive effect of employee stock plans	9	7
Weighted-average shares used to compute diluted net EPS	957	1,002
Net earnings per share:		
Basic	\$ 0.60	\$ 0.63
Diluted	\$ 0.59	\$ 0.62
Anti-dilutive weighted-average stock-based compensation awards ⁽¹⁾	4	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 January 31, 2025, 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 entered into with Hewlett Packard Enterprise Company ("Hewlett Packard Enterprise"), 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, challenging the imposition or the modification of levies regimes upon IT equipment (such as PCs or printers) or the restrictions to exonerate the application of private copying levies on devices purchased by business users. The levies are generally based upon the number of products sold and the per-product amounts of the levies, which vary. Some European countries are expected to implement legislation to introduce or extend existing levy schemes to digital devices. HP, other companies and various industry associations have opposed the extension of levies to the digital product and certain requirements for business sales exemptions and have advocated alternative models of compensation to rights holders.

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

Based on the exemption of levies on business sales and industry opposition to increasing 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.

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 and interest. Prior to the issuance of the 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 or interrupt business by HP India.

On April 11, 2012, the Bangalore Commissioner of Customs issued an order on the products-related 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 notice. The differential duty demand is subject to interest. On April 20, 2012, the Commissioner issued an order on the parts-related 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 notice so as to avoid certain penalties.

HP India filed appeals of the Commissioner's orders before the Customs, Excise and Service Tax Appellate Tribunal (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. On February 7, 2014, the Customs Tribunal granted HP India's application for extension of the stay of deposit until disposal of the appeals. On October 27, 2014, the Customs Tribunal commenced hearings on the cross-appeals of the Commissioner's orders and rejected HP India's request to remand the matter to the Commissioner on procedural grounds. The Customs Tribunal cancelled hearings to reconvene in 2015, 2016 and January 2019. On January 20, 2021, the Customs Tribunal held a virtual hearing during which the judge allowed HP's application for a physical hearing on the merits as soon as practicable, which will be scheduled when physical hearings resume at court. In unrelated, third-party proceedings, the Supreme Court of India has resolved certain jurisdictional questions to the authority of the Directorate of Revenue Intelligence, issues which HP also raised in its appeal to the Customs Tribunal. In late 2024, those jurisdictional questions were resolved. A hearing on the merits of HP's appeal before the Customs Tribunal has been scheduled before the Customs Tribunal for April 21-25, 2025. 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.

Media Content Protection LLC Patent Litigation (formerly Philips Patent Litigation). In September 2020, Koninklijke Philips N.V. and Philips North America LLC (collectively, "Philips") filed a complaint against HP for patent infringement in federal court for the District of Delaware and filed a companion complaint with the U.S. International Trade Commission ("ITC") pursuant to Section 337 of the Tariff Act against HP and 8 other sets of respondents. Both complaints allege that certain digital video-capable devices and components thereof infringe four of Philips' patents. In October 2020, the ITC instituted an investigation, and Philips later withdrew two of the four patents. On March 23, 2022, the ITC rendered a final determination that no violation of Section 337 has occurred. Philips did not appeal and elected to resume litigation with its case in federal court. Philips seeks unspecified damages and an injunction against HP, and the prior stay has been lifted. On August 10, 2023, HP filed a motion for summary judgment of indefiniteness for all asserted claims. On July 1, 2024, the district court denied the motion without prejudice to renew. Philips conveyed the patents asserted in the district court action to Media Content Protection LLC ("MCP"), and MCP was substituted as plaintiff in place of Philips.

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

York County on behalf of the County of York Retirement Fund v. HP Inc., et al., and related proceedings. On November 5, 2020, York County, on behalf of the County of York Retirement Fund, filed a putative class action complaint against HP, Dion Weisler, and Catherine Lesjak in federal court in the Northern District of California. The court appointed Maryland Electrical Industry Pension Fund as Lead Plaintiff. Lead Plaintiff filed a consolidated complaint, which additionally names as defendants Enrique Lores and Richard Bailey. The complaint alleges, among other things, that from November 5, 2015 to June 21, 2016, HP and the named current and former officers violated Sections 10(b) and 20(a) of the Exchange Act by concealing material information and making false statements about HP's printing supplies business ("Securities Class Action"). Plaintiffs seek compensatory damages and other relief. HP and the named officers filed a motion to dismiss the complaint for failure to state a claim upon which relief can be granted. On March 3, 2022, the court granted the motion to dismiss with prejudice. Plaintiffs appealed the decision. On April 11, 2023, the appellate court reversed the district court's decision and remanded the case to the district court for further proceedings consistent with the appellate opinion, including consideration of HP's other arguments for dismissal. On July 21, 2023, HP and the named officers filed a renewed motion to dismiss. On March 27, 2024, the district court issued an order granting in part and denying in part the motion to dismiss. On August 8, 2024, the Court of Appeals for the Ninth Circuit granted HP's petition for permission to appeal. On October 28, 2024, HP filed its appeal, which is awaiting appellate court oral argument that has not yet been scheduled. On May 17, 2021, stockholder Scott Franklin filed a derivative complaint against certain current and former officers and directors in federal court in the District of Delaware. Plaintiff purports to bring the action on behalf of HP, which he has named as a nominal defendant, and he makes substantially the same factual allegations as in the York County securities complaint, bringing claims for breach of fiduciary duty and violations of securities laws. The derivative plaintiff seeks compensatory damages, governance reforms, and other relief. By court order following stipulations by the parties, the case was transferred to the Northern District of California, and the case was stayed pending a ruling on the motion to dismiss in York County and exhaustion of all related appeals. On January 13, 2022, stockholder Gerald Lovoi filed a derivative complaint in federal court in the Northern District of California against the same current and former officers and directors named in the Franklin action. The complaint alleges the same basic claims based on the same alleged conduct as the Franklin action and seeks similar relief. By stipulation of the parties, the Lovoi action was stayed pending a ruling on the motion to dismiss in York County and exhaustion of all related appeals. On May 31, 2024, the court adopted a stipulation in which the derivative plaintiffs and defendants agreed to consolidate the derivative proceedings, close the Lovoi action, and extend the current stay through summary judgment in the Securities Class Action.

