HP INC

FORM 10-K/A

(Amended Annual Report)

Filed 09/11/23 for the Period Ending 10/31/22

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Fiscal Year	10/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment Number 1)

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended
October 31, 2022
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

HP Inc.
(Exact name of registrant as specified in its charter)

Delaware	**94-1081436**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
1501 Page Mill Road **Palo Alto, California**	**94304**
(Address of principal executive offices)	(Zip code)

(650) 857-1501
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	**HPQ**	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the registrant's common stock held by non-affiliates was $37,840,980,837 based on the last sale price of common stock as of April 30, 2022.

The number of shares of HP Inc. common stock outstanding as of November 30, 2022 was 982,145,796 shares.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT DESCRIPTION	10-K/A PART
Portions of the Registrant's definitive proxy statement related to its 2023 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year end of October 31, 2022 are incorporated by reference into Part III of this Report.	III

Explanatory Note

HP Inc. ("HP," the "Company," "we," "us," and "our") is filing this Amendment No. 1 on Form 10-K/A (this "Amendment") to our Annual Report on Form 10-K for the fiscal year ended October 31, 2022, which was filed with the Securities and Exchange Commission (the "SEC") on December 6, 2022 (the "Original Form 10-K") to make certain changes, as described below.

In connection with the preparation of HP's Consolidated Condensed Financial Statements for the three and nine months ended July 31, 2023, the Company identified an accounting error related to a revenue contract in the Personal Systems segment. We evaluated the materiality of the error and concluded that it did not result in a material misstatement of our previously issued Consolidated Financial

Statements.

However, in connection with the period-end close process, we identified material weaknesses in the Company's internal control over financial reporting and have concluded these material weaknesses were present as of October 31, 2022. For a more detailed description of these material weaknesses, refer to Part II, Item 9A,"Controls and Procedures." This Amendment revises our assessment of the effectiveness of our internal control over financial reporting and our disclosure controls and procedures to indicate that they were not effective as of October 31, 2022 because of these material weaknesses. A revised opinion from our independent registered public accounting firm, Ernst & Young LLP, on our internal control over financial reporting as of October 31, 2022 also is included with this Amendment.

This Amendment also revises our previously issued Consolidated Financial Statements for the fiscal years ended 2022 2021, and 2020. In connection with the revisions for this error, the Company has also corrected the timing of other unrelated immaterial errors which were previously made in the periods the Company identified them.

"Forward-Looking Statements" of Part I of the Original Form 10-K and Item 8, "Financial Statements and Supplementary Data" and Item 9A, "Controls and Procedures," of Part II of the Original Form 10-K are hereby deleted in their entireties and replaced with "Forward-Looking Statements," Item 8, and Item 9A included herein. Item 15, "Exhibits and Financial Statement Schedules," of Part IV of the Original Form 10-K also has been amended to include a new consent of Ernst & Young LLP and, as required by Rule 12b-15 under the Securities Act of 1934, as amended, to provide new currently dated certifications by our Chief Executive Officer and Chief Financial Officer pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The new consent is attached to this Amendment as Exhibit 23 and the new certifications are attached to this Amendment as Exhibits 31.1, 31.2, and 32.

The only changes to the Original Form 10-K are those related to the matters described above. Except as described above, this Amendment does not amend, update, or change any other item or disclosure in the Original Form 10-K and does not purport to reflect any information or event subsequent to the filing thereof. As such, this Amendment speaks only as of the date the Original Form 10-K was filed, and the Company has not undertaken herein to amend, update, or change any information contained in the Original Form 10-K to give effect to any subsequent event, other than as expressly indicated in this Amendment. Accordingly, this Amendment should be read in conjunction with the Original Form 10-K and any subsequent filing with the SEC.

HP INC. AND SUBSIDIARIES

Form 10-K/A

For the Fiscal Year ended October 31, 2022

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Forward-Looking Statements

The Original Form 10-K, as amended by this Amendment, including "Business" in Item 1 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7, contains forward-looking statements based on current expectations and assumptions that involve risks and uncertainties. If the risks or uncertainties ever materialize or the assumptions prove incorrect, they could affect the business and results of operations of HP Inc. and its consolidated subsidiaries ("HP") which 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 statements regarding the impact of the COVID-19 pandemic; projections of net revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, deferred taxes, 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, planned structural cost reductions and productivity initiatives; any statements of the plans, strategies and objectives of management for future operations, including, but not limited to, our business model and transformation, our sustainability goals, our go-to-market strategy, the execution of restructuring plans and any resulting cost savings (including the fiscal 2023 plan), net revenue or profitability improvements or other financial impacts; any statements concerning the expected development, demand, performance, market share or competitive performance relating to products or services; any statements concerning potential supply constraints, component shortages, manufacturing disruptions or logistics challenges; 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, disputes or other litigation matters; any statements of expectation or belief as to the timing and expected benefits of acquisitions and other business combination and investment transactions (including the recent acquisition of Plantronics, Inc. ("Poly")); and any statements of assumptions underlying any of the foregoing.

Forward-looking statements can also generally be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will," "would," "could," "can," "may," and similar terms.

Risks, uncertainties and assumptions that could affect our business and results of operations include factors relating to:

- the impact of macroeconomic and geopolitical trends, changes and events, including the Russian invasion of Ukraine and tension across the Taiwan Strait and the regional and global ramifications of these events;
- recent volatility in global capital markets, increases in benchmark interest rates, the effects of inflation and instability of financial institutions;
- risks associated with HP's international operations; the effects of the COVID-19 pandemic;
- the execution and performance of contracts by HP and its suppliers, customers, clients and partners, including logistical challenges with respect to such execution and performance;
- changes in estimates and assumptions HP makes in connection with the preparation of its financial statements;
- the need to manage (and reliance on) third-party suppliers, including with respect to component shortages, and the need to manage HP's global, multi-tier distribution network, limit potential misuse of pricing programs by HP's channel partners, adapt to new or changing marketplaces and effectively deliver HP's services;
- HP's ability to execute on its strategic plans, including the previously announced initiatives, business model changes and transformation;
- execution of planned structural cost reductions and productivity initiatives;
- HP's ability to complete any contemplated share repurchases, other capital return programs or other strategic transactions;
- the competitive pressures faced by HP's businesses;
- risks associated with executing HP's strategy and business model changes and transformation;
- successfully innovating, developing and executing HP's go-to-market strategy, including online, omnichannel and contractual sales, in an evolving distribution, reseller and customer landscape;
- the development and transition of new products and services and the enhancement of existing products and services to meet evolving customer needs and respond to emerging technological trends;
- successfully competing and maintaining the value proposition of HP's products, including supplies;

