

# HP INC

## FORM 10-Q (Quarterly Report)

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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, 2017**

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**

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**HP INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**1501 Page Mill Road, Palo Alto, California**

(Address of principal executive offices)

**94-1081436**

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

**94304**

(Zip code)

**(650) 857-1501**

(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller  
reporting company)

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

The number of shares of HP common stock outstanding as of January 31, 2017 was 1,693,380,110 shares

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HP INC. AND SUBSIDIARIES

Form 10-Q

For the Quarterly Period ended January 31, 2017

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In this report on Form 10-Q, for all periods presented, “we”, “us”, “our”, “company”, “HP” and “HP Inc.” refer to HP Inc. (formerly Hewlett-Packard Company) and its consolidated subsidiaries.

## Forward-Looking Statements

*This Quarterly Report on Form 10-Q, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 2 of Part I, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of HP Inc. and its consolidated subsidiaries (“HP”) may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of net revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, deferred tax assets, share repurchases, foreign currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring and other charges; any statements of the plans, strategies and objectives of management for future operations, including the execution of restructuring plans and any resulting cost savings, net revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief, including with respect to the timing and expected benefits of acquisitions and other business combination and investment transactions; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing HP’s businesses; the competitive pressures faced by HP’s businesses; risks associated with executing HP’s strategy; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of HP’s products and the delivery of HP’s services effectively; the protection of HP’s intellectual property assets, including intellectual property licensed from third parties; risks associated with HP’s international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by HP and its suppliers, customers, clients and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; the results of the restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of HP’s business) and the anticipated benefits of the restructuring plans; the resolution of pending investigations, claims and disputes; and other risks that are described herein, including but not limited to, those discussed in this Quarterly Report on Form 10-Q, and in particular, the risks discussed in Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended October 31, 2016, and that are otherwise described or updated from time to time in HP’s other filings with the Securities and Exchange Commission (the “SEC”). HP assumes no obligation and does not intend to update these forward-looking statements.*

**Part I. Financial Information**

**ITEM 1. Financial Statements and Supplementary Data.**

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

	Three months ended January 31	
	2017	2016
In millions, except per share amounts		
Net revenue	\$ 12,684	\$ 12,246
Costs and expenses:		
Cost of revenue	10,436	9,961
Research and development	296	292
Selling, general and administrative	1,017	1,037
Restructuring and other charges	63	20
Acquisition-related charges	16	—
Amortization of intangible assets	—	8
Total costs and expenses	11,828	11,318
Earnings from continuing operations	856	928
Interest and other, net	(81)	(94)
Earnings from continuing operations before taxes	775	834
Provision for taxes	(164)	(184)
Net earnings from continuing operations	611	650
Net loss from discontinued operations, net of taxes	—	(58)
Net earnings	\$ 611	\$ 592
Net earnings (loss) per share:		
Basic		
Continuing operations	\$ 0.36	\$ 0.37
Discontinued operations	—	(0.04)
Total basic net earnings per share	\$ 0.36	\$ 0.33
Diluted		
Continuing operations	\$ 0.36	\$ 0.36
Discontinued operations	—	(0.03)
Total diluted net earnings per share	\$ 0.36	\$ 0.33
Cash dividends declared per share	\$ 0.27	\$ 0.25
Weighted-average shares used to compute net earnings (loss) per share:		
Basic	1,704	1,776
Diluted	1,721	1,785

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

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

	<b>Three months ended January 31</b>	
	<b>2017</b>	<b>2016</b>
	<b>In millions</b>	
Net earnings	\$ 611	\$ 592
Other comprehensive (loss) income before taxes:		
Change in unrealized gains on available-for-sale securities:		
Unrealized gains arising during the period	3	—
Change in unrealized components of cash flow hedges:		
Unrealized (losses) gains arising during the period	(169)	105
Gains reclassified into earnings	(71)	(34)
	(240)	71
Change in unrealized components of defined benefit plans:		
Amortization of actuarial loss and prior service benefit	20	12
Other comprehensive (loss) income before taxes	(217)	83
(Provision for) benefit from taxes	(14)	16
Other comprehensive (loss) income, net of taxes	(231)	99
Comprehensive income	\$ 380	\$ 691

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, 2017	October 31, 2016
In millions, except par value		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,331	\$ 6,288
Accounts receivable	3,478	4,114
Inventory	4,555	4,484
Other current assets	3,411	3,582
Total current assets	<u>17,775</u>	<u>18,468</u>
Property, plant and equipment	1,730	1,736
Goodwill	5,622	5,622
Other non-current assets	3,065	3,161
Total assets	<u>\$ 28,192</u>	<u>\$ 28,987</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Notes payable and short-term borrowings	\$ 100	\$ 78
Accounts payable	10,951	11,103
Employee compensation and benefits	526	759
Taxes on earnings	267	231
Deferred revenue	952	919
Other accrued liabilities	5,791	5,718
Total current liabilities	<u>18,587</u>	<u>18,808</u>
Long-term debt	6,688	6,735
Other non-current liabilities	7,244	7,333
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.01 par value (300 shares authorized; none issued)	—	—
Common stock, \$0.01 par value (9,600 shares authorized; 1,693 and 1,712 shares issued and outstanding at January 31, 2017 and October 31, 2016, respectively)	17	17
Additional paid in capital	664	1,030
Retained deficit	(3,339)	(3,498)
Accumulated other comprehensive loss	(1,669)	(1,438)
Total stockholders' deficit	<u>(4,327)</u>	<u>(3,889)</u>
Total liabilities and stockholders' deficit	<u>\$ 28,192</u>	<u>\$ 28,987</u>

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

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

	<b>Three months ended January 31</b>	
	<b>2017</b>	<b>2016</b>
<b>In millions</b>		
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 611	\$ 592
<b>Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:</b>		
Depreciation and amortization	84	79
Stock-based compensation expense	75	61
Provision for doubtful accounts	(2)	11
Provision for inventory	(2)	34
Restructuring and other charges	63	20
Deferred taxes on earnings	67	526
Other, net	23	(15)
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	614	704
Inventory	(69)	202
Accounts payable	(116)	(1,104)
Taxes on earnings	(75)	(534)
Restructuring and other	(51)	(31)
Other assets and liabilities	(455)	(647)
Net cash provided by (used in) operating activities	<u>767</u>	<u>(102)</u>
<b>Cash flows from investing activities:</b>		
Investment in property, plant and equipment	(101)	(120)
Proceeds from sale of property, plant and equipment	69	—
Purchases of available-for-sale securities and other investments	(56)	—
Maturities and sales of available-for-sale securities and other investments	2	9
Net cash used in investing activities	<u>(86)</u>	<u>(111)</u>
<b>Cash flows from financing activities:</b>		
Short-term borrowings with original maturities less than 90 days, net	35	26
Proceeds from debt, net of issuance costs	5	4
Payment of debt	(27)	(2,155)
Settlement of cash flow hedges	(4)	(11)
Net transfer of cash and cash equivalents to Hewlett Packard Enterprise Company	—	(10,375)
Net payments related to stock-based award activities	(34)	(3)
Repurchase of common stock	(386)	(797)
Cash dividends paid	(227)	(221)
Net cash used in financing activities	<u>(638)</u>	<u>(13,532)</u>
Increase (decrease) in cash and cash equivalents	43	(13,745)
Cash and cash equivalents at beginning of period	6,288	17,433
Cash and cash equivalents at end of period	<u>\$ 6,331</u>	<u>\$ 3,688</u>
<b>Supplemental schedule of non-cash investing and financing activities:</b>		
Net assets transferred to Hewlett Packard Enterprise Company	\$ —	\$ 22,197
Purchase of assets under capital leases	\$ 40	\$ 40

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**

*Separation Transaction*

On November 1, 2015, Hewlett-Packard Company completed the separation of Hewlett Packard Enterprise Company (“Hewlett Packard Enterprise”), Hewlett-Packard Company’s former enterprise technology infrastructure, software, services and financing businesses (the “Separation”). In connection with the Separation, Hewlett-Packard Company changed its name to HP Inc. (“HP”) and entered into a separation and distribution agreement as well as various other agreements with Hewlett Packard Enterprise that provide a framework for the relationships between the parties, including among others a tax matters agreement, an employee matters agreement, a transition service agreement, a real estate matters agreement, a master commercial agreement and an information technology service agreement. For more information on the impacts of these agreements, see Note 5, “Stock-Based Compensation”, Note 6, “Taxes on Earnings”, Note 13, “Litigation and Contingencies” and Note 14, “Guarantees, Indemnifications and Warranties”.

*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, 2016 in the Annual Report on Form 10-K filed on December 15, 2016. The Consolidated Condensed Balance Sheet for October 31, 2016 was derived from audited financial statements.

*Principles of Consolidation*

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

*Reclassifications*

Effective at the beginning of its first quarter of fiscal year 2017, 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 a portion of LaserJet printers 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 which resulted in the reclassification of revenues between the Commercial and Consumer business units of Printing. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from continuing operations, net earnings or net earnings per share (“EPS”). See Note 2, “Segment Information”, for a further discussion of HP’s business unit realignments.

HP has reclassified certain prior-year amounts to conform to the current-year presentation as a result of the adoption of Accounting Standards Update (“ASU”) 2015-03, “Simplifying the Presentation of Debt Issuance Costs” and ASU 2016-09, “Improvements to Employee Share-Based Payment Accounting”.

*Use of Estimates*

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

*Recently Adopted Accounting Pronouncements*

In March 2016, the Financial Accounting Standards Board (“FASB”) issued guidance which amends the existing accounting standards for share-based payments, including the accounting for income taxes and forfeitures, as well as the classifications on the statements of cash flows. HP early adopted the amendments in the first quarter of fiscal year 2017. Beginning November 1, 2016, stock-based compensation excess tax benefits or tax deficiencies are reflected in the Consolidated Condensed Statements of Earnings as a component of the provision for taxes, whereas they previously were recognized as additional paid in capital in the stockholders’ deficit in the Consolidated Condensed Balance Sheets. HP has elected to continue to estimate forfeitures expected to occur to determine the stock-based compensation expense. Additionally, the Consolidated Condensed Statements of Cash Flows now present excess tax benefits as an operating activity rather than as a financing activity, while the payment of withholding taxes on the settlement of stock-based compensation awards is presented as a financing activity rather than as an operating activity, with prior periods adjusted accordingly. The implementation of this guidance did not have a material impact on the Consolidated Condensed Statements of Cash Flows for the three months ended January 31, 2016. See Note 6, “Taxes on Earnings, for additional impact on the Consolidated Condensed Financial Statements.

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

**Note 1: Basis of Presentation (Continued)**

In May 2015, the FASB issued guidance which amends the existing disclosures for investments measured at net asset value (“NAV”) per share (or its equivalent), as a practical expedient for fair value. This amendment removes the requirement to categorize these investments within the fair value hierarchy. The amendment also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV practical expedient. HP has adopted the guidance in the first quarter of fiscal year 2017. Other than the change in presentation of certain pension-related assets that use NAV as a practical expedient, which requires retrospective application, the adoption of this new guidance did not have an impact on the Consolidated Condensed Financial Statements.

In April 2015, the FASB amended the existing accounting standards for intangible assets. The amendments provide explicit guidance to customers in determining the accounting for fees paid in a cloud computing arrangement. HP has adopted the guidance prospectively in the first quarter of fiscal year 2017. The implementation of this guidance did not have an impact on the Consolidated Condensed Financial Statements.

In April 2015, the FASB amended the existing accounting standards for the presentation of debt issuance costs. The amendments require that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by these amendments. HP has adopted the guidance in the first quarter of fiscal year 2017. The adoption resulted in the reclassification of unamortized debt issuance costs related to HP's U.S. Dollar Global Notes from "Other non-current assets" to "Long-term debt" within the Consolidated Condensed Balance Sheets of \$23 million for the year ended October 31, 2016.

*Recently Issued Accounting Pronouncements Not Yet Adopted*

In January 2017, the FASB issued guidance which simplifies the accounting for goodwill impairment. The updated guidance eliminates Step 2 of the impairment test, which requires entities to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value, determined in Step 1. HP is required to adopt the guidance in the first quarter of fiscal year 2021 using a prospective approach. Earlier adoption is permitted. HP is currently evaluating the timing and the impact of this guidance on the Consolidated Condensed Financial Statements.

In January 2017, the FASB amended the existing accounting standards for business combinations. The amendments clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. HP is required to adopt the guidance in the first quarter of fiscal year 2019. Earlier adoption is permitted. HP is currently evaluating the timing and the impact of this guidance on the Consolidated Condensed Financial Statements.

In August 2016, the FASB issued guidance which amends the existing accounting standards for the classification of certain cash receipts and cash payments on the statement of cash flows. HP is required to adopt the guidance in the first quarter of fiscal year 2019. Earlier adoption is permitted. HP is currently evaluating the timing and the impact of this guidance on the Consolidated Condensed Financial Statements.

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

In February 2016, the FASB issued guidance which amends the existing accounting standards for leases. Consistent with current guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification. Under the new guidance, a lessee will be required to recognize assets and liabilities for all leases with lease terms of more than twelve months. HP is required to adopt the guidance in the first quarter of fiscal year 2020 using a modified retrospective approach. Earlier adoption is permitted. HP is currently evaluating the timing and the impact of this guidance on the Consolidated Condensed Financial Statements.

In January 2016, the FASB issued guidance which amends the existing accounting standards for the recognition and measurement of financial assets and financial liabilities. The updated guidance primarily addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. HP is required to adopt the guidance in the first quarter of fiscal year 2019. The amendments should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption, with other amendments related specifically to equity securities without readily determinable fair values applied prospectively. HP is currently evaluating the timing and the impact of this guidance on the Consolidated Condensed Financial Statements.

**HP INC. AND SUBSIDIARIES****Notes to Consolidated Condensed Financial Statements (Continued)****(Unaudited)****Note 1: Basis of Presentation (Continued)**

In May 2014, the FASB amended the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued an accounting standards update for a one-year deferral of the effective date, with an option of applying the standard on the original effective date, which for HP is the first quarter of fiscal year 2018. In accordance with this deferral, HP is required to adopt these amendments in the first quarter of fiscal year 2019. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. HP is continuing to evaluate the impact of this guidance and the transition alternatives on the Consolidated Condensed Financial Statements.

**Note 2: Segment Information**

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

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

A summary description of each segment is as follows:

*Personal Systems* provides Commercial personal computers (“PCs”), Consumer PCs, Workstations, thin clients, Commercial tablets and mobility devices, retail point-of-sale systems, displays and other related accessories, software, support and services for the commercial and consumer markets. HP groups Commercial notebooks, Commercial desktops, Commercial services, Commercial tablets and mobility devices, Commercial detachables, Workstations, retail point-of-sale systems and thin clients into commercial clients and Consumer notebooks, Consumer desktops, Consumer services and Consumer detachables into consumer clients when describing performance in these markets. Described below are HP’s global business capabilities within Personal Systems:

- *Commercial PCs* are optimized for use by customers including enterprise and SMBs, with a focus on robust designs, security, serviceability, connectivity, reliability and manageability in networked environments. Additionally, HP offers a range of services and solutions to enterprise and SMBs to help them manage the lifecycle of their PC and mobility installed base.
- *Consumer PCs* are Notebooks, Desktops and hybrids that are optimized for consumer usage, focusing on multi-media consumption, online browsing, gaming and light productivity.

*Printing* provides Consumer and Commercial printer hardware, supplies, media, solutions and services, as well as scanning devices. Printing is also focused on imaging solutions in the commercial markets. HP groups Office, Graphics and 3D printers into Commercial Hardware and Home printers into Consumer Hardware when describing performance in these markets. Described below are HP’s global business capabilities within Printing:

- *Office Printing Solutions* delivers HP’s office printers, supplies, services, and solutions to SMBs and large enterprises. HP goes to market through its extensive channel network and directly with HP sales. Ongoing key initiatives include design and deployment of A3 products and solutions for the copier and multifunction printer market, printer security solutions, PageWide solutions and award-winning JetIntelligence LaserJet products.
- *Home Printing Solutions* delivers a compelling set of innovative printing products and solutions for the home and home business or small office customers utilizing both HP’s Ink and Laser technologies. Initiatives such as Instant Ink and Continuous Ink Supply System provide business model innovation to benefit and expand HP’s existing customer base while new innovations like Sprocket drives print relevance for a mobile generation.
- *Graphics Solutions* is reinventing the graphics industry by offering large-format, commercial and industrial solutions to print service providers and packaging converters through the largest portfolio of printers and presses (HP DesignJet, HP Latex Printers, HP Scitex, HP Indigo and HP PageWide Presses).
- *3D Printing* delivers HP’s Multi-Jet Fusion 3D Printing Solution designed for prototyping and production of functional parts and functioning on an open platform facilitating the development of new 3D printing materials.

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

**Note 2: Segment Information (continued)**

*Corporate Investments* include HP Labs and certain business incubation projects.

The accounting policies HP uses to derive segment results are substantially the same as those used by the Company in preparing these financial statements. HP derives the results of the business segments directly from its internal management reporting system. Segment net revenue includes revenues from sales to external customers and intersegment revenues that reflect transactions between the segments on an arm's-length basis. HP's consolidated net revenue is derived and reported after the elimination of intersegment revenues from such arrangements.

HP does not allocate certain operating expenses (credits), which it manages at the corporate level, to its segments. These unallocated amounts include certain corporate governance costs and market-related retirement credits, stock-based compensation expense, amortization of intangible assets, restructuring and other charges, acquisition-related charges, defined benefit plan settlement charges (credits) and intersegment eliminations.

*Business Unit Realignment*

Effective at the beginning of its first quarter of fiscal year 2017, 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 a portion of LaserJet printers 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 which resulted in the reclassification of revenues between the Commercial and Consumer business units of Printing. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from continuing operations, net earnings or net earnings per share.

*Segment Operating Results from Continuing Operations*

	Personal Systems	Printing	Corporate Investments	Total Segments	Intersegment Eliminations and Other <sup>(1)</sup>	Total
In millions						
<b>Three months ended January 31, 2017</b>						
Net revenue	\$ 8,224	\$ 4,483	\$ 2	\$ 12,709	\$ (25)	\$ 12,684
Earnings (loss) from operations	\$ 313	\$ 716	\$ (23)	\$ 1,006		
<b>Three months ended January 31, 2016</b>						
Net revenue	\$ 7,467	\$ 4,642	\$ 3	\$ 12,112	\$ 134	\$ 12,246
Earnings (loss) from operations	\$ 229	\$ 787	\$ (23)	\$ 993		

<sup>(1)</sup> For the three months ended January 31, 2016, the amount includes the recognition of revenue previously deferred in relation to sales to the pre-Separation finance entity.

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

**Note 2: Segment Information (continued)**

The reconciliation of segment operating results to HP consolidated results was as follows:

	Three months ended January 31	
	2017	2016
In millions		
<b>Net Revenue:</b>		
Total segments	\$ 12,709	\$ 12,112
Intersegment net revenue eliminations and other	(25)	134
Total net revenue	<u>\$ 12,684</u>	<u>\$ 12,246</u>
<b>Earnings from continuing operations before taxes:</b>		
Total segment earnings from operations	\$ 1,006	\$ 993
Corporate and unallocated costs and eliminations	4	24
Acquisition-related charges	(16)	—
Stock-based compensation expense	(75)	(61)
Restructuring and other charges	(63)	(20)
Amortization of intangible assets	—	(8)
Interest and other, net	(81)	(94)
Total earnings from continuing operations before taxes	<u>\$ 775</u>	<u>\$ 834</u>

Net revenue by segment and business unit was as follows:

	Three months ended January 31	
	2017	2016
In millions		
Notebooks	\$ 4,890	\$ 4,205
Desktops	2,534	2,527
Workstations	491	444
Other	309	291
Personal Systems	<u>8,224</u>	<u>7,467</u>
Supplies	3,007	3,101
Commercial Hardware	886	964
Consumer Hardware	590	577
Printing	<u>4,483</u>	<u>4,642</u>
Corporate Investments	2	3
Total segment net revenue	<u>12,709</u>	<u>12,112</u>
Intersegment net revenue eliminations and other	(25)	134
Total net revenue	<u>\$ 12,684</u>	<u>\$ 12,246</u>

**Note 3: Restructuring and Other Charges**
*Summary of Restructuring Plans*

HP's restructuring activities for the three months ended January 31, 2017 and January 31, 2016 summarized by plan were as follows:

**HP INC. AND SUBSIDIARIES**
**Notes to Consolidated Condensed Financial Statements (Continued)**
**(Unaudited)**
**Note 3. Restructuring and Other Charges (Continued)**

	Fiscal 2017 Plan		Fiscal 2015 Plan		Fiscal 2012 Plan		Total
	Severance	Infrastructure and other	Severance and PRP <sup>(1)</sup>	Infrastructure and other	Severance and EER <sup>(2)</sup>	Infrastructure and other	
<b>In millions</b>							
Accrued balance as of October 31, 2016	\$ 24	\$ —	\$ 21	\$ 4	\$ 7	\$ 2	\$ 58
Charges	24	1	6	—	1	—	32
Cash payments	(8)	(1)	(24)	(2)	(2)	—	(37)
Non-cash and other adjustments	—	—	1	—	—	—	1
Accrued balance as of January 31, 2017	\$ 40	\$ —	\$ 4	\$ 2	\$ 6	\$ 2	\$ 54
Total costs incurred to date as of January 31, 2017	\$ 48	\$ 1	\$ 162	\$ 27	\$ 1,075	\$ 44	\$ 1,357
Reflected in Consolidated Balance Sheets							
Other accrued liabilities	\$ 40	\$ —	\$ 4	\$ 2	\$ 6	\$ —	\$ 52
Other non-current liabilities	—	—	—	—	—	2	2
Accrued balance as of October 31, 2015	—	—	39	—	21	3	63
Charges	—	—	15	5	—	—	20
Cash payments	—	—	(12)	—	(19)	—	(31)
Non-cash and other adjustments	—	—	—	(4)	—	(1)	(5)
Accrued balance as of January 31, 2016	\$ —	\$ —	\$ 42	\$ 1	\$ 2	\$ 2	\$ 47

<sup>(1)</sup> PRP represents Phased Retirement Program.

<sup>(2)</sup> EER represents Enhanced Early Retirement.

**Fiscal 2017 Plan**

On October 10, 2016, HP's Board of Directors approved a restructuring plan (the "Fiscal 2017 Plan") which it expects will be implemented through fiscal year 2019. HP estimates that it will incur aggregate pre-tax charges between \$350 million and \$500 million relating to labor and non-labor actions. HP estimates that approximately half of the expected cumulative pre-tax costs will relate to severance and the remaining will relate to infrastructure, non-labor actions and other charges, as described below. HP expects between 3,000 and 4,000 employees to exit by the end of fiscal year 2019.

**Fiscal 2015 Plan**

In connection with the Separation, on September 14, 2015, HP's Board of Directors approved a cost savings plan (the "Fiscal 2015 Plan") which includes labor and non-labor actions. The Fiscal 2015 Plan was considered substantially complete as of October 31, 2016. Approximately 3,000 employees exited by the end of fiscal year 2016.

**Fiscal 2012 Plan**

The severance and infrastructure cash payments associated with the restructuring plan initiated by HP in fiscal year 2012 (the "Fiscal 2012 Plan") are expected to be paid through fiscal year 2021. The Fiscal 2012 Plan is considered substantially complete as of October 31, 2016 and we do not expect any further activity associated with this plan.

**Other Charges**

Other charges include non-recurring costs, including those as a result of Separation, and are distinct from ongoing operational costs. These costs primarily relate to information technology costs such as advisory, consulting and non-recurring labor costs. HP incurred \$31 million of other charges for the three months ended January 31, 2017. There were no other charges incurred for the three months ended January 31, 2016.

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

**Note 4. Retirement and Post-Retirement Benefit Plans**

The components of HP's pension and post-retirement 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	
	2017	2016	2017	2016	2017	2016
	In millions					
Service cost	\$ —	\$ —	\$ 12	\$ 12	\$ —	\$ —
Interest cost	117	136	4	6	4	5
Expected return on plan assets	(169)	(183)	(8)	(12)	(6)	(8)
Amortization and deferrals:						
Actuarial loss (gain)	18	14	10	6	(2)	(3)
Prior service benefit	—	—	(1)	(1)	(5)	(4)
Net periodic benefit (credit) cost	(34)	(33)	17	11	(9)	(10)
Settlement loss	—	1	—	—	—	—
Total periodic benefit (credit) cost	\$ (34)	\$ (32)	\$ 17	\$ 11	\$ (9)	\$ (10)

**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 2017, HP anticipates making contributions of approximately \$26 million to its non-U.S. pension plans, approximately \$33 million to its U.S. non-qualified plan participants and approximately \$9 million to cover benefit claims under HP's post-retirement benefit plans. During the three months ended January 31, 2017, HP contributed \$11 million to its non-U.S. pension plans, paid \$6 million to cover benefit payments to U.S. non-qualified plan participants, and paid \$1 million to cover benefit claims under HP's post-retirement benefit plans.

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

**Note 5: Stock-Based Compensation**

HP's stock-based compensation plans permit the issuance of restricted stock awards, stock options and performance-based awards.

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

	Three months ended January 31	
	2017	2016
	In millions	
Stock-based compensation expense	\$ 75	\$ 61
Income tax benefit	(24)	(22)
Stock-based compensation expense, net of tax	\$ 51	\$ 39

**Restricted Stock Awards**

Restricted stock awards are non-vested stock awards that may include grants of restricted stock or restricted stock units. For the three months ended January 31, 2017 and January 31, 2016, HP granted only restricted stock units. HP uses the closing stock price on the grant date to estimate the fair value of service-based restricted stock units. HP estimates the fair value of restricted stock units subject to performance-adjusted vesting conditions using a combination of the closing stock price on the grant date and the Monte Carlo simulation model. The weighted-average fair value and the assumptions used to measure the fair

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

**Note 5: Stock-Based Compensation (Continued)**

value of restricted stock units subject to performance-adjusted vesting conditions in the Monte Carlo simulation model were as follows:

	Three months ended January 31	
	2017	2016
Weighted-average fair value <sup>(1)</sup>	\$ 20	\$ 13
Expected volatility <sup>(2)</sup>	30.5%	32.5%
Risk-free interest rate <sup>(3)</sup>	1.4%	1.2%
Expected performance period in years <sup>(4)</sup>	2.9	2.9

- (1) The weighted-average fair value was based on performance-adjusted restricted stock units granted during the period.  
(2) The expected volatility was estimated using the historical volatility derived from HP's common stock.  
(3) The risk-free interest rate was estimated based on the yield on U.S. Treasury zero-coupon issues.  
(4) The expected performance period was estimated based on the length of the remaining performance period from the grant date.

A summary of restricted stock award activity was as follows:

	Three months ended January 31, 2017	
	Shares	Weighted-Average Grant Date Fair Value Per Share
	In thousands	
Outstanding at beginning of period	28,710	\$ 13
Granted	13,476	\$ 16
Vested	(10,044)	\$ 13
Forfeited	(224)	\$ 14
Outstanding at end of period	<u>31,918</u>	<u>\$ 14</u>

At January 31, 2017, there was \$298 million of unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock awards, which HP expects to recognize over the remaining weighted-average vesting period of 1.6 years.

*Stock Options*

HP utilizes the Black-Scholes-Merton option pricing formula to estimate the fair value of stock options subject to service-based vesting conditions. HP estimates the fair value of stock options subject to performance-contingent vesting conditions using a combination of a Monte Carlo simulation model and a lattice model, as these awards contain market conditions. HP did not grant any stock options for the three months ended January 31, 2017. The weighted-average fair value and the assumptions used to measure fair value for the three months ended January 31, 2016 were as follows:

	Three months ended January 31, 2016	
Weighted-average fair value <sup>(1)</sup>	\$	4
Expected volatility <sup>(2)</sup>		36.4%
Risk-free interest rate <sup>(3)</sup>		1.9%
Expected dividend yield <sup>(4)</sup>		3.4%
Expected term in years <sup>(5)</sup>		6.0

- (1) The weighted-average fair value was based on stock options granted during the period.  
(2) The expected volatility was estimated using the leverage-adjusted average of the term-matching volatilities of peer companies due to the lack of volume of forward traded options, which precluded the use of implied volatility.  
(3) The risk-free interest rate was estimated based on the yield on U.S. Treasury zero-coupon issues.

## HP INC. AND SUBSIDIARIES

## Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

**Note 5: Stock-Based Compensation (Continued)**

- (4) The expected dividend yield represents a constant dividend yield applied for the duration of the expected term of the award.
- (5) Due to the lack of historical exercise and post-vesting termination patterns of the post-Separation employee base, the expected term was estimated using the simplified method; and for performance-contingent awards, the expected term represents an output from the lattice model.

A summary of stock option activity was as follows:

	Three months ended January 31, 2017			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	In thousands		In years	In millions
Outstanding at beginning of period	28,218	\$ 12		
Granted	—	\$ —		
Exercised	(630)	\$ 11		
Forfeited and expired	(226)	\$ 16		
Outstanding at end of period	27,362	\$ 12	4.8	\$ 83
Vested and expected to vest at end of period	26,376	\$ 12	4.8	\$ 82
Exercisable at end of period	17,370	\$ 11	3.8	\$ 71

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that option holders would have realized had all option holders exercised their options on the last trading day of the first quarter of fiscal year 2017. The aggregate intrinsic value is the difference between HP's closing stock price on the last trading day of the first quarter of fiscal year 2017 and the exercise price, multiplied by the number of in-the-money options. The total intrinsic value of options exercised for the three months ended January 31, 2017 was \$3 million.

At January 31, 2017, there was \$14 million of unrecognized pre-tax, stock-based compensation expense related to unvested stock options, which HP expects to recognize over the remaining weighted-average vesting period of 1.5 years.

**Note 6: Taxes on Earnings***Tax Matters Agreement and Other Income Tax Matters*

In connection with the Separation, HP entered into the tax matters agreement ("TMA") with Hewlett Packard Enterprise, effective on November 1, 2015, that governs the rights and obligations of HP and Hewlett Packard Enterprise for certain pre-Separation tax liabilities. The TMA provides that HP and Hewlett Packard Enterprise will share certain pre-Separation income tax liabilities. In certain jurisdictions, HP and Hewlett Packard Enterprise have joint and several liability for past income tax liabilities and accordingly, HP could be legally liable under applicable tax law for such liabilities and required to make additional tax payments.