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

Legal Proceedings re Authentication of Supplies. Since 2016, HP has from time to time been named in civil litigation, or been the subject of government investigations, involving supplies authentication protocols used in certain HP printers in multiple geographies, including but not limited to the United States, Italy, Israel, the Netherlands, Australia and New Zealand. The supplies authentication protocols are often referred to as Dynamic Security. The core allegations in these proceedings claim misleading or inadequate consumer notifications and permissions pertaining to the use of Dynamic Security, the installation of firmware updates, or the potential inability of cartridges with clone chips or circuitry to work in HP printers with Dynamic Security. Plaintiffs base or have based their claims on various legal theories, including but not limited to unfair competition, computer trespass, and similar statutory claims. Among other relief, Plaintiffs have sought or seek money damages and in certain cases have or may seek injunctive relief against the use or operation of Dynamic Security or relief requiring interoperability. If HP is not successful in its defense of these cases or investigations, it could be subject to damages, penalties, significant settlement demands, or injunctive relief that may be costly or may disrupt operations. Certain of these proceedings in the United States, Italy, the Netherlands, Israel, Australia and New Zealand have been resolved, have concluded, or have concluded subject only to HP's pending appeal. Digital Revolution B.V. (trading as 123Inkt) filed civil litigation, including competition claims, against HP Nederlands B.V., et al. (Netherlands) in March 2020. HP substantially prevailed before the trial court, and both parties appealed. On November 19, 2024, the court of appeal issued a decision rejecting competition claims against HP and providing that use of Dynamic Security by HP is not unlawful. On February 18, 2025, Digital Revolution filed a cassation appeal against the decision before the Dutch Supreme Court. In addition, two putative class actions have been filed against HP, one in federal court in California, in December 2020, and one in federal court in Illinois, in January 2024, arising out of the use of Dynamic Security firmware updates in HP printers. Plaintiffs in these cases seek compensatory damages, restitution, injunctive relief against alleged unfair and anticompetitive business practices, and other relief. In the December 2020 case, the parties have finalized a settlement agreement, which the court preliminarily approved on December 10, 2024. The court has presently set a hearing for March 18, 2025 to consider final approval of the settlement. The January 2024 case is in its early stages.

Autonomy-Related Legal Proceedings. In 2015, four former Hewlett Packard Company 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., hereinafter the "Claimants") initiated civil proceedings in the U.K. High Court of Justice against two members of Autonomy's former management, Michael Lynch and Sushovan Hussain, for breach of their fiduciary duties in causing Autonomy group companies to engage in improper transactions and accounting practices before and in connection with the 2011 acquisition of Autonomy. Trial concluded in January 2020. In May 2022, the court issued its liability judgment, finding that the Claimants had succeeded on substantially all claims and that Messrs. Lynch and Hussein engaged in fraud, and dismissing a counterclaim filed by Mr. Lynch. The court deferred the issue of damages to further proceedings, but indicated that damages awarded may be substantially less than was claimed. In February 2024, the court held a two-week trial on damages, the Claimants sought recovery for \$4 billion in losses, and the court took the issue under advisement. Litigation is unpredictable, and there can be no assurance of a recovery of damages or as to how any award of damages will compare with the amount claimed. 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.

Litigation with Wilus Institute of Standards and Technology, Inc. and Sisvel International S.A. Since September 13, 2024, Wilus Institute of Standards and Technology, Inc. ("Wilus") has filed three patent infringement lawsuits against HP in the Eastern District of Texas seeking monetary damages, injunctions and other relief. The complaints allege that HP products that are compliant with the Wi-Fi 6 (801.11.ax) standard infringe patents owned by Wilus. Wilus is a member of the Wi-Fi 6 patent pool administered by Sisvel International S.A. ("Sisvel"), and the patents at issue in the lawsuits are in the Sisvel Wi-Fi 6 patent pool. In December 2024, HP answered the complaints and filed counterclaims against Wilus and Sisvel, alleging that Wilus and Sisvel violated their obligations to license standard-essential patents on fair, reasonable and non-discrimination ("FRAND") terms, and seeking a court determination of the proper FRAND rate.

Environmental

HP is, and may become a party to, proceedings brought by U.S., state, or other governmental entities or private third parties under federal, state, local, or foreign environmental laws, including the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), known as "Superfund," or state laws similar to CERCLA. HP is also conducting environmental investigations or remediation at several current or former operating sites and former disposal sites pursuant to administrative orders or consent agreements with environmental agencies.

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

On November 1, 2015, Hewlett-Packard Company completed the separation of Hewlett Packard Enterprise, Hewlett-Packard Company's former enterprise technology infrastructure, software, services and financing businesses. The separation and distribution agreement provides for cross-indemnities between HP and Hewlett Packard Enterprise for liabilities allocated to the respective party pursuant to the terms of such agreement. For information on cross-indemnifications with Hewlett Packard Enterprise for litigation matters, see Note 12, "Litigation and Contingencies".

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 third parties pay or may be obligated to pay HP could vary depending on the outcome of certain unresolved tax matters, which may not be resolved for several years.

Warranties

HP accrues the estimated cost of product warranties at the time it recognizes revenue. HP engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers; however, contractual warranty terms, repair costs, product call rates, average cost per call, current period product shipments and ongoing product failure rates, as well as specific product class failures outside of HP's baseline experience, affect the estimated warranty obligation.

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

	Three months ended January 31, 2025
	In millions
Balance at beginning of period	\$ 550
Accruals for warranties issued	158
Adjustments related to pre-existing warranties (including changes in estimates)	(4)
Settlements made (in cash or in kind)	(188)
Balance at end of period	<u>\$ 516</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

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

HP delivers innovative and sustainable devices, services, and subscriptions for personal computing, printing, 3D printing, hybrid work, gaming and other related technologies. We have three reportable segments: Personal Systems, Printing, and Corporate Investments. The Personal Systems segment offers commercial and consumer desktops, notebooks and workstations (including HP's portfolio of AI PCs and workstations), thin clients, retail POS systems, displays, hybrid systems, software, solutions including endpoint security, and services. The Printing segment provides consumer and commercial printer hardware, supplies, solutions and services. Corporate Investments include certain business incubation and investment projects.

- In Personal Systems, our long-term strategic focus is on:
 - profitable growth through innovation, market segmentation and simplification of our portfolio;
 - enhanced innovation in multi-operating systems, multi-architecture, customer segments and other key attributes;
 - investing in endpoint services and solutions. We are focused on services, including Device-as-a-Service, as the market shifts to subscription-based solutions, and accelerating in attractive adjacencies such as hybrid systems; and
 - driving innovation to enable productivity and collaboration, with AI PCs and workstations playing a critical role in the transformation of how people live and work.
- In Printing, our long-term strategic focus is on:
 - offering innovative, intelligent printing experiences and subscription-based solutions designed to securely serve consumer and SMB customers through our Instant Ink Services and HP All-In Plan, as well as large enterprises through our Managed Print Services solutions;
 - providing digital printing solutions for industrial graphics segments and applications including commercial publishing, labels, packaging, and textiles; and
 - expanding our footprint in 3D printing across digital manufacturing and strategic applications.

We are focused on growing our AI PC, advanced compute solutions, hybrid systems, workforce solutions, consumer subscriptions, industrial graphics and our 3D and personalization businesses collectively at a rate faster than our core business with accretive margins in the longer term. We believe our ability to innovate will help us gain momentum in growth areas like AI PC, advanced compute solutions and hybrid systems, and we see significant opportunities to drive greater recurring revenues across Personal Systems and Printing. Our Workforce Solutions organization drives integration across our commercial services, software and security portfolio. We continue to build on strong portfolios like Instant Ink to grow our Consumer Subscription business. In Industrial Graphics, we are driving the shift from analog to digital in segments like labels and packaging. In 3D and Personalization, we are creating end-to-end solutions that we believe can capture more value with our differentiated technology.

We believe we are well positioned to lead the future of work with our competitive product lineup and enhanced portfolio of hybrid systems, remote-computing solutions, and intelligent print solutions. We are driving innovation by accelerating the delivery of AI across our product portfolio and focusing on growth opportunities in commercial, solutions, and premium consumer and gaming markets. We are consolidating all our software resources under the Technology and Innovation

Organization to evolve from a transactional hardware company to a more experience-led organization, further strengthening our ability to capture these opportunities.