- challenges to HP's ability to accurately forecast inventories, demand and pricing, which may be due to HP's multi-tiered channel, sales of HP's products to unauthorized resellers or unauthorized resale of HP's products or our uneven sales cycle;
- integration and other risks associated with business combination and investment transactions;
- the results of our restructuring plans (including the fiscal 2023 plan), including estimates and assumptions related to the cost (including any possible disruption of HP's business) and the anticipated benefits of our restructuring plans;
- the protection of HP's intellectual property assets, including intellectual property licensed from third parties;
- the hiring and retention of key employees;
- disruptions in operations from system security risks, data protection breaches, cyberattacks, extreme weather conditions or other effects of climate change, medical epidemics or pandemics such as the COVID-19 pandemic, and other natural or manmade disasters or catastrophic events;
- the impact of changes to federal, state, local and foreign laws and regulations, including environmental regulations and tax laws;
- our aspirations related to environmental, social and governance matters;
- potential impacts, liabilities and costs from pending or potential investigations, claims and disputes;
- the effectiveness of our internal control over financial reporting; and
- other risks that are described herein and in the Original Form 10-K, including but not limited to the items discussed in "Risk Factors" in Item 1A of Part I of the Original Form 10-K and that are otherwise described or updated from time to time in HP's other filings with the Securities and Exchange Commission (the "SEC").

Forward-looking and other statements in this report may also address our corporate sustainability or responsibility progress, plans, and goals (including environmental matters), and the inclusion of such statements is not an indication that these contents are necessarily material to investors or required to be disclosed in HP's filings with the SEC. In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

The forward-looking statements in this report are made as of the date of this filing and HP assumes no obligation and does not intend to update these forward-looking statements.

PART II

ITEM 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of HP Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of HP Inc. and subsidiaries (the Company) as of October 31, 2022 and 2021, the related consolidated statements of earnings, comprehensive income, stockholders' deficit and cash flows for each of the three years in the period ended October 31, 2022, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at October 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of October 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated December 6, 2022, except for the effect of the material weaknesses described in the fourth paragraph of that report, as to which the date is September 11, 2023, expressed an adverse opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

	Income Taxes
Description of the Matter	As described in Notes 1 and 6 of the consolidated financial statements, the Company is subject to income taxes in the United States and several other countries and is subject to routine corporate income tax audits in many of those jurisdictions. Uncertainty in the Company’s tax positions may arise as tax laws are subject to interpretation and the Company’s positions are subject to examination by taxing authorities, which may result in assessments of additional amounts owed. Determining the income tax provision for these potential assessments and recording the related effects requires significant management judgment in estimating whether a tax position’s technical merits are more-likely-than-not to be sustained and measuring the amount of tax benefit that qualifies for recognition. Our assessment of management’s analyses of the reserve for uncertain tax positions is significant to our audit because the amounts are material to the financial statements and the assessment process involves significant judgment. For example, management’s interpretations of tax laws and legal rulings are challenging to audit.
How We Addressed the Matter in Our Audit	We tested controls over management’s processes relating to the recording of unrecognized tax benefits, including controls over the Company’s process to assess the technical merits of its uncertain tax positions, including the above described judgments. Our audit procedures included an evaluation of the Company’s key assumptions and judgments and testing the completeness and accuracy of the underlying data used to determine the amount of unrecognized tax benefits recognized. For example, we evaluated the measurement of the amounts recorded taking into consideration the applicable tax laws and the Company’s positions examined by taxing authorities. We involved our tax professionals to assess the technical merits of the Company’s tax positions. This included assessing the Company’s correspondence with the relevant tax authorities and evaluating income tax opinions or other third-party advice obtained by the Company.

Revenue Recognition

Description of the Matter	As described in Note 1 of the consolidated financial statements, the Company enters into certain contracts to sell their products and services that contain non-standard terms and conditions and multiple performance obligations. For such contracts, significant interpretation may be required to determine the appropriate accounting, including the allocation of the transaction price among performance obligations in the arrangement and the timing of the transfer of control of promised goods or services for each of those performance obligations. In addition, the Company reduces revenue for customer and distributor programs and incentive offerings including rebates, promotions, other volume-based incentives and expected returns. The Company uses significant estimates to determine the expected variable consideration for such programs based on factors like historical experience, forecasted sales, expected customer behavior and market conditions. Our assessment of management’s evaluation of the appropriate accounting for revenue contracts and the determination of the variable consideration for sales incentives are significant to our audit because the amounts are material to the financial statements and the assessment process involves significant judgment.
How We Addressed the Matter in Our Audit	We tested relevant controls over the identified risks related to the Company’s accounting for revenue recognition, including the controls to evaluate the appropriate accounting treatment for contracts containing non-standard terms and conditions and multiple performance obligations and the controls related to the estimation process to record the variable consideration related to certain sales incentives. Our audit procedures included, among others, inspection of contracts entered into during the period, evaluation of management’s judgments related to the interpretation of certain contract provisions including the identification of performance obligations, the method of allocating the transaction price to the performance obligations in the arrangement, and the assessment of the appropriateness of the amount of revenue recognized. We also evaluated the Company’s key assumptions and judgments and tested the completeness and accuracy of the underlying data used to determine the variable consideration for sales incentives. This included analyzing data related to the historical experience of sales incentive payments as well as understanding the current market dynamics that can affect the estimate of variable consideration to assess the Company’s judgments and estimates.

/s/ ERNST & YOUNG LLP

We have served as the Company’s auditor since 2000.

San Jose, California

December 6, 2022, except for Notes 1, 2 and 19, as to which the date is September 11, 2023.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of HP Inc.

Opinion on Internal Control over Financial Reporting

We have audited HP Inc. and subsidiaries' internal control over financial reporting as of October 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weaknesses described below on the achievement of the objectives of the control criteria, HP Inc. and subsidiaries (the Company) has not maintained effective internal control over financial reporting as of October 31, 2022, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Poly, which is included in the 2022 consolidated financial statements of the Company and constituted 1.3% of total assets as of October 31, 2022 and 0.5% of net revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Poly.

