



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

	Three months ended		
	October 31, 2016	July 31, 2016	October 31, 2015
Net revenue	\$ 12,512	\$ 11,892	\$ 12,266
Costs and expenses:			
Cost of revenue	10,221	9,720	9,900
Research and development	318	298	282
Selling, general and administrative	1,082	719	1,212
Restructuring and other charges	49	36	41
Amortization of intangible assets	—	2	26
Defined benefit plan settlement charges	179	—	7
Total costs and expenses	11,849	10,775	11,468
Earnings from continuing operations	663	1,117	\$ 798
Interest and other, net	347	(36)	\$ (99)
Earnings from continuing operations before taxes	1,010	1,081	\$ 699
(Provision for) benefit from taxes	(497)	(238)	\$ 816
Net earnings from continuing operations	513	843	\$ 1,515
Net loss from discontinued operations	(21)	(60)	\$ (192)
Net earnings	\$ 492	\$ 783	\$ 1,323
Net earnings (loss) per share:			
Basic			
Continuing operations	\$ 0.30	\$ 0.49	\$ 0.84
Discontinued operations	(0.01)	(0.03)	(0.11)
Total basic net earnings per share	\$ 0.29	\$ 0.46	\$ 0.73
Diluted			
Continuing operations	\$ 0.30	\$ 0.49	\$ 0.83
Discontinued operations	(0.02)	(0.04)	(0.10)
Total diluted net earnings per share	\$ 0.28	\$ 0.45	\$ 0.73
Cash dividends declared per share	\$ —	\$ 0.25	\$ —
Weighted-average shares used to compute net earnings per share:			
Basic	1,712	1,711	1,802
Diluted	1,729	1,725	1,821



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

	Twelve months ended Oct 31,	
	2016	2015
Net revenue	\$ 48,238	\$ 51,463
Costs and expenses:		
Cost of revenue	39,240	41,524
Research and development	1,209	1,191
Selling, general and administrative	3,840	4,720
Restructuring and other charges	205	63
Amortization of intangible assets	16	102
Defined benefit plan settlement charges/(credits)	179	(57)
Total costs and expenses	<u>44,689</u>	<u>47,543</u>
Earnings from continuing operations	3,549	3,920
Interest and other, net	212	(388)
Earnings from continuing operations before taxes	3,761	3,532
(Provision for) benefit from taxes	(1,095)	186
Net earnings from continuing operations	2,666	3,718
Net (loss) earnings from discontinued operations	(170)	836
Net earnings	<u>\$ 2,496</u>	<u>\$ 4,554</u>
Net earnings (loss) per share:		
Basic		
Continuing operations	\$ 1.54	\$ 2.05
Discontinued operations	(0.10)	0.46
Total basic net earnings per share	<u>\$ 1.44</u>	<u>\$ 2.51</u>
Diluted		
Continuing operations	\$ 1.53	\$ 2.02
Discontinued operations	(0.10)	0.46
Total diluted net earnings per share	<u>\$ 1.43</u>	<u>\$ 2.48</u>
Cash dividends declared per share	\$ 0.50	\$ 0.67
Weighted-average shares used to compute net earnings per share:		
Basic	1,730	1,814
Diluted	1,743	1,836



HP INC. AND SUBSIDIARIES
ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,
OPERATING MARGIN AND DILUTED NET EARNINGS PER SHARE

(Unaudited)

(In millions, except per share amounts)

	Three months ended October 31, 2016	Diluted net earnings per share	Three months ended July 31, 2016	Diluted net earnings per share	Three months ended October 31, 2015	Diluted net earnings per share
GAAP net earnings from continuing operations	\$ 513	\$ 0.30	\$ 843	\$ 0.49	\$ 1,515	\$ 0.83
Non-GAAP adjustments:						
Restructuring and other charges	49	0.03	36	0.02	41	0.02
Acquisition and other related charges	7	—	—	—	—	—
Amortization of intangible assets	—	—	2	—	26	0.01
Non-operating retirement-related credits	(28)	(0.02)	(38)	(0.02)	(58)	(0.03)
Defined benefit plan settlement charges	179	0.10	—	—	7	—
Adjustments for taxes	329	0.20	12	0.01	9	—
Tax indemnification credits	(435)	(0.25)	(29)	(0.02)	—	—
Valuation allowances, net	—	—	—	—	(992)	(0.53)
Non-GAAP net earnings	<u>\$ 614</u>	<u>\$ 0.36</u>	<u>\$ 826</u>	<u>\$ 0.48</u>	<u>\$ 548</u>	<u>\$ 0.30</u>
GAAP earnings from continuing operations	\$ 663		\$ 1,117		\$ 798	
Non-GAAP adjustments:						
Restructuring and other charges	49		36		41	
Acquisition and other related charges	7		—		—	
Amortization of intangible assets	—		2		26	
Non-operating retirement-related credits	(28)		(38)		(58)	
Defined benefit plan settlement charges	179		—		7	
Non-GAAP earnings	<u>\$ 870</u>		<u>\$ 1,117</u>		<u>\$ 814</u>	
GAAP operating margin from continuing operations	5%		9%		7%	
Non-GAAP adjustments	2%		—%		0%	
Non-GAAP operating margin	<u>7%</u>		<u>9%</u>		<u>7%</u>	



