



HP INC. AND SUBSIDIARIES  
 CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS  
 (Unaudited)  
 (In millions, except per share amounts)

	Three months ended		
	April 30, 2019	January 31, 2019	April 30, 2018
Net revenue	\$ 14,036	\$ 14,710	\$ 14,003
Costs and expenses:			
Cost of revenue	11,307	12,098	11,301
Research and development	353	344	356
Selling, general and administrative <sup>(a)</sup>	1,339	1,248	1,318
Restructuring and other charges	69	55	57
Acquisition-related charges	11	10	45
Amortization of intangible assets	29	29	20
Total costs and expenses	<u>13,108</u>	<u>13,784</u>	<u>13,097</u>
Earnings from operations	928	926	906
Interest and other, net <sup>(a)</sup>	(45)	(26)	(823)
Earnings before taxes	883	900	83
(Provision for) benefit from taxes	(101)	(97)	975
Net earnings	<u>\$ 782</u>	<u>\$ 803</u>	<u>\$ 1,058</u>
Net earnings per share:			
Basic	\$ 0.51	\$ 0.52	\$ 0.65
Diluted	<u>\$ 0.51</u>	<u>\$ 0.51</u>	<u>\$ 0.64</u>
Cash dividends declared per share	\$ —	\$ 0.32	\$ —
Weighted-average shares used to compute net earnings per share:			
Basic	1,529	1,556	1,630
Diluted	1,536	1,567	1,646

- (a) Pursuant to adoption of Accounting Standards Update (“ASU”) 2017-07, “Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit Cost”, in the first quarter of fiscal year 2019, HP now reclassifies all components (excluding service cost component) of net periodic benefit cost from Selling, general and administrative expenses to Interest and other, net. HP reflected this change in prior reporting periods on an as-if basis.



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CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS  
(Unaudited)  
(In millions, except per share amounts)

	Six months ended	
	April 30, 2019	April 30, 2018
Net revenue	\$ 28,746	\$ 28,520
Costs and expenses:		
Cost of revenue	23,405	23,236
Research and development	697	703
Selling, general and administrative <sup>(a)</sup>	2,587	2,547
Restructuring and other charges	124	88
Acquisition-related charges	21	87
Amortization of intangible assets	58	40
Total costs and expenses	26,892	26,701
Earnings from operations	1,854	1,819
Interest and other, net <sup>(a)</sup>	(71)	(831)
Earnings before taxes	1,783	988
(Provision for) benefit from taxes	(198)	2,008
Net earnings	\$ 1,585	\$ 2,996
Net earnings per share:		
Basic	\$ 1.03	\$ 1.83
Diluted	\$ 1.02	\$ 1.81
Cash dividends declared per share	\$ 0.32	\$ 0.28
Weighted-average shares used to compute net earnings per share:		
Basic	1,543	1,640
Diluted	1,551	1,658

- (a) Pursuant to adoption of Accounting Standards Update (“ASU”) 2017-07, “Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit Cost”, in the first quarter of fiscal year 2019, HP now reclassifies all components (excluding service cost component) of net periodic benefit cost from Selling, general and administrative expenses to Interest and other, net. HP reflected this change in prior reporting periods on an as-if basis.



HP INC. AND SUBSIDIARIES  
 ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,  
 OPERATING MARGIN AND DILUTED NET EARNINGS PER SHARE  
 (Unaudited)  
 (In millions, except per share amounts)