In our report dated December 6, 2022, we expressed an unqualified opinion that the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2022, based on the COSO criteria. Management has subsequently identified design deficiencies involving revenue related to (i) recognition of revenue for a Personal Systems customer's transactions involving third-party financing and (ii) undue reliance on a payment application for certain sales incentive programs in EMEA, associated with variable consideration of approximately 4% of total consolidated revenues, for which management did not receive the System and Organization Controls Type 1 (SOC-1) Report timely and did not have effective complementary user entity controls. As a result, management has revised its assessment, as presented in the accompanying Management's Annual Report on Internal Control over Financial Reporting; to conclude that the Company's internal control over financial reporting was not effective as of October 31, 2022. Accordingly, our present opinion on the effectiveness of internal control over financial reporting as of October 31, 2022, as expressed herein, is different from that expressed in our previous report.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment. Management has identified material weaknesses in controls related to ineffective design of controls over revenue which include (i) recognition of revenue for a Personal Systems customer's transactions involving third-party financing and (ii) undue reliance on a payment application for certain sales incentive programs in EMEA, associated with variable consideration of approximately 4% of total consolidated revenues, for which management did not receive the System and Organization Controls Type 1 (SOC-1) Report timely and did not have effective complementary user entity controls. that existed as of October 31, 2022.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of HP Inc. and subsidiaries as of October 31, 2022 and 2021, the related consolidated statements of earnings, comprehensive income, stockholders' deficit and cash flows for each of the three years in the period ended October 31, 2022, and the related notes. The material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2022 consolidated financial statements, and this report does not affect our report dated December 6, 2022, except for Notes 1, 2 and 19, as to which the date is September 11, 2023 which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

San Jose, California

December 6, 2022, except for the effect of the material weaknesses described in the fourth paragraph above, as to which the date is September 11, 2023.

Management’s Report on Internal Control Over Financial Reporting

HP’s management is responsible for establishing and maintaining adequate internal control over financial reporting. HP’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. HP’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of HP; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of HP are being made only in accordance with authorizations of management and directors of HP; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of HP’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

HP’s management assessed the effectiveness of HP’s internal control over financial reporting as of October 31, 2022, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013 framework).

In accordance with guidance issued by the Securities and Exchange Commission, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. Our management’s evaluation of internal control over financial reporting excluded the internal control activities of Poly, which we acquired on August 29, 2022, as discussed in Note 18, “Acquisitions”. The exclusion represents internal control over financial reporting of 1.3 percent of total assets as of October 31, 2022 and less than 0.5 percent of net revenue for the then year ended. We have included the financial results of Poly in the consolidated financial statements from the date of acquisition.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

We identified material weaknesses in internal control over financial reporting due to design deficiencies involving (i) recognition of revenue for a Personal Systems customer’s transactions involving third-party financing and (ii) undue reliance on a payment application for certain sales incentive programs in EMEA, associated with variable consideration of approximately 4% of total consolidated revenues, for which management did not receive the System and Organization Controls Type 1 (SOC-1) Report timely and did not have effective complementary user entity controls.

The material weakness described in clause (i) resulted in an error related to a revenue contract in our Personal Systems segment that comprises less than 1% of total consolidated revenues for the impacted periods. As a result, we revised our prior period financial statements for this error and other previously identified errors, the impact of which was not material to our previously filed financial statements. The error was identified by management as part of the financial statement close process for the period ended July 31, 2023. The material weakness described in clause (ii) above did not result in any errors. While these material weaknesses did not result in a material misstatement of our previously filed financial statements, there is a reasonable possibility that these control deficiencies could have resulted in a material misstatement in the Company's annual or interim consolidated financial statements that would not be detected. Accordingly, we have determined that these control deficiencies constitute material weaknesses.

At the time that the Form 10-K for our fiscal year ended October 31, 2022 was filed on December 6, 2022, management, including our principal executive officer and principal financial officer, concluded our internal control over financial reporting was effective as of October 31, 2022. In the third quarter of the fiscal year ending October 31, 2023, management identified material weaknesses in its internal control over financial reporting that were determined to have existed as of October 31, 2022. As a result, management has concluded that we did not maintain effective internal control over financial reporting as of October 31, 2022 and therefore has revised its report on internal control over financial reporting.

The effectiveness of HP’s internal control over financial reporting as of October 31, 2022 has been audited by Ernst & Young LLP, HP’s independent registered public accounting firm, as stated in their report which appears in Part II, Item 8 of this Amendment.

/s/ ENRIQUE LORES	/s/ MARIE MYERS
Enrique Lores *President and Chief Executive Officer* September 11, 2023	Marie Myers *Chief Financial Officer* September 11, 2023

HP INC. AND SUBSIDIARIES

Consolidated Statements of Earnings

	For the fiscal years ended October 31		
	2022	**2021**	**2020**
	In millions, except per share amounts		
Net revenue	$ 62,910	$ 63,460	$ 56,638
Costs and expenses:			
Cost of revenue	50,647	50,053	46,217
Research and development	1,653	1,848	1,477
Selling, general and administrative	5,264	5,727	4,901
Restructuring and other charges	218	251	472
Acquisition and divestiture charges	318	68	16
Amortization of intangible assets	228	154	113
Russia exit charges	23	—	—
Total costs and expenses	58,351	58,101	53,196
Earnings from operations	4,559	5,359	3,442
Interest and other, net	(235)	2,209	(231)
Earnings before taxes	4,324	7,568	3,211
Provision for taxes	(1,192)	(1,027)	(396)
Net earnings	$ 3,132	$ 6,541	$ 2,815
Net earnings per share:			
Basic	$ 3.02	$ 5.41	$ 1.99
Diluted	$ 2.98	$ 5.36	$ 1.98
Weighted-average shares used to compute net earnings per share:			
Basic	1,038	1,208	1,413
Diluted	1,050	1,220	1,420