HP INC. AND SUBSIDIARIES
 ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,
 OPERATING MARGIN AND DILUTED NET EARNINGS PER SHARE

(Unaudited)

(In millions, except per share amounts)

	Twelve months ended October 31, 2016	Diluted net earnings per share	Twelve months ended October 31, 2015	Diluted net earnings per share
GAAP net earnings from continuing operations	\$ 2,666	\$ 1.53	\$ 3,718	\$ 2.02
Non-GAAP adjustments:				
Restructuring and other charges	205	0.12	63	0.03
Acquisition-related charges	7	—	1	—
Amortization of intangible assets	16	0.01	102	0.06
Non-operating retirement-related credits	(146)	(0.08)	(232)	(0.13)
Defined benefit plan settlement charges/(credits)	179	0.10	(57)	(0.03)
Adjustments for taxes	332	0.19	76	0.04
Valuation allowance, net	—	—	(992)	(0.53)
Tax indemnification credits	(472)	(0.27)	—	—
Non-GAAP net earnings	<u>\$ 2,787</u>	<u>\$ 1.60</u>	<u>\$ 2,679</u>	<u>\$ 1.46</u>
GAAP earnings from continuing operations	\$ 3,549		\$ 3,920	
Non-GAAP adjustments:				
Restructuring and other charges	205		63	
Acquisition-related charges	7		1	
Amortization of intangible assets	16		102	
Non-operating retirement-related credits	(146)		(232)	
Defined benefit plan settlement charges/(credits)	179		(57)	
Non-GAAP earnings	<u>\$ 3,810</u>		<u>\$ 3,797</u>	
GAAP operating margin from continuing operations	7%		8%	
Non-GAAP adjustments	1%		(1)%	
Non-GAAP operating margin	<u>8%</u>		<u>7%</u>	



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

	As of	
	October 31, 2016	October 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,288	\$ 7,584
Accounts receivable	4,114	4,825
Inventory	4,484	4,288
Other current assets	3,582	4,498
Current assets of discontinued operations	—	30,592
Total current assets	18,468	51,787
Property, plant and equipment	1,736	1,492
Goodwill	5,622	5,680
Other non-current assets	3,184	1,592
Non-current assets of discontinued operations	—	46,331
Total assets	\$ 29,010	\$ 106,882
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	\$ 78	\$ 2,194
Accounts payable	11,103	10,194
Employee compensation and benefits	759	747
Taxes on earnings	231	243
Deferred revenue	919	1,051
Other accrued liabilities	5,718	6,241
Current liabilities of discontinued operations	—	21,521
Total current liabilities	18,808	42,191
Long-term debt	6,758	6,677
Other non-current liabilities	7,333	7,414
Non-current liabilities of discontinued operations	—	22,449
Stockholders' equity:		
HP stockholders' (deficit) equity	(3,889)	27,768
Non-controlling interests of discontinued operations	—	383
Total stockholders' (deficit) equity	(3,889)	28,151
Total liabilities and stockholders' equity	\$ 29,010	\$ 106,882



