## HP Inc. and Subsidiaries

### **Consolidated Statements of Earnings**

	FOR THE FISC	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017	
	IN MILLIONS, E	XCEPT PER SHAR	E AMOUNTS	
Net revenue	\$58,756	\$58,472	\$52,056	
Costs and expenses:				
Cost of revenue	47,586	47,803	42,478	
Research and development	1,499	1,404	1,190	
Selling, general and administrative	5,368	5,099	4,532	
Restructuring and other charges	275	132	362	
Acquisition-related charges	35	123	125	
Amortization of intangible assets	116	80	1	
Total costs and expenses	54,879	54,641	48,688	
Earnings from operations	3,877	3,831	3,368	
Interest and other, net	(1,354)	(818)	(92)	
Earnings before taxes	2,523	3,013	3,276	
Benefit from (provision for) taxes	629	2,314	(750)	
Net earnings	\$3,152	\$5,327	\$2,526	
Net earnings per share:				
Basic	\$2.08	\$3.30	\$1.50	
Diluted	\$2.07	\$3.26	\$1.48	
Weighted-average shares used to compute net earnings per share:				
Basic	1,515	1,615	1,688	
Diluted	1,524	1,634	1,702	

## HP Inc. and Subsidiaries

#### **Consolidated Balance Sheets**

	AS OF OC	TOBER 31
	2019	2018
	IN MILLIONS, EXCEPT PAR VALUE	
ASSETS		
Current assets:		
Cash and cash equivalents	\$4,537	\$5,166
Accounts receivable, net	6,031	5,113
Inventory	5,734	6,062
Other current assets	3,875	5,046
Total current assets	20,177	21,387
Property, plant and equipment, net	2,794	2,198
Goodwill	6,372	5,968
Other non-current assets	4,124	5,069
Total assets	\$33,467	\$34,622
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Notes payable and short-term borrowings	\$357	\$1,463
Accounts payable	14,793	14,816
Other current liabilities	10,143	8,852
Total current liabilities	25,293	25,131
Long-term debt	4,780	4,524
Other non-current liabilities	4,587	5,606
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; 1,458 and 1,560 shares issued and		
outstanding at October 31, 2019, and 2018 respectively)	15	16
Additional paid-in capital	835	663
Accumulated deficit	(818)	(473)
Accumulated other comprehensive loss	(1,225)	(845)
Total stockholders' deficit	(1,193)	(639)
Total liabilities and stockholders' deficit	\$33,467	\$34,622