In addition, if the distribution of Hewlett Packard Enterprise's common shares to the HP stockholders is determined to be taxable, Hewlett Packard Enterprise and HP would share the tax liability equally, unless the taxability of the distribution is the direct result of action taken by either Hewlett Packard Enterprise or HP subsequent to the distribution, in which case the party causing the distribution to be taxable would be responsible for any taxes imposed on the distribution.

Upon completion of the Separation on November 1, 2015, HP recorded income tax indemnification receivables from Hewlett Packard Enterprise for certain income tax liabilities that HP is jointly and severally liable for, but for which it is indemnified by Hewlett Packard Enterprise under the TMA. The actual amount that Hewlett Packard Enterprise 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. The net receivable as of January 31, 2017 was \$1.6 billion. In connection with the TMA, Interest and other, net for the three months ended January 31, 2017 includes income of \$9 million for changes in the tax indemnifications amounts.

*Provision for Taxes*

HP's effective tax rate for continuing operations was 21.2% and 22.0% for the three months ended January 31, 2017 and January 31, 2016, respectively. HP's effective tax rate generally differs from the U.S. federal statutory rate of 35% due to favorable tax rates associated with certain earnings from HP's operations in lower-tax jurisdictions throughout the world. HP has not provided U.S. taxes for all foreign earnings because HP plans to reinvest some of those earnings indefinitely outside the United States.

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

**Note 6: Taxes on Earnings (Continued)**

During the three months ended January 31, 2017, HP recorded \$1 million of net tax benefit related to discrete items to the year in the provision for taxes for continuing operations. This amount included a tax benefit of \$17 million related to uncertain tax positions and a tax benefit of \$19 million related to restructuring and other charges. These tax benefits were offset by \$26 million related to the state tax provision to return adjustments and \$9 million related to various other items.

During the three months ended January 31, 2016, HP recorded \$54 million of net tax benefits related to discrete items in the provision for taxes for continuing operations. This amount included a tax benefit of \$41 million arising from the retroactive research and development credit provided by the Consolidated Appropriations Act of 2016 signed into law in December 2015, a tax benefit of \$6 million on restructuring and other charges, and a tax benefit of \$39 million related to the provision to return adjustments. These tax benefits were offset by tax charges of \$27 million related to uncertain tax positions and \$5 million related to various other items.

During the three months ended January 31, 2017, in addition to the discrete items mentioned above, HP recorded excess tax benefits of \$6.8 million on stock options, restricted stock and performance share units, which are reflected in the Consolidated Condensed Statements of Earnings as a component of the provision for income taxes as a result of the early adoption of ASU 2016-09 -“Improvements to Employee Share- Based Payment Accounting”. See Note 1, “Basis of Presentation”, for more details regarding the guidance.

*Uncertain Tax Positions*

As of January 31, 2017, the amount of unrecognized tax benefits was \$10.8 billion, of which up to \$3.8 billion would affect HP’s effective tax rate if realized. The amount of unrecognized tax benefits increased by \$10 million for the three months ended January 31, 2017. HP continues to record its tax liabilities related to uncertain tax positions and certain liabilities for which it has joint and several liability with Hewlett Packard Enterprise. 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, 2017, HP had accrued \$203 million for interest and penalties.

HP engages in continuous discussions and negotiations with taxing authorities regarding tax matters in various jurisdictions. HP expects to complete resolution of certain tax years with various tax authorities within the next 12 months. It is also possible that other federal, foreign and state tax issues may be concluded within the next 12 months.

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

**Note 7: Supplementary Financial Information***Accounts Receivable*

	As of	
	January 31, 2017	October 31, 2016
	In millions	
Accounts receivable	\$ 3,578	\$ 4,221
Allowance for doubtful accounts	(100)	(107)
	<u>\$ 3,478</u>	<u>\$ 4,114</u>

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

	Three months ended January 31, 2017
	In millions
Balance at beginning of period	\$ 107
Provision for doubtful accounts	(2)
Deductions, net of recoveries	(5)
Balance at end of period	<u>\$ 100</u>

HP has third-party arrangements, consisting of revolving short-term financing, which provide liquidity to certain partners in order to facilitate their working capital requirements. These financing arrangements, which in certain circumstances may contain partial recourse, result in a transfer of HP's receivables and risk to the third party. As these transfers qualify as true sales under the applicable accounting guidance, the receivables are derecognized from the Consolidated Condensed Balance Sheets upon transfer, and HP receives a payment for the receivables from the third party within a mutually agreed upon time period. For arrangements involving an element of recourse, the recourse obligation is measured using market data from the similar transactions and reported as a current liability in the Consolidated Condensed Balance Sheets. The recourse obligations as of January 31, 2017 and October 31, 2016 were not material. As of January 31, 2017 and October 31, 2016, HP had \$104 million and \$149 million, respectively, outstanding from the third parties, which is reported in Accounts receivable in the Consolidated Condensed Balance Sheets. The costs associated with the sales of trade receivables for the three months ended January 31, 2017 and January 31, 2016 were not material.

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

	Three months ended January 31	
	2017	2016
	In millions	
Balance at beginning of period	\$ 149	\$ 93
Trade receivables sold	2,449	1,876
Cash receipts	(2,493)	(1,877)
Foreign currency and other	(1)	(3)
Balance at end of period	<u>\$ 104</u>	<u>\$ 89</u>

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

**Note 7: Supplementary Financial Information (Continued)***Inventory*

	As of	
	January 31, 2017	October 31, 2016
	In millions	
Finished goods	\$ 2,977	\$ 3,103
Purchased parts and fabricated assemblies	1,578	1,381
	<u>\$ 4,555</u>	<u>\$ 4,484</u>

*Other Current Assets*

	As of	
	January 31, 2017	October 31, 2016
	In millions	
Value-added taxes receivable	\$ 761	\$ 795
Supplier and other receivables	1,742	1,700
Prepaid and other current assets	908	1,087
	<u>\$ 3,411</u>	<u>\$ 3,582</u>

*Property, Plant and Equipment*

	As of	
	January 31, 2017	October 31, 2016
	In millions	
Land, buildings and leasehold improvements	\$ 2,338	\$ 2,421
Machinery and equipment, including equipment held for lease	3,729	3,663
	6,067	6,084
Accumulated depreciation	(4,337)	(4,348)
	<u>\$ 1,730</u>	<u>\$ 1,736</u>

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

**Note 7: Supplementary Financial Information (Continued)**
*Other Non-Current Assets*

	As of	
	January 31, 2017	October 31, 2016
	In millions	
Tax indemnifications receivable <sup>(1)</sup>	\$ 1,628	\$ 1,591
Deferred tax assets	249	254
Other	1,188	1,316
	\$ 3,065	\$ 3,161

<sup>(1)</sup> In connection with the TMA discussed under Note 6, "Taxes on Earnings".

*Other Accrued Liabilities*

	As of	
	January 31, 2017	October 31, 2016
	In millions	
Other accrued taxes	\$ 688	\$ 755
Warranty	706	729
Sales and marketing programs	2,213	2,312
Other	2,184	1,922
	\$ 5,791	\$ 5,718

*Other Non-Current Liabilities*

	As of	
	January 31, 2017	October 31, 2016
	In millions	
Pension, post-retirement, and post-employment liabilities	\$ 2,627	\$ 2,705
Deferred tax liability	1,198	1,116
Tax liability	1,794	1,910
Deferred revenue	866	865
Other	759	737
	\$ 7,244	\$ 7,333

**Note 8: 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:

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

**Note 8: Fair Value (Continued)**

	As of January 31, 2017				As of October 31, 2016			
	Fair Value Measured Using			Total	Fair Value Measured Using			Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
In millions								
<b>Assets:</b>								
Cash Equivalents and Investments:								
Time deposits	\$ —	\$ 2,280	\$ —	\$ 2,280	\$ —	\$ 2,092	\$ —	\$ 2,092
Money market funds	2,541	—	—	2,541	2,568	—	—	2,568
Marketable equity securities	5	6	—	11	5	4	—	9
Mutual funds	44	—	—	44	44	—	—	44
Other debt securities	—	—	—	—	—	2	—	2
Derivative Instruments:								
Interest rate contracts	—	4	—	4	—	48	—	48
Foreign currency contracts	—	166	—	166	—	266	11	277
Other derivatives	—	1	—	1	—	—	—	—
Total Assets	<u>\$ 2,590</u>	<u>\$ 2,457</u>	<u>\$ —</u>	<u>\$ 5,047</u>	<u>\$ 2,617</u>	<u>\$ 2,412</u>	<u>\$ 11</u>	<u>\$ 5,040</u>
<b>Liabilities:</b>								
Derivative Instruments:								
Interest rate contracts	\$ —	\$ 8	\$ —	\$ 8	\$ —	\$ —	\$ —	\$ —
Foreign currency contracts	—	230	9	239	—	94	1	95
Other derivatives	—	—	—	—	—	2	—	2
Total Liabilities	<u>\$ —</u>	<u>\$ 238</u>	<u>\$ 9</u>	<u>\$ 247</u>	<u>\$ —</u>	<u>\$ 96</u>	<u>\$ 1</u>	<u>\$ 97</u>

There were no transfers between levels within the fair value hierarchy during the three months ended January 31, 2017.

*Valuation Techniques*

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

**Derivative Instruments:** From time to time HP uses forward contracts, interest rate and total return swaps and option contracts to hedge certain foreign currency and interest rate exposures. HP uses industry standard valuation models to measure fair value. Where applicable, these models project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rate curves, HP and counterparty credit risk, foreign currency rates, and forward and spot prices for currencies and interest rates. See Note 9, "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 estimated fair value of HP's short- and long-term debt was \$6.9 billion as of January 31, 2017, compared to its carrying amount of \$6.8 billion at that date. The estimated fair value of HP's short- and long-term debt was \$7.1 billion as of October 31, 2016 compared to its carrying value of \$6.8 billion at that date. If measured at fair value in the Consolidated Condensed Balance Sheets, short- and long-term debt would be classified in Level 2 of the fair value hierarchy.

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

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

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

**Note 9: Financial Instruments**
*Cash Equivalents and Available-for-Sale Investments*

	As of January 31, 2017				As of October 31, 2016			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
<b>In millions</b>								
<b>Cash Equivalents:</b>								
Time deposits	\$ 2,280	\$ —	\$ —	\$ 2,280	\$ 2,092	\$ —	\$ —	\$ 2,092
Money market funds	2,541	—	—	2,541	2,568	—	—	2,568
Total cash equivalents	4,821	—	—	4,821	4,660	—	—	4,660
<b>Available-for-Sale Investments:</b>								
Marketable equity securities	1	6	—	7	1	3	—	4
Mutual funds	35	9	—	44	35	9	—	44
Other debt securities	—	—	—	—	2	—	—	2
Total available-for-sale investments	36	15	—	51	38	12	—	50
Total cash equivalents and available-for-sale investments	\$ 4,857	\$ 15	\$ —	\$ 4,872	\$ 4,698	\$ 12	\$ —	\$ 4,710

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, 2017 and October 31, 2016, the carrying amount of cash equivalents approximated fair value due to the short period of time to maturity. Time deposits were primarily issued by institutions outside the United States as of January 31, 2017 and October 31, 2016. The estimated fair value of the available-for-sale investments may not be representative of values that will be realized in the future.

## HP INC. AND SUBSIDIARIES

## Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

**Note 9: Financial Instruments (Continued)**

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

	As of January 31, 2017			
	Amortized Cost		Fair Value	
	In millions			
Due in one year	\$	—	\$	—
Due in one to five years	\$	—	\$	—
Due in more than five years	\$	35	\$	44

Equity securities in privately held companies include cost basis and equity method investments and are included in Other non-current assets on the Consolidated Condensed Balance Sheets. These amounted to \$17 million and \$16 million as of January 31, 2017 and October 31, 2016, respectively.

*Derivative Instruments*

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

As a result of its use of derivative instruments, HP is exposed to the risk that its counterparties will fail to meet their contractual obligations. Master netting agreements mitigate credit exposure to counterparties by permitting HP to net amounts due from HP to counterparty against amounts due to HP from the same counterparty under certain conditions. To further limit credit risk, HP has collateral security agreements that allow HP to hold collateral from, or require HP to post collateral to, counterparties when aggregate derivative fair values exceed contractually established thresholds which are generally based on the credit ratings of HP and its counterparties. If HP's or the counterparty's credit rating falls below a specified credit rating, either party has the right to request full collateralization of the derivatives' net liability position. The fair value of derivatives with credit contingent features in a net liability position was \$90 million and \$2 million as of January 31, 2017 and October 31, 2016, respectively, all of which were fully collateralized within two business days of the related request.

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, 2017 and October 31, 2016.

*Fair Value Hedges*

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

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

*Cash Flow Hedges*

HP uses forward contracts and at times, option contracts designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in its forecasted net revenue and, to a lesser extent, cost of revenue, operating expenses, and intercompany loans denominated in currencies other than the U.S. Dollar. HP's foreign currency cash flow hedges mature generally within twelve months; however, hedges related to longer term procurement arrangements extend several years and forward contracts associated with intercompany loans extend for the duration of the loan term, which typically range from two to five years.

For derivative instruments that are designated and qualify as cash flow hedges, HP initially records changes in fair value for the effective portion of the derivative instrument in accumulated other comprehensive loss as a separate component of stockholders' deficit on the Consolidated Condensed Balance Sheets and subsequently reclassifies these amounts into earnings

**HP INC. AND SUBSIDIARIES**
**Notes to Consolidated Condensed Financial Statements (Continued)**
**(Unaudited)**
**Note 9: Financial Instruments (Continued)**

in the period during which the hedged transaction is recognized in earnings. HP reports the effective portion of its cash flow hedges in the same financial statement line item as changes in the fair value of the hedged item.

*Other Derivatives*

Other derivatives not designated as hedging instruments consist primarily of forward contracts used to hedge foreign currency-denominated balance sheet exposures. HP uses total return swaps to hedge its executive deferred compensation plan liability. For derivative instruments not designated as hedging instruments, HP recognizes changes in fair value of the derivative instrument, as well as the offsetting change in the fair value of the hedged item, in Interest and other, net in the Consolidated Condensed Statements of Earnings in the period of change.

*Hedge Effectiveness*

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

The hedge ineffectiveness fair value and cash flow hedges recognized in earnings were not material for the three months ended January 31, 2017 and January 31, 2016 .

*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:

	As of January 31, 2017					As of October 31, 2016				
	Outstanding Gross Notional	Other Current Assets	Other Non-Current Assets	Other Accrued Liabilities	Other Non-Current Liabilities	Outstanding Gross Notional	Other Current Assets	Other Non-Current Assets	Other Accrued Liabilities	Other Non-Current Liabilities
In millions										
Derivatives designated as hedging instruments										
Fair value hedges:										
Interest rate contracts	\$ 2,500	\$ —	\$ 4	\$ —	\$ 8	\$ 2,000	\$ —	\$ 48	\$ —	\$ —
Cash flow hedges:										
Foreign currency contracts	12,174	131	20	156	40	11,852	203	63	52	12
Total derivatives designated as hedging instruments	14,674	131	24	156	48	13,852	203	111	52	12
Derivatives not designated as hedging instruments										
Foreign currency contracts	3,808	12	3	40	3	3,934	11	—	31	—
Other derivatives	152	1	—	—	—	150	—	—	2	—
Total derivatives not designated as hedging instruments	3,960	13	3	40	3	4,084	11	—	33	—
Total derivatives	\$ 18,634	\$ 144	\$ 27	\$ 196	\$ 51	\$ 17,936	\$ 214	\$ 111	\$ 85	\$ 12

*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, 2017 and October 31, 2016 , information related to the potential effect of HP's master netting agreements and collateral security agreements was as follows:

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

**Note 9: Financial Instruments (Continued)****In the Consolidated Condensed Balance Sheets**

	Gross Amount Recognized (i)	Gross Amount Offset (ii)	Net Amount Presented (iii) = (i)-(ii)	Gross Amounts Not Offset		Net Amount (vi) = (iii)-(iv)-(v)
				Derivatives (iv)	Financial Collateral (v)	
<b>In millions</b>						
<i>As of January 31, 2017</i>						
Derivative assets	\$ 171	\$ —	\$ 171	\$ 148	\$ 16 <sup>(1)</sup>	\$ 7
Derivative liabilities	\$ 247	\$ —	\$ 247	\$ 148	\$ 70 <sup>(2)</sup>	\$ 29
<i>As of October 31, 2016</i>						
Derivative assets	\$ 325	\$ —	\$ 325	\$ 88	\$ 189 <sup>(1)</sup>	\$ 48
Derivative liabilities	\$ 97	\$ —	\$ 97	\$ 88	\$ 2 <sup>(2)</sup>	\$ 7

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

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

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

**Note 9: Financial Instruments (Continued)**
*Effect of Derivative Instruments in the Consolidated Condensed Statements of Earnings*

The pre-tax effect of derivative instruments and related hedged items in a fair value hedging relationship for the three months ended January 31, 2017 and January 31, 2016 were as follows:

Derivative Instrument	Location	(Loss) Gain Recognized in Earnings on Derivative and Related Hedged Item									
		Three months ended January 31, 2017		Three months ended January 31, 2016		Three months ended January 31, 2017		Three months ended January 31, 2016			
		In millions				In millions					
Interest rate contracts	Interest and other, net	\$	(52)	\$	14	Fixed-rate debt	Interest and other, net	\$	52	\$	(14)

The pre-tax effect of derivative instruments in cash flow hedging relationships for the three months ended January 31, 2017 was as follows

	(Loss) Gain Recognized in Other Comprehensive Income ("OCI") on Derivatives (Effective Portion)				Gain (Loss) Reclassified from Accumulated OCI Into Earnings (Effective Portion)					
	Three months ended January 31, 2017		Three months ended January 31, 2016		Location	Three months ended January 31, 2017		Three months ended January 31, 2016		
	In millions					In millions				
Cash flow hedges:										
Foreign currency contracts		\$	(169)	\$	105	Net revenue	\$	76	\$	78
						Cost of revenue		—		(40)
						Interest and other, net		(5)		(4)
<b>Total</b>		<b>\$</b>	<b>(169)</b>	<b>\$</b>	<b>105</b>		<b>\$</b>	<b>71</b>	<b>\$</b>	<b>34</b>

As of January 31, 2017, HP expects to reclassify an estimated accumulated other comprehensive loss ("AOCI") of \$32 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 AOCI based on the change of market rate, and therefore could have a different impact on earnings.

The pre-tax effect of derivative instruments not designated as hedging instruments in the Consolidated Condensed Statements of Earnings for the three months ended January 31, 2017 and January 31, 2016 was as follows:

	Gain Recognized in Earnings on Derivatives				
	Location	Three months ended January 31, 2017		Three months ended January 31, 2016	
		In millions			
Foreign currency contracts	Interest and other, net	\$	(2)	\$	21
Other derivatives	Interest and other, net		3		(8)
<b>Total</b>		<b>\$</b>	<b>1</b>	<b>\$</b>	<b>13</b>

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

**Note 10: Borrowings**
*Notes Payable and Short-Term Borrowings*

	As of January 31, 2017		As of October 31, 2016	
	Amount Outstanding	Weighted-Average Interest Rate	Amount Outstanding	Weighted-Average Interest Rate
	In millions		In millions	
Current portion of long-term debt	\$ 68	3.8%	\$ 51	4.1%
Notes payable to banks, lines of credit and other	32	1.1%	27	2.0%
	\$ 100		\$ 78	

*Long-Term Debt*

	As of	
	January 31, 2017	October 31, 2016
	In millions	
U.S. Dollar Global Notes <sup>(1)</sup>		
2009 Shelf Registration Statement:		
\$1,350 issued at discount to par at a price of 99.827% in December 2010 at 3.75%, due December 2020	648	648
\$1,250 issued at discount to par at a price of 99.799% in May 2011 at 4.3%, due June 2021	1,248	1,248
\$1,000 issued at discount to par at a price of 99.816% in September 2011 at 4.375%, due September 2021	999	999
\$1,500 issued at discount to par at a price of 99.707% in December 2011 at 4.65%, due December 2021	1,498	1,498
\$500 issued at discount to par at a price of 99.771% in March 2012 at 4.05%, due September 2022	499	499
\$1,200 issued at discount to par at a price of 99.863% in September 2011 at 6.0%, due September 2041	1,199	1,199
2012 Shelf Registration Statement:		
\$750 issued at par in January 2014 at three-month USD LIBOR plus 0.94%, due January 2019	102	102
\$1,250 issued at discount to par at a price of 99.954% in January 2014 at 2.75%, due January 2019	300	300
	6,493	6,493
Other, including capital lease obligations, at 0.51%-8.50%, due in calendar years 2017-2025	266	244
Fair value adjustment related to hedged debt	19	72
Less: unamortized debt issuance cost <sup>(2)</sup>	(22)	(23)
Less: current portion of long-term debt	(68)	(51)
Total long-term debt	\$ 6,688	\$ 6,735

<sup>(1)</sup> 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.

<sup>(2)</sup> Effective November 1, 2016, HP adopted ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs", which amended the presentation of debt issuance costs as a direct deduction from the carrying amount of debt liability.

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

As disclosed in Note 9, "Financial Instruments", HP uses interest rate swaps to mitigate some of the exposure of its debt portfolio to changes in fair value resulting from changes in interest rates by achieving a primarily U.S. Dollar LIBOR-based floating interest expense. Interest rates shown in the table of long-term debt have not been adjusted to reflect the impact of any interest rate swaps.

Interest expense on borrowings recognized as "Interest and other, net" in the Consolidated Condensed Statements of Earnings during the three months ended January 31, 2017 and January 31, 2016 was \$73 million and \$74 million, respectively.

*Commercial Paper*

On November 1, 2015, HP's Board of Directors authorized HP to borrow up to a total outstanding principal balance of \$4.0 billion, or the equivalent in foreign currencies, for the use and benefit of HP and HP's subsidiaries, by the issuance of

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

**Note 10: Borrowings (continued)**

commercial paper or through the execution of promissory notes, loan agreements, letters of credit, agreements for lines of credit or overdraft facilities.

*Credit Facility*

As of January 31, 2017, HP maintains a \$4.0 billion, senior unsecured committed revolving credit facility to support the issuance of commercial paper or for general corporate purposes. Commitments under the revolving credit facility will be available until April 2, 2019. Commitment fees, interest rates and other terms of borrowing under the credit facility vary based on HP's external credit ratings. As of January 31, 2017, HP was in compliance with the financial covenants in the credit agreement governing the revolving credit facility.

*Available Borrowing Resources*

As of January 31, 2017, HP and HP's subsidiaries had available borrowing resources of \$950 million from uncommitted lines of credit in addition to the senior unsecured committed revolving credit facility discussed above.

**Note 11: 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, 2017, HP executed share repurchases of 27 million shares. Share repurchases executed during the three months ended January 31, 2017 included 1 million shares settled in February 2017. During the three months ended January 31, 2017, HP settled total shares for \$0.4 billion. During the three months ended January 31, 2016, HP executed share repurchases of 68 million shares and settled total shares for \$0.8 billion.

The shares repurchased during the three months ended January 31, 2017 and January 31, 2016 were all open market repurchase transactions. As of January 31, 2017, HP had approximately \$3.5 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)**

**Note 11: Stockholder's Deficit (Continued)**
*Tax effects related to Other Comprehensive Income*

	<b>Three months ended January 31</b>	
	<b>2017</b>	<b>2016</b>
<b>In millions</b>		
<b>Tax effects on change in unrealized gains on available-for-sale securities:</b>		
Tax provision on unrealized gains arising during the period	\$ (1)	\$ —
	(1)	—
<b>Tax effects on change in unrealized components of cash flow hedges:</b>		
Tax (provision) benefit on unrealized (loss) gains arising during the period	(3)	11
Tax provision on gains reclassified into earnings	4	8
	1	19
<b>Tax effects on change in unrealized components of defined benefit plans:</b>		
Tax provision on amortization of actuarial loss and prior service benefit	(6)	(3)
Tax provision on settlements and other	(8)	—
	(14)	(3)
Tax (provision) benefit on other comprehensive loss	\$ (14)	\$ 16

*Changes and reclassifications related to Other Comprehensive Income, net of taxes*

	<b>Three months ended January 31</b>	
	<b>2017</b>	<b>2016</b>
<b>In millions</b>		
<b>Other comprehensive income, net of taxes:</b>		
<b>Change in unrealized gains on available-for-sale securities:</b>		
Unrealized gains arising during the period	\$ 2	\$ —
	2	—
<b>Change in unrealized components of cash flow hedges:</b>		
Unrealized (losses) gains arising during the period	(172)	116
Gains reclassified into earnings <sup>(1)</sup>	(67)	(26)
	(239)	90
<b>Change in unrealized components of defined benefit plans:</b>		
Amortization of actuarial loss and prior service benefit <sup>(2)</sup>	14	9
Settlements and other	(8)	—
	6	9
<b>Other comprehensive (loss) income, net of taxes</b>	<b>\$ (231)</b>	<b>\$ 99</b>

<sup>(1)</sup> Reclassification of pre-tax gains on cash flow hedges into the Consolidated Condensed Statements of Earnings was as follows:

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

**Note 11: Stockholder's Deficit (Continued)**

	Three months ended January 31	
	2017	2016
	In millions	
Net revenue	\$ (76)	\$ (78)
Cost of revenue	—	40
Interest and other, net	5	4
Total	<u>\$ (71)</u>	<u>\$ (34)</u>

<sup>(2)</sup> These components are included in the computation of net pension and post-retirement benefit (credit) charges in Note 4, "Retirement and Post-Retirement Benefit Plans".

The components of accumulated other comprehensive loss, net of taxes and changes were as follows:

	Three months ended January 31, 2017			
	Net unrealized gains on available-for-sale securities	Net unrealized gains (losses) on cash flow hedges	Unrealized components of defined benefit plans	Accumulated other comprehensive loss
	In millions			
Balance at beginning of period	\$ 9	\$ 186	\$ (1,633)	\$ (1,438)
Other comprehensive income (loss) before reclassifications	2	(172)	(8)	(178)
Reclassifications of losses into earnings	—	(67)	14	(53)
Balance at end of period	<u>\$ 11</u>	<u>\$ (53)</u>	<u>\$ (1,627)</u>	<u>\$ (1,669)</u>

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

**Note 12: Net Earnings Per Share**

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

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

	<b>Three months ended January 31</b>	
	<b>2017</b>	<b>2016</b>
<b>In millions, except per share amounts</b>		
<b>Numerator:</b>		
Net earnings from continuing operations	\$ 611	\$ 650
Net loss from discontinued operations	—	(58)
Net earnings	<u>\$ 611</u>	<u>\$ 592</u>
<b>Denominator:</b>		
Weighted-average shares used to compute basic net EPS	1,704	1,776
Dilutive effect of employee stock plans	17	9
Weighted-average shares used to compute diluted net EPS	<u>1,721</u>	<u>1,785</u>
<b>Basic net earnings (loss) per share:</b>		
Continuing operations	\$ 0.36	\$ 0.37
Discontinued operations	—	(0.04)
Basic net earnings per share	<u>\$ 0.36</u>	<u>\$ 0.33</u>
<b>Diluted net earnings (loss) per share:</b>		
Continuing operations	\$ 0.36	\$ 0.36
Discontinued operations	—	(0.03)
Diluted net earnings per share	<u>\$ 0.36</u>	<u>\$ 0.33</u>
Anti-dilutive weighted average stock-based compensation awards <sup>(1)</sup>	<u>9</u>	<u>25</u>

<sup>(1)</sup> HP excludes stock options and restricted stock units where the assumed proceeds exceed the average market price from the calculation of diluted net EPS, 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 represents average unrecognized compensation.

**Note 13: Litigation and Contingencies**

HP is involved in lawsuits, claims, investigations and proceedings, including those identified below, consisting of intellectual property, commercial, securities, employment, employee benefits, regulatory and environmental matters that arise in the ordinary course of business. These litigations or proceedings may be against HP and/or current and former HP executive officers or current and former members of HP's Board of Directors. 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, 2017, it was not reasonably possible that a material loss had been incurred in excess of the amounts recognized in HP's financial statements. HP reviews these matters at least quarterly and adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Pursuant to the separation and distribution agreement, HP shares responsibility with Hewlett Packard Enterprise for certain matters, as indicated below, and Hewlett Packard Enterprise has agreed to indemnify HP in whole or in part with respect to certain matters. Based on its experience, HP believes that any damage amounts claimed in the specific matters discussed below are not a meaningful indicator of HP's potential liability. Litigation is inherently unpredictable. However, HP believes it has valid defenses with respect to legal matters pending against it. Nevertheless, cash flows or results of operations could be materially affected in any particular period by the resolution of one or more of these contingencies.

## HP INC. AND SUBSIDIARIES

## Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

**Note 13: Litigation and Contingencies (Continued)***Litigation, Proceedings and Investigations*

Copyright Levies. Proceedings are ongoing or have been concluded involving HP in certain European countries, including litigation in Belgium and other countries, seeking to impose or modify levies upon equipment (such as multifunction devices (“MFDs”) and PCs), alleging that these devices enable the production of private copies of copyrighted materials. The levies are generally based upon the number of products sold and the per-product amounts of the levies, which vary. Some European countries that do not yet have levies on digital devices are expected to implement similar legislation to enable them to extend existing levy schemes, while other European countries have phased out levies or are expected to limit the scope of levy schemes and applicability in the digital hardware environment, particularly with respect to sales to business users. HP, other companies and various industry associations have opposed the extension of levies to the digital environment and have advocated alternative models of compensation to rights holders.