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

	Three months ended October 31,	
	2016	2015 ^(a)
Cash flows from operating activities:		
Net earnings	\$ 492	\$ 1,323
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	83	1,007
Stock-based compensation expense	42	234
Provision for doubtful accounts	28	33
Provision for inventory	19	78
Restructuring and other charges	49	591
Deferred taxes on earnings	(577)	(1,598)
Excess tax benefit from stock-based compensation	(2)	(21)
Other, net	210	355
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(163)	(627)
Financing receivables	—	(257)
Inventory	(542)	137
Accounts payable	690	389
Taxes on earnings	983	938
Restructuring and other	(43)	(237)
Other assets and liabilities	(571)	264
Net cash provided by operating activities	698	2,609
Cash flows from investing activities:		
Investment in property, plant and equipment	(146)	(961)
Proceeds from sale of property, plant and equipment	6	114
Purchases of available-for-sale securities and other investments	(4)	(79)
Maturities and sales of available-for-sale securities and other investments	—	56
Payments made in connection with business acquisitions, net of cash acquired	(7)	(27)
Proceeds from business divestitures, net	315	90
Net cash provided by (used in) investing activities	164	(807)
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	25	(2,559)
Proceeds from debt, net of issuance costs	—	14,765
Payment of debt	(30)	(13,225)
Settlement of cash flow hedge	—	28
Issuance of common stock under employee stock plans	7	68
Repurchase of common stock	(2)	(301)
Excess tax benefit from stock-based compensation	2	21
Cash dividends paid	(212)	(337)
Net cash used in financing activities	(210)	(1,540)
Net increase in cash and cash equivalents	652	262
Cash and cash equivalents at beginning of period	5,636	17,171
Cash and cash equivalents at end of period	\$ 6,288	\$ 17,433

(a) The consolidated condensed statement of cash flows for the three months ended October 31, 2015 represents the combined cash flows of HP prior to separation, as previously filed, and has not been adjusted to reflect the effect of the separation of Hewlett Packard Enterprise Company.



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

	Twelve months ended October 31,	
	2016	2015 ^(a)
Cash flows from operating activities:		
Net earnings	\$ 2,496	\$ 4,554
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	332	4,061
Stock-based compensation expense	182	709
Provision for doubtful accounts	65	71
Provision for inventory	95	305
Restructuring and other charges	200	1,017
Deferred taxes on earnings	401	(700)
Excess tax benefit from stock-based compensation	(6)	(145)
Other, net	(198)	1,031
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	565	572
Financing receivables	—	(65)
Inventory	(291)	(330)
Accounts payable	928	31
Taxes on earnings	106	(137)
Restructuring and other	(157)	(1,243)
Other assets and liabilities	(1,488)	(3,241)
Net cash provided by operating activities	3,230	6,490
Cash flows from investing activities:		
Investment in property, plant and equipment	(433)	(3,603)
Proceeds from sale of property, plant and equipment	6	424
Purchases of available-for-sale securities and other investments	(126)	(259)
Maturities and sales of available-for-sale securities and other investments	133	302
Payments made in connection with business acquisitions, net of cash acquired	(7)	(2,644)
Proceeds from business divestitures, net	475	246
Net cash provided by (used in) investing activities	48	(5,534)
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	97	74
Proceeds from debt, net of issuance costs	4	20,758
Payment of debt	(2,188)	(15,867)
Settlement of cash flow hedge	4	(4)
Net transfer of cash and cash equivalents to Hewlett Packard Enterprise Company	(10,375)	—
Issuance of common stock under employee stock plans	48	371
Repurchase of common stock	(1,161)	(2,883)
Excess tax benefit from stock-based compensation	6	145
Cash dividends paid	(858)	(1,250)
Net cash (used in) provided by financing activities	(14,423)	1,344
Net (decrease) increase in cash and cash equivalents	(11,145)	2,300
Cash and cash equivalents at beginning of period ^(a)	17,433	15,133
Cash and cash equivalents at end of period	\$ 6,288	\$ 17,433

(a) The consolidated condensed statement of cash flows for the twelve months ended October 31, 2015 represents the combined cash flows of HP prior to separation, as previously filed, and has not been adjusted to reflect the effect of the separation of Hewlett Packard Enterprise Company.