We continue to experience challenges that are representative of the trends and uncertainties that may affect our industry, generally, and our business and financial results, specifically, and we expect these challenges to continue in the short-term. One set of challenges relates to the current macroeconomic environment and the adverse impact on demand for certain of our products. 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. Specific challenges we face at the segment level are set forth below.

- In Personal Systems, we face challenges with a competitive pricing environment, variability in commodity costs, and demand softness in certain geographic regions.
- In Printing, we face challenges from changing customer behaviors as well as competitors with a favorable foreign currency environment and non-original supplies (which includes imitation, refill, or remanufactured alternatives). We also obtain many Printing components from single source suppliers due to technology, availability, price, quality, or other considerations.

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, efficiencies and simplification of our product portfolio. We also continue to work on optimizing our sales coverage models, aligning our sales incentives with our strategic goals, improving channel execution and inventory, production and backlog management, strengthening our capabilities in our areas of strategic focus, effective cost management, strengthening our pricing strategy, and developing and capitalizing on market opportunities.

Macroeconomic Environment

Our business and financial performance depend significantly on worldwide economic conditions. We face global macroeconomic challenges such as ongoing geopolitical conflicts (including the military conflict in Ukraine, continued instability in the Middle East, and tensions in the Taiwan Strait and South China Sea), uncertainty in the markets, volatility in exchange rates, inflationary trends and evolving dynamics in the global trade environment. We also experience seasonality in the sale of our products and services which may be affected by general economic conditions.

In February 2025, new, substantial tariffs have been imposed on imports to the United States from China and we have taken actions to mitigate the effects of these tariffs. Other substantial tariffs on imports to the United States from certain countries and regions, including Canada, Mexico and the European Union, have been proposed and we are focused on continuing to evaluate and implement further mitigating actions, including potential supply chain resiliency movements, cost and pricing measures, if needed, as the tariff environment evolves. Should these or other proposed or incremental tariffs, including potential retaliatory actions imposed by other countries, be implemented and sustained for an extended period of time, as proposed, enacted or otherwise, they may have a significant adverse impact to our results of operations and cash flows to the extent our efforts do not fully mitigate the effects of such tariffs.

We are also exposed to fluctuations in foreign currency exchange rates. We have a large global presence, with approximately 65% of our net revenue from outside the United States. 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 I in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024.

Transformation Update

In November 2022, we announced our Future Ready Plan (the “Fiscal 2023 Plan” or “Future Ready”) to become a more digitally enabled company, focus investments on key growth opportunities and simplify our operating model. The Fiscal 2023 Plan, as amended on February 27, 2025, is expected to run through end of fiscal year 2025. The three key elements of our Fiscal 2023 Plan are digital transformation, portfolio optimization, and operational efficiency. We are on track to achieve our overall program savings.

Since announcing our Fiscal 2023 Plan, we have enhanced our digital capabilities in Workforce Solutions and continued to leverage AI to positively impact our products, solutions and operations. Additionally, we are reducing portfolio complexity,

improving continuity of supply, and increasing our forecast accuracy across our business to drive reduction in our cost of sales and operating expenses. We also continued to reduce our structural cost through headcount reductions and are on track to achieve our overall headcount reduction goal. We expect to continue to invest some of the savings into our growth areas and our people.

See “Risk Factors—Strategic and Operational Risks—We may not achieve some or all of the expected benefits of our restructuring plans and our restructuring may adversely affect our business” in Item 1A of Part I in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024. For more information on our Fiscal 2023 Plan, 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.

CRITICAL ACCOUNTING 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 revenue and expenses, and the disclosure of contingent liabilities. Management believes that there have been no significant changes during the three months ended January 31, 2025 to the items that we disclosed as our critical accounting estimates in MD&A in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024.

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.

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 exchange rates from the comparative period and excluding any hedging impact recognized in the current period, and without adjusting 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 January 31			
	2025		2024	
	Dollars	% of Net Revenue	Dollars	% of Net Revenue
	Dollars in millions			
Net revenue:				
Products	\$ 12,695	94.0 %	\$ 12,419	94.2 %
Services	809	6.0 %	766	5.8 %
Total net revenue	13,504	100.0 %	13,185	100.0 %
Cost of net revenue:				
Products ⁽¹⁾	10,194	80.3 %	9,871	79.5 %
Services ⁽²⁾	470	58.1 %	426	55.6 %
Total cost of net revenue	10,664	79.0 %	10,297	78.1 %
Gross profit	2,840	21.0 %	2,888	21.9 %
Research and development	397	2.9 %	399	3.0 %
Selling, general and administrative	1,459	10.8 %	1,383	10.5 %
Restructuring and other charges	70	0.5 %	63	0.5 %
Acquisition and divestiture charges	6	— %	27	0.2 %
Amortization of intangible assets	63	0.5 %	81	0.6 %
Total operating expenses	1,995	14.7 %	1,953	14.8 %
Earnings from operations	845	6.3 %	935	7.1 %
Interest and other, net	(141)	(1.1)%	(142)	(1.1)%
Earnings before taxes	704	5.2 %	793	6.0 %
Provision for taxes	(139)	(1.0)%	(171)	(1.3)%
Net earnings	\$ 565	4.2 %	\$ 622	4.7 %

⁽¹⁾ Products cost of net revenue as a percentage of net revenue is calculated as a percentage of product net revenue.

⁽²⁾ Services cost of net revenue as a percentage of net revenue is calculated as a percentage of services net revenue.

Net Revenue

Products net revenue includes revenue from the sale of hardware, supplies, subscriptions and software licenses. Services net revenue includes revenue from our service offerings and support on hardware devices.

For the three months ended January 31, 2025, net revenue increased 2.4% (increased 3.3% on a constant currency basis) as compared to the prior-year period. U.S. net revenue increased 1.7% to \$4.4 billion, and net revenue from international operations increased 2.8% to \$9.1 billion. The increase in net revenue was driven by products net revenue due to Commercial PS and disciplined pricing as well as services net revenue due to support services on hardware devices, partially offset by unfavorable currency impacts.

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

Gross Margin

For the three months ended January 31, 2025, gross margin decreased by 0.9 percentage points primarily driven by products gross margin due to higher commodity costs and unfavorable currency impacts, partially offset by disciplined cost management including Future Ready transformation savings. Services gross margin decreased due to unfavorable mix shifts.

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

Operating Expenses

Research and Development (“R&D”)

R&D expense for the three months ended January 31, 2025 primarily relates to investments in innovation and people and remained flat.

Selling, General and Administrative (“SG&A”)

SG&A expense increased 5.5% for the three months ended January 31, 2025 primarily due to increased investment in people, partially offset by disciplined cost management including Future Ready transformation savings.

Restructuring and Other Charges

Restructuring and other charges for the three months ended January 31, 2025 primarily relate to the Fiscal 2023 Plan. For more information, 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.

