

Use of non-GAAP financial information

HP has included non-GAAP financial measures in this presentation to supplement HP's consolidated financial statements presented on a GAAP basis. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this presentation.

HP's management uses net revenue on a constant currency basis, non-GAAP total operating expense, non-GAAP operating profit, non-GAAP tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share to evaluate and forecast HP's performance before gains, losses or other charges that are considered by HP's management to be outside of HP's core business segment operating results. Gross cash, net cash (debt), and free cash flow are liquidity measures that provide useful information to management about the amount of cash available for investment in HP's businesses, funding acquisitions, repurchasing stock and other purposes. Net cash (debt) provides useful information to management about the state of HP's consolidated balance sheet.

These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of HP's results as reported under GAAP. For example, items such as amortization of intangible assets, though not directly affecting HP's cash position, represent the loss in value of intangible assets over time. The expense associated with this change in value is not included in non-GAAP operating profit, non-GAAP tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share and therefore does not reflect the full economic effect of the change in value of those intangible assets. In addition, items such as restructuring and other charges, acquisition-related charges, non-operating retirement-related credits/(charges), defined benefit plan settlement charges, debt extinguishment costs, tax adjustments, and the related tax impact on these items that are excluded from non-GAAP total operating expense, non-GAAP operating profit, non-GAAP tax rate, non-GAAP net earnings and non-GAAP diluted net earnings per share can have a material impact on the equivalent GAAP earnings financial measures and cash flow. HP may not be able to immediately liquidate the short-term and long-term investments included in gross cash, which may limit the usefulness of gross cash as a liquidity measure. In addition, free cash flow, which includes net capital expenditures, does not represent the total increase or decrease in cash for the period. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies.

We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of each non-GAAP financial measure to the most directly comparable GAAP measure, and we encourage investors to review those reconciliations carefully.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency to the information used by HP's management in its financial and operational decision-making and allows investors to see HP's results "through the eyes" of management. We further believe that providing this information better enables investors to understand HP's operating performance and financial condition and to evaluate the efficacy of the methodology and information used by HP's management to evaluate and measure such performance and financial condition.

HP's Investor Relations website at <http://www.hp.com/investor/home> contains a significant amount of information about HP, including financial and other information for investors. HP encourages investors to visit its website from time to time, as information is updated and new information is posted.



Q3 FY18 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	GAAP	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Debt extinguishment costs</i>	<i>Tax adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	Non-GAAP
Revenue	\$14,586								\$14,586
Cost of revenue	11,898								11,898
Total OpEx	1,608	(20)	(4)	(10)	(1)			56	1,629
Operating profit	1,080	20	4	10	1			(56)	1,059
Interest and other, net	(62)						3		(59)
Pre-tax earnings	1,018	20	4	10	1		3	(56)	1,000
Income tax	(138)	(5)	(7)	(13)				3	(160)
Tax rate	13.6%								16.0%
Net earnings	880	15	(3)	(3)	1		3	(53)	\$840
Diluted net earnings per share	\$0.54								\$0.52

A description of HP's use of non-GAAP information is provided on slide 3 under "Use of non-GAAP financial information"



Q2 FY18 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Debt extinguishment costs</i>	<i>Tax adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Non-GAAP</i>
Revenue	\$14,003								\$14,003
Cost of revenue	11,301								11,301
Total OpEx	1,738	(20)	(57)	(45)				53	1,669
Operating profit	964	20	57	45				(53)	1,033
Interest and other, net	(881)					126	671		(84)
Pre-tax earnings	83	20	57	45		126	671	(53)	949
Income tax	975	(5)	(13)	17		(33)	(1,095)	3	(151)
Tax rate	nm¹								15.9%
Net earnings	1,058	15	44	62		93	(424)	(50)	\$798
Diluted net earnings per share	\$0.64								\$0.48

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1. Not meaningful



Q1 FY18 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>US tax reform adjustment</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$14,517								\$14,517
<i>Cost of revenue</i>	11,935								11,935
<i>Total OpEx</i>	1,609	(20)	(31)	(42)	(1)			56	1,571
<i>Operating profit</i>	973	20	31	42	1			(56)	1,011
<i>Interest and other, net</i>	(68)					2			(66)
<i>Pre-tax earnings</i>	905	20	31	42	1	2		(56)	945
<i>Income tax</i>	1,033	(5)	(8)	(18)		(2)	(1,145)	3	(142)
<i>Tax rate</i>	(114.1)%								15.0%
<i>Net earnings</i>	1,938	15	23	24	1		(1,145)	(53)	\$803
<i>Diluted net earnings per share</i>	\$1.16								\$0.48