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

	Three months ended		
	October 31, 2016	July 31, 2016	October 31, 2015
Net revenue:			
Personal Systems	\$ 8,018	\$ 7,512	\$ 7,694
Printing	4,558	4,423	4,965
Corporate Investments	1	—	4
Total segments	12,577	11,935	12,663
Intersegment net revenue eliminations and other	(65)	(43)	(397)
Total net revenue	\$ 12,512	\$ 11,892	\$ 12,266
Earnings from continuing operations before taxes:^(a)			
Personal Systems	\$ 346	\$ 333	\$ 281
Printing	637	903	837
Corporate Investments	(32)	(35)	(11)
Total segment earnings from operations	951	1,201	1,107
Corporate costs and eliminations	(39)	(45)	(249)
Stock-based compensation expense	(42)	(39)	(44)
Acquisition and other related charges	(7)	—	—
Restructuring and other charges	(49)	(36)	(41)
Amortization of intangible assets	—	(2)	(26)
Non-operating retirement-related credits ^(a)	28	38	58
Defined benefit plan settlement credits	(179)	—	(7)
Interest and other, net	347	(36)	(99)
Total earnings from continuing operations before taxes	\$ 1,010	\$ 1,081	\$ 699

- (a) Effective at the beginning of its first quarter of fiscal 2016, HP implemented a reporting change to provide better transparency to its segment operating results. This reporting change resulted in the exclusion of certain market-related factors such as interest cost, expected return on plan assets, amortized actuarial gains or losses, and impacts from other market-related factors related to its defined benefit pension and post-retirement benefit plans from its segment operating results (“Non-operating retirement-related credits/(charges)”). This change also resulted in the exclusion of certain plan curtailments, settlements and special termination benefits related to its defined benefit pension and post-retirement benefit plans from HP’s segment operating results. Segment operating results will continue to include service costs and amortization of prior service costs associated with HP’s defined benefit pension and post-retirement benefit plans. The reporting change had an immaterial impact to previously reported segment net revenue and earnings from operations. This change had no impact on HP’s previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share.



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

	Twelve months ended October 31,	
	2016	2015
Net revenue:		
Personal Systems	\$ 29,987	\$ 31,520
Printing	18,260	21,232
Corporate Investments	7	20
Total segments	48,254	52,772
Intersegment net revenue eliminations and other	(16)	(1,309)
Total net revenue	<u>\$ 48,238</u>	<u>\$ 51,463</u>
Earnings from continuing operations before taxes:^(a)		
Personal Systems	\$ 1,150	\$ 1,022
Printing	3,128	3,765
Corporate Investments	(98)	(43)
Total segment earnings from operations	4,180	4,744
Corporate costs and eliminations	(188)	(735)
Stock-based compensation expense	(182)	(212)
Acquisition and other related charges	(7)	(1)
Restructuring and other charges	(205)	(63)
Amortization of intangible assets	(16)	(102)
Non-operating retirement-related credits ^(a)	146	232
Defined benefit plan settlement (charges)/credits	(179)	57
Interest and other, net	212	(388)
Total earnings from continuing operations before taxes	<u>\$ 3,761</u>	<u>\$ 3,532</u>

- (a) Effective at the beginning of its first quarter of fiscal 2016, HP implemented a reporting change to provide better transparency to its segment operating results. This reporting change resulted in the exclusion of certain market-related factors such as interest cost, expected return on plan assets, amortized actuarial gains or losses, and impacts from other market-related factors related to its defined benefit pension and post-retirement benefit plans from its segment operating results ("Non-operating retirement-related credits/(charges)"). This change also resulted in the exclusion of certain plan curtailments, settlements and special termination benefits related to its defined benefit pension and post-retirement benefit plans from HP's segment operating results. Segment operating results will continue to include service costs and amortization of prior service costs associated with HP's defined benefit pension and post-retirement benefit plans. The reporting change had an immaterial impact to previously reported segment net revenue and earnings from operations. This change had no impact on HP's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share.



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

	Three months ended			Change (%)	
	October 31, 2016	July 31, 2016	October 31, 2015	Q/Q	Y/Y
Net revenue:					
Personal Systems					
Notebooks	\$ 4,636	\$ 4,303	\$ 4,384	8 %	6 %
Desktops	2,572	2,455	2,530	5 %	2 %
Workstations	489	476	472	3 %	4 %
Other	321	278	308	15 %	4 %
Total Personal Systems	<u>8,018</u>	<u>7,512</u>	<u>7,694</u>	7 %	4 %
Printing					
Supplies	2,835	2,840	3,239	(0.2)%	(12)%
Commercial Hardware	1,395	1,290	1,366	8 %	2 %
Consumer Hardware	328	293	360	12 %	(9)%
Total Printing	<u>4,558</u>	<u>4,423</u>	<u>4,965</u>	3 %	(8)%
Corporate Investments	1	—	4	100 %	(75)%
Total segments	<u>12,577</u>	<u>11,935</u>	<u>12,663</u>	5 %	(1)%
Intersegment net revenue eliminations and other ^(a)	<u>(65)</u>	<u>(43)</u>	<u>(397)</u>	NM	NM
Total net revenue	<u>\$ 12,512</u>	<u>\$ 11,892</u>	<u>\$ 12,266</u>	5 %	2 %

(a) "NM" represents not meaningful.