Acquisition and Divestiture Charges

Acquisition and divestiture charges primarily include direct third-party professional and legal fees, integration and divestiture-related costs and non-cash adjustments to the fair value of certain acquired assets, such as inventory. Acquisition and divestiture charges for the three months ended January 31, 2025 decreased by \$21 million primarily due to the fiscal year 2022 Poly acquisition and continuing integration progress during the prior period.

Amortization of Intangible Assets

Amortization of intangible assets decreased 22.2% for the three months ended January 31, 2025 primarily due to a portion of intangible assets from prior period acquisitions being fully amortized.

Interest and Other, Net

Interest and other, net expense for the three months ended January 31, 2025 primarily relates to interest expense on debt and factoring costs and remained flat.

Provision for Taxes

Our effective tax rate was 19.7% for the three months ended January 31, 2025, which did not materially differ from the U.S. federal statutory tax rate of 21%.

In December 2021, the Organisation for Economic Co-operation and Development (the “OECD”) introduced model rules for a global minimum tax framework known as (“BEPS Pillar Two”). Numerous governments worldwide have enacted or are in the process of enacting legislation to implement this framework. Where applicable, we plan to treat the tax as a period cost. As of January 31, 2025, we do not anticipate a material impact on our effective tax rate or cash tax payments in these jurisdictions for fiscal year 2025. Our assessment for future fiscal years may be influenced by additional legislative guidance and the enactment of further provisions within the BEPS Pillar Two framework.

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.

Personal Systems

	Three months ended January 31		
	2025	2024	% Change
	Dollars in millions		
Net revenue	\$ 9,224	\$ 8,809	4.7 %
Earnings from operations	\$ 507	\$ 537	(5.6)%
Earnings from operations as a % of net revenue	5.5 %	6.1 %	

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

	Three months ended January 31		
	Net Revenue		Weighted Net Revenue Change ⁽¹⁾
	2025	2024	Percentage Points
Dollars in millions			
Commercial PS	\$ 6,645	\$ 6,045	6.8
Consumer PS	2,579	2,764	(2.1)
Total Personal Systems	\$ 9,224	\$ 8,809	4.7

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

Three months ended January 31, 2025 compared with three months ended January 31, 2024

Personal Systems net revenue increased 4.7% (increased 5.3% on a constant currency basis) for the three months ended January 31, 2025. The net revenue increase was primarily due to a 6.1% increase in average selling price (“ASPs”), partially offset by a 1.4% decrease in PCs unit volume driven by Consumer PS. The increase in ASPs is primarily due to disciplined pricing and mix shifts towards Commercial PS, partially offset by unfavorable currency impacts.

Commercial PS net revenue increased 9.9% primarily due to a 5.7% increase in units driven by market recovery and a 4.1% increase in ASPs. The increase in ASPs is primarily due to favorable mix shifts towards premium and disciplined pricing, partially offset by unfavorable currency impacts.

Consumer PS net revenue decreased 6.7% primarily due to a 11.0% decrease in units as a result of our strategy to rebalance our portfolio to a more profitable mix, partially offset by 4.7% increase in ASPs. The increase in ASPs was primarily due to disciplined pricing and favorable mix shifts, partially offset by unfavorable currency impacts.

Personal Systems earnings from operations as a percentage of net revenue decreased by 0.6 percentage points. The decrease was driven by a decrease in gross margin while operating expenses as a percentage of revenue remained flat. Gross margin decreased primarily due to higher commodity costs, partially offset by favorable mix shifts towards Commercial PS and cost savings including Future Ready transformation savings.

Printing

	Three months ended January 31		
	2025	2024	% Change
	Dollars in millions		
Net revenue	\$ 4,269	\$ 4,375	(2.4)%
Earnings from operations	\$ 810	\$ 872	(7.1)%
Earnings from operations as a % of net revenue	19.0 %	19.9 %	

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

	Three months ended January 31		
	Net Revenue		Weighted Net Revenue Change ⁽¹⁾
	2025	2024	
	Dollars in millions		Percentage Points
Supplies	\$ 2,826	\$ 2,863	(0.8)
Commercial Printing	1,144	1,227	(1.9)
Consumer Printing	299	285	0.3
Total Printing	\$ 4,269	\$ 4,375	(2.4)

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

Three months ended January 31, 2025 compared with three months ended January 31, 2024

Printing net revenue decreased 2.4% (decreased 0.9% on a constant currency basis) for the three months ended January 31, 2025. The decrease in net revenue was driven by Commercial Printing as well as net unfavorable currency impacts. Net revenue for Supplies decreased 1.3%, primarily due to decline in the installed base and usage as well as unfavorable currency impacts, partially offset by disciplined pricing. Printer unit volume increased 4.7% primarily driven by Big Tank, partially offset by demand softness, especially in China. Printer hardware ASPs decreased 9.3% due to competitive pricing, unfavorable mix shifts, and unfavorable currency impacts.

Net revenue for Commercial Printing decreased 6.8%, primarily due to a 8.7% decrease in ASPs, while printer unit volumes remained flat. The decrease in ASPs was primarily driven by competitive pricing and unfavorable currency impacts.

Net revenue for Consumer Printing increased 4.9%, primarily due to a 7.3% increase in printer unit volume, specifically Big Tank, partially offset by a 2.4% decrease in ASP's. The decrease in ASPs was primarily driven by unfavorable currency impacts and mix shifts.

Printing earnings from operations as a percentage of net revenue decreased by 0.9 percentage points, due to a decrease in gross margin while operating expenses as a percentage of revenue remained flat. The decrease in gross margin is primarily due to competitive pricing in Commercial Printing, partially offset by cost savings including Future Ready transformation savings.

Corporate Investments

The loss from operations in Corporate Investments for the three months ended January 31, 2025 was primarily due to expenses associated with our incubation projects and investments in digital enablement.

LIQUIDITY AND CAPITAL RESOURCES

We use cash generated by operations as our primary source of liquidity. We believe that current cash, cash flow from operating activities, new borrowings, available commercial paper authorization and the credit facility will be sufficient to meet HP's operating cash requirements, planned capital expenditures, interest and principal payments on all borrowings, pension and post-retirement funding requirements, authorized share repurchases and annual dividend payments for the foreseeable future. Additionally, if suitable acquisition opportunities arise, the Company may obtain all or a portion of the required financing through additional borrowings. 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 I in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024 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.

Amounts held outside of the U.S. are generally utilized to support non-U.S. liquidity needs and may from time to time be distributed to the U.S. Repatriations of amounts held outside the U.S. generally will not be taxable from a U.S. federal tax perspective but may be subject to state income or foreign withholding tax upon repatriation. As we evaluate the future cash needs of our operations, we may revise the amount of foreign earnings considered to be permanently reinvested in our foreign subsidiaries and how to utilize such funds, including reducing our gross debt level, or other uses.

Liquidity

Our cash, cash equivalents and restricted cash and total debt were as follows:

	As of	
	January 31, 2025	October 31, 2024
	In millions	
Cash and cash equivalents	\$ 2,880	\$ 3,238
Restricted cash	\$ 14	\$ 15
Total debt	\$ 9,691	\$ 9,669

Our key cash flow metrics were as follows:

	Three months ended January 31	
	2025	2024
	In millions	
Net cash provided by operating activities	\$ 374	\$ 121
Net cash used in investing activities	(300)	(228)
Net cash used in financing activities	(433)	(708)
Net decrease in cash, cash equivalents and restricted cash	\$ (359)	\$ (815)

Operating Activities

Compared to the corresponding period in fiscal year 2024, net cash provided by operating activities increased \$0.3 billion for the three months ended January 31, 2025, primarily due to a favorable cash conversion cycle.