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Q4 FY17 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>Valuation allowances, net and separation taxes and adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Discontinued operations</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$13,927									\$13,927
<i>Cost of revenue</i>	11,407									11,407
<i>Total OpEx</i>	1,630		(113)	(49)	(1)			34		1,501
<i>Operating profit</i>	890		113	49	1			(34)		1,019
<i>Interest and other, net</i>	(42)					(23)				(65)
<i>Pre-tax earnings</i>	848		113	49	1	(23)		(34)		954
<i>Income tax</i>	(188)		(37)	(16)		23		13		(205)
<i>Tax rate</i>	22.2%									21.5%
<i>Net earnings from continuing operations</i>	\$660		76	33	1			(21)		\$749
<i>Net earnings (loss) from discontinued operations</i>	-									-
<i>Net earnings</i>	\$660		76	33	1			(21)		\$749
<i>Diluted net earnings per share</i>	\$0.39									\$0.44

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Q3 FY17 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>Valuation allowances, net and separation taxes and adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Discontinued operations</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$13,060									\$13,060
<i>Cost of revenue</i>	10,633									10,633
<i>Total OpEx</i>	1,472		(46)	(40)	(1)			34		1,419
<i>Operating profit</i>	955		46	40	1			(34)		1,008
<i>Interest and other, net</i>	(56)					(10)				(66)
<i>Pre-tax earnings</i>	899		46	40	1	(10)		(34)		942
<i>Income tax</i>	(203)		(14)	(15)		10		15		(207)
<i>Tax rate</i>	22.6%									22.0%
<i>Net earnings from continuing operations</i>	\$696		32	25	1			(19)		\$735
<i>Net earnings (loss) from discontinued operations</i>	-									-
<i>Net earnings</i>	\$696		32	25	1			(19)		\$735
<i>Diluted net earnings per share</i>	\$0.41									\$0.43

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Q2 FY17 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>Valuation allowances, net and separation taxes and adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Discontinued operations</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$12,385									\$12,385
<i>Cost of revenue</i>	10,002									10,002
<i>Total OpEx</i>	1,565	(1)	(140)	(20)	(3)			35		1,436
<i>Operating profit</i>	818	1	140	20	3			(35)		947
<i>Interest and other, net</i>	(64)					(5)				(69)
<i>Pre-tax earnings</i>	754	1	140	20	3	(5)		(35)		878
<i>Income tax</i>	(195)		(13)	(7)		9		13		(193)
<i>Tax rate</i>	25.9%									22.0%
<i>Net earnings from continuing operations</i>	\$559	1	127	13	3	4		(22)		\$685
<i>Net earnings (loss) from discontinued operations</i>	-									-
<i>Net earnings</i>	\$559	1	127	13	3	4		(22)		\$685
<i>Diluted net earnings per share</i>	\$0.33									\$0.40

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Q1 FY17 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>Valuation allowances, net and separation taxes and adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Discontinued operations</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$12,684									\$12,684
<i>Cost of revenue</i>	10,436									10,436
<i>Total OpEx</i>	1,392		(63)	(16)				32		1,345
<i>Operating profit</i>	856		63	16				(32)		903
<i>Interest and other, net</i>	(81)					(9)				(90)
<i>Pre-tax earnings</i>	775		63	16		(9)		(32)		813
<i>Income tax</i>	(164)		(19)	(6)		9		13		(167)
<i>Tax rate</i>	21.2%									20.5%
<i>Net earnings from continuing operations</i>	\$611		44	10				(19)		\$646
<i>Net earnings (loss) from discontinued operations</i>	-									-
<i>Net earnings</i>	\$611		44	10				(19)		\$646
<i>Diluted net earnings per share</i>	\$0.36									\$0.38

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Q4 FY16 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>Valuation allowances, net and separation taxes and adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Discontinued operations</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$12,512									\$12,512
<i>Cost of revenue</i>	10,221									10,221
<i>Total OpEx</i>	1,628		(49)	(7)	(179)			28		1,421
<i>Operating profit</i>	663		49	7	179			(28)		870
<i>Interest and other, net</i>	347					(435)				(88)
<i>Pre-tax earnings</i>	1,010		49	7	179	(435)		(28)		782
<i>Income tax</i>	(497)		(13)	(2)	(62)	397		9		(168)
<i>Tax rate</i>	49.2%									21.5%
<i>Net earnings from continuing operations</i>	\$513		36	5	117	(38)		(19)		\$614
<i>Net earnings (loss) from discontinued operations</i>	(21)								21	-
<i>Net earnings</i>	\$492		36	5	117	(38)		(19)	21	\$614
<i>Diluted net earnings per share</i>	\$0.28									\$0.36