Reprobel, a cooperative society with the authority to collect and distribute the remuneration for reprography to Belgian copyright holders, requested by extrajudicial means that HP amend certain copyright levy declarations submitted for inkjet MFDs sold in Belgium from January 2005 to December 2009 to enable it to collect copyright levies calculated based on the generally higher copying speed when the MFDs are operated in draft print mode rather than when operated in normal print mode. In March 2010, HP filed a lawsuit against Reprobel in the French-speaking chambers of the Court of First Instance of Brussels seeking a declaratory judgment that no copyright levies are payable on sales of MFDs in Belgium or, alternatively, that copyright levies payable on such MFDs must be assessed based on the copying speed when operated in the normal print mode set by default in the device. On November 16, 2012, the court issued a decision holding that Belgian law is not in conformity with European Union (“EU”) law in a number of respects and ordered that, by November 2013, Reprobel substantiate that the amounts claimed by Reprobel are commensurate with the harm resulting from legitimate copying under the reprographic exception. HP subsequently appealed that court decision to the Courts of Appeal in Brussels seeking to confirm that the Belgian law is not in conformity with EU law and that, if Belgian law is interpreted in a manner consistent with EU law, no payments by HP are required or, alternatively, the payments already made by HP are sufficient to comply with its obligations under Belgian law. On October 23, 2013, the Court of Appeal in Brussels stayed the proceedings and referred several questions to the Court of Justice of the European Union (the “CJEU”) relating to whether the Belgian reprographic copyright levies system is in conformity with EU law. The case was heard by the CJEU on January 29, 2015 and on November 12, 2015, the CJEU published its judgment providing that a national legislation such as the Belgian one at issue in the main proceedings is incompatible with EU law on multiple legal points, as argued by HP. The Court of Appeal in Brussels now has to rule on the litigation between HP and Reprobel following the answers provided by the CJEU.

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

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

HP INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

**Note 13: Litigation and Contingencies (Continued)**

*Forsyth, et al. vs. HP Inc. and Hewlett Packard Enterprise.* This is a purported class and collective action filed on August 18, 2016 in the United States District Court, Northern District of California, against HP and Hewlett Packard Enterprise alleging the defendants violated the Federal Age Discrimination in Employment Act (“ADEA”), the California Fair Employment and Housing Act, California public policy and the California Business and Professions Code by terminating older workers and replacing them with younger workers. Plaintiffs seek to certify a nationwide collective class action under the ADEA comprised of all U.S. residents employed by defendants who had their employment terminated pursuant to a workforce reduction (“WFR”) plan on or after May 23, 2012 and who were 40 years of age or older. Plaintiffs also seek to represent a Rule 23 class under California law comprised of all persons 40 years or older employed by defendants in the state of California and terminated pursuant to a WFR plan on or after May 23, 2012. Following a partial motion to dismiss, a motion to strike and a motion to compel arbitration that the defendants filed in November 2016, the plaintiffs amended their complaint. New plaintiffs were added, but the plaintiffs agreed that the class period for the nationwide collective action should be shortened and now starts on December 9, 2014. On January 30, 2017, the defendants filed another partial motion to dismiss and motions to compel arbitration as to several of the plaintiffs.

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

On April 11, 2012, the Bangalore Commissioner of Customs issued an order on the products-related show cause notice affirming certain duties and penalties against HP India and the named individuals of approximately \$386 million, of which HP India had already deposited \$9 million. On December 11, 2012, HP India voluntarily deposited an additional \$10 million in connection with the products-related show cause notice. The differential duty demand is subject to interest. On April 20, 2012, the Commissioner issued an order on the parts-related show cause notice affirming certain duties and penalties against HP India and certain of the named individuals of approximately \$17 million, of which HP India had already deposited \$7 million. After the order, HP India deposited an additional \$3 million in connection with the parts-related show cause notice so as to avoid certain penalties.

HP India filed appeals of the Commissioner’s orders before the Customs Tribunal along with applications for waiver of the pre-deposit of remaining demand amounts as a condition for hearing the appeals. The Customs Department has also filed cross-appeals before the Customs Tribunal. On January 24, 2013, the Customs Tribunal ordered HP India to deposit an additional \$24 million against the products order, which HP India deposited in March 2013. The Customs Tribunal did not order any additional deposit to be made under the parts order. In December 2013, HP India filed applications before the Customs Tribunal seeking early hearing of the appeals as well as an extension of the stay of deposit as to HP India and the individuals already granted until final disposition of the appeals. On February 7, 2014, the application for extension of the stay of deposit was granted by the Customs Tribunal until disposal of the appeals. On October 27, 2014, the Customs Tribunal commenced hearings on the cross-appeals of the Commissioner’s orders. The Customs Tribunal rejected HP India’s request to remand the matter to the Commissioner on procedural grounds. The hearings scheduled to reconvene on April 6, 2015 and again on November 3, 2015 and April 11, 2016 were canceled at the request of the Customs Tribunal. 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.

*Russia GPO Anti-Corruption Investigation.* The German Public Prosecutor’s Office (“German PPO”) has been conducting an investigation into allegations that current and former employees of HP engaged in bribery, embezzlement and tax evasion relating to a transaction between Hewlett-Packard ISE GmbH in Germany, a former subsidiary of HP, and the General Prosecutor’s Office of the Russian Federation. The approximately \$35 million transaction, which was referred to as the Russia GPO deal, spanned the years 2001 to 2006 and was for the delivery and installation of an IT network. The German PPO issued an indictment of four individuals, including one current and two former HP employees, on charges including bribery, breach of trust and tax evasion. The German PPO also requested that HP be made an associated party to the case, and, if that request is granted, HP would participate in any portion of the court proceedings that could ultimately bear on the question of whether HP should be subject to potential disgorgement of profits based on the conduct of the indicted current and former employees. The Regional Court of Leipzig will determine whether the matter should be admitted to trial.

*Cement & Concrete Workers District Council Pension Fund v. Hewlett-Packard Company, et al.* is a putative securities class action filed on August 3, 2012 in the United States District Court for the Northern District of California alleging, among

HP INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

**Note 13: Litigation and Contingencies (Continued)**

other things, that from November 13, 2007 to August 6, 2010 the defendants violated Sections 10 (b) and 20 (a) of the Exchange Act by making statements regarding HP's Standards of Business Conduct ("SBC") that were false and misleading because Mr. Hurd, who was serving as HP's Chairman and Chief Executive Officer during that period, had been violating the SBC and concealing his misbehavior in a manner that jeopardized his continued employment with HP. On February 7, 2013, the defendants moved to dismiss the amended complaint. On August 9, 2013, the court granted the defendants' motion to dismiss with leave to amend the complaint by September 9, 2013. The plaintiff filed an amended complaint on September 9, 2013, and the defendants moved to dismiss that complaint on October 24, 2013. On June 25, 2014, the court issued an order granting the defendants' motions to dismiss and on July 25, 2014, plaintiff filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit. On January 19, 2017, the United States Court of Appeals for the Ninth Circuit issued an opinion affirming the district court's dismissal of this action.

Class Actions re Authentication of Supplies

Five purported consumer class actions have been filed against HP, arising out of the supplies authentication protocol in certain OfficeJet printers. This authentication protocol rejects some third-party ink cartridges that use non-HP security chips. Several of the cases have since been dismissed or consolidated, and further consolidation is expected. All of the remaining cases are proceeding in the United States District Court for the Northern District of California.

On September 23, 2016, *Bayse v. HP, Inc.* was filed in the United States District Court for the Northern District of Alabama alleging claims for injunctive relief, negligence and/or wantonness, breach of warranty, and violations of the Sherman Act - 15 U.S.C. § 1, et seq. Plaintiffs sought to certify a class of all persons in the United States who purchased and/or otherwise owned a printer manufactured and/or sold by HP in the OfficeJet, OfficeJet Pro and/or OfficeJet Pro X line of printers, any time between September 18, 2009 and September 18, 2016. On December 15, 2016, Plaintiff voluntarily dismissed his complaint without prejudice.

On September 28, 2016, *Doty v. HP, Inc.* was filed in the United States District Court for the Central District of California alleging claims for violations of California's False Advertising Law, Cal. Bus. & Prof. Code § 17500, et seq. and Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, et seq. Plaintiffs added a claim under the Consumer Legal Remedies Act, Cal. Civ. Code § 1750, et seq. on October 31, 2016. Plaintiff seeks to certify a class of all United States citizens who, between the applicable statute of limitations and the present, had an HP printer that was modified to reject third party-ink cartridges. On January 26, 2017, the Central District of California granted the parties' stipulation to transfer the action to the Northern District of California.

On October 7, 2016, *San Miguel v. HP Inc.* was filed in the United States District Court for the Northern District of California alleging claims for violation of California's Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, et seq. and for unjust enrichment. Plaintiffs seek to certify a class of all persons in the United States who own one or more HP printer or device in any of the following categories: OfficeJet 6220 series; OfficeJet Pro 6230 series; OfficeJet 6820 series; OfficeJet Pro 6830 series; OfficeJet 8600 series; and OfficeJet Pro X series.

On November 9, 2016, *Ware v. HP Inc.* was filed in the United States District Court for the Northern District of California alleging claims for violation of California's Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, et seq. and for unjust enrichment. Plaintiffs seek to certify a class of all persons in the United States who own one or more HP printer or device in any of the following categories: OfficeJet 6220 series; OfficeJet Pro 6230 series; OfficeJet 6820 series; OfficeJet Pro 6830 series; OfficeJet 8600 series; and OfficeJet Pro X series. On January 18, 2017, the *Ware v. HP Inc.* action was judicially consolidated with the *San Miguel v. HP Inc.* action. The *Doty v. HP, Inc.* action has been related to the consolidated *San Miguel* and *Ware* actions.

On January 11, 2017, *Mullins v. HP Inc.* was filed in the United States District Court for the Northern District of California alleging claims for violations of California's Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, et seq., California's False Advertising Law, Cal. Bus. & Prof. Code § 17500, et seq., and for unjust enrichment. Plaintiffs seek to certify a class of all persons in the United States who own an HP printer or device in any of the following categories: OfficeJet 6220 series; OfficeJet Pro 6230 series; OfficeJet Pro 6810 series; OfficeJet Pro 6820 series; OfficeJet Pro 6830 series; OfficeJet 8600 series; and OfficeJet Pro X series. On February 16, 2017, plaintiffs voluntarily dismissed their complaint without prejudice.

Autonomy-Related Legal Matters

- Investigations. As a result of the findings of an ongoing investigation, HP has provided information to the United Kingdom ("U.K.") Serious Fraud Office, the U.S. Department of Justice ("DOJ") and the SEC related to the accounting improprieties, disclosure failures and misrepresentations at Autonomy that occurred prior to and in connection with HP's acquisition of Autonomy. On January 19, 2015, the U.K. Serious Fraud Office notified HP that it

## HP INC. AND SUBSIDIARIES

## Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

## Note 13: Litigation and Contingencies (Continued)

was closing its investigation and had decided to cede jurisdiction of the investigation to the U.S. authorities. On November 14, 2016, the DOJ announced that a federal grand jury indicted Sushovan Hussain, the former CFO of Autonomy, on charges of conspiracy to commit wire fraud and multiple counts of wire fraud. The indictment alleges that Hussain engaged in a scheme to defraud purchasers and sellers of securities of Autonomy and HP about the true performance of Autonomy's business, its financial condition, and its prospects for growth. On November 15, 2016, the SEC announced that Stouffer Egan, the former CEO of Autonomy's U.S.-based operations, settled charges relating to his participation in an accounting scheme to meet internal sales targets and analyst revenue expectations. HP is continuing to cooperate with the ongoing enforcement actions.

- **Litigation.** As described below, HP is involved in various stockholder litigation relating to, among other things, its October 2011 acquisition of Autonomy and its November 20, 2012 announcement that it recorded a non-cash charge for the impairment of goodwill and intangible assets within Hewlett Packard Enterprise's software segment of approximately \$8.8 billion in the fourth quarter of its 2012 fiscal year and HP's statements that, based on HP's findings from an ongoing investigation, the majority of this impairment charge related to accounting improprieties, misrepresentations to the market and disclosure failures at Autonomy that occurred prior to and in connection with HP's acquisition of Autonomy and the impact of those improprieties, failures and misrepresentations on the expected future financial performance of the Autonomy business over the long-term. This stockholder litigation was commenced against, among others, certain current and former HP executive officers, certain current and former members of HP's Board of Directors and certain advisors to HP. The plaintiffs in these litigation matters are seeking to recover certain compensation paid by HP to the defendants and/or other damages. Pursuant to the separation and distribution agreement, HP and Hewlett Packard Enterprise share equally the cost and any damages arising from these litigation matters. These matters include the following:
- ***In re Hewlett-Packard Shareholder Derivative Litigation*** (the "Federal Court Derivative Action") consists of seven consolidated lawsuits filed beginning on November 26, 2012 in the United States District Court for the Northern District of California alleging, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act by concealing material information and making false statements related to HP's acquisition of Autonomy and the financial performance of HP's enterprise services business. The lawsuits also allege that the defendants breached their fiduciary duties, wasted corporate assets and were unjustly enriched in connection with HP's acquisition of Autonomy and by causing HP to repurchase its own stock at allegedly inflated prices between August 2011 and October 2012. One lawsuit further alleges that certain individual defendants engaged in or assisted insider trading and thereby breached their fiduciary duties, were unjustly enriched and violated Sections 25402 and 25403 of the California Corporations Code. On May 3, 2013, the lead plaintiff filed a consolidated complaint alleging, among other things, that the defendants concealed material information and made false statements related to HP's acquisition of Autonomy and Autonomy's Intelligent Data Operating Layer technology and thereby violated Sections 10(b) and 20(a) of the Exchange Act, breached their fiduciary duties, engaged in "abuse of control" over HP, corporate waste and were unjustly enriched. The litigation was stayed until June 2014. The lead plaintiff filed a stipulation of proposed settlement on June 30, 2014. The court declined to grant preliminary approval to this settlement, and, on December 19, 2014, also declined to grant preliminary approval to a revised version of the settlement. On January 22, 2015, the lead plaintiff moved for preliminary approval of a further revised version of the settlement. On March 13, 2015, the court issued an order granting preliminary approval to the settlement. On July 24, 2015, the court held a hearing to entertain any remaining objections to the settlement and decide whether to grant final approval of the settlement. On July 30, 2015, the court granted final approval to the settlement and denied all remaining objections to the settlement. Three objectors to the settlement appealed the court's final approval order to United States Court of Appeals for the Ninth Circuit. Plaintiffs-appellants filed their opening briefs on December 30, 2015. HP's response brief was filed on February 29, 2016, and the reply briefs were filed on May 12, 2016.
- ***Autonomy Corporation Limited v. Michael Lynch and Sushovan Hussain.*** On April 17, 2015, four HP subsidiaries (Autonomy Corporation Limited, Hewlett Packard Vision BV, Autonomy Systems, Limited, and Autonomy, Inc.) initiated civil proceedings in the U.K. High Court of Justice against two members of Autonomy's former management, Michael Lynch and Sushovan Hussain. The Particulars of Claim seek damages in excess of \$5 billion from Messrs. Lynch and Hussain for breach of their fiduciary duties by causing Autonomy group companies to engage in improper transactions and accounting practices. On October 1, 2015, Messrs. Lynch and Hussain filed their defenses. Mr. Lynch also filed a counterclaim against Autonomy Corporation Limited seeking \$160 million in damages, among other things, for alleged misstatements regarding Lynch. The HP subsidiary claimants filed their replies to the defenses and the asserted counter-claim on March 11, 2016. The parties are actively engaged in the disclosure process. A six -month trial is scheduled to begin on January 28, 2019.

HP INC. AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

**Note 13: Litigation and Contingencies (Continued)**

- *In re HP ERISA Litigation* consists of three consolidated putative class actions filed beginning on December 6, 2012 in the United States District Court for the Northern District of California alleging, among other things, that from August 18, 2011 to November 22, 2012, the defendants breached their fiduciary obligations to HP's 401 (k) Plan and its participants and thereby violated Sections 404 (a) (1) and 405 (a) of the Employee Retirement Income Security Act of 1974, as amended, by concealing negative information regarding the financial performance of Autonomy and HP's enterprise services business and by failing to restrict participants from investing in HP stock. On August 16, 2013, HP filed a motion to dismiss the lawsuit. On March 31, 2014, the court granted HP's motion to dismiss this action with leave to amend. On July 16, 2014, the plaintiffs filed a second amended complaint containing substantially similar allegations and seeking substantially similar relief as the first amended complaint. On June 15, 2015, the court granted HP's motion to dismiss the second amended complaint in its entirety and denied plaintiffs leave to file another amended complaint. On July 2, 2015, plaintiffs appealed the court's order to the United States Court of Appeals for the Ninth Circuit.

*Environmental*

HP's operations and products are subject to various federal, state, local and foreign laws and regulations concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites, the content of HP's products and the recycling, treatment and disposal of those products. In particular, HP faces increasing complexity in its product design and procurement operations as it adjusts to new and future requirements relating to the chemical and materials composition of its products, their safe use, and the energy consumption associated with those products, including requirements relating to climate change. HP is also subject to legislation in an increasing number of jurisdictions that makes producers of electrical goods, including computers and printers, financially responsible for specified collection, recycling, treatment and disposal of past and future covered products (sometimes referred to as "product take-back legislation"). HP could incur substantial costs, its products could be restricted from entering certain jurisdictions, and it could face other sanctions, if it were to violate or become liable under environmental laws or if its products become noncompliant with environmental laws. HP's potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs to comply with environmental laws are difficult to predict.

HP is party to, or otherwise involved in, proceedings brought by U.S. or state environmental agencies under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), known as "Superfund," or state laws similar to CERCLA, and may become a party to, or otherwise involved in, proceedings brought by private parties for contribution towards clean-up costs. HP is also conducting environmental investigations or remediations at several current or former operating sites pursuant to administrative orders or consent agreements with state environmental agencies.

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

**Note 14: 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.

*Indemnifications*

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

**Note 14: Guarantees, Indemnifications and Warranties (Continued)**

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 IP 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.

*Cross-Indemnifications with Hewlett Packard Enterprise*

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

For information on the cross-indemnifications related to the tax matter agreements and litigations effective upon the Separation on November 1, 2015, see Note 6, "Taxes on Earnings", and Note 13, "Litigation and Contingencies", respectively.

*Warranty*

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:

	<b>Three months ended January 31, 2017</b>	
	<b>In millions</b>	
Balance at beginning of period	\$	980
Accruals for warranties issued		236
Adjustments related to pre-existing warranties (including changes in estimates)		(11)
Settlements made (in cash or in kind)		(256)
Balance at end of period	\$	949

**Note 15: Discontinued Operations**

On November 1, 2015, HP completed the Separation of Hewlett Packard Enterprise. After the Separation, HP does not beneficially own any shares of Hewlett Packard Enterprise common stock.

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

**Note 15: Discontinued Operations (Continued)**

The following table presents the financial results of HP's discontinued operations:

	<b>Three months ended January 31</b>	
	<b>2017</b>	<b>2016</b>
	<b>In millions</b>	
Expenses <sup>(1)</sup>	\$ —	\$ 87
Interest and other, net <sup>(2)</sup>	(29)	—
Earnings (loss) from discontinued operations before taxes	29	(87)
(Provision for) benefit from taxes	(29)	29
Loss from discontinued operations, net of taxes	<u>\$ —</u>	<u>\$ (58)</u>

<sup>(1)</sup> Expenses for the three months ended January 31, 2016 were primarily related to separation costs.

<sup>(2)</sup> In connection with the TMA, Interest and other, net for the three months ended January 31, 2017 includes \$29 million of net tax indemnification amounts and Provision for taxes for the three months ended January 31, 2017 includes \$29 million of the tax impact relating to the above amounts. For more information on tax indemnifications and the TMA, see Note 6, "Taxes on Earnings".

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

**HP INC. AND SUBSIDIARIES**  
**Management’s Discussion and Analysis of**  
**Financial Condition and Results of Operations**

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

- *HP Inc. Separation Transaction.* A discussion of the separation of Hewlett Packard Enterprise Company, HP Inc.’s former enterprise technology infrastructure, software, services and financing businesses.
- *Overview.* A discussion of our business and other highlights affecting the company to provide context for the remainder of this MD&A.
- *Critical Accounting Policies and Estimates.* A discussion of accounting policies and estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results.
- *Results of Operations.* An analysis of our continuing operations financial results comparing the three months ended January 31, 2017 to the prior-year period. A discussion of the results of continuing operations is followed by a more detailed discussion of the results of operations by segment.
- *Liquidity and Capital Resources.* An analysis of changes in our cash flows and a discussion of our liquidity and continuing financial condition.
- *Contractual and Other Obligations.* An overview of contractual obligations, retirement and post-retirement benefit plan contributions, cost saving plan, uncertain tax positions and off-balance sheet arrangements of our continuing operations.

The discussion of financial condition and results of our continuing 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.

**HP INC. SEPARATION TRANSACTION**

On November 1, 2015, we completed the separation of Hewlett Packard Enterprise Company (“Hewlett Packard Enterprise”), HP Inc.’s former enterprise technology infrastructure, software, services and financing businesses (the “Separation”). In connection with the Separation, Hewlett-Packard Company changed its name to HP Inc. (“HP”). The historical results of operations and financial positions of Hewlett Packard Enterprise are reported as discontinued operations in our Consolidated Condensed Financial Statements. For further information on discontinued operations, see Note 15, “Discontinued Operations”, to the Consolidated Condensed Financial Statements in Item 1 of Part I, which is incorporated herein by reference.

**OVERVIEW**

We are a leading global provider of personal computing and other access devices, imaging and printing products, and related technologies, solutions, and services. We sell to individual consumers, small- and medium-sized businesses (“SMBs”) and large enterprises, including customers in the government, health, and education sectors. We have three segments for financial reporting purposes: Personal Systems, Printing and Corporate Investments. The Personal Systems segment offers Commercial personal computers (“PCs”), Consumer PCs, Workstations, thin clients, Commercial tablets and mobility devices, retail point-of-sale systems, displays and other related accessories, support, and services for the commercial and consumer markets. The Printing segment provides consumer and commercial printer hardware, supplies, media, solutions and services, as well as scanning devices. Corporate Investments include HP Labs and certain business incubation projects.

- In Personal Systems, our strategic focus is on profitable growth through improved market segmentation with respect to enhanced innovation in multi-operating systems, multi-architecture, geography, customer segments and other key attributes. Additionally, HP is investing in premium and mobility form factors such as convertible notebooks, detachable notebooks, and commercial tablets and mobility devices in order to meet customer preference for mobile, thinner and lighter devices. We expect a decrease in the rate of the market decline and we believe that we are well positioned due to our competitive product lineup.
- In Printing, our strategic focus is on business printing, a shift to contractual solutions and graphics. Business printing includes delivering solutions to SMBs and enterprise customers, such as multi-function and PageWide printers,

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

including our JetIntelligence lineup of LaserJet printers. The shift to contractual solutions includes an increased focus on Managed Print Services and Instant Ink, which presents strong after-market supplies opportunities. In the graphics space, we are focused on innovations such as our Indigo and Latex product offerings. We plan to continue to focus on shifting the mix in the installed base to higher value units and expanding our innovative Ink, Laser, Graphics and 3D printing programs. We continue to execute on our key initiatives of focusing on high-value products targeted at high usage categories and introducing new revenue delivery models. Our focus is on placing higher value printer units which offer strong annuity of toner and ink, the design and deployment of A3 products and solutions, accelerating growth in graphic solutions products, and launching our first 3D printers.

We continue to experience challenges that are representative of trends and uncertainties that may affect our business and results of operations. One set of challenges relates to dynamic and accelerating market trends such as the decline in the PC device market and home printing. A second set of challenges relates to changes in the competitive landscape. Our primary competitors are exerting increased competitive pressure in targeted areas and are entering new markets, our emerging competitors are introducing new technologies and business models, and our alliance partners in some businesses are increasingly becoming our competitors in others. A third set of challenges relates to business model changes and our go-to-market execution.

- In Personal Systems, demand for PCs is being impacted by weaker macroeconomic conditions and currency depreciation in Latin America and certain European and Asian markets. As such, we anticipate continued market headwinds.
- In Printing, we are experiencing the impact of demand challenges in consumer and commercial markets. We are also experiencing an overall competitive pricing environment and the strength of the yen has allowed our Japanese competitors to be aggressive in their pricing. We obtain a number of components from single sources due to technology, availability, price, quality or other considerations. For instance, we source laser printer engines and laser toner cartridges from Canon. Any decision by either party to not renew our agreement with Canon or to limit or reduce the scope of the agreement could adversely affect our net revenue from LaserJet products; however, we have a long-standing business relationship with Canon and do not anticipate non-renewal of this agreement.

We may also face challenges as a result of the June 23, 2016 referendum by British voters to exit the European Union (commonly known as "Brexit"). The outcome of Brexit and its impact on our business cannot be known until the terms and timing of the United Kingdom's exit are clearer. Until that time, we may face various Brexit-related challenges that may include uncertainty in the markets, volatility in exchange rates and weaker macroeconomic conditions.

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 need to continue to improve our operations, with a particular focus on enhancing our end-to-end processes and efficiencies. We also need to continue to optimize our sales coverage models, align our sales incentives with our strategic goals, improve channel execution, strengthen our capabilities in our areas of strategic focus, and develop and capitalize on market opportunities.

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

For a further discussion of trends, uncertainties and other factors that could impact our continuing 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, 2016.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our Consolidated Condensed Financial Statements, which have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP"). The preparation of these financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, net revenues and expenses, and disclosure of contingent liabilities. Our management believes that there have been no significant changes during the three months ended January 31, 2017 to the items that we disclosed as our critical accounting policies and estimates in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended October 31, 2016 .

**ACCOUNTING PRONOUNCEMENTS**

**HP INC. AND SUBSIDIARIES**  
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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 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 present the year-over-year percentage change in net revenue on a constant currency basis, which assumes no change in foreign currency exchange rates from the prior-year period and does not adjust for any repricing or demand impacts from changes in foreign currency exchange rates. This information is provided so that net revenue can be viewed with and without the effect of fluctuations in foreign currency exchange rates, which is consistent with how management evaluates our net revenue results and trends. This constant currency disclosure is 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 U.S. dollars and as a percentage of net revenue were as follows:

	Three months ended January 31			
	2017		2016	
	Dollars	% of Net Revenue	Dollars	% of Net Revenue
	Dollars in millions			
Net revenue	\$ 12,684	100.0 %	\$ 12,246	100.0 %
Cost of revenue	(10,436)	(82.3)%	(9,961)	(81.3)%
Gross profit	2,248	17.7 %	2,285	18.7 %
Research and development	(296)	(2.3)%	(292)	(2.4)%
Selling, general and administrative	(1,017)	(8.1)%	(1,037)	(8.5)%
Acquisition-related charges	(16)	(0.1)%	—	— %
Restructuring and other charges	(63)	(0.5)%	(20)	(0.2)%
Amortization of intangible assets	—	— %	(8)	— %
Earnings from continuing operations before interest and taxes	856	6.7 %	928	7.6 %
Interest and other, net	(81)	(0.6)%	(94)	(0.8)%
Earnings from continuing operations before taxes	775	6.1 %	834	6.8 %
Provision for taxes	(164)	(1.3)%	(184)	(1.5)%
Net earnings from continuing operations	611	4.8 %	650	5.3 %
Net loss from discontinued operations, net of taxes	—	— %	(58)	(0.5)%
Net earnings	\$ 611	4.8 %	\$ 592	4.8 %

*Net Revenue*

For the three months ended January 31, 2017, total net revenue increased 3.6% (increased 4.9% on a constant currency basis) as compared to the prior-year period. U.S. net revenue increased 7.6% to \$4.6 billion, while net revenue from international operations increased 1.4% to \$8.1 billion. The increase in net revenue was primarily driven by growth in Notebooks and Workstations, partially offset by unfavorable foreign currency impacts and decline in Supplies.

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

*Gross Margin*

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For each of the three months ended January 31, 2017, our gross margin decreased 1.0 percentage points as compared to the prior-year periods. The primary factors impacting gross margin performance were unfavorable segment mix, increase in commodity prices in Personal Systems and unfavorable foreign currency impact.

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 expense increased 1% for the three months ended January 31, 2017, as compared to the prior-year periods, primarily due to continuing investment in 3D printing.

**Selling, General and Administrative**

SG&A expense decreased 2% for the three months ended January 31, 2017, as compared to the prior-year periods, primarily due to our cost saving initiatives, partially offset by an increase in field selling cost and marketing spend in Printing segment for demand generation.

**Restructuring and Other Charges**

Restructuring and other charges for the three months ended January 31, 2017 relate primarily to the restructuring plan announced in October 2016 (the "Fiscal 2017 Plan") and certain non-recurring costs, including those as a result of the Separation.

*Interest and Other, Net*

Interest and other, net expense decreased by \$13 million for the three months ended January 31, 2017 as compared to the prior-year period, primarily due to changes in indemnification receivables from Hewlett Packard Enterprise in the current quarter for certain tax liabilities that HP is jointly and severally liable for, but for which it is indemnified by Hewlett Packard Enterprise under the tax matters agreement.

*Provision for Taxes*

Our effective tax rate for continuing operations was 21.2% and 22.0% for the three months ended January 31, 2017 and 2016, respectively. Our effective tax rate generally differs from the U.S. federal statutory rate of 35% due to favorable tax rates associated with certain earnings from our operations in lower tax jurisdictions throughout the world. We have not provided U.S. taxes for all foreign earnings because we plan to reinvest some of those earnings indefinitely outside the United States.

During the three months ended January 31, 2017, HP recorded \$1 million of net tax benefit related to unique items to the year in the provision for taxes for continuing operations. This amount included a tax benefit of \$17 million related to uncertain tax positions and a tax benefit of \$19 million related to restructuring and other charges. These tax benefits were offset by \$26 million related to the state tax provision to return adjustments and \$9 million related to various other items.

In the three months ended January 31, 2016, we recorded \$54 million of net tax benefits related to discrete items in the provision for taxes for continuing operations. This amount included a tax benefit of \$41 million arising from the retroactive research and development credit provided by the Consolidated Appropriations Act of 2016 signed into law in December 2015, a tax benefit of \$6 million on restructuring and other charges, and a tax benefit of \$39 million related to the provision to return adjustments. These tax benefits were offset by tax charges of \$27 million related to uncertain tax positions and \$5 million related to various other items.

**Segment Information**

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

*Business Unit Realignment*

Effective at the beginning of its first quarter of fiscal year 2017, 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 a portion of LaserJet printers 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 which resulted in the reclassification of revenues

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between the Commercial and Consumer business units of Printing. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from continuing operations, net earnings or net earnings per share.