Key Working Capital Metrics

Management utilizes current cash conversion cycle information to manage our working capital level. Our working capital metrics and cash conversion cycle impacts were as follows:

	As of			As of			Y/Y Change
	January 31, 2025	October 31, 2024	Change	January 31, 2024	October 31, 2023	Change	
Days of sales outstanding in accounts receivable (“DSO”)	28	33	(5)	26	28	(2)	2
Days of supply in inventory (“DOS”)	72	63	9	61	57	4	11
Days of purchases outstanding in accounts payable (“DPO”)	(139)	(138)	(1)	(116)	(117)	1	(23)
Cash conversion cycle	(39)	(42)	3	(29)	(32)	3	(10)

January 31, 2025 as compared to January 31, 2024

The cash conversion cycle is the sum of days of DSO and DOS less DPO. Items which may cause the cash conversion cycle in a particular period to differ from historical trends include, but are not limited to, changes in business mix, changes in payment terms and timing, timing and 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 credit losses, by a 90-day average net revenue. The increase in DSO was primarily due to extended payment terms and lower factoring.

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 goods sold. The increase in DOS is primarily due to strategic buys in Personal Systems, purchases of finished goods to mitigate potential tariff impacts and higher in-transit shipments.

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 goods sold. The increase in DPO was primarily due to favorable changes in payment terms and incremental strategic buys in Personal Systems.

Investing Activities

Compared to the corresponding period in fiscal year 2024, net cash used in investing activities increased by \$0.1 billion for the three months ended January 31, 2025, primarily due to higher investment in property, plant, equipment and purchased intangible assets of \$0.1 billion.

Financing Activities

Compared to the corresponding period in fiscal year 2024, net cash used in financing activities decreased by \$0.3 billion for the three months ended January 31, 2025, primarily due to a \$0.4 billion decrease in share repurchases, partially offset by a \$0.1 billion issuance of commercial paper in the prior period.

Share Repurchases and Dividends

During the three months ended January 31, 2025, HP returned \$0.4 billion to the shareholders in the form of cash dividends of \$0.3 billion and share repurchases of \$0.1 billion. As of January 31, 2025, HP had approximately \$9.2 billion remaining under the share repurchase authorizations approved by HP's Board of Directors.

For more information on our share repurchases, see Note 10, "Stockholders' Deficit", to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference.

Capital Resources

Debt Levels

	As of	
	January 31, 2025	October 31, 2024
	Dollars in millions	
Short-term debt	\$ 1,418	\$ 1,406
Long-term debt	\$ 8,273	\$ 8,263
Weighted-average interest rate	4.5 %	4.5 %

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.

Our weighted-average interest rate reflects the effective rate on our borrowings prevailing during the period and reflects the effect of interest rate swaps. For more information on our interest rate swaps, see Note 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 January 31, 2025, we maintained a \$5.0 billion sustainability-linked senior unsecured committed revolving credit facility which will be available until August 1, 2029. Funds borrowed under the revolving credit facility may be used for general corporate purposes.

Available Borrowing Resources

As of January 31, 2025, we had available borrowing resources of \$1.0 billion from uncommitted lines of credit in addition to funds available under the revolving credit facility.

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 they obtain during our ongoing discussions. While we currently do not have any rating downgrade triggers that would accelerate the maturity of a material amount of our debt, a downgrade from our current credit rating may increase the cost of borrowing under our credit facility, reduce market capacity for our commercial paper, require the posting of additional collateral under some of our derivative contracts and may have a negative impact on our liquidity and capital position and our contractual business going forward, depending on the extent of such downgrade. 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 January 31, 2025, we anticipate making contributions for the remainder of fiscal year 2025 of approximately \$28.0 million to our non-U.S. pension plans and \$23.0 million to cover benefit payments to U.S. non-qualified pension plan participants and \$2.0 million to cover benefit claims for our post-retirement benefit plans. Our policy is to fund our pension plans so that we meet the minimum contribution required 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

As a result of our approved restructuring plans, we expect to make future cash payments of approximately \$0.4 billion in fiscal year 2025. 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 January 31, 2025, we had approximately \$1.1 billion 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 liabilities 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.

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.

HP utilizes certain third-party arrangements in the normal course of business as part of HP’s cash and liquidity management and also to provide liquidity to certain partners to facilitate their working capital requirements. 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, 2024. Our exposure to market risk has not changed materially since October 31, 2024.

Item 4. Controls and Procedures.

Evaluation of Disclosure 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 that our disclosure controls and procedures were not effective as of the Evaluation Date due to the unremediated material weakness in our internal control over financial reporting described below.

Material Weakness

As previously reported in the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2024, we identified a material weakness in internal control over financial reporting. The material weakness resulted from undue reliance on information generated from certain software solutions affecting various financial statement line items as well as net revenue without effectively designed information technology (“IT”) general controls specifically around user access and change management and job schedule monitoring IT operations. As of January 31, 2025, the Company has concluded that the previously identified material weakness was not remediated. As a result of the material weakness, the application controls and IT dependent manual controls that rely upon information from affected IT applications were also deemed ineffective.

This material weakness did not result in any material misstatement of our financial statements. While this material weakness did not result in a material misstatement of our financial statements, there is a reasonable possibility that it could have resulted in a material misstatement in the Company's annual or interim consolidated financial statements that would not be detected. Accordingly, we determined that it constituted a material weakness.

With respect to the material weakness above, management, under the oversight of the Audit Committee, is in the process of designing appropriate IT general controls specific to the impacted software solutions. While we have taken steps to implement our remediation plan, the material weakness will not be considered remediated until the enhanced controls operate for a sufficient period of time and management has concluded, through testing, that the related controls are effective. The Company will monitor the effectiveness of its remediation plan and refine its remediation plan as appropriate.

Changes in Internal Control over Financial Reporting

Other than the material weakness described above, there have been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended January 31, 2025 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, 2024, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common and capital stock. There have been no material changes in our risk factors since our Annual Report on Form 10-K for the fiscal year ended October 31, 2024.