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

# HP Inc. and Subsidiaries

### **Consolidated Statements of Cash Flows**

2019 2018 2019           1 Met earning servivities:           Net earnings.         \$5,327         \$2,526           Adjustments to reconcile net earnings to net cash provided by operating activities:           Depredation and amortization         744         528         354           Stock-based compensation expense         297         268         224           Restructuring and other charges         275         132         362           Deferred taxes on earnings.         133         3,653         238           Other, net.         25         319         134           Changes in operating assets and liabilities, net of acquisitions:         (761)         (491)         453           Accounts receivable         (761)         (491)         453           Inventory         (68)         136         1,34           Accounts payable         (53)         1,42         2,161           Accounts payable         (53)         1,42         2,161           A Restructuring and other         (154)         (23)         363           A Restructuring and other         (154)         4,52         3,63           A Restructuring and other         (53)         4,52         3,63		FOR THE FISC	FOR THE FISCAL YEARS ENDED OCTOBER 31		
Cash flows from operating activities:         \$3,152         \$5,327         \$2,526           Adjustments to reconcile net earnings to net cash provided by operating activities:         354         55,327         \$2,526           Depreciation and amortization.         744         528         354           Stock-based compensation expense         297         268         224           Restructuring and other charges         275         132         362           Deferred taxes on earnings         313         3,653         238           Other, net.         254         319         134           Changes in operating assets and liabilities, net of acquisitions:         (761)         (491)         (453)           Inventory.         (68)         (136)         (1,346)           Accounts receivable         (53)         1,429         2,161           Taxes on earnings.         (851)         389         73           Restructuring and other         (154)         (237)         (233)           Other assets and liabilities         (851)         389         73           Restructuring and other         (154)         (237)         (233)           Other assets and liabilities         (671)         (546)         (362)           Net		2019	2018	2017	
Net earnings         \$3,152         \$5,327         \$2,526           Adjustments to reconcile net earnings to net cash provided by operating activities:         744         528         354           Depreciation and amortization         744         528         354           Stock-based compensation expense         297         268         224           Restructuring and other charges         275         132         362           Deferred taxes on earnings         133         (3,653)         238           Other, net         254         319         134           Changes in operating assets and liabilities, net of acquisitions:         (761)         (491)         (453)           Accounts receivable         (761)         (491)         (453)           Inventory         (68)         (136)         (1,346)           Accounts payable         (53)         1,429         2,161           Taxes on earnings         (851)         389         73           Restructuring and other         (671)			IN MILLIONS		
Adjustments to reconcile net earnings to net cash provided by operating activities:       744       528       354         Depreciation and amortization       744       528       354         Stock-based compensation expense       297       268       224         Restructuring and other charges       275       132       362         Deferred taxes on earnings       133       (3,653)       238         Other, net       254       319       134         Changes in operating assets and liabilities, net of acquisitions:       (761)       (491)       (453)         Accounts receivable       (761)       (491)       (453)         Inventory       (68)       (136)       (1,346)         Accounts payable       (53)       1,429       2,161         Taxes on earnings       (851)       389       73         Restructuring and other       (154)       (237)       (233)         Other assets and liabilities       1,686       653       363)         Net cash provided by operating activities       1,686       653       363)         Net cash provided by operating activities       (671)       (546)       (402)         Proceeds from investing activities       (671)       (546)       (402)      <	Cash flows from operating activities:				
Depreciation and amortization         744         528         354           Stock-based compensation expense         297         268         224           Restructuring and other charges         275         132         362           Deferred taxes on earnings         133         (3,653)         238           Other, net         254         319         134           Changes in operating assets and liabilities, net of acquisitions:         (761)         (491)         (453)           Inventory         (68)         (136)         (1,346)           Accounts payable         (53)         1,429         2,161           Taxes on earnings         (851)         389         73           Restructuring and other         (154)         (237)         (233)           Other assets and liabilities         1,686         653         363)           Net cash provided by operating activities         4,654         4,528         3,677           Cash flows from investing activities:         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment investments         (80)         367)         (1,400)	Net earnings	\$3,152	\$5,327	\$2,526	
Stock-based compensation expense         297         268         224           Restructuring and other charges         275         132         362           Deferred taxes on earnings         133         (3,653)         238           Other, net.         254         319         134           Changes in operating assets and liabilities, net of acquisitions:         (761)         (491)         (453)           Accounts receivable         (761)         (491)         (453)           Inventory.         (68)         (136)         (1,346)           Accounts payable         (53)         1,429         2,161           Taxes on earnings         (851)         389         73           Restructuring and other         (154)         (237)         (233)           Other assets and liabilities         1,686         653         (363)           Net cash provided by operating activities:         (671)         (546)         (402)           Proceeds from investing activities:         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment in property, plant and equipment in property, and an equipment in property and activities in the property an	Adjustments to reconcile net earnings to net cash provided by operating activities:				