**Personal Systems**

	Three months ended January 31		
	2017	2016	% Change
	Dollars in millions		
Net revenue	\$ 8,224	\$ 7,467	10.1%
Earnings from operations	\$ 313	\$ 229	36.7%
Earnings from operations as a % of net revenue	3.8%	3.1%	

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
	2017	2016	Percentage Points
	Dollars in millions		
Notebooks	\$ 4,890	\$ 4,205	9.2
Desktops	2,534	2,527	0.1
Workstations	491	444	0.6
Other	309	291	0.2
<b>Total Personal Systems</b>	<b>\$ 8,224</b>	<b>\$ 7,467</b>	<b>10.1</b>

Personal Systems net revenue increased 10.1% (increased 11.3% on a constant currency basis) for the three months ended January 31, 2017 as compared to the prior-year period. The net revenue increase was primarily due to growth in Notebooks and Workstations partially offset by unfavorable foreign currency impacts. The net revenue increase in Personal Systems was driven by an 8.0% increase in unit volume combined with a 2% increase in average selling prices ("ASPs") as compared to the prior-year period. The increase in unit volume was primarily due to growth in Notebooks and Workstations partially offset by a decline in Commercial Desktops. The increase in ASPs was primarily due to favorable pricing rate and Commercial mix partially offset by foreign currency impacts and Consumer mix.

Consumer revenue increased 15% for the three months ended January 31, 2017 as compared to the prior-year period, driven by growth in Notebooks as a result of higher unit volume combined with higher ASPs partially offset by an unfavorable mix shift towards low-end products. Commercial revenue increased 7% as compared to the prior-year period, driven by growth in Notebooks and Workstations, partially offset by a decrease in Desktops. Net revenue increased 16.3% in Notebooks, 10.6% in Workstations and 6.2% in Other as compared to the prior-year period.

Personal Systems earnings from operations as a percentage of net revenue increased by 0.7 percentage points for the three months ended January 31, 2017 as compared to the prior-year period. The increase was primarily due to the reduction of operating expenses partially offset by a decrease in gross margin. The decrease in gross margin was primarily due to an increase in component cost and unfavorable foreign currency impacts partially offset by higher ASPs. Operating expenses as a percentage of net revenue decreased primarily due to operating expense management.

**Printing**

	Three months ended January 31		
	2017	2016	% Change
	Dollars in millions		
Net revenue	\$ 4,483	\$ 4,642	(3.4)%
Earnings from operations	\$ 716	\$ 787	(9.0)%
Earnings from operations as a % of net revenue	16.0%	17.0%	

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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
	2017	2016			
	Dollars in millions		Percentage Points		
Supplies	\$ 3,007	\$ 3,101			(2.0)
Commercial Hardware	886	964			(1.7)
Consumer Hardware	590	577			0.3
Total Printing	\$ 4,483	\$ 4,642			(3.4)

Printing net revenue decreased 3.4% (decreased 2.0% on a constant currency basis) for the three months ended January 31, 2017 as compared to the prior-year period. The decline in net revenue was primarily driven by unfavorable foreign currency impacts, lower sales of Supplies, and divestiture of marketing optimization assets in the second half of fiscal year 2016, partially offset by an increase in printer unit volume. Net revenue for Supplies decreased 3% as compared to the prior-year period, primarily due to demand weakness and unfavorable foreign currency impacts. Printer unit volume increased 6% while ASPs decreased 7% as compared to the prior-year period. Printer unit volume increased due to new product offerings and larger opportunity to place incremental positive NPV units. Printer ASPs decreased primarily due to a mix shift from mid-high end to low-end printers and unfavorable foreign currency impacts.

Net revenue for Commercial Hardware decreased 8% as compared to the prior-year period, driven by a decline in other printing solutions largely due to the divestiture of marketing optimization assets in the second half of fiscal year 2016 and unfavorable foreign currency impacts. The unit volume in Commercial Hardware increased primarily due to share gains resulting from investments to place value units, resulting in a negative impact on ASPs.

Net revenue for Consumer Hardware increased 2% as compared to the prior-year period due to a 7% increase in printer unit volume, partially offset by 3% decline in ASPs. The unit volume increase in Consumer Hardware was driven by increases in both InkJet and LaserJet printers as well as an expansion in product offerings. The ASP decline in Consumer Hardware was primarily due to a mix shift from mid-high to low-end printers and the unfavorable foreign currency impacts.

Printing earnings from operations as a percentage of net revenue decreased by 1.0 percentage points for the three months ended January 31, 2017 as compared to the prior-year period primarily due to unfavorable foreign currency impacts and an increase in marketing spend for demand generation. The gross margin increased slightly due to operational improvements, partially offset by unfavorable foreign currency impacts. Operating expenses increased primarily due to an increase in marketing spend.

#### **Corporate Investments**

The loss from operations in Corporate Investments for the three months ended January 31, 2017 was primarily due to expenses associated with our incubation projects.

#### **LIQUIDITY AND CAPITAL RESOURCES**

We use cash generated by operations as our primary source of liquidity. We believe that internally generated cash flows are generally sufficient to support our operating businesses, capital expenditures, restructuring activities, maturing debt, income tax payments and the payment of stockholder dividends, in addition to investments and share repurchases. We are able to supplement this short-term liquidity, if necessary, with broad access to capital markets and credit facilities made available by various domestic and foreign financial institutions. While our access to capital markets may be constrained and our cost of borrowing may increase under certain business, market and economic conditions, our access to a variety of funding sources to meet our liquidity needs is designed to facilitate continued access to capital resources under all such conditions. Our liquidity is subject to various risks including the risks identified in the section entitled "Risk Factors" in Item 1A of Part I in our Annual Report on Form 10-K for the fiscal year ended October 31, 2016 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, which are incorporated herein by reference.

Our cash balances are held in numerous locations throughout the world, with the majority of those amounts held outside of the United States. We utilize a variety of planning and financing strategies in an effort to ensure that our worldwide cash is

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available when and where it is needed. Our cash position remains strong, and we expect that our cash balances, anticipated cash flow generated from operations and access to capital markets will be sufficient to cover our expected near-term cash outlays.

In September 2016, HP entered into a definitive agreement to acquire Samsung Electronics Co., Ltd.'s printer business for \$1.05 billion. The transaction is expected to close during the second half of 2017, pending regulatory approval and other customary closing conditions.

Amounts held outside of the United States are generally utilized to support non-U.S. liquidity needs, although a portion of those amounts may from time to time be subject to short-term intercompany loans into the United States. Most of the amounts held outside of the United States could be repatriated to the United States, but under current law, some would be subject to U.S. federal income taxes, less applicable foreign tax credits. Repatriation of some foreign earnings is restricted by local law. Except for foreign earnings that are considered indefinitely reinvested outside of the United States, we have provided for the U.S. federal tax liability on these earnings for financial statement purposes. Repatriation could result in additional income tax payments in future years. Where local restrictions prevent an efficient intercompany transfer of funds, our intent is that cash balances would remain outside of the United States and we would meet liquidity needs through ongoing cash flows, external borrowings or both. We do not expect restrictions or potential taxes incurred on amounts repatriated to the United States to have a material effect on our overall liquidity, financial condition or results of operations.

**Liquidity**

Our key cash flow metrics were as follows:

	Three months ended January 31	
	2017	2016
	In millions	
Net cash provided by (used in) operating activities	\$ 767	\$ (102)
Net cash used in investing activities	(86)	(111)
Net cash used in financing activities	(638)	(13,532)
Net increase (decrease) in cash and cash equivalents	\$ 43	\$ (13,745)

*Operating Activities*

Compared to the corresponding period in fiscal year 2016, net cash provided by operating activities increased by \$869 million for the three months ended January 31, 2017. The increase was primarily due to higher cash generated from working capital management activities.

*Working Capital Metrics*

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

	As of			As of			
	January 31, 2017	October 31, 2016	Change	January 31, 2016	October 31, 2015	Change	Y/Y Change
Days of sales outstanding in accounts receivable ("DSO")	25	30	(5)	30	35	(5)	(5)
Days of supply in inventory ("DOS")	39	39	—	37	39	(2)	2
Days of purchases outstanding in accounts payable ("DPO")	(94)	(98)	4	(82)	(93)	11	(12)
Cash conversion cycle	(30)	(29)	(1)	(15)	(19)	4	(15)

*January 31, 2017 as compared to January 31, 2016*

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

DSO measures the average number of days our receivables are outstanding. DSO is calculated by dividing ending accounts receivable, net of allowance for doubtful accounts, by a 90-day average net revenue. The decrease in DSO was primarily due to favorable revenue linearity and reduction of aged accounts receivable.

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DOS measures the average number of days from procurement to sale of our product. DOS is calculated by dividing ending inventory by a 90-day average cost of revenue. The increase in DOS was primarily due to higher inventory balance to support future sales levels.

DPO measures the average number of days our accounts payable balances are outstanding. DPO is calculated by dividing ending accounts payable by a 90-day average cost of revenue. The increase in DPO was primarily due to increased strategic inventory purchases and an extension of payment terms with our product suppliers.

*Investing Activities*

Compared to the corresponding period in fiscal year 2016, net cash used in investing activities decreased by \$25 million for the three months ended January 31, 2017, primarily due to a decrease in net investment in property, plant and equipment.

*Financing Activities*

Compared to the corresponding period in fiscal year 2016, net cash used in financing activities decreased by \$12.9 billion for the three months ended January 31, 2017, as the net cash used in financing activities for the three months ended January 31, 2016 included the cash transfer of \$10.4 billion to Hewlett Packard Enterprise in connection with the Separation and redemption of \$2.1 billion of U.S. Dollar Global Notes.

**Capital Resources**

*Debt Levels*

We maintain debt levels that we establish through consideration of a number of factors, including cash flow expectations, cash requirements for operations, investment plans (including acquisitions), share repurchase activities, our cost of capital and targeted capital structure. Outstanding borrowings remained at \$6.8 billion as of January 31, 2017 and October 31, 2016, bearing weighted-average interest rates of 4.1% for January 31, 2017 and 4.2% for October 31, 2016.

Our weighted-average interest rate reflects the average effective rate on our borrowings prevailing during the period and reflects the impact of interest rate swaps. For more information on our interest rate swaps, see Note 9, "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, 2017, we maintain a senior unsecured committed revolving credit facility with aggregate lending commitments of \$4.0 billion, which will be available until April 2, 2019 and is primarily to support the issuance of commercial paper. Funds borrowed under this revolving credit facility may also be used for general corporate purposes.

*Available Borrowing Resources*

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

	<b>As of January 31, 2017</b>	
	<b>In millions</b>	
2016 Shelf Registration Statement		Unspecified
Uncommitted lines of credit	\$	950

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

*Credit Ratings*

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

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**CONTRACTUAL AND OTHER OBLIGATIONS**

*Contractual Obligations*

Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. These purchase obligations are primarily related to a portion of our requirements for inventory and other items in the normal course of business. Purchase obligations exclude agreements that are cancelable without penalty. Purchase obligations also exclude open purchase orders that are routine arrangements entered into in the ordinary course of business as they are difficult to quantify in a meaningful way. Even though open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust terms based on our business needs prior to the delivery of goods or performance of services. During the three months ended January 31, 2017, we have executed an agreement resulting in a purchase obligations of \$452 million and the payments are due within one year.

*Retirement and Post-Retirement Benefit Plan Contributions*

As of January 31, 2017, we anticipate making contributions for the remainder of fiscal year 2017 of approximately \$26 million to our non-U.S. pension plans, \$33 million to cover benefit payments to U.S. non-qualified pension plan participants and \$9 million to cover benefit claims for our post-retirement benefit plans. Our policy is to fund our pension plans so that we meet at least the minimum contribution requirements, as established by local government, funding and taxing authorities. For more information on our retirement and post-retirement benefit plans, see Note 4, "Retirement and Post-Retirement Benefit Plans", to the Consolidated Condensed Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference.

*Cost Savings Plan*

We expect to make future cash payments of between \$355 million and \$505 million in connection with our cost savings plans through fiscal year 2021. These payments have been excluded from the contractual obligations table because they do not represent contractual cash outflows and there is uncertainty as to the timing of these payments. For more information on our restructuring activities that are part of our cost improvements, see Note 3, "Restructuring and Other Charges", to the Consolidated 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, 2017, we had approximately \$1.8 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 obligations would result from settlements with taxing authorities. For more information on our uncertain tax positions, see Note 6, "Taxes on Earnings", to the Consolidated 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.

We have third-party short-term financing arrangements intended to facilitate the working capital requirements of certain customers. For more information on our third-party short-term financing arrangements, see Note 7, "Supplementary Financial Information", to the Consolidated 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, 2016 , which is incorporated herein by reference. Our exposure to market risk has not changed materially since October 31, 2016 .

**Item 4. Controls and Procedures.**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this report (the “Evaluation Date”). Based on this evaluation, our principal executive officer and principal financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to HP, including our consolidated subsidiaries, required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to HP’s management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter. Based on that evaluation, our principal executive officer and principal financial officer concluded that there has not been any change in our internal control over financial reporting during that quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION****Item 1. Legal Proceedings.**

Information with respect to this item may be found in Note 13, “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, 2016, 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, 2016.

**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**

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
November 2016	7,807	\$ 14.99	7,807	\$ 3,754,979
December 2016	8,318	\$ 15.44	8,318	\$ 3,626,501
January 2017	9,423	\$ 14.88	9,423	\$ 3,486,276
<b>Total</b>	<b>25,548</b>		<b>25,548</b>	

On July 21, 2011, HP’s Board of Directors authorized a \$10.0 billion share repurchase program. HP may choose to repurchase shares when sufficient liquidity exists and the shares are trading at a discount relative to estimated intrinsic value. This program, which does not have a specific expiration date, authorizes repurchases in the open market or in private transactions. On October 10, 2016, the Board authorized an additional \$3.0 billion for future repurchases of its outstanding shares of common stock. HP intends to use repurchases from time to time to offset the dilution created by shares issued under employee stock plans and to repurchase shares opportunistically. All share repurchases settled in the first quarter of fiscal year 2017 were open market transactions. As of January 31, 2017, HP had approximately \$3.5 billion remaining under repurchase authorizations.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

The Exhibit Index beginning on page [52](#) of this report sets forth a list of exhibits.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HP INC.

/s/ Catherine A. Lesjak

Catherine A. Lesjak  
*Chief Financial Officer*  
*(Principal Financial Officer and*  
*Authorized Signatory)*

Date: March 2, 2017

**HP INC. AND SUBSIDIARIES**  
**EXHIBIT INDEX**

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
2(a)	Separation and Distribution Agreement, dated as of October 31, 2015, by and among Hewlett-Packard Company, Hewlett Packard Enterprise Company and the Other Parties Thereto.**	8-K	001-04423	2.1	November 5, 2015
2(b)	Transition Services Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company.**	8-K	001-04423	2.2	November 5, 2015
2(c)	Tax Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company.**	8-K	001-04423	2.3	November 5, 2015
2(d)	Employee Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company.**	8-K	001-04423	2.4	November 5, 2015
2(e)	Real Estate Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company.**	8-K	001-04423	2.5	November 5, 2015
2(f)	Master Commercial Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company.**	8-K	001-04423	2.6	November 5, 2015
2(g)	Information Technology Service Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and HP Enterprise Services, LLC.**	8-K	001-04423	2.7	November 5, 2015
3(a)	Registrant's Certificate of Incorporation.	10-Q	001-04423	3(a)	June 12, 1998
3(b)	Registrant's Amendment to the Certificate of Incorporation.	10-Q	001-04423	3(b)	March 16, 2001

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
3(c)	Registrant's Certificate of Amendment to the Certificate of Incorporation.	8-K	001-04423	3.2	October 22, 2015
3(d)	Registrant's Certificate of Amendment to the Certificate of Incorporation.	8-K	001-04423	3.1	April 7, 2016
3(e)	Registrant's Amended and Restated Bylaws.	8-K	001-04423	3.2	July 25, 2016
4(a)	Form of Senior Indenture	S-3	333-215116	4.1	December 15, 2016
4(b)	Form of Subordinated Indenture.	S-3	333-21516	4.2	December 15, 2016
4(c)	Form of Registrant's 3.750% Global Note due December 1, 2020 and form of related Officers' Certificate.	8-K	001-04423	4.2 and 4.3	December 2, 2010
4(d)	Form of Registrant's 4.300% Global Note due June 1, 2021 and form of related Officers' Certificate.	8-K	001-04423	4.5 and 4.6	June 1, 2011
4(e)	Form of Registrant's 4.375% Global Note due September 15, 2021 and 6.000% Global Note due September 15, 2041 and form of related Officers' Certificate.	8-K	001-04423	4.4, 4.5 and 4.6	September 19, 2011
4(f)	Form of Registrant's 4.650% Global Note due December 9, 2021 and related Officers' Certificate.	8-K	001-04423	4.3 and 4.4	December 12, 2011
4(g)	Form of Registrant's 4.050% Global Note due September 15, 2022 and related Officers' Certificate.	8-K	001-04423	4.2 and 4.3	March 12, 2012

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
4(h)	Form of Registrant's 2.750% Global Note due January 14, 2019 and Floating Rate Global Note due January 14, 2019 and related Officers' Certificate.	8-K	001-04423	4.1, 4.2 and 4.3	January 14, 2014
4(i)	Specimen certificate for the Registrant's common stock.	8-K/A	001-04423	4.1	June 23, 2006
10(a)	Registrant's 2004 Stock Incentive Plan.*	S-8	333-114253	4.1	April 7, 2004
10(b)	Registrant's Excess Benefit Retirement Plan, amended and restated as of January 1, 2006.*	8-K	001-04423	10.2	September 21, 2006
10(c)	Hewlett-Packard Company Cash Account Restoration Plan, amended and restated as of January 1, 2005.*	8-K	001-04423	99.3	November 23, 2005
10(d)	Registrant's 2005 Pay-for-Results Plan, as amended.*	10-K	001-04423	10(h)	December 14, 2011
10(e)	Registrant's Executive Severance Agreement.*	10-Q	001-04423	10(u)(u)	June 13, 2002
10(f)	Registrant's Executive Officers Severance Agreement.*	10-Q	001-04423	10(v)(v)	June 13, 2002
10(g)	Form letter regarding severance offset for restricted stock and restricted units.*	8-K	001-04423	10.2	March 22, 2005
10(h)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California).*	8-K	001-04423	10.2	January 24, 2008
10(i)	Form of Agreement Regarding Confidential Information and Proprietary Developments (Texas).*	10-Q	001-04423	10(o)(o)	March 10, 2008
10(j)	Form of Stock Option Agreement for Registrant's 2004 Stock Incentive Plan.*	10-Q	001-04423	10(c)(c)	March 10, 2008
10(k)	Form of Option Agreement for Registrant's 2000 Stock Plan.*	10-Q	001-04423	10(t)(t)	June 6, 2008
10(l)	Form of Common Stock Payment Agreement for Registrant's 2000 Stock Plan.*	10-Q	001-04423	10(u)(u)	June 6, 2008
10(m)	Form of Stock Notification and Award Agreement for awards of non-qualified stock options.*	10-K	001-04423	10(y)(y)	December 18, 2008

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10(n)	First Amendment to the Hewlett-Packard Company Excess Benefit Retirement Plan.*	10-Q	001-04423	10(b)(b)(b)	March 10, 2009
10(o)	Form of Stock Notification and Award Agreement for awards of non-qualified stock options.*	10-K	001-04423	10(i)(i)(i)	December 15, 2010
10(p)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California—new hires).*	10-K	001-04423	10(j)(j)(j)	December 15, 2010
10(q)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California—current employees).*	10-K	001-04423	10(k)(k)(k)	December 15, 2010
10(r)	Second Amended and Restated Hewlett-Packard Company 2004 Stock Incentive Plan, as amended effective February 28, 2013.*	8-K	001-04423	10.2	March 21, 2013
10(s)	Form of Stock Notification and Award Agreement for awards of restricted stock units.*	10-Q	001-04423	10(u)(u)	March 11, 2014
10(t)	Form of Stock Notification and Award Agreement for awards of foreign stock appreciation rights.*	10-Q	001-04423	10(v)(v)	March 11, 2014
10(u)	Form of Stock Notification and Award Agreement for long-term cash awards.*	10-Q	001-04423	10(w)(w)	March 11, 2014
10(v)	Form of Stock Notification and Award Agreement for awards of non-qualified stock options.*	10-Q	001-04423	10(x)(x)	March 11, 2014
10(w)	Form of Grant Agreement for grants of performance-adjusted restricted stock units.*	10-Q	001-04423	10(y)(y)	March 11, 2014
10(x)	Form of Stock Notification and Award Agreement for awards of restricted stock.*	10-Q	001-04423	10(z)(z)	March 11, 2014
10(y)	Form of Stock Notification and Award Agreement for awards of performance-contingent non-qualified stock options.*	10-Q	001-04423	10(a)(a)(a)	March 11, 2014

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10(z)	Form of Grant Agreement for grants of performance-contingent non-qualified stock options.*	10-Q	001-04423	10(b)(b)(b)	March 11, 2014
10(a)(a)	Form of Grant Agreement for grants of restricted stock units.*	10-Q	001-04423	10(c)(c)(c)	March 11, 2015
10(b)(b)	Form of Grant Agreement for grants of foreign stock appreciation rights.*	10-Q	001-04423	10(d)(d)(d)	March 11, 2015
10(c)(c)	Form of Grant Agreement for grants of long-term cash awards.*	10-Q	001-04423	10(c)(c)(c)	March 11, 2015
10(d)(d)	Form of Grant Agreement for grants of non-qualified stock options.*	10-Q	001-04423	10(f)(f)(f)	March 11, 2015
10(e)(e)	Form of Grant Agreement for grants of performance-adjusted restricted stock units.*	10-Q	001-04423	10(g)(g)(g)	March 11, 2015
10(f)(f)	Form of Grant Agreement for grants of restricted stock awards.*	10-Q	001-04423	10(h)(h)(h)	March 11, 2015
10(g)(g)	Form of Grant Agreement for grants of performance-contingent non-qualified stock options.*	10-Q	001-04423	10(i)(i)(i)	March 11, 2015
10(h)(h)	Term Loan Agreement, dated as of April 30, 2015, among the Registrant, the lenders named therein and JPMorgan Chase Bank, N.A., as administrative agent.	10-Q	001-04423	10(b)(b)(b)	June 8, 2015
10(i)(i)	Amendment, dated as of June 1, 2015, to the Term Loan Agreement, dated as of April 30, 2015, among the Registrant, the lenders named therein and JPMorgan Chase Bank, N.A., as administrative agent.	10-Q	001-04423	10(c)(c)(c)	June 8, 2015
10(j)(j)	Five-Year Credit Agreement, dated as of April 2, 2014, as Amended and Restated as of November 1, 2015, among the Registrant, the lenders named therein and Citibank, N.A., as administrative processing agent and co-administrative agent, and JPMorgan Chase Bank, N.A., as co-administrative agent.	8-K	001-04423	10.1	November 5, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10(k)(k)	Form of Grant Agreement for grants of foreign stock appreciation rights.*	10-K	001-04423	10(e)(e)(e)	December 12, 2016
10(l)(l)	Form of Grant Agreement for grants of performance-contingent non-qualified stock options.*	10-K	001-04423	10(f)(f)(f)	December 12, 2016
10(m)(m)	Form of Grant Agreement for grants of non-qualified stock options.*	10-K	001-04423	10(g)(g)(g)	December 12, 2016
10(n)(n)	Registrant's 2005 Executive Deferred Compensation Plan, amended and restated effective November 1, 2015.*	10-Q	001-04423	10(n)(n)	March 3, 2016
10(o)(o)	Registrant's Severance and Long-Term Incentive Change in Control Plan for Executive Officers, amended and restated effective November 1, 2015.*	10-Q	001-04423	10(o)(o)	March 3, 2016
10(p)(p)	Form of Stock Notification and Award Agreement for awards of performance-contingent non-qualified stock options (launch grant).*	10-Q	001-04423	10(p)(p)	March 3, 2016
10(q)(q)	Form of Stock Notification and Award Agreement for awards of restricted stock units (launch grant).*	10-Q	001-04423	10(q)(q)	March 3, 2016
10(r)(r)	Form of Stock Notification and Award Agreement for awards of restricted stock units.*	10-Q	001-04423	10(r)(r)	March 3, 2016
10(s)(s)	Form of Stock Notification and Award Agreement for awards of performance-adjusted restricted stock units.*	10-Q	001-04423	10(s)(s)	March 3, 2016
10(t)(t)	Form of Amendment to Award Agreements for awards of restricted stock units or performance-adjusted restricted stock units, effective January 1, 2016.*	10-Q	001-04423	10(t)(t)	March 3, 2016
10(u)(u)	First Amendment to Severance and Long-Term Incentive Change in Control Plan for Executive Officers, as amended and restated effective November 1, 2015.*	10-K	001-04423	10(u)(u)	December 15, 2016
10(v)(v)	Second Amendment to Severance and Long-Term Incentive Change in Control Plan for Executive Officers, as amended and restated effective November 1, 2015.*‡				
10(w)(w)	2017 Amendment to the Hewlett-Packard Company Cash Account Restoration Plan.*‡				
10(x)(x)	Second Amendment to the Hewlett-Packard Company Excess Benefit Retirement Plan.*‡				
10(y)(y)	Second Amended and Restated HP Inc. 2004 Stock Incentive Plan, as amended and restated effective January 23, 2017.*‡				
10(z)(z)	Form of Grant Agreement for grants of performance-adjusted restricted stock units (for use from November 1, 2016).*‡				
10(a)(a)(a)	Form of Grant Agreement for grants of restricted stock units (for use from November 1, 2016).*‡				
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.‡				

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
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.‡				
101.SCH	XBRL Taxonomy Extension Schema Document.‡				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.‡				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.‡				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.‡				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.‡				

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

\*\* Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Registration S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the SEC upon request.

‡ Filed herewith.

† Furnished herewith.

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

## GRANT AGREEMENT [for use from [November 1, 2016]

Name:

Employee ID:

<p><b>Grant Date:</b></p> <p><b>Grant ID:</b></p> <p><b>Amount:</b></p> <p><b>Plan:</b></p> <p><b>Vesting Schedule:</b></p>
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### Restricted Stock Units

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

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

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

THEREFORE, the parties agree as follows:

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

(b) a dividend equivalent payment determined by:

- (1) Multiplying, separately, the number of RSUs that became vested as determined in Section 3(a) by the dividend per Share on each dividend payment date between the Grant Date and the applicable Vesting Date to determine the dividend equivalent amount for each applicable dividend payment date;
- (2) dividing the amount determined in (1) above by the Fair Market Value of a Share on the dividend payment date to determine the number of additional whole and fractional RSUs to be credited to the Employee; and
- (3) multiplying the number of additional RSUs determined in (2) above by the Fair Market Value of a Share on the Vesting Date to determine the aggregate value of dividend equivalent payments for such vested RSUs;

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

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

4. Restrictions.

Except as otherwise provided for in this Grant Agreement, the RSUs or rights granted hereunder may not be sold, pledged or otherwise transferred. The period of time between the Grant Date and the date the RSUs become fully vested pursuant to Section 2 is referred to herein as the "Restriction Period."

5. Custody of Restricted Stock Units.

The RSUs subject hereto shall be recorded in an account with the Plan broker in the name of the Employee. Upon termination of the Restriction Period, if the Company determines, in its sole discretion, to deliver Shares pursuant to Section 3 above, such Shares shall be released into the Employee's account; provided, however, that a portion of such Shares shall be surrendered in payment of Tax-Related Items, as defined and in accordance with Section 11 below, unless the Company, in its sole discretion, establishes alternative procedures for the payment of Tax-Related Items.

6. No Stockholder Rights.

RSUs represent hypothetical Shares. The Employee shall not be entitled to any of the rights or benefits generally accorded to stockholders until the Shares are issued to the Employee pursuant to the terms of this Grant Agreement and the Employee becomes a holder of record of the Shares following the vesting of the RSUs.

7. Termination of Employment.

Except as otherwise provided for in this Grant Agreement or in the Plan or as otherwise determined by the Company in its sole discretion, if the Employee's employment with the Company, any Subsidiary or Affiliate is terminated at any time for any reason prior to the lapse of the Restriction Period, all unvested RSUs granted hereunder shall be forfeited by the Employee, except to the extent a severance plan applicable to the Employee provides otherwise.

For purposes of this Grant Agreement, the Employee's employment or service will be considered terminated as of the date he or she is no longer actively providing services to the Company, any Subsidiary or Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Employee is employed or retained or the terms of the Employee's employment or service agreement, if any) and will not be extended by any notice period (e.g., the Employee's period of employment or service would not include any contractual notice period or any period of "garden leave" or similar period mandated under the employment laws in the jurisdiction where the Employee is employed or retained or the terms of the Employee's employment or service agreement, if any). The Committee shall have the exclusive discretion to determine when the Employee's employment or service is terminated for purposes of this Grant Agreement (including whether the Employee may still be considered to be providing service while on a leave of absence).

8. Disability or Retirement of the Employee.

If the Employee's employment is terminated prior to the end of the Restriction Period by reason of the Employee's total and permanent disability or retirement in accordance with the applicable retirement policy, all RSUs shall immediately vest including any amounts for dividend equivalent payments on RSUs that vest at termination subject to the condition that the Employee shall have executed a current Agreement Regarding Confidential Information and Proprietary Developments ("ARCIPD") that is satisfactory to the Company, and shall not have engaged in any conduct that creates a conflict of interest in the opinion of the Company.

9. Death of the Employee.

In the event of the Employee's death prior to the end of the Restriction Period, all unvested RSUs shall immediately vest including any amounts for dividend equivalent payments on such vested RSUs.

10. Section 409A.

Payments made pursuant to the Plan and this Grant Agreement are intended to comply with or qualify for an exemption from Section 409A of the Code ("Section 409A"). The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend or modify the Plan and/or this Grant Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, including any amendments or actions that would result in the reduction of benefits payable under this Grant Agreement, as the Company determines are necessary or appropriate to ensure that all RSUs are made in a manner that qualifies for an exemption from, or complies with, Section 409A or mitigate any additional tax, interest and/or penalties or other adverse tax consequences that may apply under Section 409A: provided however, that the Company makes no representations that the RSUs will be exempt from any penalties that may apply under Section 409A and makes no undertaking to preclude Section 409A from applying to this RSU. For the avoidance of doubt, the Employee hereby acknowledges and agrees that the Company will have no liability to the Employee or any other party if any amounts payable under this Grant Agreement are not exempt from, or compliant with, Section 409A, or for any action taken by the Company with respect thereto. Any payments under this Grant Agreement, the settlement of which is triggered by a "separation from service" (within the meaning of Section 409A) of a "specified employee" (as defined under Section 409A), shall be made on a date that is the earlier of (a) the Employee's death or (b) the later of the specified settlement date and the date which is six months after the date of the Employee's separation from service.