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

The table below provides information regarding the Company's share repurchases that settled during the three months ended January 31, 2025.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs
In thousands, except per share amounts				
November 2024	2,573	\$ 37.02	2,573	\$ 9,166,702
December 2024	135	\$ 35.20	135	\$ 9,161,940
January 2025	—	\$ —	—	\$ 9,161,940
Total	2,708		2,708	

The Company's share repurchase program, which does not have a specific expiration date, authorizes repurchases in the open market or in private transactions. On August 27, 2024 HP's Board of Directors increased HP's share repurchase authorization to \$10.0 billion inclusive of the amount remaining under previously authorized share repurchases. In the three months ended January 31, 2025, we returned \$0.1 billion to shareholders through the repurchase of 2.7 million shares on the open market.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Our directors and officers (as defined in Exchange Act Rule 16a-1(f)) may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act. On December 20, 2024, Chip Bergh, our Chair, adopted a written plan for the sale of up to (i) 48,544 shares of our common stock underlying stock options granted under an equity compensation plan and (ii) 36,024 shares of our common stock underlying time-based restricted stock units. The plan is scheduled to commence on March 21, 2025 and is scheduled to expire on February 11, 2026, or on any earlier date on which all of the shares have been sold. On December 26, 2024, Anneliese Olson, our President of Imaging, Printing & Solutions, adopted a written plan for the sale of up to 21,545 shares of our common stock. The plan is scheduled to commence on March 26, 2025 and is scheduled to expire on April 10, 2025, or on any earlier date on which all of the shares have been sold. These plans are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

Item 6. Exhibits.

The Exhibit Index beginning on page [51](#) of this report sets forth a list of exhibits.

HP INC. AND SUBSIDIARIES
EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
3(a)	Registrant's Restated Certificate of Incorporation.	8-K	001-04423	3.2	April 25, 2024
3(b)	Registrant's Amended and Restated Bylaws.	8-K	001-04423	3.1	February 21, 2025
10(a)	Amended Form of Grant Agreement for grants of performance-adjusted restricted stock units (for use from November 1, 2022).* [†]				
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended. [†]				
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended. [†]				
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ^{††}				
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. [†]				
101.SCH	Inline XBRL Taxonomy Extension Schema Document. [†]				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document. [†]				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document. [†]				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document. [†]				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document. [†]				
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2025, formatted in Inline XBRL (included within the Exhibit 101 attachments). [†]				

* Indicates management contract or compensatory plan, contract or arrangement.

† Filed herewith.

†† Furnished herewith.

The registrant agrees to furnish to the Commission supplementally upon request a copy of (1) any instrument with respect to long-term debt not filed herewith as to which the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis and (2) any omitted schedules to any material agreements set forth above.

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/ KAREN L. PARKHILL

Karen L. Parkhill
Chief Financial Officer
(Principal Financial Officer and
Authorized Signatory)

Date: February 27, 2025



AMENDED GRANT AGREEMENT for use from November 1, 2022

Name: fld_NAME_AC

Employee ID: fld_EMPLID

Grant Date:	expGRANT_DATE
Grant ID:	fld_GRANT_NBR
Target Amount:	0
Plan:	fld_DESCR

Performance-Adjusted Restricted Stock Units GRANT SUMMARY

Target Amount	0 Shares
Performance Period	01 November 2022 – 31 October 2025
Year 1 EPS	01 November 2022 – 31 October 2023
Year 2 EPS	01 November 2023 – 31 October 2024
Year 3 EPS	01 November 2024 – 31 October 2025
3-year TSR	01 November 2022 – 31 October 2025

THIS PERFORMANCE-ADJUSTED RESTRICTED STOCK UNITS GRANT AGREEMENT (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 performance-adjusted restricted stock units ("PARSUs") representing hypothetical shares of the Company's common stock (the "Grant") and dividend equivalents. The target amount stated above reflects the target number of PARSUs that may be granted to Employee (the "Target Amount"). The number of PARSUs achieved will be determined and paid out at the end of the Performance Period. Each PARSU will be 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

(Effective January 2025)

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 Performance-Adjusted Restricted Stock Units.**
Subject to the terms and conditions of this Grant Agreement and of the Plan, the Company hereby grants to the Employee PARSUs together with dividend equivalent units, as set forth below.
2. **Performance Criteria and Performance Periods.**
The goals associated with the PARSUs shall be established by the Committee, and will be communicated separately to the Employee by the Company. Shares delivered at the end of the Performance Period with respect to the PARSUs will range from 0% to 300% of the Target Amount of PARSUs, based upon the Company's performance against the earnings per share ("EPS") and relative total shareholder return ("TSR") goals as compared to S&P 500 performance, as certified by the Committee. No PARSUs will be achieved if performance is below threshold levels.

Exhibit A provides more details on the relative TSR calculation.

3. **Crediting of Units.**
 - (a) **Adjustments Based on EPS Goals.** The Target Amount of units will initially be adjusted based upon performance against the average of the yearly EPS goals, as certified by the Committee (the "Adjusted EPS Units"). For fiscal year 2023 the EPS goals will result in the following adjustment: 0% if performance is below the threshold level, 50% if performance is at the threshold level, 100% if performance is at target level, 200% if performance is above target, and 300% if performance is at or above the maximum level. Fiscal year 2024 and fiscal year 2025 EPS goals will result in the following adjustment: 0% if performance is below the threshold level, 25% if performance is at the threshold level, 50% if performance is at the below target level, 100% if performance is at the target level, 200% if performance is at the above target level, and 300% if performance is at or above the maximum level. For performance that falls among any of the attainment levels between the threshold level and the maximum level, a proportionate percentage will be applied based on straight-line interpolation between the attainment levels. At the end of the Performance Period each individual year's EPS performance will be added together and then divided by three to determine the average EPS performance for the Performance Period, which will then be applied to the Target Amount of units to determine the EPS payout.
 - (b) **Adjustments Based on TSR Goals.** After the end of the 3-year Performance Period, the final payout of PARSUs will be determined based on the Adjusted EPS Units, as further adjusted based upon performance against the TSR goal for the Performance Period, as certified by the Committee as follows: if relative TSR performance is in the bottom quartile (lower than 25th percentile), the Adjusted EPS Units will be reduced by 50% (but not below 0% of target) (using the example above, 150%-50% = 100%); if relative TSR is in the top quartile (higher than 75th percentile), the Adjusted EPS Units will be increased by 50% (capped at 300% of target) (using the example above, 150%+50% = 200%); if relative TSR performance is in the second or third quartile (from 25th percentile to 75th percentile), no additional adjustment will be made to the Adjusted EPS Units (using the example above, Adjusted EPS units will be at 150%). In no case may the total number of units exceed 300% of the Target Amount, excluding the effect of dividend equivalents.
 - (c) **Service Requirement.** Notwithstanding (a) and (b) above, the Employee must be employed on the last U.S. business day of the Performance Period in order to be credited with any PARSUs.
4. **Payout of Performance-Adjusted Restricted Stock Units and Dividend Equivalents.**

Except as otherwise provided in Sections 9 through 12 below, following the Committee's certification (if applicable) at the end of the Performance Period that the goals associated with the PARSUs have been met and that the terms and conditions set forth in this Grant Agreement have been fulfilled (and in any event within 75 days of the last day of the Performance Period), the Company shall deliver to the Employee's account (or the Employee's estate or beneficiary or legal guardian in the event of Sections 9 through 11 below, as applicable) a number of Shares equal to the following:

- (a) a number of Shares corresponding to the number of PARSUs that have become vested pursuant to Section 3 (and Section 9 through 11, as applicable); plus
- (b) a dividend equivalent payment credited in the form of additional PARSUs 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 PARSUs are settled, determined by:
 - (1) multiplying the per share cash dividend paid by the Company on its Shares by the total number the number of PARSUs that became vested as determined in Section 3 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 PARSUs to be credited to the Employee;

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

Notwithstanding the foregoing, the Company may, in its sole discretion, settle the PARSUs 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 PARSUs 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).