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

	Twelve months ended October 31,		Change (%)
	2016	2015	Y/Y
Net revenue:			
Personal Systems			
Notebooks	\$ 16,982	\$ 17,271	(2)%
Desktops	9,956	10,941	(9)%
Workstations	1,870	2,018	(7)%
Other	1,179	1,290	(9)%
Total Personal Systems	<u>29,987</u>	<u>31,520</u>	(5)%
Printing			
Supplies	11,875	13,979	(15)%
Commercial Hardware	5,131	5,466	(6)%
Consumer Hardware	1,254	1,787	(30)%
Total Printing	<u>18,260</u>	<u>21,232</u>	(14)%
Corporate Investments	<u>7</u>	<u>20</u>	(65)%
Total segments	<u>48,254</u>	<u>52,772</u>	(9)%
Intersegment net revenue eliminations and other ^(a)	<u>(16)</u>	<u>(1,309)</u>	NM
Total net revenue	<u>\$ 48,238</u>	<u>\$ 51,463</u>	(6)%

(a) "NM" represents not meaningful.



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

	Three months ended			Change in Operating Margin (pts)	
	October 31, 2016	July 31, 2016	October 31, 2015	Q/Q	Y/Y
Segment operating margin:^(a)					
Personal Systems	4.3%	4.4%	3.7%	(0.1) pts	0.6 pts
Printing	14.0%	20.4%	16.9%	(6.4) pts	(2.9) pts
Corporate Investments^(b)	NM	NM	NM	NM	NM
Total segments	7.6%	10.1%	8.7%	(2.5) pts	(1.1) pts

- (a) Effective at the beginning of its first quarter of fiscal 2016, HP implemented a reporting change to provide better transparency to its segment operating results. This reporting change resulted in the exclusion of certain market-related factors such as interest cost, expected return on plan assets, amortized actuarial gains or losses, and impacts from other market-related factors related to its defined benefit pension and post-retirement benefit plans from its segment operating results (“Non-operating retirement-related credits/(charges)”). This change also resulted in the exclusion of certain plan curtailments, settlements and special termination benefits related to its defined benefit pension and post-retirement benefit plans from HP’s segment operating results. Segment operating results will continue to include service costs and amortization of prior service costs associated with HP’s defined benefit pension and post-retirement benefit plans. The reporting change had an immaterial impact to previously reported segment net revenue and earnings from operations. This change had no impact on HP’s previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share.
- (b) "NM" represents not meaningful.



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

	Three months ended		
	October 31, 2016	July 31, 2016	October 31, 2015
Numerator:			
GAAP net earnings from continuing operations	\$ 513	\$ 843	\$ 1,515
Non-GAAP net earnings	\$ 614	\$ 826	\$ 548
Denominator:			
Weighted-average shares outstanding during the reporting period	1,712	1,711	1,802
Dilutive effect of employee stock plans ^(a)	17	14	19
Weighted-average shares used to compute diluted net earnings per share	1,729	1,725	1,821
GAAP diluted net earnings per share from continuing operations	\$ 0.30	\$ 0.49	\$ 0.83
Non-GAAP diluted net earnings per share	\$ 0.36	\$ 0.48	\$ 0.30

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



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

	Twelve months ended October 31,	
	2016	2015
Numerator:		
GAAP net earnings from continuing operations	\$ 2,666	\$ 3,718
Non-GAAP net earnings	\$ 2,787	\$ 2,679
Denominator:		
Weighted-average shares outstanding during the reporting period	1,730	1,814
Dilutive effect of employee stock plans ^(a)	13	22
Weighted-average shares used to compute diluted net earnings per share	1,743	1,836
GAAP diluted net earnings per share from continuing operations	\$ 1.53	\$ 2.02
Non-GAAP diluted net earnings per share	\$ 1.60	\$ 1.46

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