Restructuring and other charges         275         132         362           Deferred taxes on earnings         133         (3,653)         238           Other, net         254         319         134           Changes in operating assets and liabilities, net of acquisitions:         319         134           Accounts receivable         (761)         (491)         (453)           Inventory         (68)         (136)         (1,346)           Accounts payable         (53)         1,429         2,161           Taxes on earnings         (851)         389         73           Restructuring and other         (154)         (237)         (233)           Other assets and liabilities         1,686         653         363           Net cash provided by operating activities         4,654         4,528         3,677           Cash flows from investing activities:         1         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment         (90)         (367)         (1,400)           Maturities and sales of available-for-sale securities and other investments         (90)         (367)         (1,400)	Depreciation and amortization	744	528	354	
Deferred taxes on earnings         133         (3,653)         238           Other, net         254         319         134           Changes in operating assets and liabilities, net of acquisitions:         (761)         (491)         (453)           Accounts receivable         (761)         (491)         (453)           Inventory         (68)         (136)         (1,346)           Accounts payable         (53)         1,429         2,161           Taxes on earnings         (851)         389         73           Restructuring and other         (154)         (237)         (233)           Other assets and liabilities         1,686         653         (363)           Net cash provided by operating activities         1,686         653         (363)           Net cash provided by operating activities         1,686         653         (363)           Net cash provided by operating activities         1,686         653         (363)           Net cash provided by operating activities         (671)         (546)         (402)           Proceeds from investing activities         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment         (671)         (546)         (402)	Stock-based compensation expense	297	268	224	
Other, net.         254         319         134           Changes in operating assets and liabilities, net of acquisitions:         (761)         (491)         (453)           Accounts receivable         (761)         (491)         (453)           Inventory         (68)         (136)         (1,346)           Accounts payable         (53)         1,429         2,161           Taxes on earnings         (851)         389         73           Restructuring and other         (154)         (237)         (233)           Other assets and liabilities         1,686         653         (363)           Net cash provided by operating activities         4,654         4,528         3,677           Cash flows from investing activities:         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment investments         (80)         (367)         (1,400)           Maturities and sales of available-for-sale securities and other investments         771         847         231           Collateral posted for derivative instruments         (32)         (1,165)         (1,170)           Collateral returned for derivative instruments	Restructuring and other charges	275	132	362	
Changes in operating assets and liabilities, net of acquisitions:           Accounts receivable         (761)         (491)         (453)           Inventory         (68)         (136)         (1,346)           Accounts payable         (53)         1,429         2,161           Taxes on earnings         (851)         389         73           Restructuring and other         (154)         (237)         (233)           Other assets and liabilities         1,686         653         (363)           Net cash provided by operating activities         4,654         4,528         3,677           Cash flows from investing activities:         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment         (671)         (546)         (402)           Purchases of available-for-sale securities and other investments         (80)         (367)         (1,400)           Maturities and sales of available-for-sale securities and other investments         771         847         231           Collateral posted for derivative instruments         (32)         (1,165)         (1,170)           Collateral returned for derivative instruments         32         1,379         955           Payments made in connection with business acquisitions, net of cash acquire	Deferred taxes on earnings	133	(3,653)	238	
Accounts receivable         (761)         (491)         (453)           Inventory.         (68)         (136)         (1,346)           Accounts payable         (53)         1,429         2,161           Taxes on earnings.         (851)         389         73           Restructuring and other         (154)         (237)         (233)           Other assets and liabilities         1,686         653         (363)           Net cash provided by operating activities         4,654         4,528         3,677           Cash flows from investing activities:         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment         —         172         69           Purchases of available-for-sale securities and other investments         (80)         (367)         (1,400)           Maturities and sales of available-for-sale securities and other investments         771         847         231           Collateral posted for derivative instruments         (32)         (1,165)         (1,170)           Collateral returned for derivative instruments         32         1,379         955           Payments made in connection with business acquisitions, net of cash acquired         (458)         (1,036)         —	Other, net	254	319	134	