5. Restrictions.

Except as otherwise provided for in this Grant Agreement, the PARSUs or rights granted hereunder may not be sold, pledged or otherwise transferred.

6. Custody of Performance-Adjusted Restricted Stock Units.

The PARSUs subject hereto shall be held in a restricted book entry account in the name of the Employee. Upon completion of the Performance Period, any Shares deliverable pursuant to Section 4 above shall be released into an unrestricted brokerage account in the name of the Employee; provided, however, that a portion of such Shares shall be surrendered in payment of Tax-Related Items in accordance with Section 14 below, unless the Company, in its sole discretion, establishes alternative procedures for the payment of such taxes. Any Shares not deliverable pursuant to Section 4 above shall be forfeited from the Employee's account.

7. No Stockholder Rights.

PARSUs 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.

8. Termination of Employment.

Except in the case of a termination of employment due to the Employee's death, retirement or Total and Permanent Disability, the Employee must remain in the employ of the Company on a continuous basis through the last U.S. business day of the Performance Period in order to be eligible to receive any amount of the PARSUs except to the extent a severance plan applicable to the Employee provides otherwise, subject to the terms and conditions of this Grant Agreement.

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 or any Subsidiary or Affiliate. 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).

9. Benefit in Event of Death of the Employee.

In the event that termination of employment is due to the death of the Employee, all unvested PARSUs shall vest immediately based on deemed attainment of the performance criteria at target levels, or based on actual performance as determined in accordance with Sections 3(a) and/or 3(b) for a termination occurring after the completion of a performance period, including any Shares representing dividend equivalent payments calculated in accordance with Section 4(b), except that the calculation will be based on the number of PARSUs that vest in accordance with this Section 9, and any such Shares representing the vested PARSUs and dividend equivalent payments shall be delivered within 75 days of vesting.

10. Retirement of the Employee.

If the Employee's termination is due to retirement in accordance with an applicable retirement policy, a pro rata portion of the PARSUs shall vest at the end of the 36-month Performance Period based on actual performance as determined in accordance with Sections 3(a) and/or 3(b). Pro rata vesting shall be based on the number of full months elapsed from the beginning of the performance period to the date of the Employee's termination due to retirement. The Company's obligation to deliver the amounts that vest pursuant to this Section 10 is subject to the condition that (i) the Employee shall have executed a current Agreement Regarding Confidential Information and Proprietary Developments ("ARCIPD") that is satisfactory to the Company no later than the date immediately prior to the date of the Employee's termination of employment, (ii) the Employee has not engaged in any conduct that creates a conflict of interest in the opinion of the Company during the Employee's active employment with the Company and any-post employment period during which the PARSU remains outstanding, and (iii) the Employee is in compliance with any-post employment restrictions in the ARCIPD during the period in which the PARSU remains outstanding.

11. Total and Permanent Disability of the Employee.

In the event that termination of employment is due to the Total and Permanent Disability of the Employee, all unvested PARSUs shall vest immediately based on deemed attainment of the performance criteria at target levels, or based on actual performance as determined in accordance with Sections 3(a) and/or 3(b) for a termination occurring after the completion of a performance period, including any Shares representing dividend equivalent payments calculated in accordance with Section 4(b), except that the calculation will be based on the number of PARSUs that vest in accordance with this Section 11, and any such Shares representing the vested PARSUs and dividend equivalent payments shall be delivered within 75 days of vesting. The Company's obligation to deliver the amounts that vest pursuant to this Section 11 is subject to the condition that (i) the Employee shall have executed a current Agreement Regarding Confidential Information and Proprietary Developments ("ARCIPD") that is satisfactory to the Company no later than the date immediately prior to the date of the Employee's termination of employment, (ii) the Employee has not engaged in any conduct that creates a conflict of interest in the opinion of the Company during the Employee's active employment with the Company and any-post employment period during which the PARSU remains outstanding and (iii) the Employee is in compliance with any-post employment restrictions in the ARCIPD during the period in which the PARSU remains outstanding.

12. Termination for Cause.

Upon termination of the Employee's employment for Cause (as defined in the Plan), then all unvested PARSUs shall be forfeited by the Employee on the date of the Employee's termination, except to the extent a severance plan applicable to the Employee provides otherwise. Such forfeiture shall occur regardless of whether the Employee has satisfied any applicable age and service requirements for retirement.

13. Section 409A.

The following provisions apply to the extent the Employee is subject to taxation in the U.S. Payments made pursuant to this 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 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 PARSUs 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 PARSUs or the 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 the PARSUs or the dividend equivalents. 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 PARSUs or dividend equivalents that are considered non-qualified deferred compensation subject to Section 409A ("NQDC") and the settlement of which is triggered by "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 earliest of (a) the Employee's death, (b) the specified settlement date, and (c) the date which is one day following six months after the date of the Employee's separation from service. If the PARSUs or dividend equivalents are considered NQDC and the payment period contemplated in Sections 10 or 11 crosses a calendar year, the PARSUs or dividend equivalents shall be paid in the second calendar year.

14. 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 14, shall include a former employer) is required, allowed or permitted to withhold taxes as a result of the grant or vesting of PARSUs (including dividend equivalents) or the issuance or subsequent sale of Shares acquired pursuant to such PARSUs, 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 the 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 PARSUs lapse, unless the Company, in its sole discretion, has established alternative procedures for such payment. However, with respect to any PARSUs 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.

The Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, 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 subject to the vested PARSUs, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Employee's participation in the Plan.

- (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 PARSUs or dividend equivalents, including, but not limited to, the grant, vesting or settlement of PARSUs or dividend equivalents, the subsequent delivery of Shares and/or cash upon settlement of such PARSUs or the subsequent sale of any Shares acquired pursuant to such PARSUs and receipt of any dividends or dividend equivalent payments; and (ii) notwithstanding Section 13, do not commit to and are under no obligation to structure the terms or any aspect of this grant of PARSUs 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. 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 PARSUs that cannot be satisfied by the means previously described. The Company may refuse to deliver the benefit described in Section 4 if the Employee fails to comply with the Employee's obligations in connection with the Tax-Related Items.
- (c) In accepting the PARSUs, the Employee consents and agrees that in the event the PARSUs 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 PARSUs and dividend equivalents. Further, by accepting the PARSUs, 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 14. The Employee further agrees to execute any other consents or elections required to accomplish the above, promptly upon request of the Company.

15. *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 or 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 PARSUs, 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 PARSUs 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 the Employee's 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.*

By electronically accepting PARSUs on the Merrill Lynch website, the Employee is declaring that the Employee agrees with the data processing practices described in this Section 15 and that the Employee consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned therein for the purposes described therein.

16. 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. 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.