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

HP INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

	For the fiscal years ended October 31		
	2022	**2021**	**2020**
		In millions	
Net earnings	$ 3,132	$ 6,541	$ 2,815
Other comprehensive income (loss) before taxes:			
Change in unrealized components of available-for-sale debt securities:			
Unrealized (losses) gains arising during the period	(11)	5	2
Change in unrealized components of cash flow hedges:			
Unrealized gains (losses) arising during the period	1,541	(132)	(201)
(Gains) losses reclassified into earnings	(779)	243	(85)
	762	111	(286)
Change in unrealized components of defined benefit plans:			
(Losses) gains arising during the period	(54)	1,029	(29)
Amortization of actuarial loss and prior service benefit	20	80	83
Curtailments, settlements and other	—	(36)	215
	(34)	1,073	269
Change in cumulative translation adjustment	(78)	28	(4)
Other comprehensive income (loss) before taxes	639	1,217	(19)
(Provision for) benefit from taxes	(109)	(219)	1
Other comprehensive income (loss), net of taxes	530	998	(18)
Comprehensive income	$ 3,662	$ 7,539	$ 2,797

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

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HP INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	As of October 31	
	2022	2021
	In millions, except par value	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,145	$ 4,299
Accounts receivable, net of allowance for credit losses of $107 and $111, respectively	4,546	5,536
Inventory	7,614	7,930
Other current assets	4,431	4,403
Total current assets	19,736	22,168
Property, plant and equipment, net	2,774	2,546
Goodwill	8,541	6,803
Other non-current assets	7,443	7,088
Total assets	$ 38,494	$ 38,605
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Notes payable and short-term borrowings	$ 218	$ 1,106
Accounts payable	15,303	16,075
Other current liabilities	10,668	11,880
Total current liabilities	26,189	29,061
Long-term debt	10,796	6,386
Other non-current liabilities	4,534	4,802
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; 980 and 1,092 shares issued and outstanding at October 31, 2022, and 2021 respectively)	10	11
Additional paid-in capital	1,172	1,060
Accumulated deficit	(4,492)	(2,470)
Accumulated other comprehensive income (loss)	285	(245)
Total stockholders' deficit	(3,025)	(1,644)
Total liabilities and stockholders' deficit	$ 38,494	$ 38,605

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

HP INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the fiscal years ended October 31		
	2022	2021	2020
	In millions		
Cash flows from operating activities:			
Net earnings	$ 3,132	$ 6,541	$ 2,815
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	780	785	789
Stock-based compensation expense	343	330	278
Restructuring and other charges	218	251	472
Deferred taxes on earnings	577	(582)	43
Defined benefit plan settlement (gains) charges	—	(37)	214
Other, net	475	440	325
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	1,285	(105)	575
Inventory	214	(2,180)	(370)
Accounts payable	(909)	1,257	(35)
Net investment in leases	(155)	(111)	(152)
Taxes on earnings	(134)	59	(112)
Restructuring and other	(245)	(205)	(489)
Other assets and liabilities	(1,118)	(34)	(37)
Net cash provided by operating activities	4,463	6,409	4,316
Cash flows from investing activities:			
Investment in property, plant and equipment	(791)	(582)	(580)
Proceeds from sale of property, plant and equipment	26	—	3
Purchases of available-for-sale securities and other investments	(52)	(28)	(693)
Maturities and sales of available-for-sale securities and other investments	9	304	417
Collateral posted for derivative instruments	14	148	(163)
Payments made in connection with business acquisitions, net of cash acquired	(2,755)	(854)	—
Net cash used in investing activities	(3,549)	(1,012)	(1,016)
Cash flows from financing activities:			
(Payments of) Proceeds from short-term borrowings with original maturities less than 90 days, net	(400)	400	—
Proceeds from debt, net of issuance costs	4,175	2,121	3,108
Payment of debt	(693)	(1,245)	(1,849)
Stock-based award activities and others	(95)	(51)	(128)
Repurchase of common stock	(4,297)	(6,249)	(3,107)
Cash dividends paid	(1,037)	(938)	(997)
Collateral withdrawn for derivative instruments	200	—	—
Settlement of cash flow hedges	79	—	—
Net cash used in financing activities	(2,068)	(5,962)	(2,973)
(Decrease) increase in cash and cash equivalents	(1,154)	(565)	327
Cash and cash equivalents at beginning of period	4,299	4,864	4,537
Cash and cash equivalents at end of period	$ 3,145	$ 4,299	$ 4,864
Supplemental cash flow disclosures:			
Income taxes paid, net of refunds	$ 749	$ 1,548	$ 464
Interest expense paid	$ 305	$ 261	$ 227
Supplemental schedule of non-cash activities:			
Purchase of assets under finance leases	$ —	$ —	$ 19

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

HP INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Deficit

	Common Stock					
	Number of Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	In millions, except number of shares in thousands					
Balance October 31, 2019	1,457,719	$ 15	$ 835	$ (836)	$ (1,225)	$ (1,211)
Net earnings				2,815		2,815
Other comprehensive loss, net of taxes					(18)	(18)
Comprehensive income						2,797
Issuance of common stock in connection with employee stock plans and other	14,065		(37)			(37)
Repurchases of common stock (Note 12)	(167,857)	(2)	(113)	(3,017)		(3,132)
Cash dividends ($0.70 per common share)				(997)		(997)
Stock-based compensation expense			278			278
Adjustment for adoption of accounting standards				27		27
Balance October 31, 2020	1,303,927	$ 13	$ 963	$ (2,008)	$ (1,243)	$ (2,275)
Net earnings				6,541		6,541
Other comprehensive income, net of taxes					998	998
Comprehensive income						7,539
Issuance of common stock in connection with employee stock plans and other	11,896		(45)			(45)
Repurchases of common stock (Note 12)	(223,618)	(2)	(188)	(6,065)		(6,255)
Cash dividends ($0.78 per common share)				(938)		(938)
Stock-based compensation expense			330			330
Balance October 31, 2021	1,092,205	$ 11	$ 1,060	$ (2,470)	$ (245)	$ (1,644)
Net earnings				3,132		3,132
Other comprehensive income, net of taxes					530	530
Comprehensive income						3,662
Issuance of common stock in connection with employee stock plans and other	11,951		(111)			(111)
Repurchases of common stock (Note 12)	(124,287)	(1)	(129)	(4,117)		(4,247)
Cash dividends ($1.00 per common share)				(1,037)		(1,037)
Stock-based compensation expense			343			343
Business acquisitions			9			9
Balance October 31, 2022	979,869	$ 10	$ 1,172	$ (4,492)	$ 285	$ (3,025)

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

Note 1: Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Consolidated Financial Statements of HP and its wholly-owned subsidiaries are prepared in conformity with U.S. GAAP.