Inventory.         (68)         (136)         (1,346)           Accounts payable         (53)         1,429         2,161           Taxes on earnings.         (851)         389         73           Restructuring and other         (154)         (237)         (233)           Other assets and liabilities         1,686         653         (363)           Net cash provided by operating activities         4,654         4,528         3,677           Cash flows from investing activities:         (671)         (546)         (402)           Proceeds from sale of property, plant and equipment         —         172         69           Purchases of available-for-sale securities and other investments         (80)         (367)         (1,400)           Maturities and sales of available-for-sale securities and other investments         771         847         231           Collateral posted for derivative instruments         (32)         (1,165)         (1,170)           Collateral returned for derivative instruments         32         1,379         955           Payments made in connection with business acquisitions, net of cash acquired         (458)         (1,036)         —	Changes in operating assets and liabilities, net of acquisitions:				
Accounts payable	Accounts receivable	(761)	(491)	(453)	
Taxes on earnings. (851) 389 73 Restructuring and other (154) (237) (233) Other assets and liabilities 1,686 653 (363) Net cash provided by operating activities 4,654 4,528 3,677  Cash flows from investing activities: Investment in property, plant and equipment (671) (546) (402) Proceeds from sale of property, plant and equipment — 172 69 Purchases of available-for-sale securities and other investments (80) (367) (1,400) Maturities and sales of available-for-sale securities and other investments 771 847 231 Collateral posted for derivative instruments (32) (1,165) (1,170) Collateral returned for derivative instruments 32 1,379 955 Payments made in connection with business acquisitions, net of cash acquired (458) (1,036) —	Inventory	(68)	(136)	(1,346)	
Restructuring and other	Accounts payable	(53)	1,429	2,161	
Other assets and liabilities	Taxes on earnings	(851)	389	73	
Net cash provided by operating activities 4,654 4,528 3,677  Cash flows from investing activities:  Investment in property, plant and equipment (671) (546) (402)  Proceeds from sale of property, plant and equipment — 172 69  Purchases of available-for-sale securities and other investments (80) (367) (1,400)  Maturities and sales of available-for-sale securities and other investments 771 847 231  Collateral posted for derivative instruments (32) (1,165) (1,170)  Collateral returned for derivative instruments 32 1,379 955  Payments made in connection with business acquisitions, net of cash acquired (458) (1,036) —	Restructuring and other	(154)	(237)	(233)	
Cash flows from investing activities:  Investment in property, plant and equipment	Other assets and liabilities	1,686	653	(363)	
Investment in property, plant and equipment (671) (546) (402)  Proceeds from sale of property, plant and equipment — 172 69  Purchases of available-for-sale securities and other investments (80) (367) (1,400)  Maturities and sales of available-for-sale securities and other investments 771 847 231  Collateral posted for derivative instruments (32) (1,165) (1,170)  Collateral returned for derivative instruments 32 1,379 955  Payments made in connection with business acquisitions, net of cash acquired (458) (1,036) —	Net cash provided by operating activities	4,654	4,528	3,677	
Proceeds from sale of property, plant and equipment. — 172 69  Purchases of available-for-sale securities and other investments (80) (367) (1,400)  Maturities and sales of available-for-sale securities and other investments 771 847 231  Collateral posted for derivative instruments (32) (1,165) (1,170)  Collateral returned for derivative instruments 32 1,379 955  Payments made in connection with business acquisitions, net of cash acquired (458) (1,036) —	Cash flows from investing activities:				
Purchases of available-for-sale securities and other investments(80)(367)(1,400)Maturities and sales of available-for-sale securities and other investments771847231Collateral posted for derivative instruments(32)(1,165)(1,170)Collateral returned for derivative instruments321,379955Payments made in connection with business acquisitions, net of cash acquired(458)(1,036)—	Investment in property, plant and equipment	(671)	(546)	(402)	
Maturities and sales of available-for-sale securities and other investments771847231Collateral posted for derivative instruments(32)(1,165)(1,170)Collateral returned for derivative instruments321,379955Payments made in connection with business acquisitions, net of cash acquired(458)(1,036)—	Proceeds from sale of property, plant and equipment	_	172	69	
Collateral posted for derivative instruments.(32)(1,165)(1,170)Collateral returned for derivative instruments.321,379955Payments made in connection with business acquisitions, net of cash acquired.(458)(1,036)—	Purchases of available-for-sale securities and other investments	(80)	(367)	(1,400)	
Collateral returned for derivative instruments321,379955Payments made in connection with business acquisitions, net of cash acquired(458)(1,036)—	Maturities and sales of available-for-sale securities and other investments	771	847	231	
Payments made in connection with business acquisitions, net of cash acquired (458) (1,036) —	Collateral posted for derivative instruments	(32)	(1,165)	(1,170)	
	Collateral returned for derivative instruments	32	1,379	955	
Net cash used in investing activities	Payments made in connection with business acquisitions, net of cash acquired	(458)	(1,036)	_	
	Net cash used in investing activities	(438)	(716)	(1,717)	

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
		IN MILLIONS	
Cash flows from financing activities:			
(Payments of) Proceeds from short-term borrowings with original maturities less than 90 days, net	(856)	743	202
Proceeds from short-term borrowings with original maturities greater than 90 days	_	712	887
Proceeds from debt, net of issuance costs	127	_	5
Payment of short-term borrowings with original maturities greater than 90 days	_	(1,596)	(3)
Payment of debt	(680)	(2,098)	(84)
Settlement of cash flow hedges	_	_	(9)
Stock-based award activities	(61)	52	57
Repurchase of common stock	(2,405)	(2,557)	(1,412)
Cash dividends paid	(970)	(899)	(894)
Net cash used in financing activities	(4,845)	(5,643)	(1,251)
(Decrease) Increase in cash and cash equivalents	(629)	(1,831)	709
Cash and cash equivalents at beginning of period	5,166	6,997	6,288
Cash and cash equivalents at end of period	\$4,537	\$5,166	\$6,997
Supplemental cash flow disclosures:			
Income taxes paid, net of refunds	\$89	\$951	\$438
Interest expense paid	\$240	\$329	\$322
Supplemental schedule of non-cash activities:			
Purchase of assets under capital leases	\$366	\$258	\$200