11. Taxes.

(a) The Employee shall be liable for any and all taxes, including income tax, social insurance, fringe benefit tax, payroll tax, payment on account, employer taxes or other tax-related items related to the Employee's participation in the Plan and legally applicable to or otherwise recoverable from the Employee by the Company and/or, if different, the Employee's employer (the "Employer") whether incurred at grant, vesting, sale, prior to vesting or at any other time ("Tax-Related Items"). In the event that the Company or the Employer (which, for purposes of this Section 11, shall include a former employer) is required, allowed or permitted to withhold taxes as a result of the RSUs or the Shares acquired pursuant to such RSUs, or due upon receipt of dividend equivalent payments or dividends, the Employee shall surrender a sufficient number of whole Shares, make a cash payment or make adequate arrangements satisfactory to the Company and/or the Employer to withhold such taxes from Employee's wages or other cash compensation paid to the Employee by the Company and/or the Employer at the election of the Company, in its sole discretion, or, if permissible under local law, the Company may sell or arrange for the sale of Shares that Employee acquires as necessary to cover all Tax-Related Items that the Company or the Employer has to withhold or that are legally recoverable from the Employee (such as fringe benefit tax) at the time the restrictions on the RSUs lapse, unless the Company, in its sole discretion, has established alternative procedures for such payment. However, with respect to any RSUs subject to Section 409A, the Employer shall limit the surrender of Shares to the minimum number of Shares permitted to avoid a prohibited acceleration under Section 409A. The Employee will receive a cash refund for any fraction of a surrendered Share or Shares in excess of any and all Tax-Related Items. To the extent that any surrender of Shares or payment of cash or alternative procedure for such payment is insufficient, the Employee authorizes the Company, its Affiliates and Subsidiaries, which are qualified to deduct tax at source, to deduct from the Employee's compensation all Tax-Related Items. The Employee agrees to pay any Tax-Related Items that cannot be satisfied from wages or other cash compensation, to the extent permitted by Applicable Law.

To avoid negative accounting treatment, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum 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 RSUs, 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 RSUs or dividend equivalents, including, but not limited to, the grant, vesting or settlement of RSUs or dividend equivalents, the subsequent delivery of Shares and/or cash upon settlement of such RSUs or the subsequent sale of any Shares acquired pursuant to such RSUs and receipt of any dividends or dividend equivalent payments; and (ii) notwithstanding Section 10, do not commit to and are under no obligation to structure the terms or any aspect of this grant of RSUs and/or dividend equivalents to reduce or eliminate the Employee's liability for Tax-Related Items or to achieve any particular tax result. Further, if the Employee has become subject to tax in more than one jurisdiction, the Employee acknowledges that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Employee shall pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Employee's participation in the Plan or the Employee's receipt of RSUs that cannot be satisfied by the means previously described. The Company may refuse to deliver the benefit described in Section 3 if the Employee fails to comply with the Employee's obligations in connection with the Tax-Related Items.

(c) In accepting the RSUs, the Employee consents and agrees that in the event the RSUs or the dividend equivalents become subject to an employer tax that is legally permitted to be recovered from the Employee, as may be determined by the Company and/or

the Employer at their sole discretion, and whether or not the Employee's employment with the Company and/or the Employer is continuing at the time such tax becomes recoverable, the Employee will assume any liability for any such taxes that may be payable by the Company and/or the Employer in connection with the RSUs and dividend equivalents. Further, by accepting the RSUs, the Employee agrees that the Company and/or the Employer may collect any such taxes from the Employee by any of the means set forth in this Section 11. The Employee further agrees to execute any other consents or elections required to accomplish the above, promptly upon request of the Company.

12. *Data Privacy Consent.*

- (a) *The Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Employee's personal data as described in this Grant Agreement and any other materials by and among, as applicable, the Company, the Employer and its other Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan.*
- (b) *The Employee understands that the Company, the Employer and its other Subsidiaries and Affiliates may hold certain personal information about the Employee, including, but not limited to, name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, residency, status, job title, any shares of stock or directorships held in the Company, details of all RSUs, options or any other entitlement to shares of stock granted, canceled, purchased, exercised, vested, unvested or outstanding in the Employee's favor ("Data") for the exclusive purpose of implementing, managing and administering the Plan.*
- (c) *The Employee understands that Data will be transferred to the Company or one or more stock plan service providers as may be selected by the Company from time to time, which is assisting the Company with the implementation, administration and management of the Plan. The Employee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country of operation (e.g., the United States) may have different data privacy laws and protections than the Employee's country. The Employee understands that if he or she resides outside the United States, the Employee may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Employee authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Employee's participation in the Plan. The Employee understands that Data will be held only as long as is necessary to implement, administer and manage the Employee's participation in the Plan. 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.*
- (d) *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 and career with the 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 RSUs or other equity awards to the Employee or administer or maintain such awards. Therefore, the Employee understands that refusing or withdrawing the consent may affect the Employee's ability to participate in the Plan. For more information on the consequences of the Employee's refusal to consent or withdrawal of consent, the Employee understands that he or she may contact his or her local human resources representative.*

13. *Plan Information.*

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

14. *Acknowledgment and Waiver.*

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

- (a) except as provided in Sections 8 and 9, the vesting of the RSUs is earned only by continuing as an employee with the Company or one of its Subsidiaries or Affiliates and that being hired and granted RSUs will not result in the RSUs vesting;
- (b) this Grant Agreement and its incorporated documents reflect all agreements on its subject matters and the Employee is not accepting this Grant Agreement based on any promises, representations or inducements other than those reflected in this Grant Agreement;
- (c) all good faith decisions and interpretations of the Committee regarding the Plan and Awards granted under the Plan are binding, conclusive and final;

- (d) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time;
- (e) the grant of RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs or other awards, or benefits in lieu of RSUs, even if Shares or RSUs have been granted in the past;
- (f) all decisions with respect to future grants, if any, will be at the sole discretion of the Company;
- (g) the Employee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate the Employee's employment relationship at any time and it is expressly agreed and understood that employment is terminable at the will of either party;
- (h) the Employee is voluntarily participating in the Plan;
- (i) RSUs and their resulting benefits are extraordinary items that are outside the scope of the Employee's employment contract, if any;
- (j) RSUs and their resulting benefits are not intended to replace any pension rights or compensation;
- (k) RSUs and their resulting benefits are not part of normal or expected compensation or salary for any purposes, including, but not limited to calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;
- (l) unless otherwise agreed by the Company, the RSUs and their resulting benefits are not granted as consideration for, or in connection with, the service the Employee may provide as a director of a Subsidiary or Affiliate;
- (m) this grant of RSUs will not be interpreted to form an employment contract or relationship with the Company, and furthermore, this grant of RSUs will not be interpreted to form an employment contract with any Subsidiary or Affiliate;
- (n) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (o) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from termination of Employee's employment (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Employee is employed or retained or the terms of the Employee's employment or service agreement, if any), and in consideration of the grant of the RSUs to which the Employee is otherwise not entitled, the Employee irrevocably agrees never to institute any claim against the Company, the Employer or any other Subsidiary or Affiliate and releases the Company, the Employer and any other Subsidiary and Affiliate from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Employee shall be deemed irrevocably to have agreed not to pursue such claim and to have agreed to execute any and all documents necessary to request dismissal or withdrawal of such claims;
- (p) the Company, the Employer or any other Subsidiary or Affiliate will not be liable for any foreign exchange rate fluctuation between the Employee's local currency and the United States dollar that may affect the value of the RSUs or any amounts due to the Employee pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement;
- (q) if the Company determines that the Employee has engaged in misconduct prohibited by Applicable Law or any applicable policy of the Company, as in effect from time to time, or the Company is required to make recovery from the Employee under Applicable Law or a Company policy adopted to comply with applicable legal requirements, then the Company may, in its sole discretion, to the extent it determines appropriate, (i) recover from the Employee the proceeds from RSUs vested up to three years prior to the Employee's termination of employment or any time thereafter, (ii) cancel the Employee's outstanding RSUs, and (iii) take any other action it deems to be required and appropriate; and
- (r) the delivery of any documents related to the Plan or Awards granted under the Plan, including the Plan, this Grant Agreement, the Plan prospectus and any reports of the Company generally provided to the Company's stockholders, may be made by electronic delivery. Such means of electronic delivery may include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via electronic mail or other such means of electronic delivery specified by the Company. The Employee may receive from the Company a paper copy of any documents delivered electronically at no cost to the Employee by contacting the Company in writing in accordance with Section 17(k). If the attempted electronic delivery of any document fails, the Employee will be provided with a paper copy of such document. The Employee may revoke his or her consent to the electronic delivery of documents or may change the electronic mail address to which such documents are to be delivered (if the Employee has provided an electronic mail address) at any time by notifying the Company of such

revoked consent or revised electronic mail address in accordance with Section 17(k). The Employee is not required to consent to the electronic delivery of documents.

15. No Advice Regarding Grant.

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

16. Additional Eligibility Requirements Permitted.

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

17. Miscellaneous.

- (a) The Company shall not be required to treat as owner of RSUs and any associated benefits hereunder, any transferee to whom such RSUs or benefits shall have been transferred in violation of any of the provisions of this Grant Agreement.
- (b) The parties agree to execute such further instruments and to take such action as may reasonably be necessary to carry out the intent of this Grant Agreement.
- (c) The Plan is incorporated herein by reference. The Plan and this Grant Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Employee with respect to the subject matter hereof, other than the terms of any severance plan applicable to the Employee that provides more favorable vesting. Notwithstanding the foregoing, nothing in the Plan or this Grant Agreement shall affect the validity or interpretation of any duly authorized written agreement between the Company and the Employee under which an award properly granted under and pursuant to the Plan serves as any part of the consideration furnished to the Employee. This Grant Agreement is governed by the laws of the state of Delaware without regard to its conflict of law provisions.
- (d) If the Employee has received this or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
- (e) The provisions of this Grant Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
- (f) Notwithstanding Section 17(e), the Company's obligations under this Grant Agreement and the Employee's agreement to the terms of an arbitration agreement and/or an ARCIPD, if any, are mutually dependent. In the event that the Employee breaches the arbitration agreement or the Employee's ARCIPD is breached or found not to be binding upon the Employee for any reason by a court of law, then the Company will have no further obligation or duty to perform under the Plan or this Grant Agreement.
- (g) A waiver by the Company of a breach of any provision of this Grant Agreement shall not operate or be construed as a waiver of any other provision of this Grant Agreement, or of any subsequent breach by the Employee or any other Awardee.
- (h) The Employee acknowledges that, depending on his or her country, the Employee may be subject to insider trading restrictions and/or market abuse laws, which may affect the Employee's ability to acquire or sell Shares or rights to Shares ( e.g., RSUs) under the Plan during such times as the Employee is considered to have "inside information" regarding the Company (as defined by the laws in the Employee's country). 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 is responsible for ensuring compliance with any applicable restrictions and is advised to consult his or her personal legal advisor on this matter.
- (i) The Company reserves the right to impose other requirements on the Employee's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Employee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
- (j) 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.
- (k) Any notice to be given under the terms of this Grant Agreement to the Company will be addressed in care of Attn: Global Equity Administration at HP Inc., 1501 Page Mill, Palo Alto, California 94304, USA.

- (l) The Employee acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalent payments) in a brokerage or bank account outside the Employee's country. The Employee may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Employee also may be required to repatriate sale proceeds or other funds received as a result of the Employee's participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. The Employee acknowledges that it is his or her responsibility to be compliant with such regulations, and the Employee is advised to consult his or her personal legal advisor for any details.

**HP Inc.**

Dion Weisler  
CEO and President

Tracy Keogh  
Chief Human Resources Officer

**RETAIN THIS GRANT AGREEMENT FOR YOUR RECORDS**

**Important Note:** Your grant is subject to the terms and conditions of this Grant Agreement, including any Appendix for your country, and to the Company obtaining all necessary government approvals. If you have questions regarding your grant, please contact Stock Plan Administration.

**APPENDIX  
HP INC. 2004 STOCK INCENTIVE PLAN, AS AMENDED**

**GRANT AGREEMENT FOR NON-U.S. EMPLOYEES**

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

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

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

This Appendix also includes information and notices regarding securities, exchange control, tax and certain other issues of which the Employee should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control, tax and other laws in effect in the respective countries as of 1 October 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Employee not rely on the information contained herein as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time the Employee vests in the RSUs, receives Shares, a cash payment or a dividend equivalent payment upon vesting, sells any Shares acquired under the Plan or receive dividends paid on such Shares. In addition, the information is general in nature and may not apply to the Employee's particular situation, and the Company is not in a position to assure the Employee of any particular result. Therefore, the Employee is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to the Employee's individual situation.

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

**ALBANIA**

Securities Notice

Securities approval is required for the resale of Shares in Albania for Albanian residents.

**ALGERIA**

Payout of RSUs in Cash Only

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

**ANGOLA**

Securities Notice

The Plan is not an offer to the public in Angola. RSUs are granted only to employees of the Company and its Subsidiaries and Affiliates. Any securities granted under the Plan are not negotiable in Angola.

Payout of RSUs in Cash Only

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

Exchange Control Notice

All proceeds from the vesting of the RSUs and cash payment are required to be repatriated to Angola.

**ARGENTINA**

Securities Notice

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

#### Exchange Control Notice

The Employee is solely responsible for complying with the exchange control rules that may apply in connection with participation in the Plan and/or the transfer of proceeds acquired under the Plan into Argentina. Prior to vesting in the RSUs or transferring proceeds into Argentina, the Employee should consult the local bank and/or his or her exchange control advisor as interpretations of the applicable Central Bank regulations vary by bank, and exchange control rules and regulations are subject to change without notice.

#### Foreign Asset/Account Reporting Notice

Argentine residents must report any Shares acquired under the Plan and held by the resident on December 31st of each year on their annual tax return for that year. Argentine residents should consult with their personal tax advisor to determine their personal reporting obligations.

### **AUSTRALIA**

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

#### Australian Offer Document

The Employee's right to participate in the Plan and the RSUs granted under the Plan are subject to the terms and conditions stated in the Offer Document, the Plan, the Grant Agreement and this Appendix. By accepting the RSUs, the Employee acknowledges and confirms that he or she has reviewed these documents.

#### Securities Notice

If the Employee acquires Shares under the Plan and subsequently offers to sell the Shares to a person or entity resident in Australia, such offer may be subject to disclosure requirements under Australian law. The Employee should obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

#### Exchange Control Notice

Exchange control reporting is required for cash transactions exceeding AUD10,000 and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on behalf of the Employee.

### **AUSTRIA**

#### Exchange Control Notice

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

If the Employee sells Shares or receives any cash dividends or dividend equivalent payments, the Employee may have exchange control obligations if he or she holds the cash proceeds outside of Austria. If the transaction volume of all the Employee's accounts abroad exceeds €10,000,000, the Employee must report the movements and balances of all accounts on a monthly basis, as of the last day of the month, on or before the fifteenth day of the following month, on the prescribed form ( *Meldungen SI-Forderungen und/oder SI-Verpflichtungen* ).

### **AZERBAIJAN**

#### Payout of RSUs in Cash Only

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

### **BAHRAIN**

There are no country-specific provisions.

## **BANGLADESH**

### Securities Law Notice

The RSUs shall not be publicly offered or listed on any stock exchange in Bangladesh. The offer is intended to be private and the Grant Agreement does not constitute a prospectus for purposes of the 1969 Securities and Exchange Ordinance, as amended.

### Payout of RSUs in Cash Only

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

## **BELARUS**

### Exchange Control Notice

The Employee should obtain a permit from the National Bank of Belarus ("National Bank") prior to acquiring Shares upon vesting of the RSUs. To obtain the permit, it is necessary to submit certain documents to the National Bank, likely including: (i) an application in a prescribed form; (ii) a copy of a personal identification document (e.g., passport); (iii) information on the Shares to be acquired (e.g., type, number, par value, name of the issuer); and (iv) a copy of the Grant Agreement. The Employee understands that if he or she fails to obtain a National Bank permit prior to vesting, the Employee may be subject to an administrative fine.

Please note that exchange control and foreign humanitarian aid regulations in Belarus are subject to change. The Employee should consult with his or her personal legal advisor regarding any exchange control or foreign humanitarian aid obligations that the Employee may have prior to acquiring Shares or receiving proceeds under the Plan. The Employee is responsible for ensuring compliance with all exchange control and foreign humanitarian aid laws in Belarus.

## **BELGIUM**

### Foreign Asset/Account Reporting Notice

The Employee is required to report any bank accounts opened and maintained outside of Belgium on his or her annual tax return. In a separate report, the Employee may be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, [www.nbb.be](http://www.nbb.be), under *Kredietcentrales / Centrales des crédits* caption. The Employee should consult with his or her personal tax advisor to determine his or her personal reporting obligations.

## **BOSNIA AND HERZEGOVINA**

There are no country-specific provisions.

## **BOTSWANA**

There are no country-specific provisions.

## **BRAZIL**

### Exchange Control Notice

The Employee is required to prepare and submit a declaration of assets and rights held outside of Brazil to the Central Bank on an annual basis. The assets and rights that must be reported include Shares issued under the Plan. However, if the Employee holds assets or rights valued at less than US\$100,000, the Employee will not be required to submit a declaration. If such amount exceeds US\$100,000,000, the referred declaration is required quarterly.

### Intent to Comply with Law

By accepting the RSUs, the Employee acknowledges his or her agreement to comply with applicable Brazilian laws and to report and pay any and all applicable taxes associated with the vesting of the RSUs, the sale of any Shares acquired upon vesting of the RSUs and the receipt of any dividends or dividend equivalents.

### Tax on Financial Transaction (IOF)

If the Employee repatriates the proceeds from the sale of Shares and any cash dividends into Brazil and converts the funds into local currency, he or she will be subject to the Tax on Financial Transactions.

#### Labor Law Acknowledgment

This provision supplements Section 14 of the Grant Agreement:

By accepting this grant of RSUs, the Employee understands, acknowledges and agrees that, for all legal purposes: (i) the benefits provided to the Employee under the Plan are unrelated to his or her employment; (ii) the Plan is not a part of the terms and conditions of the Employee's employment; and (iii) the income from the RSUs, if any, is not part of the Employee's remuneration from employment.

#### **BULGARIA**

##### Exchange Control Notice

If the Employee receives a payment related to the Plan in Bulgaria in excess of BGN100,000 (or its equivalent in another currency, e.g., U.S. dollars), the Employee is required to submit a form with information regarding the source of the income to the bank receiving such payment (for statistical purposes) upon transfer or within 30 days of receipt. The Employee should contact his or her bank in Bulgaria for additional information regarding this requirement.

#### **CANADA**

##### Payout of RSUs in Shares Only

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

##### Data Privacy

The following provision supplements Section 12 of the Grant Agreement:

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

##### Termination of Employment

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

For purposes of this Grant Agreement, the Employee's employment or service will be considered terminated as of the earlier of: (a) the date on which the Employee's employment is terminated; (b) the date the Employee receives notice of termination of employment from the Employer; or (c) the date on which the Employee is no longer actively employed by or actively providing services, regardless of any notice period or period of pay in lieu of such notice required under Applicable Law (including, but not limited to, statutory law, regulatory law and/or common law). 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).

##### Foreign Asset/Account Reporting Notice

If the total value of the Employee's foreign property exceeds C\$100,000 at any time during the year, the Employee must report all of his or her foreign property on Form T1135 (Foreign Income Verification Statement) by April 30 of the following year. Foreign property includes Shares acquired under the Plan and may include the RSUs. The RSUs must be reported—generally at a nil cost—if the \$100,000 cost threshold is exceeded because of other foreign property the Employee holds. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the fair market value of the Shares at vesting, but if the Employee owns other shares, this ACB may have to be averaged with the ACB of the other shares. The Employee should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

##### Securities Law Notice

The Employee is permitted to sell Shares acquired in settlement of the RSUs through the designated broker appointed under the Plan provided the resale of Shares acquired in settlement of the RSUs takes place outside of Canada through facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange in the United States under the ticker symbol "HPQ".

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

##### Consent to Receive Information in English

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

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

#### Plan Document Acknowledgment

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

## **CHILE**

#### Securities Law Notice

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

#### Información bajo la Ley de Mercado de Valores

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

#### Exchange Control Notice

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

The Employee is responsible for complying with foreign exchange requirements in Chile. For general information purposes, as of the date hereof, the Employee’s aggregate investments held outside of Chile exceed US\$5,000,000 (including the Shares and any other cash proceeds obtained under the Plan), the Employee must report the investments annually to the Central Bank. Annex 3.1 of Chapter XII of the Foreign Exchange Regulations must be used to file this report. Please note that exchange control regulations in Chile are subject to change. The Employee should consult with his or her personal legal advisor regarding any exchange control obligations that the Employee may have prior to vesting in the RSUs, receiving proceeds from the sale of Shares acquired upon vesting of the RSUs or cash dividends or dividend equivalents.

#### Foreign Asset/Account Reporting Notice

The Chilean Internal Revenue Service (“CIRS”) requires all taxpayers to provide information annually regarding: (i) the taxes paid abroad which they will use as a credit against Chilean income taxes and (ii) the results of foreign investments. These annual reporting obligations must be complied with by submitting a sworn statement setting forth this information before March 19 of each year. The forms to be used to submit the sworn statement are Tax Form 1853 “Annual Sworn Statement Regarding Foreign Source Income” and Tax Form 1851 “Annual Sworn Statement Regarding Investments Held Abroad.” If the Employee is not a Chilean citizen and has been a resident in Chile for less than three years, the Employee is exempt from the requirement to file Tax Form 1853. These statements must be submitted electronically through the CIRS website: [www.sii.cl](http://www.sii.cl).

## **CHINA**

#### Payout of RSUs in Cash Only

Pursuant to the Company’s discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to exchange control restrictions in People’s Republic of China (the “PRC”), the RSUs granted to Employees in China shall be settled in cash only (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

#### Exchange Control

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

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

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

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

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

## **COLOMBIA**

### Labor Law Acknowledgement

The following provision supplements Section 14 of the Grant Agreement:

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

#### Exchange Control Notice

If the Employee holds investments outside Colombia (including Shares the Employee acquires under the Plan) and the aggregate value of such investments is US\$500,000 or more as of December 31 of any year, the Employee will be required to register such investments with the Central Bank ( *Banco de la República* ) as foreign investments held abroad. When the Employee sells the Shares (or other investments) held abroad, he or she may either choose to keep the resulting proceeds abroad, or to repatriate them to Colombia. If the Employee chooses to repatriate funds to Colombia and the Employee has not registered his or her investment with the Central Bank, the Employee will need to file with the Central Bank Form No. 5 upon conversion of funds into local currency, which should be duly completed to reflect the nature of the transaction. If the Employee has registered his or her investment with the Central Bank, then he or she will need to file with the Central Bank Form No. 4 upon conversion of funds into local currency, which should be duly completed to reflect the nature of the transaction. If the Employee receives Shares upon settlement of the RSUs and immediately sells the Shares, then no registration is required because no shares are held abroad. The Employee should consult his or her legal advisor to ensure compliance with current regulations. It is the Employee's responsibility to comply with Colombian exchange control laws.

### **CONGO (BRAZZAVILLE)**

#### Exchange Control Notice

All proceeds from the vesting of RSUs, the sale of Shares and any cash dividends or dividend equivalents are required to be repatriated to Congo (Brazzaville).

### **COSTA RICA**

There are no country-specific provisions.

### **CROATIA**

#### Exchange Control Notice

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

### **CZECH REPUBLIC**

#### Exchange Control Notice

Upon request of the Czech National Bank ("CNB"), the Employee may need to fulfill certain notification duties when he or she acquires Shares upon vesting of the RSUs and the opening and maintenance of a foreign account. Even in the absence of a request from the CNB, the Employee may need to report foreign direct investments with a value of CZK2,500,000 or more in the aggregate and/or other foreign financial assets with a value of CZK200,000,000 or more. However, because exchange control regulations change frequently and without notice, the Employee should consult with his or her personal legal advisor prior to the vesting of the RSUs and the sale of Shares to ensure compliance with current regulations. It is the Employee's responsibility to comply with any applicable Czech exchange control laws.

### **DENMARK**

#### Danish Stock Option Act

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

#### Foreign Asset/Account Reporting Notice

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

#### Securities/Tax Reporting Notice

If the Employee holds Shares acquired under the Plan in a brokerage account with a broker or bank outside of Denmark, the Employee is required to inform the Danish Tax Administration about the account. For this purpose, the Employee must file a Form V ( *Erklæring V* ) with the Danish Tax Administration. The Form V must be signed both by the Employee and by the applicable broker or bank where the account is held, unless an exemption from the broker/bank signature requirement is obtained from the Danish Tax Administration. It is possible to seek an exemption on the Form V, and it is strongly recommended that it be done at the time the Form V is submitted. The Employee understands that by signing the Form V, the broker or bank (to the extent the exemption is not obtained) and the Employee undertake to forward information to the Danish Tax Administration concerning the Shares in the account without further request each year.

In the event that an exemption is not obtained and the applicable broker or bank with which the account is held does not wish to, or pursuant to the laws of the country in question, is not allowed to assume such obligation to report, the Employee acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage account and Shares deposited therein to the Danish Tax Administration as part of the Employee's annual income tax return. By signing the Form V, the Employee authorizes the Danish Tax Administration to examine the account. A sample of Form K can be found at the following website: [www.skat.dk](http://www.skat.dk).

In addition, the Employee acknowledges that if he or she opens a brokerage account (or a deposit account with a U.S. bank) for the purpose of holding cash outside Denmark, the Employee is also required to inform the Danish Tax Administration of this account. To do so, the Employee must file a Form K (Erklaering K) with the Danish Tax Administration. The Form K must be signed both the Employee and by the applicable broker or bank where the account is held, unless an exemption from the broker/bank signature requirement is obtained from the Danish Tax Administration. It is possible to seek an exemption on the Form K, and it is strongly recommended that it be done at the time the Form V is submitted. The Employee understands that by signing the Form K, the broker or bank (to the extent the exemption is not obtained) and the Employee undertake an obligation to forward information to the Danish Tax Administration concerning the content of the account without further request each year. In the event that an exemption is not obtained and the applicable broker or bank with which the account is held, does not wish to, or pursuant to the laws of the country in question, is not allowed to assume such obligation to report, the Employee acknowledges that he or she is solely responsible for providing certain details regarding the foreign brokerage or bank account to the Danish Tax Administration as part of the Employee's annual income tax return. The Employee understands that, by signing the Form K, the Employee authorizes the Danish Tax Administration to examine the account. A sample of Form K can be found at the following website: [www.skat.dk](http://www.skat.dk).

## **ECUADOR**

There are no country-specific provisions.

## **EGYPT**

### Exchange Control Notice

If the Employee transfers funds into Egypt in connection with the remittance of proceeds from the vesting of RSUs, sale of Shares or the receipt of any dividends or dividend equivalent payments, the Employee is required to transfer the funds through a bank registered in Egypt.

## **FINLAND**

There are no country-specific provisions.

## **FRANCE**

### Language Consent

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

### Consentement Relatif à la Langue Utilisée

*En acceptant cette attribution d'actions gratuites, l'Employé confirme avoir lu et compris le Plan et le Contrat d'Attribution qui m'ont été transmis en langue anglaise. L'Employé accepte les termes et conditions incluses dans ces documents en connaissance de cause.*

### Exchange Control Notice

If the Employee imports or exports cash (e.g., sales proceeds received under the Plan) with a value equal to or exceeding €10,000 and does not use a financial institution to do so, he or she must submit a report to the customs and excise authorities.

### Foreign Asset/Account Reporting Information

The Employee is required to report all foreign accounts (whether open, current or closed) to the French tax authorities when filing his or her annual tax return. The Employee should consult his or her personal advisor to ensure compliance with applicable reporting obligations. Failure to complete this reporting obligation may trigger penalties for the Employee. Further, if the Employee has foreign account balances exceeding €1,000,000 he or she may have additional monthly reporting obligations. The Employee should consult with his or her personal tax advisor to determine his or her personal reporting obligations.

## **GERMANY**

### Exchange Control Notice

Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If the Employee receives a cross-border payment in excess of €12,500 (e.g., proceeds from the sale of Shares acquired under the Plan), he or she must report the payment

to German Federal Bank electronically using the “General Statistics Reporting Portal” available via the Bank’s website (www.bundesbank.de). The Employee should file the report by the fifth day of the month following the month in which the payment is made.

## **GHANA**

There are no country-specific provisions.

## **GREECE**

There are no country-specific provisions.

## **GUATEMALA**

### Language Consent

By participating in the Plan, the Employee acknowledges that he or she is proficient in reading and understanding English and fully understands the terms of the Plan and the Grant Agreement.

## **HONG KONG**

### Securities Warning

*The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Employee is advised to exercise caution in relation to the offer. If the Employee is in any doubt about any of the contents of this document, he or she should obtain independent professional advice. The RSUs and Shares acquired upon vesting of the RSUs do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or any Subsidiary or Affiliate. The Plan, the Grant Agreement and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong. The RSUs are intended only for the personal use of each eligible employee of the Company or any Subsidiary or Affiliate and may not be distributed to any other person.*

### Sale Restriction

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

### Payout of RSUs in Shares Only

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

### Nature of Scheme

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

## **HUNGARY**

### Payout of RSUs in Cash Only

Pursuant to the Company’s discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to legal considerations in Hungary, the RSUs granted to Employees in Hungary shall be settled in cash only (less any Tax-Related Items or other withholding obligations set forth in Section 11 of the Grant Agreement in accordance with Applicable Law and/or fees) and do not provide any right for the Employee to receive Shares.

## **INDIA**

### Exchange Control Notice

The Employee understands that he or she must repatriate to India any proceeds from the sale of Shares acquired under the Plan and any dividend equivalent payment within 90 days of receipt, and any cash dividends within 180 days of receipt. The Employee will receive a foreign inward remittance certificate (“FIRC”) from the bank where the Employee deposits the foreign currency. The Employee should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation.