Principles of Consolidation

The Consolidated 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.

Revision of Prior Period Consolidated Financial Statements

In connection with the preparation of HP's Consolidated Condensed Financial Statements for the three and nine months ended July 31, 2023, the Company identified an accounting error related to a revenue contract in the Personal Systems segment. HP has revised its prior period financial statements to correct this error, as well as other immaterial errors, which impacted the last quarter and annual period of fiscal year 2020 and all the subsequent periods through the second quarter of fiscal year 2023. The Company evaluated the error and determined that the related impacts were not material to its financial statements for the prior annual periods when they occurred, but that correcting the error would be material to the Company's results of operations for the three and nine months ended July 31, 2023. The Company has corrected these errors in the Consolidated Financial Statements for all prior periods presented herein. Revisions to the Company's previously reported disclosures have been reflected in Note 2, "Segment Information"; Note 3, "Restructuring and Other Charges"; Note 4, "Retirement and Post-Retirement Benefit Plans"; Note 6, "Taxes on Earnings"; Note 7, "Supplementary Financial Information", Note 12, "Stockholders' Deficit"; and Note 13, "Net Earnings Per Share". A summary of the revisions to the Company's previously reported financial statements is provided in Note 19, "Revision of Prior Period Consolidated Financial Statements".

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 Financial Statements and accompanying notes. Actual results may differ materially from those estimates. As of October 31, 2022, the extent to which the current macroeconomic factors will impact our business going forward depends on numerous dynamic factors which we cannot reliably predict. As a result, many of our estimates and assumptions required increased judgment and may carry a higher degree of variability and volatility. As the events continue to evolve with respect to the pandemic and ongoing macroeconomic factors, our estimates may materially change in future periods.

Foreign Currency Translation

HP predominantly uses the U.S. dollar as its functional currency. Assets and liabilities denominated in non-U.S. dollars are remeasured into U.S. dollars at current exchange rates for monetary assets and liabilities and at historical exchange rates for non-monetary assets and liabilities. Net revenue, costs and expenses denominated in non-U.S. dollars are recorded in U.S. dollars at monthly average exchange rates prevailing during the period. HP includes gains or losses from foreign currency remeasurement in Interest and other, net in the Consolidated Statements of Earnings. Certain foreign subsidiaries designate the local currency as their functional currency, and HP records the translation of their assets and liabilities into U.S. dollars at the balance sheet dates as translation adjustments and includes them as a component of Accumulated other comprehensive loss.

Oracle litigation proceeds

On October 12, 2021, Oracle paid approximately $4.65 billion, to satisfy the judgement with interest, related to the litigation in connection with Oracle's discontinuation of software support for former Hewlett-Packard Company's Itanium-based line of mission-critical servers. The net proceeds from the judgement were shared equally between HP and Hewlett Packard Enterprise pursuant to the terms of the separation and distribution agreement between the parties. For the fiscal year 2021, HP recorded a gain of $2.3 billion in Interest and other, net and corresponding tax impact of $0.5 billion in Provision for taxes on the Consolidated Statements of Earnings as Oracle has exhausted legal appeals and has no further legal recourse to reverse the judgment.

Recently Adopted Accounting Pronouncements

In October 2021, the Financial Accounting Standards Board ("FASB") issued guidance on the recognition and measurement of contract assets and contract liabilities acquired in a business combination. This guidance requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, Revenue from Contracts with Customers, as if the acquirer had originated the contracts. Under the new guidance, it is

Note 1: Summary of Significant Accounting Policies (Continued)

generally expected that an acquirer will recognize and measure contract assets and liabilities in a manner consistent with how they were recognized by the acquiree in its preacquisition financial statements. HP is required to adopt the guidance in the first quarter of fiscal year 2024, with early adoption permitted HP has early adopted the guidance in fiscal year 2022, and the implementation of this guidance did not have a material impact on the Consolidated Financial Statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In September 2022, the FASB issued guidance that enhances the transparency about the use of supplier finance programs. Under the new guidance, companies that use a supplier finance program in connection with the purchase of goods or services will be required to disclose information about the program to allow users of financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. HP is required to adopt the guidance in the first quarter of fiscal year 2024, except for the amendment on roll forward information which is effective one year later. Early adoption is permitted. HP is currently evaluating the impact of this guidance on the Consolidated Financial Statements.

Revenue Recognition

General

HP recognizes revenues at a point in time or over time depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which HP expects to be entitled in exchange for those goods or services. HP follows the five-step model for revenue recognition as summarized below:

1. *Identify the contract with a customer* - A contract with customer exists when (i) it is approved and signed by all parties, (ii) each party's rights and obligations can be identified, (iii) payment terms are defined, (iv) it has commercial substance and (v) the customer has the ability and intent to pay. HP evaluates customers' ability to pay based on various factors like historical payment experience, financial metrics and customer credit scores. While the majority of our sales contracts contain standard terms and conditions, there are certain contracts with non-standard terms and conditions.
2. *Identify the performance obligations in the contract* - HP evaluates each performance obligation in an arrangement to determine whether it is distinct, such as hardware and/or service. A performance obligation constitutes distinct goods or services when the customer can benefit from such goods or services either on its own or together with other resources that are readily available to the customer and the performance obligation is distinct within the context of the contract.
3. *Determine the transaction price* - Transaction price is the amount of consideration to which HP expects to be entitled in exchange for transferring goods or services to the customer. If the transaction price includes a variable amount, HP estimates the amount it expects to be entitled to using either the expected value or the most likely amount method.

HP reduces the transaction price at the time of revenue recognition for customer and distributor programs and incentive offerings, rebates, promotions, other volume-based incentives and expected returns. HP uses estimates to determine the expected variable consideration for such programs based on factors like historical experience, expected consumer behavior and market conditions.

HP has elected the practical expedient of not accounting for significant financing components if the period between revenue recognition and when the customer pays for the product or service is one year or less.