	Three months ended					
	April 30, 2019		January 31, 2019		April 30, 2018	
	Amounts	Diluted net earnings per share	Amounts	Diluted net earnings per share	Amounts	Diluted net earnings per share
GAAP net earnings	\$ 782	\$ 0.51	\$ 803	\$ 0.51	\$ 1,058	\$ 0.64
Non-GAAP adjustments:						
Restructuring and other charges	69	0.03	55	0.04	57	0.03
Acquisition-related charges	11	0.01	10	0.01	45	0.03
Amortization of intangible assets	29	0.02	29	0.02	20	0.01
Non-operating retirement-related credits	(10)	(0.01)	(12)	(0.01)	(53)	(0.03)
Debt extinguishment costs	—	—	—	—	126	0.08
Tax adjustments <sup>(a)</sup>	(60)	(0.03)	(76)	(0.05)	(455)	(0.28)
Non-GAAP net earnings	<u>\$ 821</u>	<u>\$ 0.53</u>	<u>\$ 809</u>	<u>\$ 0.52</u>	<u>\$ 798</u>	<u>\$ 0.48</u>
GAAP earnings from operations <sup>(b)</sup>	\$ 928		\$ 926		\$ 906	
Non-GAAP adjustments:						
Restructuring and other charges	69		55		57	
Acquisition-related charges	11		10		45	
Amortization of intangible assets	29		29		20	
Non-GAAP earnings from operations	<u>\$ 1,037</u>		<u>\$ 1,020</u>		<u>\$ 1,028</u>	
GAAP operating margin <sup>(b)</sup>	7%		6%		7%	
Non-GAAP adjustments	0%		1%		0%	
Non-GAAP operating margin	<u>7%</u>		<u>7%</u>		<u>7%</u>	

(a) Includes tax impact on non-GAAP adjustments.

(b) Pursuant to adoption of Accounting Standards Update (“ASU”) 2017-07, “Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit Cost”, in the first quarter of fiscal year 2019, HP now reclassifies all components (excluding service cost component) of net periodic benefit cost from Selling, general and administrative expenses to Interest and other, net. HP reflected this change in prior reporting periods on an as-if basis.



HP INC. AND SUBSIDIARIES  
 ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,  
 OPERATING MARGIN AND DILUTED NET EARNINGS PER SHARE  
 (Unaudited)  
 (In millions, except per share amounts)

	Six months ended			
	April 30, 2019		April 30, 2018	
	Amounts	Diluted net earnings per share	Amounts	Diluted net earnings per share
GAAP net earnings	\$ 1,585	\$ 1.02	\$ 2,996	\$ 1.81
Non-GAAP adjustments:				
Restructuring and other charges	124	0.07	88	0.05
Acquisition-related charges	21	0.01	87	0.05
Amortization of intangible assets	58	0.04	40	0.02
Non-operating retirement-related credits	(22)	(0.01)	(109)	(0.07)
Defined benefit plan settlement charges	—	—	1	—
Debt extinguishment costs	—	—	126	0.08
Tax adjustments <sup>(a)</sup>	(136)	(0.08)	(1,628)	(0.97)
Non-GAAP net earnings	<u>\$ 1,630</u>	<u>\$ 1.05</u>	<u>\$ 1,601</u>	<u>\$ 0.97</u>
GAAP earnings from operations <sup>(b)</sup>	\$ 1,854		\$ 1,819	
Non-GAAP adjustments:				
Restructuring and other charges	124		88	
Acquisition-related charges	21		87	
Amortization of intangible assets	58		40	
Non-GAAP earnings	<u>\$ 2,057</u>		<u>\$ 2,034</u>	
GAAP operating margin <sup>(b)</sup>	6%		6%	
Non-GAAP adjustments	1%		1%	
Non-GAAP operating margin	<u>7%</u>		<u>7%</u>	

(a) Includes tax impact on non-GAAP adjustments.

(b) Pursuant to adoption of Accounting Standards Update (“ASU”) 2017-07, “Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post-retirement Benefit Cost”, in the first quarter of fiscal year 2019, HP now reclassifies all components (excluding service cost component) of net periodic benefit cost from Selling, general and administrative expenses to Interest and other, net. HP reflected this change in prior reporting periods on an as-if basis.



HP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(Unaudited)  
(In millions)

	As of	
	April 30, 2019	October 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,556	\$ 5,166
Accounts receivable, net	5,414	5,113
Inventory	5,394	6,062
Other current assets	3,921	5,046
Total current assets	18,285	21,387
Property, plant and equipment, net	2,412	2,198
Goodwill	6,349	5,968
Other non-current assets	4,900	5,069
Total assets	\$ 31,946	\$ 34,622
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Notes payable and short-term borrowings	\$ 290	\$ 1,463
Accounts payable	13,839	14,816
Employee compensation and benefits	826	1,136
Taxes on earnings	206	340
Other accrued liabilities	8,042	7,376
Total current liabilities	23,203	25,131
Long-term debt	4,749	4,524
Other non-current liabilities	5,481	5,606
Stockholders' deficit	(1,487)	(639)
Total liabilities and stockholders' deficit	\$ 31,946	\$ 34,622