#### Foreign Asset/Account Reporting Notice

Indian residents are required to declare any foreign bank accounts and any foreign financial assets (including Shares held outside of India) in their annual tax return. Indian residents should consult with their personal tax advisor to determine their personal reporting obligations.

### **INDONESIA**

#### Exchange Control Notice

Indonesian residents must provide the Bank of Indonesia with information on foreign exchange activities on an online monthly report no later than the fifteenth day of the following month of the activity. In addition, if the Employee remits funds into Indonesia (e.g., proceeds from the sale of Shares), the Indonesian bank through which the transaction is made will submit a report of the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US\$10,000 or more, a more detailed description of the transaction must be included in the report and the Employee may be required to provide information about the transaction (e.g., the relationship between the Employee and the transferor of the funds, the source of the funds, etc.) to the bank in order for the bank to complete the report.

### **IRELAND**

#### Director Reporting Notice

If the Employee is a director, shadow director or secretary of an Irish Subsidiary or Affiliate whose interests meet or exceed 1% of the Company's voting rights, pursuant to Section 53 of the Irish Company Act 1990, the Employee must notify the Irish Subsidiary or Affiliate in writing within five business days of receiving or disposing of an interest in the Company (e.g., RSUs, Shares, etc.), or within five business days of becoming aware of the event giving rise to the notification requirement, or within five business days of becoming a director, shadow director or secretary if such an interest exists at that time. This notification requirement also applies with respect to the interests of a spouse or minor children, whose interests will be attributed to the director, shadow director or secretary.

### **ISRAEL**

#### Israeli Sub-Plan

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

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

#### Custody of RSUs

The following provisions replace Section 5 of the Grant Agreement:

##### 5. Custody of Restricted Stock Units.

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

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

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

Death of the Employee

The following provision supplements Section 9 of the Grant Agreement:

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

\* \* \* \* \*

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

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

Signed by: \_\_\_\_\_

Date: \_\_\_\_\_

**ITALY**

Plan Document Acknowledgment

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

Data Privacy Notice

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

***The Employee understands that the Employer, the Company and any of its other Subsidiaries and Affiliates may collect, use, transfer and hold certain personal information about the Employee, including, the Employee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of the award of RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor ("Data"), for the exclusive purpose of managing and administering the Plan.***

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

*administration of the Plan, it will delete Data as soon as it has accomplished all the necessary legal obligations connected with the management and administration of the Plan.*

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

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

#### Foreign Asset / Account Tax Reporting Notice

Italian residents who, at any time during the fiscal year, hold foreign financial assets (such as cash, Shares) which may generate income taxable in Italy are required to report such assets on their annual tax returns or on a special form if no tax return is due. The same reporting duties apply to Italian residents who are beneficial owners of the foreign financial assets pursuant to Italian money laundering provisions, even if they do not directly hold the foreign asset abroad. The Employee is advised to consult his or her personal legal advisor to ensure compliance with applicable reporting requirements.

#### Foreign Asset Tax Information

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

## **JAPAN**

#### Foreign Asset/Account Reporting Notice

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

## **KAZAKHSTAN**

#### Securities Law Notice

This offer is addressed only to certain eligible employees resident in Kazakhstan with respect to rights to Shares or their cash equivalent). As of the date hereof, the Shares on the New York Stock Exchange under the ticker symbol "HPQ." The Grant Agreement has not been approved, nor does it need to be approved, by the National Bank of Kazakhstan. The Grant Agreement is intended only for the Employee and is not for general circulation in the Republic of Kazakhstan

#### Payout of RSUs in Cash Only

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

#### Exchange Control Notice

No exchange formalities should apply to the Employee's participation in the Plan as no consideration will be paid for the RSUs. However, prior to the RSUs vesting the Employee should confirm his or her applicable exchange control obligations with his or her personal advisor.

## **KENYA**

There are no country-specific provisions.

## **KOREA**

#### Exchange Control Notice

If the Employee receives US\$500,000 or more from the sale of Shares or the receipt of dividends or dividend equivalent payments in a single transaction, Korean exchange control laws require the Employee repatriate the proceeds to Korea within three (3) years of the sale.

Foreign Asset/Account Reporting Notice

Korean residents must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts) based in foreign countries to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency). The Employee should consult with his or her personal tax advisor for additional information about this reporting obligation.

**KUWAIT**

Securities Law Notice

The Plan does not constitute the marketing or offering of securities in Kuwait pursuant to Law No. 7 of 2010 (establishing the Capital Markets Authority) and its implementing regulations. Offerings under the Plan are being made only to eligible employees of the Company or any Subsidiary or Affiliate.

**LATVIA**

There are no country-specific provisions.

**LEBANON**

Securities Law Notification

This Plan does not constitute the marketing or offering of securities in Lebanon pursuant to Law No. 161 (2011), the Capital Markets Law. Offerings under the Plan are being made only to eligible employees of the Company or any Subsidiary or Affiliate.

**LITHUANIA**

There are no country-specific provisions.

**LUXEMBOURG**

There are no country-specific provisions.

**MACEDONIA**

There are no country-specific provisions.

**MALAYSIA**

Data Privacy Consent

The following provision supplements Section 12 of the Grant Agreement:

*You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal information as described in this Agreement by and among, as applicable, the Employer, and the Company and its other Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

*You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number (or any other social or national identification number), salary, nationality, job title, residency status, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. The Data is supplied by the Employer and also by me through information collected in connection with the Agreement and the Plan.*

*You understand that the Data may be transferred to the Company or any of its Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country or elsewhere, including outside the European Economic Area, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative, whose contact details are ellis.yap@hp.com.*

*You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data to a broker or other third party assisting with the administration of the RSUs under the Plan or with whom Shares acquired pursuant to RSUs or cash from the sale of such Shares may be deposited. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan.*

*You understand that the Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data or refuse or withdraw the consents herein by contacting your local human resources representative in writing. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant RSUs or other equity awards to you, or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to vest in or realize benefits from RSUs and your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

*Saya dengan ini secara eksplisit dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi saya seperti yang diterangkan dalam Perjanjian oleh dan di antara, seperti mana yang terpakai, Majikan, Syarikat dan Syarikat Gabungan Korporat dan syarikat gabungannya untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan penyertaan saya dalam Pelan.*

*Saya memahami bahawa Syarikat dan Majikan mungkin memegang maklumat peribadi tertentu tentang saya, termasuk, tetapi tidak terhad kepada, nama saya, alamat rumah dan nombor telefon, tarikh lahir, nombor insurans sosial atau nombor pengenalan lain, gaji, kewarganegaraan, jawatan, status kependudukan, apa-apa syer dalam Saham Biasa atau jawatan pengarah yang dipegang dalam Syarikat, bilangan syer dalam Saham Biasa yang dibeli di bawah Pelan, butir-butir semua hak pembelian atau apa-apa hak lain atas syer dalam Saham Biasa yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun yang belum dijelaskan bagi faedah saya("Data"), untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut. Data tersebut dibekalkan oleh Majikan dan juga oleh saya melalui maklumat yang dikumpul berkenaan dengan Perjanjian dan Pelan.*

*Saya memahami bahawa Data ini akan dipindahkan kepada mana-mana pihak ketiga yang membantu dengan pelaksanaan, pentadbiran dan pengurusan Pelan. Saya memahami bahawa penerima-penerima Data mungkin berada dalam negara saya atau mana-mana tempat lain, dan bahawa negara penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara saya. Saya memahami bahawa saya boleh meminta satu senarai yang mengandungi nama dan alamat penerima-penerima Data yang berpotensi dengan menghubungi wakil sumber manusia tempatan ellis.yap@hp.com.*

*Saya memberi kuasa kepada penerima-penerima tersebut untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, semata-mata dengan tujuan untuk melaksanakan, mentadbir dan menguruskan penyertaan saya dalam Pelan, termasuklah apa-apa pemindahan yang diperlukan untuk Data tersebut sebagaimana yang diperlukan oleh broker atau mana-mana pihak ketiga yang membantu untuk melaksanakan hak pembelian saya di bawah Pelan atau dengan sesiapa syer Saham Biasa yang diperoleh di atas pelaksanaan hak pembelian ini atau wang tunai daripada penjualan saham tersebut boleh didepositkan. Saya memahami bahawa Data hanya akan disimpan untuk tempoh yang perlu bagi melaksanakan, mentadbir, dan menguruskan penyertaan saya dalam Pelan. Saya memahami bahawa saya boleh, pada bila-bila masa, melihat Data, meminta maklumat tambahan mengenai penyimpanan dan pemrosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis wakil sumber manusia tempatan. Selanjutnya, saya memahami bahawa saya memberikan persetujuan di sini secara sukarela. Jika saya tidak bersetuju, atau jika saya kemudian membatalkan persetujuan saya, status pekerjaan atau perkhidmatan dan kerjaya saya dengan Majikan tidak akan terjejas; satu-satunya akibat buruk jika saya tidak bersetuju atau menarik balik persetujuan saya adalah bahawa Syarikat tidak akan dapat memberikan hak pembelian di bawah Pelan atau anugerah-anugerah ekuiti yang lain kepada saya atau mentadbir atau mengekalkan anugerah tersebut. Oleh itu, saya memahami bahawa keengganan atau penarikan balik persetujuan saya boleh menjejaskan keupayaan saya untuk mengambil bahagian dalam Pelan. Untuk maklumat lanjut mengenai akibat keengganan saya untuk memberikan keizinan atau penarikan balik keizinan, saya memahami bahawa*

*saya boleh menghubungi wakil sumber manusia tempatan.*

#### Director Reporting Notice

If the Employee is a director of a Malaysian Subsidiary or Affiliate, the Employee is subject to certain notification requirements under the Malaysian Companies Act 1965. Among these requirements is an obligation to notify the Malaysian Subsidiary or Affiliate in writing when the Employee receives or disposes of an interest ( e.g ., RSUs or Shares) in the Company or any related company. This notification must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

#### **MALTA**

##### Payout of RSUs in Cash Only

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

##### Securities Law Notice

The Plan, the Grant Agreement (including this Appendix) and all other materials the Employee may receive regarding participation in the Plan do not constitute advertising of securities in Malta and are deemed accepted by the Employee upon receipt of the Employee's electronic or written acceptance in the United States. The issuance of Shares under the Plan has not and will not be registered in Malta and, therefore, the Shares described in any Plan documents may not be offered or placed in public circulation in Malta.

In no event will Shares issued upon settlement of the RSUs be delivered to the Employee in Malta. All Shares issued upon settlement of the RSUs will be maintained on the Employee's behalf in the United States.

#### **MAURITIUS**

There are no country-specific provisions.

#### **MEXICO**

The following provisions supplement Section 14 of the Grant Agreement:

##### Labor Law Acknowledgment

By accepting the RSUs, the Employee acknowledges that he or she understands and agrees that:

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

##### Policy Statement

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

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

##### Plan Document Acknowledgment

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

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

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

#### Spanish Translation

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

**Reconocimiento de la Ley Laboral**

Al aceptar las Unidades de Acciones, el Empleado reconoce que entiende y acepta que:

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

**Declaración de Política**

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

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

**Reconocimiento del Documento del Plan**

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

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

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

**MOROCCO**

**Payout of RSUs in Cash Only**

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

**NETHERLANDS**

**Notifications**

**Securities Law Information**

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



**NEW ZEALAND**

**Securities Warning**

You are being offered RSUs with underlying Shares in the Company.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

The usual rules do not apply to this Offering because an exemption (the so called "Employee Share Scheme Exemption") applies. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

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

## **NIGERIA**

There are no country-specific provisions.

## **NORWAY**

There are no country-specific provisions.

## **PAKISTAN**

### Exchange Control Notice

The Employee is required to notify the State Bank of Pakistan ("SBP") of the Shares issued to the Employee in a prescribed form upon settlement of the RSUs. The Employee is also required to immediately repatriate to Pakistan the proceeds from the sale of Shares through normal banking procedures. The Employee should consult his or her personal legal advisor to ensure compliance with the applicable requirements. The Employee is responsible for ensuring compliance with all exchange control laws in Pakistan.

## **PANAMA**

### Securities Law Notice

Neither the RSUs nor the Shares that the Employee may acquire under the Plan constitute a public offering of securities, as they are available only to eligible employees of the Company, its Affiliates and its Subsidiaries.

## **PERU**

### Securities Law Notice

The grant of RSUs is considered a private offering in Peru; therefore, it is not subject to registration. For more information concerning this offer, please refer to the Plan, this Grant Agreement, the Plan Prospectus and any other grant documents made available to the Employee by the Company. For more information regarding the Company, please refer to the Company's most recent annual report on Form 10-K and quarterly report on Form 10-Q available at [www.sec.gov](http://www.sec.gov).

### Labor Law Acknowledgment

The following provision supplements Section 14 of the Grant Agreement:

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

## **PHILIPPINES**

### Issuance of Shares of Common Stock

The Employee acknowledges, understands and agrees that, if the issuance of Shares on the vesting date does not comply with all applicable Philippines securities laws, Shares will not be issued. In particular, Shares will not be issued unless and until the Philippines Securities and Exchange Commission authorizes the issuance of Shares under the Plan by approving the Company's request for exemption from the securities registration requirement.

### Securities Law Notice

The Employee should be aware of the risks of participating in the Plan, which include (without limitation) the risk of fluctuation in the price of the Shares on the New York Stock Exchange and the risk of currency fluctuations between the United States Dollar and the Employee's local currency. In this regard, the Employee should note that the value of any Shares the Employee may acquire under the Plan may decrease after the shares are issued, and fluctuations in foreign exchange rates between the Employee's local currency and the United States Dollar may affect the value of the RSUs or any amounts due to the Employee pursuant to the vesting of the RSUs or the subsequent sale of any Shares acquired upon vesting. The Company is not making any representations, projections or assurances about the value of the Shares now or in the future.

For further information on risk factors impacting the Company's business that may affect the value of the Shares, the Employee should refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at [www.sec.gov/](http://www.sec.gov/), as well as on the Company's website. In addition, the Employee may receive, free of charge, a copy of the Company's Annual Report, Quarterly Reports or any other reports, proxy statements or communications distributed to the Company's stockholders on request to Investor Relations at the Company at [InvestorRelations@hp.com](mailto:InvestorRelations@hp.com).

The Employee is permitted to dispose or sell Shares acquired under the Plan provided the offer and resale of the Shares takes place outside of the Philippines through the facilities of a stock exchange on which the Shares listed. The Shares are currently listed on the New York Stock Exchange in the United States under the ticker symbol "HPQ".

## **POLAND**

### Exchange Control Notice

If the Employee holds foreign securities (including Shares) and maintains accounts abroad, the Employee may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash (when combined with all other assets held abroad) held in such foreign accounts exceeds PLN 7 million, the Employee must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers into or out of Poland in excess of €15,000 must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five years.

## **PORTUGAL**

### Exchange Control Notice

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

### Language Consent

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

### Consentimento sobre Língua

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

## **PUERTO RICO**

There are no country-specific provisions.

## **QATAR**

There are no country-specific provisions.

## **ROMANIA**

### Exchange Control Notice

If the Employee deposits the proceeds from the sale of Shares issued to him or her at vesting and settlement of the Shares or any cash dividends or dividend equivalent payments in a bank account in Romania, the Employee may be required to provide the Romanian bank with appropriate documentation explaining the source of the funds.

The Employee should consult his or her personal advisor to determine whether the Employee will be required to submit such documentation to the Romanian bank.

## **RUSSIA**

### Payout of RSUs in Cash Only

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

### Compliance with Laws and Regulations

This provision supplements Section 14 of the Grant Agreement:

By accepting this grant of RSUs, the Employee understands, acknowledges and agrees that:

- (a) To participate in the Plan, Employee must comply with all Applicable Laws and regulations in Russia.

(b) A copy of this Grant Agreement has been sent to the Employee by the Company as an offer from the territory of the United States of America and by agreeing to accept the RSUs, this Grant Agreement shall be deemed to have been concluded at the location of the Company at the following address: 1501 Page Mill, Palo Alto, California, 94304, USA.

(c) All actions and proceedings seeking to enforce any provision of, or based on any right arising out of, this Grant Agreement must be brought against either of the parties in the courts of the State of Delaware, County of New Castle, or, if it has or can acquire jurisdiction, in the United States District Court for the District of Delaware, and each of the parties consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein.

(d) The Employee will comply with the Russian foreign exchange legislation in force at the relevant time.

(e) The Employee will be solely responsible for (i) the proper declaration of all income received in accordance with the Plan and (ii) the payment of all relevant Tax-Related Items in connection with the receipt of such income as required by applicable Russian law.

(f) The Employee agrees to execute such further instruments and to take such other action as may be necessary to facilitate his or her participation in the Plan.

#### Data Privacy Acknowledgement

The Employee hereby acknowledges that he or she has read and understood the terms regarding collection, processing and transfer of Data contained in Section 12 of the Grant Agreement and by participating in the Plan, the Employee agrees to such terms. In this regard, upon request of the Company or the Employer, the Employee agrees to provide an executed data privacy consent form to the Employer or the Company (or any other agreements or consents that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in the Employee's country, either now or in the future. The Employee understands that he or she will not be able to participate in the Plan if the Employee fails to execute any such consent or agreement.

#### Exchange Control Notice

Under current exchange control regulations, within a reasonably short time after receiving any cash proceeds under the Plan, the Employee must repatriate such amounts to Russia. Such cash proceeds must be initially credited to the Employee through a foreign currency account at an authorized bank in Russia. After the proceeds are initially received in Russia, they may be further remitted to foreign banks subject to the following limitations: (i) the foreign account may be opened only for individuals; (ii) the foreign account may not be used for business activities; and (iii) the Russian tax authorities must be given notice about the opening/ closing of each foreign account within one month of the account opening/closing. Effective August 2014, dividends (but not dividend equivalents) do not need to be remitted to the Employee's bank account in Russia but may be remitted directly to a foreign individual bank account (in any Organisation for Economic Cooperation and Development or Financial Action Task Force countries).

The Employee is encouraged to contact his or her personal advisor before remitting proceeds from participation in the Plan to Russia as exchange control requirements may change.

#### Securities Law Notice

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

## **SENEGAL**

#### Tax Registration Notice

The Employee is required to submit a copy of this Grant Agreement to the tax authorities within one (1) month of date the RSUs are granted and to pay any applicable registration fee. It is the Employee's responsibility to submit the registration and pay the fee.

## **SERBIA AND MONTENEGRO**

#### Securities Law Notice

The grant of Stock Options is not subject to the regulations concerning public offers and private placements under the Law on Capital Markets.

#### Exchange Control Notice

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

## **SINGAPORE**

### Payout of RSUs in Cash Only for Mobile Employees

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, if the Employee is designated by the Company as a mobile employee, the RSUs granted to Employees in Singapore shall be settled in cash only (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

### Securities Law Notice

The grant of RSUs is being made to the Employee in reliance on the "Qualifying Person" exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA") and not being made with the view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Employee should note that the RSUs are subject to section 257 of the SFA and the Employee will not be able to make any subsequent sale directly to any person in Singapore, or any offer of such subsequent sale of the Shares underlying the RSUs, unless such sale or offer in Singapore is made (i) after six months from the Grant Date or (ii) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

### Chief Executive Officer and Director Reporting Notice

If the Employee is the Chief Executive Officer ("CEO") or a director, associate director or shadow director of the Company's Singapore Subsidiary or Affiliate, he or she is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company's Singapore Subsidiary or Affiliate in writing when the Employee receives an interest ( e.g. , RSUs or Shares) in the Company or any Subsidiary or Affiliate. In addition, the Employee must notify the Company's Singapore Subsidiary or Affiliate when he or she sells Shares (including when the Employee sells Shares issued upon vesting and settlement of the RSUs). These notifications must be made within two days of acquiring or disposing of any interest in the Company or any Subsidiary or Affiliate. In addition, a notification of the Employee's interests in the Company or any Subsidiary or Affiliate must be made within two days of becoming the CEO or, director, associate director or shadow director.

## **SLOVAKIA**

There are no country-specific provisions.

## **SLOVENIA**

### Foreign Asset/Account Reporting Information

Slovenian residents may be required to report the opening of bank and/or brokerage accounts to tax authorities within eight days of opening such account. The Employee should consult with his or her personal tax advisor to determine whether this requirement will be applicable to any accounts opened in connection with the Employee's participation in the Plan (e.g., the Employee's brokerage account with the Company's designated broker).

### Language Consent

By accepting the grant of RSUs, the Employee acknowledges that he or she is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Award Agreement and the Plan), which were provided in the English language. The Employee accepts the terms of those documents accordingly.

### Soglasje za uporabo angleškega jezika

*S sprejetjem dodelitve RSU Udeleženec (the Employee) priznava in potrjuje, da je sposoben brati in razumeti angleški jezik ter v celoti razume pogoje dokumentov, povezanih z dodelitvijo (RSU pogodba (Award Agreement) in Načrt (Plan)), ki so bili posredovani v angleškem jeziku. Udeleženec skladno s tem sprejema pogoje teh dokumentov.*

## **SOUTH AFRICA**

### Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to exchange control restrictions in South Africa, the RSUs granted to Employees in South Africa shall be settled in cash only (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

### Exchange Control Notice

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

#### Tax Reporting Notice

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

## **SPAIN**

#### Acknowledgment and Waiver

The following provisions supplement Section 14 of the Grant Agreement:

By accepting the grant of RSUs, the Employee acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

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

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

#### Exchange Control Notice

The Employee must declare the acquisition of Shares to the *Dirección General de Comercial e Inversiones* (the "DGCI") of the *Ministerio de Economía* for statistical purposes. The Employee must also declare ownership of any Shares by filing a D-6 form with the DGCI. Generally, the declaration must be made in January for Shares owned as of December 31 of the prior year and/or Shares acquired or disposed of during the prior year; however, if the value of Shares acquired or disposed of or the amount of the sale proceeds exceeds €1,502,530 (or if the Employee holds 10% or more of the share capital of the Company), the declaration must be filed within one month of the acquisition or disposition, as applicable.

In addition, the Employee may be required to electronically declare to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including Shares acquired under the Plan), and any transactions with non-Spanish residents (including any payments of Shares made pursuant to the Plan), depending on the balances in such accounts together with the value of such instruments as of December 31 of the relevant year, or the volume of transactions with non-Spanish residents during the relevant year.

The Employee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed €1,000,000.

#### Securities Law Notice

The grant of RSUs and the Shares issued pursuant to the vesting of the RSUs are considered a private placement outside of the scope of Spanish laws on public offerings and issuances of securities. Neither the Plan nor the Award Agreement have been nor will they be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission), and they do not constitute a public offering prospectus.

#### Foreign Asset/Account Reporting Notice

To the extent that the Employee holds Shares and/or has bank accounts outside Spain with a value in excess of €50,000 (for each type of asset) as of December 31, the Employee will be required to report information on such assets on his or her tax return (tax form 720) for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously-reported Shares or accounts increases by more than €20,000. The reporting must be completed by the following March 31.

## **SRI LANKA**

### Payout of RSUs in Cash Only

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

### Exchange Control Notice

If the Employee holds proceeds in a foreign cash account, the Employee will be required to obtain exchange control approval. The Employee is responsible for ensuring compliance with all exchange control laws in Sri Lanka.

## **SWEDEN**

There are no country-specific provisions.

## **SWITZERLAND**

### Securities Law Notice

The offer of RSUs is not intended to be publicly offered in or from Switzerland. Because the offer of the RSUs is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the RSUs constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, and neither this document nor any other materials relating to the RSUs may be publicly distributed nor otherwise made publicly available in Switzerland.

## **TAIWAN**

### Securities Law Notice

The RSUs and the Shares to be issued pursuant to the Plan are available only to employees of the Company, its Subsidiaries and Affiliates. The grant of the RSUs does not constitute a public offer of securities and is not subject to registration in Taiwan.

### Exchange Control Notice

The Employee may acquire and remit foreign currency (including proceeds from the sale of Shares) into and out of Taiwan up to US\$5,000,000 per year. If the transaction amount is TWD\$500,000 or more in a single transaction, the Employee must submit a foreign exchange transaction form and also provide supporting documentation to the satisfaction of the remitting bank. If the transaction amount is US\$500,000 or more in a single transaction, the Employee may be required to provide additional supporting documentation to the satisfaction of the remitting bank. The Employee should consult his or her personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

## **THAILAND**

### Exchange Control Notice

When the Employee sells Shares issued upon vesting of the RSUs or receives dividends or dividend equivalent payments, the Employee must repatriate to Thailand any cash proceeds or payments of at least US\$50,000 within 360 days from the date the sale transaction was entered into. The Employee must either convert the amounts to local currency or deposit the funds into a foreign currency account within 360 days of repatriation. If the amount of the Employee's proceeds is US\$50,000 or more, the Employee must specifically report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If the Employee fails to comply with these obligations, the Employee may be subject to penalties assessed by the Bank of Thailand. The Employee should consult his or her personal legal advisor prior to taking any action with respect to the remittance of proceeds into Thailand. The Employee is responsible for ensuring compliance with all exchange control laws in Thailand, and neither the Company nor the Employer will be liable for any fines or penalties resulting from the Employee's failure to comply with applicable laws.

## **TUNISIA**

### Payout of RSUs in Cash Only

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

### Exchange Control Acknowledgement

If the Employee is a resident of Tunisia, he or she acknowledges, consents and agrees to comply with exchange control requirements with respect to the RSU and to obtain any necessary approval from the Central Bank of Tunisia. If the Employee holds assets (including Shares acquired under the Plan) outside Tunisia and the value of such assets exceeds a certain threshold (currently TND 500), the Employee

must declare the assets to the Central Bank of Tunisia within six months of their acquisition. All proceeds from the RSUs, the Shares and the sale of Shares must be repatriated to Tunisia. The Employee should consult his or her personal advisor before taking action with respect to remittance of proceeds into Tunisia.

## **TURKEY**

### Securities Law Notice

Under Turkish law, the Employee is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol "HPE" and Shares acquired under the Plan may be sold through this exchange.

### Exchange Control Notice

Under Turkish law, Turkish residents are permitted to purchase and sell securities or derivatives traded on exchanges abroad only through a financial intermediary licensed in Turkey. Therefore, the Employee may be required to appoint a Turkish broker to assist the Employee with the sale of the Shares acquired under the Plan.

## **UKRAINE**

### Payout of RSUs in Cash Only

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

### Exchange Control Notice

The Employee understands that the Employee is responsible for complying with applicable exchange control regulations in Ukraine. The Employee should consult a legal advisor regarding his or her participation in the Plan.

## **UNITED ARAB EMIRATES**

### Securities Law Notice

The Plan is being offered only to qualified employees and is in the nature of providing equity incentives to employees of the Company or its Subsidiary in the UAE. Any documents related to the Plan, including the Plan, this Appendix, the Plan prospectus and other grant documents ("Plan Documents"), are intended for distribution only to such employees and must not be delivered to, or relied on by any other person. Prospective recipients of the securities offered (i.e., the RSUs) should conduct their own due diligence on the securities.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any Plan Documents nor has it taken steps to verify the information set out in them, and thus, is not responsible for such documents. Further, neither the Ministry of Economy nor the Dubai Department of Economic Development has approved this statement nor taken steps to verify the information set out in it, and has no responsibility for it.

Employees should, as prospective stockholders, conduct their own due diligence on the securities. Any securities (i.e., Shares) acquired at vesting of the RSUs may be subject to restrictions on their resale. Prospective acquirers of the securities offered should conduct their own due diligence with respect to the securities. If the Employee does not understand the contents of this statement, the Plan or the Grant Agreement, including this Appendix, he or she should consult an authorized financial advisor.

## **UNITED KINGDOM**

### Payout of RSUs in Shares Only

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

## **UZBEKISTAN**

### Payout of RSUs in Cash Only

Pursuant to the Company's discretion under Section 2(ii) of the Plan and Section 3 of the Grant Agreement, due to exchange control restrictions in Uzbekistan, the RSUs granted to Employees in Uzbekistan shall be settled in cash only (less any Tax-Related Items and/or fees) and do not provide any right for the Employee to receive Shares.

### Exchange Control Notice

All proceeds from the vesting of the RSUs are required to be repatriated to Uzbekistan via a U.S. dollar account at a Uzbek bank.

## **VENEZUELA**

### Investment Representation

As a condition of the grant of RSUs, the Employee acknowledges and agrees that any Shares the Employee may acquire upon the vesting of the RSUs are acquired as and intended to be an investment rather than for the resale of the Shares and conversion of Shares into foreign currency.

### Securities Law Notice

The RSUs granted under the Plan and the Shares issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan government securities regulations.

### Exchange Control Notice

Exchange control restrictions may limit the ability to vest in the RSUs or to remit funds into Venezuela following the sale of Shares acquired under the Plan. The Company reserves the right to further restrict the settlement of the RSUs or to amend or cancel the RSUs at any time to comply with the applicable exchange control laws in Venezuela. However, ultimately, the Employee is responsible for complying with exchange control laws in Venezuela and neither the Company, the Employer nor any other Subsidiary or Affiliate will be liable for any fines or penalties resulting from the Employee's failure to comply with Applicable Laws. Because exchange control laws and regulations change frequently and without notice, the Employee should consult with his or her personal legal advisor before accepting the RSUs to ensure compliance with current regulations.

## **VIETNAM**

### Payout of RSUs in Cash Only

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

**Second Amendment To  
The HP Inc. Severance and  
Long-Term Incentive Change in Control Plan  
for Executive Officers  
As amended and restated effective November 1, 2015**

The HP Inc. Severance and Long-Term Incentive Change in Control Plan for Executive Officers (the "Plan"), as amended and restated effective November 1, 2015, is hereby amended, effective for employee notifications occurring on or after December 7, 2016, to add the following to Appendix A for Performance-Adjusted Restricted Stock Units ("PARSUs") generally granted on or after December 7, 2016.

**Performance-Adjusted RSUs (PARSUs) With 2-Part Service Vesting  
(Generally granted on or after December 7, 2016)**

*Assumptions regarding Award design:*

The vesting terms of the PARSU *Award* are as follows:

A portion of Segment 1 of the PARSUs will vest when performance for that segment is certified at the end of the 2-year period, with continued service. The portion becoming vested will depend on performance against Year 1 EPS and 2-year TSR targets, and will range from 0% to 200% of the target number of Segment 1 PARSUs.