4. *Allocate the transaction price to performance obligations in the contract* -When a sales arrangement contains multiple performance obligations, such as hardware and/or services, HP allocates revenue to each performance obligation in proportion to their selling price. The selling price for each performance obligation is based on its Standalone Selling Price ("SSP"). HP establishes SSP using the price charged for a performance obligation when sold separately ("observable price") and, in some instances, using the price established by management having the relevant authority. When observable price is not available, HP establishes SSP based on management judgment considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life cycle. Consideration is also given to market conditions such as competitor pricing strategies and technology industry life cycles.
5. *Recognize revenue when (or as) the performance obligation is satisfied* - Revenue is recognized when, or as, a performance obligation is satisfied by transferring control of a promised good or service to a customer. HP generally invoices the customer upon delivery of the goods or services and the payments are due as per contract terms. For fixed price support or maintenance contracts that are in the nature of stand-ready obligations, payments are generally received in advance from customers and revenue is recognized on a straight-line basis over the duration of the contract.

Note 1: Summary of Significant Accounting Policies (Continued)

HP reports revenue net of any taxes collected from customers and remitted to government authorities, and the collected taxes are recorded as other current liabilities until remitted to the relevant government authority. HP includes costs related to shipping and handling in Cost of revenue.

HP records revenue on a gross basis when HP is a principal in the transaction and on a net basis when HP is acting as an agent between the customer and the vendor. HP considers several factors to determine whether it is acting as a principal or an agent, most notably whether HP is the primary obligor to the customer, has established its own pricing and has inventory and credit risks.

Hardware

HP transfers control of the products to the customer at the time the product is delivered to the customer and recognizes revenue accordingly, unless customer acceptance is uncertain or significant obligations to the customer remain unfulfilled. HP records revenue from the sale of equipment under sales-type leases as revenue at the commencement of the lease.

Services

HP recognizes revenue from fixed-price support, maintenance and other service contracts over time depicting the pattern of service delivery and recognizes the costs associated with these contracts as incurred.

Contract Assets and Liabilities

Contract assets are rights to consideration in exchange for goods or services that HP has transferred to a customer when such right is conditional on something other than the passage of time. Such contract assets are not material to HP’s Consolidated Financial Statements.

Contract liabilities are recorded as deferred revenues when amounts invoiced to customers are more than the revenues recognized or when payments are received in advance for fixed-price support or maintenance contracts. The short-term and long-term deferred revenues are reported within the other current liabilities and other non-current liabilities respectively.

Cost to obtain a contract and fulfillment cost

Incremental direct costs of obtaining a contract primarily consist of sales commissions. HP has elected the practical expedient to expense as incurred the costs to obtain a contract with a benefit period equal to or less than one year. For contracts with a period of benefit greater than one year, HP capitalizes incremental costs of obtaining a contract with a customer and amortizes these costs over their expected period of benefit provided such costs are recoverable.

Fulfillment costs consist of set-up and transition costs related to other service contracts. These costs generate or enhance resources of HP that will be used in satisfying the performance obligation in the future and are capitalized and amortized over the expected period of the benefit, provided such costs are recoverable.

See Note 7, “Supplementary Financial Information” for details on net revenue by region, cost to obtain a contract and fulfillment cost, contract liabilities and value of remaining performance obligations.

Leases

At the inception of a contract, HP assesses whether the contract is, or contains, a lease. The assessment is based on (1) whether the contract involves the use of a distinct identified asset, (2) whether HP obtains the right to substantially all the economic benefit from the use of the asset throughout the period, and (3) whether HP has the right to direct the use of the asset.

All significant lease arrangements are recognized at lease commencement. Leases with a lease term of 12 months or less at inception are not recorded on the Consolidated Balance Sheets and are expensed on a straight-line basis over the lease term in the Consolidated Statement of Earnings. HP determines the lease term by assuming the exercise of renewal options that are reasonably certain. As most of the leases do not provide an implicit interest rate, HP uses the unsecured borrowing rate and risk-adjusts that rate to approximate a collateralized rate at the commencement date to determine the present value of future payments that are reasonably certain.

Stock-Based Compensation

HP determines stock-based compensation expense based on the measurement date fair value of the award. HP recognizes compensation cost only for those awards expected to meet the service and performance vesting conditions on a straight-line basis over the requisite service period of the award. HP determines compensation costs at the aggregate grant level for service-based awards and at the individual vesting tranche level for awards with performance and/or market conditions. HP estimates the forfeiture rate based on its historical experience.

Note 1: Summary of Significant Accounting Policies (Continued)

Retirement and Post-Retirement Plans

HP has various defined benefit, other contributory and non-contributory retirement and post-retirement plans. HP generally amortizes unrecognized actuarial gains and losses on a straight-line basis over the average remaining estimated service life of participants. In limited cases, HP amortizes actuarial gains and losses using the corridor approach. See Note 4, “Retirement and Post-Retirement Benefit Plans” for a full description of these plans and the accounting and funding policies.

Advertising cost

Costs to produce advertising are expensed as incurred during production. Costs to communicate advertising are expensed when the advertising is first run. Such costs totaled approximately $696 million, $829 million and $530 million in fiscal years 2022, 2021 and 2020, respectively.

Restructuring and Other Charges

HP records charges associated with management-approved restructuring plans to reorganize one or more of HP’s business segments, to remove duplicative headcount and infrastructure associated with business acquisitions or to simplify business processes and accelerate innovation. Restructuring charges can include severance costs to reduce a specified number of employees, enhanced early retirement incentives, infrastructure charges to vacate facilities and consolidate operations, and contract cancellation costs. HP records restructuring charges based on estimated employee terminations, committed early retirements and site closure and consolidation plans. HP accrues for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements. Other charges include non-recurring costs, including those as a result of information technology rationalization efforts and proxy contest activities, and are distinct from ongoing operational costs.

Taxes on Earnings

HP recognizes deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. HP records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized.

HP records accruals for uncertain tax positions when HP believes that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. HP makes adjustments to these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes includes the effects of adjustments for uncertain tax positions, as well as any related interest and penalties.