HP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(Unaudited)  
(In millions)

	Three months ended	
	April 30, 2019	April 30, 2018
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 782	\$ 1,058
<b>Adjustments to reconcile net earnings to net cash provided by operating activities:</b>		
Depreciation and amortization	181	127
Stock-based compensation expense	66	63
Restructuring and other charges	69	57
Deferred taxes on earnings	15	397
Other, net	118	185
<b>Changes in operating assets and liabilities, net of acquisitions:</b>		
Accounts receivable	(314)	(234)
Inventory	171	86
Accounts payable	(779)	201
Taxes on earnings	(11)	(1,528)
Restructuring and other	(33)	(44)
Other assets and liabilities	596	682
Net cash provided by operating activities	<u>861</u>	<u>1,050</u>
<b>Cash flows from investing activities:</b>		
Investment in property, plant and equipment	(114)	(113)
Purchases of available-for-sale securities and other investments	—	(36)
Maturities and sales of available-for-sale securities and other investments	410	206
Collateral posted for derivative instruments	(2)	(293)
Collateral returned for derivative instruments	2	857
Net cash provided by investing activities	<u>296</u>	<u>621</u>
<b>Cash flows from financing activities:</b>		
(Payment of) Proceeds from short-term borrowings with original maturities less than 90 days, net	(1)	943
Proceeds from short-term borrowings with original maturities greater than 90 days	—	100
Proceeds from debt, net of issuance costs	24	—
Payment of short-term borrowings with original maturities greater than 90 days	—	(969)
Payment of debt	(62)	(1,985)
Stock-based award activities	7	40
Repurchase of common stock	(691)	(801)
Cash dividends paid	(245)	(227)
Net cash used in financing activities	<u>(968)</u>	<u>(2,899)</u>
Increase (Decrease) in cash and cash equivalents	189	(1,228)
Cash and cash equivalents at beginning of period	3,367	5,475
Cash and cash equivalents at end of period	<u>\$ 3,556</u>	<u>\$ 4,247</u>



HP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(Unaudited)  
(In millions)

	Six months ended	
	April 30, 2019	April 30, 2018
Cash flows from operating activities:		
Net earnings	\$ 1,585	\$ 2,996
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	349	256
Stock-based compensation expense	173	148
Restructuring and other charges	124	88
Deferred taxes on earnings	118	(3,316)
Other, net	113	198
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(103)	38
Inventory	362	450
Accounts payable	(963)	(277)
Taxes on earnings	—	935
Restructuring and other	(79)	(177)
Other assets and liabilities	44	707
Net cash provided by operating activities	1,723	2,046
Cash flows from investing activities:		
Investment in property, plant and equipment	(303)	(242)
Proceeds from sale of property, plant and equipment	—	110
Purchases of available-for-sale securities and other investments	(69)	(304)
Maturities and sales of available-for-sale securities and other investments	754	345
Collateral posted for derivative instruments	(32)	(901)
Collateral returned for derivative instruments	32	910
Payments made in connection with business acquisitions, net of cash acquired	(404)	(1,020)
Net cash used in investing activities	(22)	(1,102)
Cash flows from financing activities:		
(Payments of) Proceeds from short-term borrowings with original maturities less than 90 days, net	(856)	837
Proceeds from short-term borrowings with original maturities greater than 90 days	—	300
Proceeds from debt, net of issuance costs	64	—
Payment of short-term borrowings with original maturities greater than 90 days	—	(1,087)
Payment of debt	(538)	(2,026)
Stock-based award activities	(76)	2
Repurchase of common stock	(1,411)	(1,263)
Cash dividends paid	(494)	(457)
Net cash used in financing activities	(3,311)	(3,694)
Decrease in cash and cash equivalents	(1,610)	(2,750)
Cash and cash equivalents at beginning of period	5,166	6,997
Cash and cash equivalents at end of period	\$ 3,556	\$ 4,247