A portion of Segment 2 of the PARSUs will vest when performance for that segment is certified at the end of the 3-year period, with continued service. The portion becoming vested will depend on performance against Years 2 and 3 EPS and 3-year TSR targets, and will range from 0% to 200% of the target number of Segment 2 PARSUs.

Upon the Executive Officer's Qualifying Termination prior to the PARSUs becoming 100% vested, the Executive Officer is entitled to "pro rata vesting" of the PARSU *Award*. In this case, the service period and the performance period for each Segment are the same, as illustrated below:

<b>Applicable Segment</b>	<b>Performance Period</b>	<b>Service Period</b>
Segment 1	Year 1 EPS; 2-year TSR	2 years
Segment 2	Years 2 and 3 EPS and 3-year TSR	3 years

The rules of proration are as follows:

- For each Segment, if the Executive Officer's termination of employment occurs prior to the end of the applicable performance period, the PARSU will vest pro rata at the end of the relevant segment, based on the number of full months elapsed from the beginning of the relevant performance period to the date of the Qualifying Termination, divided by the number of months in the relevant performance period.

These rules can be illustrated as follows:

<b>Pro-ration of PARSUs With 2-Segment Performance/Service Periods</b>	
<b>Performance-Adjusted RSUs</b>	
<b>Termination of Employment</b>	<b>Number of PARSUs Vested</b>
6 months after the beginning of the performance period	Segment 1: 50% (6/12) of the Year 1 EPS shares and 25% (6/24) of the Segment 1 TSR shares that would have been earned become vested at the end of the 2-year performance period. Segment 2: 0% (0/12) of the Year 2 EPS shares, 0% (0/12) of the Year 3 EPS shares and 16.66% (6/36) of the Segment 2 TSR shares that would have been earned become vested at the end of the 3-year performance period.
12 months after the beginning of the performance period	Segment 1: 100% (12/12) of the Year 1 EPS shares and 50% (12/24) of the Segment 1 TSR shares that would have been earned

	become vested at the end of the 2-year performance period. Segment 2: 0% (0/12) of the Year 2 EPS shares, 0% (0/12) of the Year 3 EPS shares and 33.33% (12/36) of the Segment 2 TSR shares that would have been earned become vested at the end of the 3-year performance period.
24 months after the beginning of the performance period	Segment 1: 100% (12/12) of the Year 1 EPS shares and the Segment 1 TSR shares that would have been earned become vested at the end of the 2-year performance period. Segment 2: 100% of the Year 2 EPS shares that have been earned become vested at the end of the 3-year performance period, 0% (0/12) of the Year 3 EPS shares and 66.67% (24/36) of the Segment 2 TSR shares that would have been earned become vested at the end of the 3-year performance period.
30 months after the beginning of the performance period	Segment 1: Zero (0) additional Year 1 EPS and Segment 1 TSR shares become vested because they became vested automatically at the end of the 2-year performance period. Segment 2: 100% (12/12) of the Year 2 EPS shares that have been earned become vested at the end of the 3-year performance period, 50% (6/12) of the Year 3 EPS shares and 83.33% (30/36) of the Segment 2 TSR shares that would have been earned become vested at the end of the 3-year performance period.

This Second Amendment is executed this \_\_\_\_ day of November, 2016, to be effective as of the date indicated above.

**HP INC.**

By: /s/ Tracy S. Keogh

Tracy S. Keogh  
Chief Human Resources Officer

**2017 AMENDMENT TO THE  
HEWLETT-PACKARD COMPANY CASH ACCOUNT RESTORATION PLAN  
Amended and restated as of January 1, 2005**

The Hewlett-Packard Company Cash Account Restoration Plan, as amended and restated effective January 1, 2005, is hereby amended, to change the name of the Plan and reflect the name change and address change of the Plan sponsor as follows:

1. Section 1.2 shall be amended to add the following to the end thereof, to read as follows:

“Effective on or about November 1, 2015, the Company’s name was changed to HP Inc. In connection with the corporate name change, effective November 1, 2015, the name of the Plan was changed to the HP Inc. Cash Account Pension Restoration Plan.”

2. The last sentence of Section 5.2(B) shall be amended in its entirety to read as follows:

“All inquiries concerning benefits under the Plan shall be submitted to the Company and shall be addressed as follows: “HP Inc., Plan Administrator under the HP Inc. Cash Account Pension Restoration Plan, 1501 Page Mill Road, Palo Alto, CA 94304.”

3. The first sentence of Section 5.6 shall be amended in its entirety to read as follows:

“A request for review must be made in writing and shall be addressed as follows: “Plan Administrator under the HP Inc. Cash Account Pension Restoration Plan, 1501 Page Mill Road, Palo Alto, CA 94304.”

4. Section 9.4 shall be amended in its entirety to read as follows:

“9.4 Company. HP Inc., a Delaware corporation, and any successor thereto.”

5. Section 9.16 shall be amended in its entirety to read as follows:

“9.16 Plan. This HP Inc. Cash Account Pension Restoration Plan, as set forth in this document, and as amended from time to time hereafter.”

6. Section 9.19 shall be amended in its entirety to read as follows:

“9.19 Qualified Plan. The HP Inc. Cash Account Pension Plan, as amended from time to time.”

This 2017 Amendment to the Hewlett-Packard Company Cash Account Restoration Plan is hereby adopted this \_\_\_\_ day of January, 2017.

**HP INC.**

By /s/ Tracy Keogh  
Tracy Keogh  
Chief Human Resources Officer

**SECOND AMENDMENT TO THE  
HEWLETT-PACKARD COMPANY EXCESS BENEFIT RETIREMENT PLAN**

The Hewlett-Packard Company Excess Benefit Retirement Plan, as amended and restated effective January 1, 2006, is hereby amended to change the name of the Plan and reflect the name change of the Plan sponsor as follows:

1. The second sentence of Section 1 of the Plan shall be amended in its entirety to read as follows:

The purpose of the Plan is to provide supplemental retirement benefits to certain employees that are not able to be provided under the HP Inc. Deferred Profit Sharing Plan (“DPSP”) and/or the HP Inc. Retirement Plan (“RP”) due to the limits imposed by Section 415 and Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the “Code”).

2. Section 1 of the Plan shall be amended to add the following paragraph to the end thereof, to read as follows:

Effective on or about November 1, 2015, the Company’s name was changed to HP Inc. In connection with the corporate name change, effective November 1, 2015, the name of the Plan was changed to the HP Inc. Excess Benefit Retirement Plan.

3. Section 2(d) of the Plan shall be amended in its entirety to read as follows:

(d) “EDCP” means the HP Inc. 2005 Executive Deferred Compensation Plan.

4. Section 2(e) of the Plan shall be amended in its entirety to read as follows:

(e) “HP” means HP Inc. or any successor corporation or other entity.

5. Section 2(h) of the Plan shall be amended in its entirety to read as follows:

(h) “Plan” means the HP Inc. Excess Benefit Retirement Plan, as it may be amended from time to time.

This Second Amendment to the Hewlett-Packard Company Excess Benefit Plan is hereby adopted this \_\_\_\_ day of January, 2017.

**HP INC.**

By /s/ Tracy Keogh  
Tracy Keogh  
Chief Human Resources Officer

**SECOND AMENDED AND RESTATED  
HP INC. 2004 STOCK INCENTIVE PLAN  
(as amended effective February 28, 2013)**

**1. Purposes of the Plan.**

The purpose of this Plan is to encourage ownership in the Company by key personnel whose long-term employment is considered essential to the Company's continued progress and, thereby, encourage recipients to act in the shareholders' interest and share in the Company's success and to provide an opportunity for cash awards to incentivize or reward employees.

**2. Definitions.**

As used herein, the following definitions shall apply:

- (a) **“Administrator”** means the Board, any Committees or such delegates as shall be administering the Plan in accordance with Section 4 of the Plan.
- (b) **“Affiliate”** means any entity that is directly or indirectly controlled by the Company or any entity in which the Company has a significant ownership interest as determined by the Administrator provided that the entity is one with respect to which Common Stock will qualify as “service recipient stock” under Code Section 409A.
- (c) **“Annual Equity Retainer”** shall mean the amount which a Non-Employee Director will be entitled to receive in the form of equity for serving as a director in a relevant Director Plan Year, but shall not include reimbursement for expenses, fees associated with service on any committee of the Board, any cash compensation (whether or not payable in Shares at the election of the Non-Employee Director), or fees with respect to any other services to be provided to HP or the Board, including but not limited to Board leadership services.
- (d) **“Applicable Laws”** means the requirements relating to the administration of stock option plans under U.S. federal and state laws, any stock exchange or quotation system on which the Company has listed or submitted for quotation the Common Stock to the extent provided under the terms of the Company's agreement with such exchange or quotation system and, with respect to Awards subject to the laws of any foreign jurisdiction where Awards are, or will be, granted under the Plan, the laws of such jurisdiction.
- (e) **“Award”** means a Cash Award, Stock Award, Stock Appreciation Right, or Option granted in accordance with the terms of the Plan.
- (f) **“Awardee”** means an individual who has been granted an Award under the Plan.
- (g) **“Award Agreement”** means a Cash Award Agreement, Stock Award Agreement, SAR Agreement and/or Option Agreement, which may be in written or electronic format, in such form and with such terms as may be specified by the Administrator, evidencing the terms and conditions of an individual Award. Each Award Agreement is subject to the terms and conditions of the Plan. An Award Agreement may be in the form of either (i) an agreement to be either executed by both the Awardee and the Company or offered and accepted electronically as the Administrator shall determine or (ii) certificates, notices or similar instruments as approved by the Administrator.
- (h) **“Board”** means the Board of Directors of the Company.
- (i) **“Cash Award”** means a bonus opportunity awarded under Section 12 pursuant to which a Participant may become entitled to receive an amount based on the satisfaction of such performance criteria as are specified in the agreement or other documents evidencing the Award (the **“Cash Award Agreement”**).
- (j) **“Change in Control”** means any of the following, unless the Administrator provides otherwise:
  - i. any merger or consolidation (other than a merger or consolidation in which 50% of the voting power of the voting securities of the surviving entity is controlled by the shareholders of the Company immediately prior to the transaction) in which the Company shall not be the surviving entity (or survives only as a subsidiary of another entity whose shareholders did not own all or substantially all of the Common Stock in substantially the same proportions as immediately prior to such transaction),
  - ii. the sale of all or substantially all of the Company's assets to any other person or entity (other than a wholly-owned subsidiary),
  - iii. the acquisition of beneficial ownership of a controlling interest (including, without limitation, power to vote) the outstanding shares of Common Stock by any person or entity (including a “group” as defined by or under Section 13(d)(3) of the Exchange Act),
  - iv. the dissolution or liquidation of the Company, or
  - v. a contested election of Directors, as a result of which or in connection with which the persons who were Directors before such election or their nominees cease to constitute a majority of the Board.
- (k) **“Code”** means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.
- (l) **“Committee”** means a committee of Directors appointed by the Board in accordance with Section 4 of the Plan. The HR and Compensation Committee of the Board shall be deemed a “Committee” for purposes of the Plan.

- (m) **“Common Stock”** means the common stock of the Company.
- (n) **“Company”** or **“HP”** means HP Inc., a Delaware corporation, or its successor.
- (o) **“Conversion Award”** has the meaning set forth in Section 4(b)(xi) of the Plan.
- (p) **“Director”** means a member of the Board who is not a Non-Employee Director.
- (q) **“Director Option”** shall mean any option granted under Section 13 of the Plan.
- (r) **“Director Plan Year”** shall mean the year beginning the day after HP’s annual meeting and ending on the day of HP’s next annual meeting, as the case may be, for any relevant year.
- (s) **“Employee”** means a regular, active employee of the Company or any Affiliate, including an Officer and/or Director. The Administrator shall determine whether or not the chairman of the Board qualifies as an “Employee.” Within the limitations of Applicable Law, the Administrator shall have the discretion to determine the effect upon an Award and upon an individual's status as an Employee in the case of (i) any individual who is classified by the Company or its Affiliate as leased from or otherwise employed by a third party or as intermittent or temporary, even if any such classification is changed retroactively as a result of an audit, litigation or otherwise, (ii) any leave of absence approved by the Company or an Affiliate, (iii) any transfer between locations of employment with the Company or an Affiliate or between the Company and any Affiliate or between any Affiliates, (iv) any change in the Awardee's status from an employee to a consultant or Director, and (v) at the request of the Company or an Affiliate an employee becomes employed by any partnership, joint venture or corporation not meeting the requirements of an Affiliate in which the Company or an Affiliate is a party.
- (t) **“Exchange Act”** means the United States Securities Exchange Act of 1934, as amended.
- (u) **“Fair Market Value”** means, unless the Administrator determines otherwise, as of any date, the closing sales price for such Common Stock on the New York Stock Exchange (the “NYSE”) as of such date (or if no sales were reported on such date, the closing sales price on the last preceding day on which a sale was made), as reported in such source as the Administrator shall determine.
- (v) **“Full-Value Award”** means any Award under the Plan other than a Cash Award, an Option or a Stock Appreciation Right. For avoidance of doubt, Stock Awards settled in cash are not Full-Value Awards.
- (w) **“Grant Date”** means the date upon which an Award is granted to an Awardee pursuant to this Plan or such later date as specified in advance by the Administrator.
- (x) **“Incentive Stock Option”** means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.
- (y) **“Non-Employee Director”** shall mean each member of the Board who is not an employee of HP or any of its Subsidiaries or Affiliates and who is eligible only for Awards granted pursuant to Section 13 of the Plan.
- (z) **“Nonstatutory Stock Option”** means an Option not intended to qualify as an Incentive Stock Option.
- (aa) **“Officer”** means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.
- (bb) **“Option”** means a right granted under Section 8 to purchase a number of Shares or Stock Units at such exercise price, at such times, and on such other terms and conditions as are specified in the agreement or other documents evidencing the Award (the **“Option Agreement”**). Both Options intended to qualify as Incentive Stock Options and Nonstatutory Stock Options may be granted under the Plan.
- (cc) **“Participant”** means an individual who has been granted an Award or any person (including any estate) to whom an Award has been assigned or transferred as permitted hereunder.
- (dd) **“Plan”** means this Second Amended and Restated HP Inc. 2004 Stock Incentive Plan.
- (ee) **“Qualifying Performance Criteria”** shall have the meaning set forth in Section 13(b) of the Plan.
- (ff) **“Share”** means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.
- (gg) **“Stock Appreciation Right” or “SAR”** means a right granted under Section 8 which entitles the recipient to receive an amount equal to the excess of the Fair Market Value of a Share on the date of exercise of the Stock Appreciation Right over the exercise price thereof on such terms and conditions as are specified in the agreement or other documents evidencing the Award (the **“SAR Agreement”**). The Administrator shall determine whether a Stock Appreciation Right shall be settled in cash, Shares or a combination of cash and Shares. Stock Appreciation Rights may be granted in tandem with another Award or freestanding and unrelated to another Award.
- (hh) **“Stock Award”** means an award or issuance of Shares or Stock Units made under Section 11 of the Plan, the grant, issuance, retention, vesting and/or transferability of which is subject during specified periods of time to such conditions (including continued employment or performance conditions) and terms as are expressed in the agreement or other documents evidencing the Award (the **“Stock Award Agreement”**).
- (ii) **“Stock Unit”** means a bookkeeping entry representing an amount equivalent to the value of one Share, payable in cash, property or Shares. Stock Units represent an unfunded and unsecured obligation of the Company, except as otherwise provided for by the Administrator.
- (jj) **“Subsidiary”** means any company (other than the Company) in an unbroken chain of companies beginning with the Company, provided each company in the unbroken chain (other than the Company) owns, at the time of determination, stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other companies in such chain.
- (kk) **“Termination of Employment”** shall mean ceasing to be an Employee. However, for Incentive Stock Option purposes,

Termination of Employment will occur when the Awardee ceases to be an employee (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder) of the Company or one of its Subsidiaries. The Administrator shall determine whether any corporate transaction, such as a sale or spin-off of a division or business unit, or a joint venture, shall be deemed to result in a Termination of Employment.

(ll) **“Total and Permanent Disability”** shall have the meaning set forth in Section 22(e)(3) of the Code.

### 3. Stock Subject to the Plan.

(a) *Aggregate Limits.* Subject to the provisions of Section 15 of the Plan, the aggregate number of Shares subject to Awards granted under the Plan is 417,500,000 Shares, of which 172,500,000 Shares were added in 2013. The Shares subject to the Plan may be either Shares reacquired by the Company, including Shares purchased in the open market, or authorized but unissued Shares. Shares issued in respect of any Full-Value Award granted under the Plan after March 20, 2013 shall be counted against the share limit set forth in the foregoing sentence as 2.32 for every one Share actually issued in connection with such Award. (For example, if 100 Shares are issued with respect to a Stock Unit, 232 shares will be counted against the share limit in connection with that Award.) Shares issued in respect of any other Award (not a Full-Value Award) shall be counted against the share limit as one Share.

(b) *Issuance of Shares.* For purposes of Section 3(a), the aggregate number of Shares issued under the Plan at any time shall equal only the number of Shares actually issued upon exercise or settlement of an Award. If any Shares subject to an Award granted under the Plan are forfeited or such Award is settled in cash or otherwise terminates without the delivery of such Shares, the Shares subject to such Award, to the extent of any such forfeiture, settlement or termination, shall again be available for grant under the Plan. Notwithstanding the foregoing, Shares subject to an Award under the Plan may not again be made available for issuance under the Plan if such Shares are: (i) Shares delivered to or withheld by the Company to pay the exercise price of an Option, (ii) Shares delivered to or withheld by the Company to pay the withholding taxes related to an Award, or (iii) Shares repurchased by the Company on the open market with the proceeds of an Award paid to the Company by or on behalf of the Participant. For the avoidance of doubt, when SARs are exercised and settled in Shares the full number of Shares exercised will no longer be available for issuance under the Plan.

(c) *Share Limits.* Subject to the provisions of Section 15 of the Plan, the aggregate number of Shares subject to Awards granted under this Plan during any calendar year to any one Awardee shall not exceed 4,000,000, except that in connection with his or her initial service, an Awardee may be granted Awards covering up to an additional 4,000,000 Shares. Subject to the provisions of Section 15 of the Plan, the aggregate number of Shares that may be subject to all Incentive Stock Options granted under the Plan is 417,500,000 Shares. Notwithstanding anything to the contrary in the Plan, the limitations set forth in this Section 3(c) shall be subject to adjustment under Section 15(a) of the Plan only to the extent that such adjustment will not affect the status of any Award intended to qualify as “performance based compensation” under Code Section 162(m) or the ability to grant or the qualification of Incentive Stock Options under the Plan.

### 4. Administration Of The Plan.

(a) *Procedure.*

i. *Multiple Administrative Bodies.* The Plan shall be administered by the Board, one or more Committees and/or their delegates.

ii. *Section 162.* To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as “performance-based compensation” within the meaning of Section 162(m) of the Code, Awards to “covered employees” within the meaning of Section 162(m) of the Code or Employees that the Committee determines may be “covered employees” in the future shall be made by a Committee of two or more “outside directors” within the meaning of Section 162(m) of the Code.

iii. *Rule 16b-3.* To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3 promulgated under the Exchange Act (“Rule 16b-3”), Awards to Officers and Directors shall be made by the entire Board or a Committee of two or more “non-employee directors” within the meaning of Rule 16b-3.

iv. *Other Administration.* Subject to applicable law, the Board or a Committee may delegate to an authorized officer or officers of the Company the power to approve Awards to persons eligible to receive Awards under the Plan who are not (A) subject to Section 16 of the Exchange Act or (B) at the time of such approval, “covered employees” under Section 162(m) of the Code.

v. *Delegation of Authority for the Day-to-Day Administration of the Plan.* Except to the extent prohibited by Applicable Law, the Administrator may delegate to one or more individuals the day-to-day administration of the Plan and any of the functions assigned to it in this Plan. Such delegation may be revoked at any time.

(b) *Powers of the Administrator.* Subject to the provisions of the Plan and, in the case of a Committee or delegates acting as the Administrator, subject to the specific duties delegated to such Committee or delegates, the Administrator shall have the authority, in its discretion:

i. to select the Awardees to whom Awards are to be granted hereunder;

ii. to determine the number of shares of Common Stock to be covered by each Award granted hereunder;

iii. to determine the type of Award to be granted to the selected Awardees;

iv. to approve forms of Award Agreements for use under the Plan;

v. to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise and/or purchase price, the time or times when an Award may be exercised or settled (which may or may not be based on performance criteria), the vesting schedule, any vesting and/or exercisability acceleration or waiver of forfeiture restrictions, the acceptable forms of consideration, the term, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine and may be established at the time an Award is granted or thereafter;

- vi. to suspend the right to exercise Awards during any blackout period that is necessary or desirable to comply with the requirements of Applicable Laws and/or to extend the Award exercise period for an equal period of time in a manner consistent with Applicable Law;
- vii. to correct defects and supply omissions in the Plan and any Award Agreement and to correct administrative errors;
- viii. to construe and interpret the terms of the Plan (including sub-plans and Plan addenda) and Awards granted pursuant to the Plan;
- ix. to adopt rules and procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Administrator is specifically authorized (A) to adopt the rules and procedures regarding the conversion of local currency, withholding procedures and handling of stock certificates which vary with local requirements and (B) to adopt sub-plans and Plan addenda as the Administrator deems desirable, to accommodate foreign laws, regulations and practice;
- x. to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans and Plan addenda;
- xi. to modify or amend each Award, including, but not limited to, the acceleration of vesting and/or exercisability, provided, however, that any such amendment is subject to Section 15 of the Plan and may not materially impair any outstanding Award unless agreed to in writing by the Participant;
- xii. to allow Participants to satisfy withholding tax amounts by electing to have the Company withhold from the Shares to be issued upon exercise of an Option or SAR, or vesting or settlement of a Stock Award that number of Shares having a value not in excess of the amount required to be withheld. The value of the Shares to be withheld shall be determined in such manner and on such date that the Administrator shall determine or, in the absence of provision otherwise, on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may provide;
- xiii. to authorize conversion or substitution under the Plan of any or all stock options, stock appreciation rights or other stock awards held by service providers of an entity acquired by the Company (the "Conversion Awards"). Any conversion or substitution shall be effective as of the close of the merger or acquisition. The Conversion Awards may be Nonstatutory Stock Options or Incentive Stock Options, as determined by the Administrator, with respect to options granted by the acquired entity; provided, however, that with respect to the conversion of stock appreciation rights in the acquired entity, the Conversion Awards shall be Nonstatutory Stock Options, unless otherwise determined by the Administrator. Unless otherwise determined by the Administrator at the time of conversion or substitution, all Conversion Awards shall have the same terms and conditions as Awards generally granted by the Company under the Plan;
- xiv. to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;
- xv. to impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resale by a Participant or other subsequent transfers by the Participant of any Shares issued as a result of or under an Award, including without limitation, (A) restrictions under an insider trading policy and (B) restrictions as to the use of a specified brokerage firm for such resales or other transfers;
- xvi. to provide, either at the time an Award is granted or by subsequent action, that an Award shall contain as a term thereof, a right, either in tandem with the other rights under the Award or as an alternative thereto, of the Participant to receive, without payment to the Company, a number of Shares, cash or a combination thereof, the amount of which is determined by reference to the value of the Award; and
- xvii. to make all other determinations deemed necessary or advisable for administering the Plan and any Award granted hereunder.

(c) *Effect of Administrator's Decision.* All decisions, determinations and interpretations by the Administrator regarding the Plan, any rules and regulations under the Plan and the terms and conditions of any Award granted hereunder, shall be final and binding on all Participants or other persons claiming rights under the Plan or any Award. The Administrator shall consider such factors as it deems relevant, in its sole and absolute discretion, to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any officer or other employee of the Company and such attorneys, consultants and accountants as it may select.

## **5. Eligibility.**

Awards may be granted to Directors and/or Employees; provided that Non-Employee Directors are eligible only for awards granted under Section 13 of the Plan.

## **6. Term of Plan.**

The Plan shall become effective upon its approval by shareholders of the Company. It shall continue in effect for a term of ten (10) years from the later of the date the Plan or any amendment to add shares to the Plan is approved by shareholders of the Company unless terminated earlier under Section 15 of the Plan.

## **7. Term of Award.**

The term of each Award shall be determined by the Administrator and stated in the Award Agreement. In the case of an Option or SAR, the term shall be ten (10) years from the Grant Date or such shorter term as may be provided in the Award Agreement; provided that the term may be ten and one-half (10 1/2) years in the case of Options granted to Awardees in certain jurisdictions outside the United States as determined by the Administrator.

## **8. Options and Stock Appreciation Rights.**

The Administrator may grant an Option or SAR, or provide for the grant of an Option or SAR, either from time to time in the discretion of the Administrator or

automatically upon the occurrence of specified events, including, without limitation, the achievement of performance goals, the satisfaction of an event or condition whether or not within the control of the Awardee.

(a) *Option or SAR Agreement.* Each Option or SAR Agreement shall contain provisions regarding (i) the number of Shares that may be issued upon exercise of the Option or SAR, (ii) the type of Option, (iii) the exercise price of the Shares and the means of payment for the Shares, (iv) the term of the Option or SAR, (v) such terms and conditions on the vesting and/or exercisability of an Option or SAR as may be determined from time to time by the Administrator, (vi) restrictions on the transfer of the Option or SAR and forfeiture provisions and (vii) such further terms and conditions, in each case not inconsistent with this Plan as may be determined from time to time by the Administrator.

(b) *Exercise Price.* The per share exercise price for the Shares to be issued pursuant to exercise of an Option or SAR shall be determined by the Administrator, subject to the following:

i. The per Share exercise price of an Option or SAR shall be no less than 100% of the Fair Market Value per Share on the Grant Date.

ii. Notwithstanding the foregoing, at the Administrator's discretion, Conversion Awards may be granted in substitution and/or conversion of options or stock appreciation rights of an acquired entity, with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of such substitution and/or conversion if such exercise price is based on a formula set forth in the terms of such options/stock appreciation rights or in the terms of the agreement providing for such acquisition.

(c) *No Option or SAR Repricings.* Other than in connection with a change in the Company's capitalization (as described in Section 15(a) of the Plan), the exercise price of an Option or SAR may not be reduced without shareholder approval (including canceling previously awarded Options or SARs in exchange for cash, other Awards, Options or SARs with an exercise price that is less than the exercise price of the original Option or SAR).

(d) *Vesting Period and Exercise Dates.* Options or SARs granted under this Plan shall vest and/or be exercisable at such time and in such installments during the period prior to the expiration of the Option's or SAR's term as determined by the Administrator. The Administrator shall have the right to make the timing of the ability to exercise any Option or SAR granted under this Plan subject to continued employment, the passage of time and/or such performance requirements as deemed appropriate by the Administrator. At any time after the grant of an Option or SAR, the Administrator may reduce or eliminate any restrictions surrounding any Participant's right to exercise all or part of the Option or SAR.

(e) *Form of Consideration for Exercising an Option.* The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment, either through the terms of the Option Agreement or at the time of exercise of an Option. Acceptable forms of consideration may include:

- i. cash;
- ii. check or wire transfer (denominated in U.S. Dollars);
- iii. subject to any conditions or limitations established by the Administrator, other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;
- iv. subject to any conditions or limitations established by the Administrator, withholding of Shares deliverable upon exercise, which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;
- v. consideration received by the Company under a broker-assisted sale and remittance program acceptable to the Administrator;
- vi. such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or
- vii. any combination of the foregoing methods of payment.

## 9. Incentive Stock Option Limitations/Terms.

(a) *Eligibility.* Only employees (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder) of the Company or any of its Subsidiaries may be granted Incentive Stock Options.

(b) *\$100,000 Limitation.* Notwithstanding the designation "Incentive Stock Option" in an Option Agreement, if and to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Awardee during any calendar year (under all plans of the Company and any of its Subsidiaries) exceeds U.S. \$100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 9(b), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the Grant Date.

(c) *Effect of Termination of Employment on Incentive Stock Options.* Generally, Unless otherwise provided for by the Administrator, upon an Awardee's Termination of Employment, any outstanding Incentive Stock Option granted to such Awardee, whether vested or unvested, to the extent not theretofore exercised, shall terminate immediately upon the Awardee's Termination of Employment.

(d) *Leave of Absence.* For purposes of Incentive Stock Options, no leave of absence may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company or a Subsidiary is not so guaranteed, an Awardee's employment with the Company shall be deemed terminated on the ninety-first (91<sup>st</sup>) day of such leave for Incentive Stock Option purposes and any Incentive Stock Option granted to the Awardee shall cease to be treated as an Incentive Stock Option and shall terminate upon the expiration of the three month period following the date the employment relationship is deemed terminated.

(e) *Transferability.* The Option Agreement must provide that an Incentive Stock Option cannot be transferable by the Awardee otherwise than by will or the laws of descent and distribution, and, during the lifetime of such Awardee, must not be exercisable by any other person. If the terms of an Incentive Stock Option are amended to permit transferability, the Option will be treated for tax purposes as a Nonstatutory Stock Option.

(f) *Other Terms.* Option Agreements evidencing Incentive Stock Options shall contain such other terms and conditions as may be necessary to qualify, to the extent determined desirable by the Administrator, with the applicable provisions of Section 422 of the Code.

## 10. Exercise of Option or SAR.

(a) *Procedure for Exercise; Rights as a Shareholder.*

i. Any Option or SAR granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the respective Award Agreement. Unless the Administrator provides otherwise: (A) no Option or SAR may be exercised during any leave of absence other than an approved personal or medical leave with an employment guarantee upon return, (B) an Option or SAR shall continue to vest during any authorized leave of absence and such Option or SAR may be exercised to the extent vested and exercisable upon the Awardee's return to active employment status.

ii. An Option or SAR shall be deemed exercised when the Company receives (A) written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Option or SAR; (B) full payment for the Shares with respect to which the related Option is exercised; and (C) with respect to Nonstatutory Stock Options or SARs, satisfaction of all applicable withholding taxes.

iii. Shares issued upon exercise of an Option or SAR shall be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Unless provided otherwise by the Administrator or pursuant to this Plan, until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares subject to an Option or SAR, notwithstanding the exercise of the Option or SAR.

iv. The Company shall issue (or cause to be issued) such Shares as soon as administratively practicable after the Option or SAR is exercised. An Option or SAR may not be exercised for a fraction of a Share.