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Q3 FY16 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>Valuation allowances, net and separation taxes and adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Discontinued operations</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$11,892									\$11,892
<i>Cost of revenue</i>	9,720									9,720
<i>Total OpEx</i>	1,055	(2)	(36)					38		1,055
<i>Operating profit</i>	1,117	2	36					(38)		1,117
<i>Interest and other, net</i>	(36)					(29)				(65)
<i>Pre-tax earnings</i>	1,081	2	36			(29)		(38)		1,052
<i>Income tax</i>	(238)		(8)			6		14		(226)
<i>Tax rate</i>	22.0%									21.5%
<i>Net earnings from continuing operations</i>	\$843	2	28			(23)		(24)		\$826
<i>Net earnings (loss) from discontinued operations</i>	(60)								60	-
<i>Net earnings</i>	\$783	2	28			(23)		(24)	60	\$826
<i>Diluted net earnings per share</i>	\$0.45									\$0.48

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Q2 FY16 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>Valuation allowances, net and separation taxes and adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Discontinued operations</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$11,588									\$11,588
<i>Cost of revenue</i>	9,338									9,338
<i>Total OpEx</i>	1,409	(6)	(100)					40		1,343
<i>Operating profit</i>	841	6	100					(40)		907
<i>Interest and other, net</i>	(5)					(8)				(13)
<i>Pre-tax earnings</i>	836	6	100			(8)		(40)		894
<i>Income tax</i>	(176)	(1)	(32)			2		15		(192)
<i>Tax rate</i>	21.1%									21.5%
<i>Net earnings from continuing operations</i>	\$660	5	68			(6)		(25)		\$702
<i>Net earnings (loss) from discontinued operations</i>	(31)								31	-
<i>Net earnings</i>	\$629	5	68			(6)		(25)	31	\$702
<i>Diluted net earnings per share</i>	\$0.36									\$0.41

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Q1 FY16 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>Valuation allowances, net and separation taxes and adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Discontinued operations</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$12,246									\$12,246
<i>Cost of revenue</i>	9,961									9,961
<i>Total OpEx</i>	1,357	(8)	(20)					40		1,369
<i>Operating profit</i>	928	8	20					(40)		916
<i>Interest and other, net</i>	(94)									(94)
<i>Pre-tax earnings</i>	834	8	20					(40)		822
<i>Income tax</i>	(184)	(2)	(6)					15		(177)
<i>Tax rate</i>	22.1%									21.5%
<i>Net earnings from continuing operations</i>	\$650	6	14					(25)		\$645
<i>Net earnings (loss) from discontinued operations</i>	(58)								58	-
<i>Net earnings</i>	\$592	6	14					(25)	58	\$645
<i>Diluted net earnings per share</i>	\$0.33									\$0.36

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Full year views



FY17 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>Valuation allowances, net and separation taxes and adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Discontinued operations</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$52,056									\$52,056
<i>Cost of revenue</i>	42,478									42,478
<i>Total OpEx</i>	6,059	(1)	(362)	(125)	(5)			135		5,701
<i>Operating profit</i>	3,519	1	362	125	5			(135)		3,877
<i>Interest and other, net</i>	(243)					(47)				(290)
<i>Pre-tax earnings</i>	3,276	1	362	125	5	(47)		(135)		3,587
<i>Income tax</i>	(750)		(82)	(44)		50		54		(772)
<i>Tax rate</i>	22.9%									21.5%
<i>Net earnings from continuing operations</i>	\$2,526	1	280	81	5	3		(81)		\$2,815
<i>Net earnings (loss) from discontinued operations</i>	-									-
<i>Net earnings</i>	\$2,526	1	280	81	5	3		(81)		\$2,815
<i>Diluted net earnings per share</i>	\$1.48									\$1.65

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FY16 GAAP to non-GAAP bridge

<i>\$ in millions, except tax rate and per share amounts</i>	<i>GAAP</i>	<i>Amortization of intangible assets</i>	<i>Restructuring and other charges</i>	<i>Acquisition-related charges</i>	<i>Defined benefit plan settlement charges</i>	<i>Tax indemnification</i>	<i>Valuation allowances, net and separation taxes and adjustments</i>	<i>Non-operating retirement related credits / (charges)</i>	<i>Discontinued operations</i>	<i>Non-GAAP</i>
<i>Revenue</i>	\$48,238									\$48,238
<i>Cost of revenue</i>	39,240									39,240
<i>Total OpEx</i>	5,449	(16)	(205)	(7)	(179)			146		5,188
<i>Operating profit</i>	3,549	16	205	7	179			(146)		3,810
<i>Interest and other, net</i>	212					(472)				(260)
<i>Pre-tax earnings</i>	3,761	16	205	7	179	(472)		(146)		3,550
<i>Income tax</i>	(1,095)	(3)	(60)	(2)	(47)	406		38		(763)
<i>Tax rate</i>	29.1%									21.5%
<i>Net earnings from continuing operations</i>	\$2,666	13	145	5	132	(66)		(108)		\$2,787
<i>Net earnings (loss) from discontinued operations</i>	(170)								170	-
<i>Net earnings</i>	\$2,496	13	145	5	132	(66)		(108)	170	\$2,787
<i>Diluted net earnings per share</i>	\$1.43									\$1.60

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