HP INC. AND SUBSIDIARIES  
SEGMENT INFORMATION  
(Unaudited)  
(In millions)

	Three months ended		
	April 30, 2019	January 31, 2019	April 30, 2018
<b>Net revenue:<sup>(a)</sup></b>			
Personal Systems	\$ 8,921	\$ 9,657	\$ 8,762
Printing	5,116	5,056	5,241
Corporate Investments	—	1	1
<b>Total segments</b>	<b>14,037</b>	<b>14,714</b>	<b>14,004</b>
Other	(1)	(4)	(1)
<b>Total net revenue</b>	<b>\$ 14,036</b>	<b>\$ 14,710</b>	<b>\$ 14,003</b>
<b>Earnings before taxes:<sup>(a),(b)</sup></b>			
Personal Systems	\$ 385	\$ 410	\$ 329
Printing	839	821	837
Corporate Investments	(24)	(24)	(21)
<b>Total segment earnings from operations</b>	<b>1,200</b>	<b>1,207</b>	<b>1,145</b>
Corporate and unallocated costs and other	(97)	(80)	(54)
Stock-based compensation expense	(66)	(107)	(63)
Restructuring and other charges	(69)	(55)	(57)
Acquisition-related charges	(11)	(10)	(45)
Amortization of intangible assets	(29)	(29)	(20)
Interest and other, net	(45)	(26)	(823)
<b>Earnings before taxes</b>	<b>\$ 883</b>	<b>\$ 900</b>	<b>\$ 83</b>

- (a) Effective at the beginning of its first quarter of fiscal year 2019, HP implemented an organizational change to align its business unit financial reporting more closely with its current business structure. The organizational change resulted in the transfer of certain Samsung-branded product categories from Commercial to Consumer within the Printing segment. HP reflected this change to its business unit information in prior reporting periods on an as-if basis. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from operations, net earnings or net EPS.
- (b) Pursuant to adoption of ASU 2017-07 in the first quarter of fiscal year 2019, HP now reclassifies market-related retirement credits and all other components (excluding service cost component) of net periodic benefit cost to Interest and other, net in Consolidated Condensed Statement of Earnings. HP reflected this change in prior reporting periods on an as-if basis.





HP INC. AND SUBSIDIARIES  
SEGMENT INFORMATION  
(Unaudited)  
(In millions)

	Six months ended	
	April 30, 2019	April 30, 2018
Net revenue: <sup>(a)</sup>		
Personal Systems	\$ 18,578	\$ 18,202
Printing	10,172	10,317
Corporate Investments	1	2
Total segments	28,751	28,521
Other	(5)	(1)
Total net revenue	\$ 28,746	\$ 28,520
Earnings before taxes: <sup>(a),(b)</sup>		
Personal Systems	\$ 795	\$ 664
Printing	1,660	1,636
Corporate Investments	(48)	(40)
Total segment earnings from operations	2,407	2,260
Corporate costs and eliminations	(177)	(78)
Stock-based compensation expense	(173)	(148)
Restructuring and other charges	(124)	(88)
Acquisition-related charges	(21)	(87)
Amortization of intangible assets	(58)	(40)
Interest and other, net	(71)	(831)
Earnings before taxes	\$ 1,783	\$ 988

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

	Three months ended			Change (%)	
	April 30, 2019	January 31, 2019	April 30, 2018	Q/Q	Y/Y
Net revenue: <sup>(a)</sup>					
Personal Systems					
Notebooks	\$ 5,099	\$ 5,919	\$ 5,153	(14)%	(1)%
Desktops	2,940	2,857	2,752	3 %	7 %
Workstations	569	562	538	1 %	6 %
Other	313	319	319	(2)%	(2)%
Total Personal Systems	<u>8,921</u>	<u>9,657</u>	<u>8,762</u>	(8)%	2 %
Printing					
Supplies	3,331	3,267	3,434	2 %	(3)%
Commercial Hardware	1,179	1,090	1,145	8 %	3 %
Consumer Hardware	606	699	662	(13)%	(8)%
Total Printing	<u>5,116</u>	<u>5,056</u>	<u>5,241</u>	1 %	(2)%
Corporate Investments <sup>(b)</sup>	—	1	1	NM	NM
Total segments	<u>14,037</u>	<u>14,714</u>	<u>14,004</u>	(5)%	— %
Other <sup>(b)</sup>	(1)	(4)	(1)	NM	NM
Total net revenue	<u>\$ 14,036</u>	<u>\$ 14,710</u>	<u>\$ 14,003</u>	(5)%	— %

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(b) "NM" represents not meaningful.