(b) *Effect of Termination of Employment on Nonstatutory Stock Options or SARs.* Unless otherwise provided for by the Administrator prior to the Awardee's Termination of Employment, upon an Awardee's Termination of Employment, any outstanding Nonstatutory Stock Option or SAR granted to such Awardee, whether vested or unvested, to the extent not theretofore exercised, shall terminate immediately upon the Awardee's Termination of Employment.

## 11. Stock Awards.

(a) *Stock Award Agreement.* Each Stock Award Agreement shall contain provisions regarding (i) the number of Shares subject to such Stock Award or a formula for determining such number, (ii) the purchase price of the Shares, if any, and the means of payment for the Shares, (iii) the performance criteria, if any, and level of achievement versus these criteria that shall determine the number of Shares granted, issued, retainable and/or vested, (iv) such terms and conditions on the grant, issuance, vesting and/or forfeiture of the Shares as may be determined from time to time by the Administrator, (v) restrictions on the transferability of the Stock Award and (vi) such further terms and conditions in each case not inconsistent with this Plan as may be determined from time to time by the Administrator.

(b) *Restrictions and Performance Criteria.* The grant, issuance, retention and/or vesting of each Stock Award may be subject to such performance criteria and level of achievement versus these criteria as the Administrator shall determine, which criteria may be based on financial performance, personal performance evaluations and/or completion of service by the Awardee. Notwithstanding anything to the contrary herein, the performance criteria for any Stock Award that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code shall be established by the Administrator based on one or more Qualifying Performance Criteria selected by the Administrator and specified in writing not later than the earlier of ninety (90) days after the commencement, or within the first 25%, of the period of service to which the performance goals relates, provided that the outcome is substantially uncertain at that time.

(c) *Forfeiture.* Unless otherwise provided for by the Administrator prior to the Awardee's Termination of Employment, upon the Awardee's Termination of Employment, the Stock Award and the Shares subject thereto shall be forfeited, provided that to the extent that the Awardee purchased any Shares, the Company shall have a right to repurchase the unvested Shares at the original price paid by the Awardee.

(d) *Rights as a Shareholder.* Unless otherwise provided by the Administrator, the Participant shall have the rights equivalent to those of a shareholder and shall be a shareholder only after Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) to the Participant. Unless otherwise provided by the Administrator, a Participant holding Stock Units shall be entitled to receive dividend or dividend equivalent rights payable in cash or Shares subject to the same vesting conditions as the underlying Stock Units.

## 12. Cash Awards.

Each Cash Award will confer upon the Awardee the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a performance period of not less than one (1) year.

(a) *Cash Award.* Each Cash Award shall contain provisions regarding (i) the target and maximum amount payable to the Awardee as a Cash Award, (ii) the performance criteria and level of achievement versus these criteria which shall determine the amount of such payment, (iii) the period as to which performance shall be measured for establishing the amount of any payment, (iv) the timing of any payment earned by virtue of performance, (v) restrictions on the alienation or transfer of the Cash Award prior to actual payment, (vi) forfeiture provisions, and (vii) such further terms and conditions, in each case not inconsistent with the Plan, as may be determined from time to time by the Administrator. The maximum amount payable as a Cash Award that is settled for cash may be a multiple of the target amount payable, but the maximum amount payable in any fiscal year pursuant to that portion of a Cash Award granted under this Plan to any Awardee that is intended to satisfy the requirements for "performance based compensation" under Section 162(m) of the Code shall not exceed U.S. \$15,000,000.

(b) *Performance Criteria.* The Administrator shall establish the performance criteria and level of achievement versus these criteria which shall determine the target and the minimum and maximum amount payable under a Cash Award, which criteria may be based on financial performance and /or personal performance evaluations. The Administrator may specify the percentage of the target Cash Award that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code. Notwithstanding anything to the contrary herein, the

performance criteria for any portion of an Cash Award that is intended to satisfy the requirements for “performance-based compensation” under Section 162(m) of the Code shall be a measure established by the Administrator based on one or more Qualifying Performance Criteria selected by the Administrator and specified in writing not later than the earlier of, 90 days after the commencement, or within the first 25%, of the period of service to which the performance goals relates, provided that the outcome is substantially uncertain at that time.

(c) *Timing and Form of Payment.* The Administrator shall determine the timing of payment of any Cash Award. The Administrator may provide for or, subject to such terms and conditions as the Administrator may specify, may permit an Awardee to elect (in a manner consistent with Section 409A of the Code) for the payment of any Cash Award to be deferred to a specified date or event. The Administrator may specify the form of payment of Cash Awards, which may be cash or other property, or may provide for an Awardee to have the option for his or her Cash Award, or such portion thereof as the Administrator may specify, to be paid in whole or in part in cash or other property.

(d) *Termination of Employment.* Unless otherwise provided for by the Administrator prior to the Awardee’s Termination of Employment, upon the Awardee’s Termination of Employment, any Cash Awards issued hereunder shall be forfeited,

### 13. Non-Employee Director Awards.

(a) *Eligibility.* Each member of the Board who is a Non-Employee Director and who is providing service to HP as a member of the Board at the beginning of the Director Plan Year shall be eligible to receive an Annual Equity Retainer (as defined in Section 2 above) under the Plan. The value of the Annual Equity Retainer granted to a Non-Employee Director for any Director Plan Year (which shall be converted into a number of shares subject to a Director RSU Award (as provided in Section 13(b)(ii)) or Director Option Award (as provided in Section 13(b)(iii)) shall not exceed \$550,000.

Any member of the Board who enters service after the beginning of the Director Plan Year (as defined in Section 2 above) may be eligible to receive a prorated Annual Equity Retainer under the Plan as the Board or the Committee determines in its discretion.

(b) *Terms and Conditions.*

(i) *Compensation Alternatives.* Within (i) 25 days after the beginning of the Director Plan Year, or (ii) if the Non-Employee Director elects to participate in the HP Inc. 2005 Executive Deferred Compensation Plan (the “EDCP”) then in the calendar year preceding the first day of the Director Plan Year, each Non-Employee Director may elect to receive his Annual Equity Retainer in the form of restricted stock units (a “Director RSU Award”) and or in the form of an option to purchase shares of Common Stock (a “Director Option Award”). If any Non-Employee Director fails to make such an election, then he shall be deemed to have elected a Director RSU Award for the value of his Annual Equity Retainer. Any such election, or any modification or termination of such an election, shall be filed with HP on a form prescribed by HP for this purpose. If a Non-Employee Director does not elect to participate in the EDCP and does not select his or her means of payment within the prescribed time, then such Non-Employee Director shall not be permitted to participate in the EDCP for the applicable Director Plan Year.

(ii) *Director RSU Award.*

A. *Date of Grant.* The Director RSU Award shall be granted automatically one month after the beginning of each Director Plan Year (or, if such date is not a business day, on the next succeeding business day) (the “Director Grant Date”).

B. *Number of Shares Subject to a Director RSU Award.* The total number of shares of Common Stock included in each Director RSU Award shall be determined by dividing the amount of the Annual Equity Retainer that is to be paid in RSUs by the Fair Market Value of a share of Common Stock on the Director Grant Date. It shall be rounded up to the largest number of whole shares.

C. *Vesting Period for Director RSU Award.* If the Committee does not expressly exercise its discretion to change the vesting of the Director RSU Award for a Director Plan Year, then the vesting of such Director RSU Award shall be the same as the last Director Plan Year in which the Committee exercised its discretion to set the vesting terms. Unless deferred under the EDCP, Shares subject to Director RSU Awards shall be delivered promptly upon satisfaction of the vesting conditions, but no later than March 15 of the calendar year following the calendar year in which the vesting conditions are satisfied.

(iii) *Director Option Award.* Subject to Section 13(b)(i) above, each Non-Employee Director may specify the amount of his Annual Equity Retainer to be received in the form of a Nonstatutory Stock Option. Each Director Option Award granted under this Plan shall comply with and be subject to the terms of the Plan and the following terms and conditions including such additional terms and conditions as may be determined by the Board or Committee:

A. *Date of Grant.* The Director Option Award shall be granted automatically on the Director Grant Date.

B. *Number of Shares Subject to Director Option Award.* The number of shares to be subject to any Director Option Award shall be an amount necessary to make such option equal in value, using a modified Black-Scholes option valuation model, to that portion of the Annual Equity Retainer that the Non-Employee Director elected to receive in the form of an option. The value of the option will be calculated by assuming that the value of an option to purchase one share of Common Stock equals the product of (i) a fraction determined by dividing 1 by the Multiplier, as defined below, and (ii) the Fair Market Value of a share of Common Stock on the Director Grant Date.

The number of shares represented by a Director Option Award shall be determined by multiplying the number of shares determined above by a multiplier determined using a modified Black-Scholes option valuation method (the “Multiplier”). The Board or the Committee shall determine the Multiplier prior to the beginning of the Director Plan Year by considering the following factors: (i) the Fair Market Value of the Common Stock on the date the Multiplier is determined; (ii) the average length of time that Company stock options are held by optionees prior to exercise; (iii) the risk-free rate of return based on the term determined in (ii) above and U.S. government securities rates; (iv) the annual dividend yield for the Common Stock; and (v) the volatility of the Common Stock over the previous ten-year period. The number of shares to be subject to the option shall be rounded up to the largest number of whole shares determined as follows:

$$\frac{\text{Amount of Annual Equity Retainer to be paid as options}}{\text{Fair Market Value on the Director Grant Date}} \times \text{Multiplier} = \text{Number of Shares}$$

C. *Price of Options* . The exercise price of the Director Option Award will be the Fair Market Value of the Common Stock on the Director Grant Date.

D. *Period of Director Option Award* . The Committee shall have the discretion to determine the exercisability of Shares subject to the Director Option Award. If the Committee does not expressly exercise its discretion to change the exercisability (including the vesting schedule and/or the term of an option) of the Director Option Award for a Director Plan Year, then the exercisability of such options shall be the same as the last Director Plan Year in which the Committee expressly exercised its discretion to determine the exercisability of Shares subject to the Director Option Award.

(iv) *Termination* . Any Non-Employee Director who terminates service prior to the end of the Director Plan Year may have his Annual Retainer prorated, including a forfeiture of options, restricted stock units or cash payment, if any, as the Board or the Committee determines in its discretion.

#### 14. Other Provisions Applicable to Awards.

(a) *Non-Transferability of Awards*. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by beneficiary designation, will or by the laws of descent or distribution. The Administrator may make an Award transferable to an Awardee's "family member" (as such term is defined in Section 1(a)(5) of the General Instructions to Form S-8 under the Securities Act of 1933, as amended), to trusts solely for the benefit of such family members and to partnerships in which such family members and/or trusts are the only partners. If the Administrator makes an Award transferable, either at the time of grant or thereafter, such Award shall contain such additional terms and conditions as the Administrator deems appropriate, and any transferee shall be deemed to be bound by such terms upon acceptance of such transfer.

(b) *Qualifying Performance Criteria*. For purposes of this Plan, the term "Qualifying Performance Criteria" shall mean any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit, Affiliate or business segment, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee in the Award: (i) cash flow (including operating cash flow or free cash flow) or cash conversion cycle; (ii) earnings (including gross margin, earnings before interest and taxes, earnings before taxes, and net earnings); (iii) earnings per share; (iv) growth in: earnings or earnings per share, cash flow, revenue, gross margin, operating expense or operating expense as a percentage of revenue; (v) stock price; (vi) return on equity or average shareholder equity; (vii) total shareholder return; (viii) return on capital; (ix) return on assets or net assets; (x) return on investment; (xi) revenue (on an absolute basis or adjusted for currency effects); (xii) net profit or net profit before annual bonus; (xiii) income or net income; (xiv) operating income or net operating income; (xv) operating profit, net operating profit or controllable operating profit; (xvi) operating margin or operating expense or operating expense as a percentage of revenue; (xvii) return on operating revenue; (xviii) market share or customer indicators; (xix) contract awards or backlog; (xx) overhead or other expense reduction; (xxi) growth in shareholder value relative to the moving average of the S&P 500 Index or a peer group index or another index; (xxii) credit rating; (xxiii) strategic plan development and implementation, attainment of research and development milestones or new product invention or innovation; (xxiv) succession plan development and implementation; (xxv) improvement in productivity or workforce diversity, (xxvi) attainment of objective operating goals and employee metrics; and (xxvii) economic value added. To the extent consistent with Section 162(m) of the Code, the Committee may appropriately adjust any evaluation of performance under a Qualifying Performance Criteria to exclude any of the following events that occurs during a performance period: (A) asset write-downs; (B) litigation or claim judgments or settlements; (C) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results; (D) accruals for reorganization and restructuring programs; and (E) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year.

(c) *Certification*. Prior to the payment of any compensation under an Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the Committee shall certify the extent to which any Qualifying Performance Criteria and any other material terms under such Award have been satisfied (other than in cases where such relate solely to the increase in the value of the Common Stock).

(d) *Discretionary Adjustments Pursuant to Section 162(m)*. Notwithstanding satisfaction or completion of any Qualifying Performance Criteria, to the extent specified at the time of grant of an Award to "covered employees" within the meaning of Section 162(m) of the Code, the number of Shares, Options, SARs or other benefits granted, issued, retainable and/or vested under an Award on account of satisfaction of such Qualifying Performance Criteria may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

#### 15. Adjustments upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) *Changes in Capitalization*. Subject to any required action by the shareholders of the Company, (i) the number and kind of Shares available for issuance under the Plan and/or covered by each outstanding Award, (ii) the price per Share subject to each such outstanding Award and (iii) the Share limitations set forth in Section 3 of the Plan, shall be proportionately adjusted for any increase or decrease in the number or kind of issued shares resulting from a stock split, reverse stock split, dividend or other distribution (whether in the form of cash, Shares, other securities or other property (other than regular, cash dividends)), combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Award.

(b) *Dissolution or Liquidation*. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide at any time for an Option to be fully vested and exercisable until ten (10) days prior to such transaction. In addition, the Administrator may provide that any restrictions on any Award shall lapse prior to the transaction, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed transaction.

(c) *Change in Control*. In the event there is a Change in Control of the Company, as determined by the Board or a Committee, the Board or Committee may, in its discretion, (i) provide for the assumption or substitution of, or adjustment to, each outstanding Award; (ii) accelerate the

vesting of Awards and terminate any restrictions on Awards; and (iii) provide for the cancellation of Awards for a cash payment to the Participant.

#### **16. Amendment and Termination of the Plan.**

(a) *Amendment and Termination.* The Administrator may amend, alter or discontinue the Plan or any Award Agreement, but any such amendment shall be subject to approval of the shareholders of the Company in the manner and to the extent required by Applicable Law. In addition, without limiting the foregoing, unless approved by the shareholders of the Company, no such amendment shall be made that would:

- i. increase the maximum number of Shares for which Awards may be granted under the Plan, other than an increase pursuant to Section 15 of the Plan;
- ii. reduce the minimum exercise price for Options or SARs granted under the Plan;
- iii. reduce the exercise price of outstanding Options or SARs; or
- iv. materially expand the class of persons eligible to receive Awards under the Plan.

(b) *Effect of Amendment or Termination.* No amendment, suspension or termination of the Plan shall impair the rights of any Award, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

(c) *Effect of the Plan on Other Arrangements.* Neither the adoption of the Plan by the Board or a Committee nor the submission of the Plan to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or any Committee to adopt such other incentive arrangements as it or they may deem desirable, including without limitation, the granting of awards otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

#### **17. Designation of Beneficiary.**

(a) An Awardee may file a written designation of a beneficiary who is to receive the Awardee's rights pursuant to Awardee's Award or the Awardee may include his or her Awards in an omnibus beneficiary designation for all benefits under the Plan pursuant to terms and conditions permitted by the Administrator. To the extent that Awardee has completed a designation of beneficiary while employed with HP Inc., such beneficiary designation shall remain in effect with respect to any Award hereunder until changed by the Awardee to the extent enforceable under Applicable Law.

(b) Such designation of beneficiary may be changed by the Awardee at any time by written notice. In the event of the death of an Awardee and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Awardee's death, the Company shall allow the executor or administrator of the estate of the Awardee to exercise the Award, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may allow the spouse or one or more dependents or relatives of the Awardee to exercise the Award to the extent permissible under Applicable Law.

#### **18. No Right to Awards or to Employment.**

No person shall have any claim or right to be granted an Award and the grant of any Award shall not be construed as giving an Awardee the right to continue in the employ of the Company or its Affiliates. Further, the Company and its Affiliates expressly reserve the right, at any time, to dismiss any Employee or Awardee at any time without liability or any claim under the Plan, except as provided herein or in any Award Agreement entered into hereunder.

#### **19. Legal Compliance.**

Shares shall not be issued pursuant to the exercise of an Option, Stock Appreciation Right or Stock Award unless the exercise of such Option, Stock Appreciation Right or Stock Award and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

#### **20. Inability to Obtain Authority.**

To the extent the Company is unable to or the Administrator deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, the Company shall be relieved of any liability with respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

#### **21. Reservation of Shares.**

The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

#### **22. Notice.**

Any written notice to the Company required by any provisions of this Plan shall be addressed to the Secretary of the Company and shall be effective when received.

#### **23. Governing Law; Interpretation of Plan and Awards.**

(a) This Plan and all determinations made and actions taken pursuant hereto shall be governed by the substantive laws, but not the choice of law rules, of the state of Delaware.

(b) In the event that any provision of the Plan or any Award granted under the Plan is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of the terms of the Plan and/or Award shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

(c) The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of the Plan, nor shall they affect its meaning, construction or effect.

(d) The terms of the Plan and any Award shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

(e) All questions arising under the Plan or under any Award shall be decided by the Administrator in its total and absolute discretion. In the event the Participant believes that a decision by the Administrator with respect to such person was arbitrary or capricious, the Participant may request arbitration with respect to such decision. The review by the arbitrator shall be limited to determining whether the Administrator's decision was arbitrary or capricious. This arbitration shall be the sole and exclusive review permitted of the Administrator's decision, and the Awardee shall as a condition to the receipt of an Award be deemed to explicitly waive any right to judicial review.

(f) Notice of demand for arbitration shall be made in writing to the Administrator within thirty (30) days after the applicable decision by the Administrator. The arbitrator shall be selected by the Administrator. The arbitrator shall be an individual who is an attorney licensed to practice law in the State of Delaware. Such arbitrator shall be neutral within the meaning of the Commercial Rules of Dispute Resolution of the American Arbitration Association; provided, however, that the arbitration shall not be administered by the American Arbitration Association. Any challenge to the neutrality of the arbitrator shall be resolved by the arbitrator whose decision shall be final and conclusive. The arbitration shall be administered and conducted by the arbitrator pursuant to the Commercial Rules of Dispute Resolution of the American Arbitration Association. The decision of the arbitrator on the issue(s) presented for arbitration shall be final and conclusive and may be enforced in any court of competent jurisdiction.

#### **24. Limitation on Liability.**

The Company and any Affiliate which is in existence or hereafter comes into existence shall not be liable to a Participant, an Employee, an Awardee or any other persons as to:

(a) *The Non-Issuance of Shares.* The non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares hereunder; and

(b) *Tax Consequences.* Any tax consequence expected, but not realized, by any Participant, Employee, Awardee or other person due to the receipt, exercise or settlement of any Option or other Award granted hereunder.

#### **25. Unfunded Plan.**

Insofar as it provides for Awards, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Awardees who are granted Stock Awards under this Plan, any such accounts will be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets which may at any time be represented by Awards, nor shall this Plan be construed as providing for such segregation, nor shall the Company or the Administrator be deemed to be a trustee of stock or cash to be awarded under the Plan. Any liability of the Company to any Participant with respect to an Award shall be based solely upon any contractual obligations which may be created by the Plan; no such obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Administrator shall be required to give any security or bond for the performance of any obligation which may be created by this Plan.

## GRANT AGREEMENT [for use from November 1, 2016]

Name:

Employee ID:

<b>Grant Date:</b>
<b>Grant ID:</b>
<b>Target Amount:</b>
<b>Plan:</b>

### Performance-Adjusted Restricted Stock Units

#### GRANT SUMMARY

Target Amount	0 Shares
Performance Period	01 November 2016 – 31 October 2019
Segment 1 - Year 1 EPS	01 November 2016 – 31 October 2017
Segment 2 – Year 2 EPS	01 November 2017 – 31 October 2018
Segment 2 – Year 3 EPS	01 November 2018 – 31 October 2019
Segment 1 – 2-year TSR	01 November 2016 – 31 October 2018
Segment 2 – 3-year TSR	01 November 2016 – 31 October 2019

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 after the end of the time periods reflected in the matrix above and paid out at the end of each Segment (as defined below). Each PARSU will be equal in value to one share of the Company's \$0.01 par value common stock ("Shares"), subject to the restrictions stated below and in accordance with plan named above (the "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 can also 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 a PARSU together with dividend equivalent units, as set forth below.

2. Performance Criteria and Performance Periods.

The Grant is divided into two separate segments, each with different performance periods, as set forth in the Grant Summary above. Segment 1 will consist of 1/3 of the EPS Units (as defined below) and 1/2 of the TSR Units (as defined below), and Segment 2 will consist of 2/3 of the EPS Units and 1/2 of the TSR Units. Segment 1 will vest after the end of the first two fiscal years, and Segment 2 will vest after the end of the third fiscal year. Segment 1 and Segment 2 are jointly referred to herein as "Segments".

For each Segment, the Employee may be credited with PARSUs based on (a) the Company's achieving goals for that Segment related to earnings per share ("EPS") and relative total shareholder return ("TSR"), (b) the Employee's continued employment through the last U.S. business day of the relevant Segment, and (c) the Employee's compliance with the requirements and conditions provided for in the Plan and this Grant Agreement.

The goals associated with this PARSU shall be established by the Committee, and will be communicated separately to the Employee by the Company. Shares delivered at the end of each Segment with respect to this PARSU will range from 0% to 200% of the Target Amount of PARSUs, based upon the Company's performance against the EPS and TSR goals as certified by the Committee. No PARSUs will be achieved for a segment if performance is below minimum levels.

3. Crediting of Units For Each Segment.

(a) EPS Units. 50% of the Target Amount of units will be determined based upon performance against the EPS goals, as certified by the Committee (the "EPS Units"). One-third of the EPS Units will be determined based upon performance against the EPS goals for Year 1, one-third of the EPS Units will be determined based upon performance against the EPS goals for Year 2, and the remaining one-third will be determined based upon performance against the EPS goals for Year 3. The relevant number of EPS Units shall be credited in the Employee's name, based on the Company's performance during the relevant Segment as follows: 0% if performance is below minimum level, 50% if performance is at minimum level, 100% if performance is at target level and 200% if performance is at or above maximum level. For performance between the minimum level and target level or between target level and the maximum level, a proportionate percentage will be applied based on straight-line interpolation between levels. Any units achieved in Year 1 will not be credited in the Employee's name until the end of Year 2, and any units achieved in Years 2 and 3 will not be credited in the Employee's name until the end of Year 3.

If EPS goals are met for the relevant Segment, the EPS Units that are achieved for that Segment will be credited to the Employee even if the TSR goals for the Segment are not met.

(b) TSR Units. 50% of the Target Amount of units for each Segment (i.e., 25% of the total Target Amount of units) will be determined based upon performance against the TSR goal for that Segment, as certified by the Committee (the "TSR Units"). The TSR Units shall be credited in the Employee's name based on the Company's performance during the relevant Segment as follows: 0% if performance is below the minimum level, 50% if performance is at the minimum level, 100% if performance is at target level and 200% if performance is at or above the maximum level. For performance between minimum and target, or between target and the maximum levels, a proportionate percentage will be applied based on straight-line interpolation between levels.

If TSR goals are met for the relevant Segment, the TSR Units that are achieved for that Segment will be credited to the Employee even if the EPS goals for the Segment are not met.

(c) Service Requirement. Notwithstanding (a) and (b) above, the Employee must be employed on the last day of the relevant Segment in order to be credited with any PARSUs for that Segment.

4. Payout of Performance-Adjusted Restricted Stock Units and Dividend Equivalents.

Except as otherwise provided in Sections 9 and 11 below, following the Committee's certification (if applicable) at the end of the relevant Segment that the goals associated with this PARSU 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 relevant Segment), 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 number of Shares corresponding to dividend equivalent payments determined by:

- (1) Multiplying, separately, the number of PARSUs that became vested as determined in Section 3 by the dividend per Share on each dividend payment date between the Grant Date and the date the PARSUs vested to determine the dividend equivalent amount for each applicable dividend payment date; and
- (2) dividing the amount determined in (1) above by the Fair Market Value of a Share on the dividend payment date to determine the number of additional whole and fractional RSUs to be credited to the Employee;

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

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 relevant Segment, 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 13 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 relevant Segment in order to be eligible to receive any amount of the PARSU except to the extent a severance plan applicable to the Employee provides otherwise, subject to the terms and conditions of this Grant Agreement.
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 relevant Segment based on actual performance as determined in accordance with Sections 3(a) and/or 3(b). 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, and (ii) during the portion of the Performance Period following termination of the Employee's active employment, the Employee is in compliance with any-post employment restrictions in the ARCIPD and does not engage in any conduct that creates a conflict of interest in the opinion of the Company.
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 (a) the Employee shall have executed a current ARCIPD that is satisfactory to the Company, and (b) during the portion of the Performance Period following termination of the Employee's active employment, the Employee is in compliance with any-post employment restrictions in the ARCIPD and does not engage in any conduct that creates a conflict of interest in the opinion of the Company.
12. **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 PARSU or the dividend equivalents will be exempt from any penalties that may apply under Section 409A and makes no undertaking to preclude Section 409A from applying to this PARSU or the dividend equivalents. For the avoidance of doubt, the Employee hereby acknowledges and agrees that the Company will have no 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.

### 13. 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 13, 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 minimum 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, including, but not limited to, the grant, vesting or settlement of PARSUs, 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 12, do not commit to and are under no obligation to structure the terms or any aspect of this grant of PARSUs 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 herein 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 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. 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 13. The Employee further agrees to execute any other consents or elections required to accomplish the above, promptly upon request of the Company.

14. *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, the Employer and its other Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan.*
- (b) *The Employee understands that the Company, the Employer and its other Subsidiaries and Affiliates may hold certain personal information about the Employee, including, but not limited to, name, home address and telephone number, date of birth, social insurance 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 will be transferred to the Company or one or more stock plan service providers as may be selected by the Company from time to time, which is assisting the Company with the implementation, administration and management of the Plan. The Employee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country of operation (e.g., the United States) may have different data privacy laws and protections than the Employee's country. The Employee understands that if he or she resides outside the United States, the Employee may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Employee authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing the Employee's participation in the Plan. The Employee understands that Data will be held only as long as is necessary to implement, administer and manage the Employee's participation in the Plan. 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.*
- (d) *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 and career with the 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 PARSUs or other equity awards to the Employee or administer or maintain such awards. Therefore, the Employee understands that refusing or withdrawing the consent may affect the Employee's ability to participate in the Plan. For more information on the consequences of the Employee's refusal to consent or withdrawal of consent, the Employee understands that he or she may contact his or her local human resources representative.*

15. *Plan Information.*

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

16. *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 Awards 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 minimum 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 19(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 19(l). The Employee is not required to consent to the electronic delivery of documents.

17. No Advice Regarding Grant.

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

18. 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, this PARSU shall be canceled and the Employee shall have no further rights under this Grant Agreement.

19. Miscellaneous.

- (a) The Company shall not be required to treat as owner of PARSUs and 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, and may not be modified adversely to the Employee's interest except by means of a writing signed by the Company and the Employee. 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 19(e), the Company's obligations under this Grant Agreement and the Employee's agreement to the terms of an arbitration agreement and/or an ARCIPD, if any, are mutually dependent. In the event that the Employee breaches the arbitration agreement or the Employee's ARCIPD is breached or found not to be binding upon the Employee for any reason by a court of law, then the Company will have no further obligation or duty to perform under the Plan or this Grant Agreement.
- (g) A waiver by the Company of a breach of any provision of this Grant Agreement shall not operate or be construed as a waiver of any other provision of this Grant Agreement, or of any subsequent breach by the Employee or any other Awardee.
- (h) The Employee acknowledges that, depending on his or her country, the Employee may be subject to insider trading restrictions and/or market abuse laws, which may affect the Employee's ability to acquire or sell Shares or rights to Shares ( e.g., PARSUs) under the Plan during such times as the Employee is considered to have "inside information" regarding the Company (as defined by the laws in the Employee's country). 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 is responsible for ensuring compliance with any applicable restrictions and is advised to consult his or her personal legal advisor on this matter.
- (i) 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, 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 or administrative reasons. The Appendix, if any, constitutes part of this Grant Agreement.
- (j) The Company reserves the right to impose other requirements on the Employee's participation in the Plan, on the 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.
- (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 Administration at HP Inc., 1501 Page Mill, Palo Alto, California 94304, USA.
- (m) The Employee acknowledges that there may be certain foreign asset and/or account reporting requirements which may affect his or her ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from

any dividends or dividend equivalent payments) in a brokerage or bank account outside the Employee's country. The Employee may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Employee also may be required to repatriate sale proceeds or other funds received as a result of the Employee's participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. The Employee acknowledges that it is his or her responsibility to be compliant with such regulations, and the Employee is advised to consult his or her personal legal advisor for any details.

**HP Inc.**

Dion Weisler  
CEO and President

Tracy Keogh  
Chief Human Resources Officer

**RETAIN THIS GRANT AGREEMENT FOR YOUR RECORDS**

**Important Note:** Your grant is subject to the terms and conditions of this Grant Agreement and to the Company obtaining all necessary government approvals. If you have questions regarding your grant, please discuss them with your manager.

## CERTIFICATION

I, Dion J. Weisler, certify that:

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

Date: March 2, 2017

/s/ DION J. WEISLER

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Dion J. Weisler  
*President and Chief Executive Officer*

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## CERTIFICATION

I, Catherine A. Lesjak, 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: March 2, 2017

/s/ CATHERINE A. LESJAK

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Catherine A. Lesjak  
Chief Financial Officer  
(Principal Financial Officer)

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