Accounts Receivable

HP records allowance for credit losses for the current expected credit losses inherent in the asset over its expected life. The allowance for credit losses is maintained based on the relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

HP records a specific reserve for individual accounts when HP becomes aware of specific customer circumstances, such as in the case of a bankruptcy filing or deterioration in the customer’s operating results or financial position. If there are additional changes in circumstances related to the specific customer, HP further adjusts estimates of the recoverability of receivables. HP assesses collectability by pooling receivables where similar risk characteristics exist.

HP maintains an allowance for credit losses for all other customers based on a variety of factors, including the use of third-party credit risk models that generate quantitative measures of default probabilities based on market factors, financial condition of customers, length of time receivables are past due, trends in the weighted-average risk rating for the portfolio, macroeconomic conditions, information derived from competitive benchmarking, significant one-time events, and historical experience. The past due or delinquency status of a receivable is based on the contractual payment terms of the receivable.

HP utilizes certain third-party arrangements in the normal course of business as part of HPs cash and liquidity management and also to provide liquidity to certain partners to facilitate their working capital requirements. These financing arrangements, which in certain cases provide for partial recourse, result in the transfer of HP’s trade receivables to a third-party. HP reflects amounts transferred to, but not yet collected from the third-party in Accounts receivable in the Consolidated Balance Sheets. For arrangements involving an element of recourse, the fair value of the recourse obligation is measured using market data from similar transactions and reported as a current liability in the Consolidated Balance Sheets.

Note 1: Summary of Significant Accounting Policies (Continued)

Concentrations of Risk

Financial instruments that potentially subject HP to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, receivables from trade customers and contract manufacturers and derivatives.

HP maintains cash and cash equivalents, investments, derivatives and certain other financial instruments with various financial institutions. These financial institutions are located in many different geographic regions, and HP's policy is designed to limit exposure from any particular institution. As part of its risk management processes, HP performs periodic evaluations of the relative credit standing of these financial institutions. HP has not sustained material credit losses from instruments held at these financial institutions. HP utilizes derivative contracts to protect against the effects of foreign currency, interest rate and, on certain investment exposures. Such contracts involve the risk of non-performance by the counterparty, which could result in a material loss. The likelihood of which HP deems to be remote.

HP sells a significant portion of its products through third-party distributors and resellers and, as a result, maintains individually significant receivable balances with these parties. If the financial condition or operations of these distributors' and resellers' aggregated business deteriorates substantially, HP's operating results could be adversely affected. The ten largest distributor and reseller receivable balances, which were concentrated primarily in North America and Europe, collectively represented approximately 52% and 42% of gross accounts receivable as of October 31, 2022 and 2021, respectively. Two customers TD Synnex Corp and Ingram Micro Inc., accounted for 13.8% and 10.4%, respectively, of gross accounts receivable as of October 31, 2022. No single customer accounted for more than 10% of gross accounts receivable as of October 31, 2021. Credit risk with respect to other accounts receivable is generally diversified due to HP's large customer base and their dispersion across many different industries and geographic markets. HP performs ongoing credit evaluations of the financial condition of its third-party distributors, resellers and other customers and may require collateral, such as letters of credit and bank guarantees, in certain circumstances.

HP utilizes outsourced manufacturers around the world to manufacture HP-designed products. HP may purchase product components from suppliers and sell those components to its outsourced manufacturers thereby creating receivable balances from the outsourced manufacturers. The three largest outsourced manufacturer receivable balances collectively represented 89% and 85% of HP's supplier receivables of $0.3 billion and $1.4 billion as of October 31, 2022 and 2021, respectively. HP includes the supplier receivables in Other current assets in the Consolidated Balance Sheets on a gross basis. HP's credit risk associated with these receivables is mitigated wholly or in part, by the amount HP owes to these outsourced manufacturers, as HP generally has the legal right to offset its payables to the outsourced manufacturers against these receivables. HP does not reflect the sale of these components in net revenue and does not recognize any profit on these component sales until the related products are sold by HP, at which time any profit is recognized as a reduction to cost of revenue.

HP obtains a significant number of components from single source suppliers like Canon, due to technology, availability, price, quality or other considerations. The loss of a single source supplier, the deterioration of HP's relationship with a single source supplier, or any unilateral modification to the contractual terms under which HP is supplied components by a single source supplier could adversely affect HP's net revenue, cash flows and gross margins.

Inventory

HP values inventory at the lower of cost or market. Cost is computed using standard cost which approximates actual cost on a first-in, first-out basis. Adjustments, if required, to reduce the cost of inventory to market (net realizable value) are made for estimated excess, obsolete or impaired balances after considering judgments related to future demand and market conditions.

Property, Plant and Equipment, Net

HP reflects property, plant and equipment at cost less accumulated depreciation. HP capitalizes additions and improvements and expenses maintenance and repairs as incurred. Depreciation expense is recognized on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives are five to 40 years for buildings and improvements and three to 15 years for machinery and equipment. HP depreciates leasehold improvements over the life of the lease or the asset, whichever is shorter. HP depreciates equipment held for lease over the initial term of the lease to the equipment's estimated residual value. On retirement or disposition, the asset cost and related accumulated depreciation are removed from the Consolidated Balance Sheets with any gain or loss recognized in the Consolidated Statements of Earnings.

Internal Use Software and Cloud Computing Arrangements

HP capitalizes external costs and directly attributable internal costs to acquire or create internal use software which are incurred subsequent to the completion of the preliminary project stage. These costs relate to activities such as software design, configuration, coding, testing, and installation. Costs related to post-implementation activities such as training and maintenance are expensed as incurred. Once the software is substantially complete and ready for its intended use, capitalized development costs are amortized straight-line over the estimated useful life of the software, generally not to exceed five years.

HP also enters into certain cloud-based software hosting arrangements that are accounted for as service contracts. For internal-use software obtained through a hosting arrangement that is in the nature of a service contract, HP incurs certain implementation costs such as integrating, configuring, and software customization, which are consistent with costs incurred during the application development stage for on-premise software. HP applies the same guidance to determine costs that are eligible for capitalization. For these arrangements, HP amortizes the capitalized development costs straight-line over the fixed, non-cancellable term of the associated hosting arrangement plus any reasonably certain renewal periods. HP also applies the same impairment model to both internal-use software and capitalized implementation costs in a software hosting arrangement that is in the nature of a service contract.