HP INC. AND SUBSIDIARIES  
SEGMENT/BUSINESS UNIT INFORMATION  
(Unaudited)  
(In millions)

	Six months ended		Change (%)
	April 30, 2019	April 30, 2018	Y/Y
Net revenue: <sup>(a)</sup>			
Personal Systems			
Notebooks	\$ 11,018	\$ 10,748	3 %
Desktops	5,797	5,707	2 %
Workstations	1,131	1,081	5 %
Other	632	666	(5)%
Total Personal Systems	<u>18,578</u>	<u>18,202</u>	2 %
Printing			
Supplies	6,598	6,785	(3)%
Commercial Hardware	2,269	2,182	4 %
Consumer Hardware	1,305	1,350	(3)%
Total Printing	<u>10,172</u>	<u>10,317</u>	(1)%
Corporate Investments <sup>(b)</sup>	1	2	NM
Total segments	<u>28,751</u>	<u>28,521</u>	1 %
Other <sup>(b)</sup>	(5)	(1)	NM
Total net revenue	<u>\$ 28,746</u>	<u>\$ 28,520</u>	1 %

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(b) "NM" represents not meaningful.



HP INC. AND SUBSIDIARIES  
SEGMENT OPERATING MARGIN SUMMARY  
(Unaudited)

	Three months ended			Change in Operating Margin (pts)	
	April 30, 2019	January 31, 2019	April 30, 2018	Q/Q	Y/Y
Segment operating margin: <sup>(a)</sup>					
Personal Systems	4.3%	4.2%	3.8%	0.1pts	0.5pts
Printing	16.4%	16.2%	16.0%	0.2pts	0.4pts
Corporate Investments <sup>(b)</sup>	NM	NM	NM	NM	NM
Total segments	8.5%	8.2%	8.2%	0.3pts	0.3pts

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HP INC. AND SUBSIDIARIES  
CALCULATION OF DILUTED NET EARNINGS PER SHARE  
(Unaudited)  
(In millions, except per share amounts)

	Three months ended		
	April 30, 2019	January 31, 2019	April 30, 2018
<b>Numerator:</b>			
GAAP net earnings	\$ 782	\$ 803	\$ 1,058
Non-GAAP net earnings	\$ 821	\$ 809	\$ 798
<b>Denominator:</b>			
Weighted-average shares used to compute basic net earnings per share	1,529	1,556	1,630
Dilutive effect of employee stock plans <sup>(a)</sup>	7	11	16
Weighted-average shares used to compute diluted net earnings per share	1,536	1,567	1,646
GAAP diluted net earnings per share	\$ 0.51	\$ 0.51	\$ 0.64
Non-GAAP diluted net earnings per share	\$ 0.53	\$ 0.52	\$ 0.48

(a) Includes any dilutive effect of restricted stock units, stock options and performance-based awards.



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CALCULATION OF DILUTED NET EARNINGS PER SHARE  
(Unaudited)  
(In millions, except per share amounts)

	Six months ended	
	April 30, 2019	April 30, 2018
Numerator:		
GAAP net earnings	\$ 1,585	\$ 2,996
Non-GAAP net earnings	\$ 1,630	\$ 1,601
Denominator:		
Weighted-average shares used to compute basic net earnings per share	1,543	1,640
Dilutive effect of employee stock plans <sup>(a)</sup>	8	18
Weighted-average shares used to compute diluted net earnings per share	1,551	1,658
GAAP diluted net earnings per share	\$ 1.02	\$ 1.81
Non-GAAP diluted net earnings per share	\$ 1.05	\$ 0.97

(a) Includes any dilutive effect of restricted stock units, stock options and performance-based awards.