17. Acknowledgment and Waiver.

By accepting this grant of PARSUs and any Shares, the Employee understands, acknowledges and agrees that:

- (a) 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;
- (b) all good faith decisions and interpretations of the Committee regarding the Plan and PARSUs granted under the Plan are binding, conclusive and final;
- (c) 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;
- (d) the grant of PARSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PARSUs or other awards, or benefits in lieu of PARSUs, even if Shares or PARSUs have been granted in the past;
- (e) all decisions with respect to future grants, if any, will be at the sole discretion of the Company;
- (f) 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;
- (g) the Employee is voluntarily participating in the Plan;
- (h) PARSUs and their resulting benefits are extraordinary items that are outside the scope of the Employee's employment contract, if any;
- (i) PARSUs and their resulting benefits are not intended to replace any pension rights or compensation;
- (j) PARSUs 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;
- (k) unless otherwise agreed by the Company, the PARSUs and their resulting benefits are not granted as consideration for, or in connection with, the service the Employee may provide as a director of Subsidiary or Affiliate;
- (l) this grant of PARSUs will not be interpreted to form an employment contract or relationship with the Company, and furthermore, this grant of PARSUs will not be interpreted to form an employment contract with any Subsidiary or Affiliate;
- (m) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (n) no claim or entitlement to compensation or damages shall arise from forfeiture of the PARSUs 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 PARSUs 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;

- (o) 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 PARSUs or any amounts due to the Employee pursuant to the settlement of the PARSUs or the subsequent sale of any Shares acquired upon settlement;
- (p) if the Company's performance is below threshold levels as set forth in this Grant Agreement, no PARSUs or dividend equivalents will vest and no Shares will be delivered to the Employee;
- (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 PARSUs vested up to three (3) years prior to the Employee's termination of employment or any time thereafter, (ii) cancel the Employee's outstanding PARSUs, 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 21(l). 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 21(l). The Employee is not required to consent to the electronic delivery of documents.

18. 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 personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan

19. 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 Performance Period. 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, the PARSUs shall be canceled and the Employee shall have no further rights under this Grant Agreement.

20. Insider Trading Policy.

The Employee acknowledges and understands that, depending on his or her 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 accept, acquire, purchase, sell or otherwise dispose of Shares or, rights to Shares during such times when the Employee is considered to have "inside information" regarding the Company as defined in the laws or regulations 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 (a) disclosing the inside information to any third party (other than on a "need to know" basis) and (b) "tipping" third parties or causing them otherwise to buy or sell securities. The Employee understands 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 responsibility to comply with such regulations; therefore, he or she should consult with the Employee's personal advisor on this matter.

21. Miscellaneous.

- (a) The Company shall not be required to treat as owner of PARSUs and any associated benefits hereunder any transferee to whom such PARSUs 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 21(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) Notwithstanding any provisions in this Grant Agreement, the grant of the PARSUs 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 (and country 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.
- (i) The Company reserves the right to impose other requirements on the Employee's participation in the Plan, on the PARSUs 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.
- (j) All rights granted and/or Shares issued under this Grant Agreement are subject to claw back under the Company policy as in effect from time to time.
- (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.

Enrique Lores
CEO and President

Kristen Ludgate
Chief People Officer

RETAIN THIS GRANT AGREEMENT FOR YOUR RECORDS

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

TOTAL SHAREHOLDER RETURN (TSR) CALCULATION**PEER GROUP**

The peer group consists of the companies that are included in the Standard & Poor's ("S&P") 500 index, with at least three months of trading history, at the beginning of the Performance Period on November 1, 2022 ("TSR Peer Group", each a "Peer Company").

- (a) If a Peer Company is removed from the S&P 500 index during the Performance Period but remains a publicly traded company, then such company will remain in the TSR Peer Group.
- (b) In the event of a bankruptcy, liquidation or delisting of a Peer Company at any time during the Performance Period, such company shall remain a Peer Company and be assigned a TSR of negative one hundred percent (-100%). Delisting shall mean that a company ceases to be publicly traded on a national securities exchange as a result of any involuntary failure to meet the listing requirements of such national securities exchange, but shall not include delisting as a result of any voluntary going-private or similar transaction.
- (c) If a Peer Company is acquired by another company, including through a management buy-out or going-private transaction, and the Peer Company is not the surviving entity or is otherwise no longer publicly traded after the transaction, then the acquired Peer Company will be removed from the TSR Peer Group for the entire Performance Period; provided, however, that if the acquired Peer Company became bankrupt or became delisted prior to its acquisition it shall be treated as provided in paragraph (b) above.
- (d) If a Peer Company spins off a portion of its business in a manner which results in the Peer Company and the spin-off company both being publicly traded, the Peer Company will remain in the TSR Peer Group, and the spin-off company's value will be included in the Peer Company's TSR calculation as a "special dividend" and reinvested in the Peer Company's stock.
- (e) If a Peer Company acquires another company, and the Peer Company continues to be the surviving entity after the transaction, then the acquiring Peer Company will remain in the TSR Peer Group for the Performance Period.
- (f) If the Company's or any Peer Company's stock splits (or if there are other similar subdivisions, consolidations or changes in such company's stock or capitalization), such company's TSR performance will be adjusted for the stock split so as not to give an advantage or disadvantage to such company by comparison to other companies in the TSR Peer Group.

The Committee shall have the authority, or delegate such authority, to make all determinations regarding the adjustment of the TSR goal, including, but not limited to, the extent of achievement, and any adjustments to the calculation of TSR or the treatment of Peer Companies, as necessary or appropriate.

TSR CALCULATION

The final payout of PARSUs will be determined based on the Adjusted EPS Units, as further adjusted based upon performance against the TSR goal. The TSR goal is based upon the Company's TSR ranking relative to the TSR Peer Group for the Performance Period.

Company's Relative TSR Performance Rank	Payout Modifier or Adjustment
<25th percentile of the TSR Peer Group	-50% to the final 3-year average EPS performance
25 th to 75 th percentile of the TSR Peer Group	No adjustment to the final 3-year average EPS performance
>75th percentile of the TSR Peer Group	+50% to the final 3-year average EPS performance

The TSR shall be calculated as follows, where:

- "Beginning Stock Price" shall mean the average closing stock price in the calendar month prior to the start of the Performance Period (October 2022)
- "Ending Stock Price" shall mean the average closing stock price in the last calendar month of the Performance Period (October 2025)
- "Reinvested Dividends" shall mean the dividends paid with respect to an ex-dividend date that occurs beginning from the date when the Beginning Stock Price is measured through the end of the Performance Period (whether or not the dividend payment date occurs during such period), which shall be deemed to have been reinvested in the underlying common shares.

$$\text{TSR} = \frac{\text{Ending Stock Price} - \text{Beginning Stock Price} + \text{Reinvested Dividends}}{\text{Beginning Stock Price}}$$

CERTIFICATION

I, Enrique Lores, 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: February 27, 2025

/s/ ENRIQUE LORES

Enrique Lores
President and Chief Executive Officer

CERTIFICATION

I, Karen L. Parkhill, 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: February 27, 2025

/s/ KAREN L. PARKHILL

Karen L. Parkhill
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, Enrique Lores, 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 first quarter ended January 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, 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.

February 27, 2025

/s/ ENRIQUE LORES
By: Enrique Lores
President and Chief Executive Officer

I, Karen L. Parkhill, 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 first quarter ended January 31, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, 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.

February 27, 2025

/s/ KAREN L. PARKHILL
By: Karen L. Parkhill
Chief Financial Officer