Business Combinations

HP includes the results of operations of the acquired business in HP's consolidated results prospectively from the acquisition date. HP allocates the purchase consideration to the assets acquired, liabilities assumed, and non-controlling interests in the acquired entity generally based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and non-controlling interests in the acquired entity is recorded as goodwill. The primary items that generate goodwill include the value of the synergies between the acquired company and HP, and the value of the acquired assembled workforce, neither of which qualify for recognition as an intangible asset. Acquisition and divestiture charges are recognized separately from the business combination and are expensed as incurred. These charges primarily include, direct third-party professional and legal fees, integration and divestiture-related costs, as well as non-cash adjustments to the fair value adjustments of certain acquired assets such as inventory and certain compensation charges related to cash settlement of restricted stock units and performance-based restricted stock units of acquired companies.

Goodwill

HP reviews goodwill for impairment annually during its fourth quarter and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. HP can elect to perform a qualitative assessment to test a reporting unit's goodwill for impairment or HP can directly perform the quantitative impairment test. Based on the qualitative assessment, if HP determines that the fair value of a reporting unit is more likely than not (i.e., a likelihood of more than 50 percent) to be less than its carrying amount, a quantitative impairment test will be performed.

In the quantitative impairment test, HP compares the fair value of each reporting unit to its carrying amount with the fair values derived most significantly from the income approach, and to a lesser extent, the market approach. Under the income approach, HP estimates the fair value of a reporting unit based on the present value of estimated future cash flows. HP bases cash flow projections on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. HP bases the discount rate on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, HP estimates fair value based on market multiples of revenue and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting unit. HP weights the fair value derived from the market approach depending on the level of comparability of these publicly-traded companies to the reporting unit. When market comparables are not meaningful or not available, HP estimates the fair value of a reporting unit using only the income approach.

In order to assess the reasonableness of the estimated fair value of HP's reporting units, HP compares the aggregate reporting unit fair value to HP's market capitalization on an overall basis and calculates an implied control premium (the excess of the sum of the reporting units' fair value over HP's market capitalization on an overall basis). HP evaluates the control premium by comparing it to observable control premiums from recent comparable transactions. If the implied control premium is determined to not be reasonable in light of these recent transactions, HP re-evaluates its reporting unit fair values, which may result in an adjustment to the discount rate and/or other assumptions. This re-evaluation could result in a change to the estimated fair value for certain or all reporting units.

If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired. If the fair value of the reporting unit is less than its carrying amount, goodwill is impaired and the excess of the reporting unit's carrying value over the fair value is recognized as an impairment loss.

Debt and Marketable Equity Securities Investments

HP determines the appropriate classification of its investments at the time of purchase and re-evaluates the classifications at each balance sheet date. Debt and marketable equity securities are generally considered available-for-sale. All highly liquid investments with maturities of three months or less at the date of purchase are classified as cash equivalents. Marketable debt securities with maturities of twelve months or less are classified as short-term investments and marketable debt securities with maturities greater than twelve months are classified based on their availability for use in current operations. Marketable equity securities, including mutual funds, are classified as either short or long-term based on the nature of each security and its availability for use in current operations.

Available-for-sale debt securities are reported at fair value with unrealized gains and losses, net of applicable taxes, in Accumulated other comprehensive loss. Unrealized gains and losses on equity securities, credit losses and impairments on available-for-sale debt securities are recorded in Consolidated Statements of Earnings. Realized gains and losses on available-for-sale securities are calculated at the individual security level and included in Interest and other, net in the Consolidated Statements of Earnings.

HP monitors its investment portfolio for potential impairment and credit losses on a quarterly basis. If HP intends to sell a debt security or it is more likely than not that HP will be required to sell the security before recovery, then a decline in fair value below cost is recorded as an impairment charge in Interest and other, net and a new cost basis in the investment is established.

In other cases, if the carrying amount of an investment in debt securities exceeds its fair value and the decline in value is determined to be due to credit related reasons, HP records a credit loss allowance, limited by the amount that fair value is less than the amortized cost basis. HP recognizes the corresponding charge in Interest and other, net and the remaining unrealized loss, if any, in Accumulated other comprehensive loss in the Consolidated Balance Sheets. Factors that HP considers while determining the credit loss allowance includes, but is not limited to, severity and the reason for the decline in value, interest rate changes and counterparty long-term ratings.

Derivatives

HP uses derivative instruments, primarily forward contracts, interest rate swaps, total return swaps, treasury rate locks, forward starting swaps and, at times, option contracts to hedge certain foreign currency, interest rate and, return on certain investment exposures. HP also may use other derivative instruments not designated as hedges, such as forwards used to hedge foreign currency balance sheet exposures. HP does not use derivative instruments for speculative purposes. See Note 10, “Financial Instruments” for a full description of HP’s derivative instrument activities and related accounting policies.

Loss Contingencies

HP is involved in various lawsuits, claims, investigations and proceedings that arise in the ordinary course of business. HP records a liability for contingencies when it believes it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. See Note 14, “Litigation and Contingencies” for a full description of HP’s loss contingencies and related accounting policies.

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 goes to market through its extensive channel network and direct sales.

HP's operations are organized into three reportable segments: Personal Systems, Printing, and Corporate Investments. HP's organizational structure is based on many factors that the chief operating decision maker ("CODM") uses to evaluate, view and run the 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 CODM to evaluate segment results. The CODM 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 offers commercial and consumer customers desktops and notebooks, workstations, thin clients, commercial mobility devices, retail point-of-sale ("POS") systems, displays, hybrid systems (includes video conferencing solutions, cameras, headsets, voice, and related software capabilities including all products and solutions acquired from Poly), software, support and services. HP groups commercial notebooks, commercial desktops, commercial services, commercial mobility devices, commercial detachables and convertibles, workstations, retail POS systems and thin clients into commercial ("Commercial PS"), and consumer notebooks, consumer desktops, consumer services and consumer detachables into consumer ("Consumer PS") when describing performance in these markets. Commercial and Consumer services include support and deployment, configurations and extended warranty services.

Personal Systems groups its global business capabilities into the following business units when reporting business performance:

- *Commercial PS* consist of endpoint computing devices and hybrid systems, for use by enterprise, public sector (which includes education), and SMB customers, with a focus on robust designs, security, serviceability, connectivity, reliability and manageability in the customer's environment. Additionally, HP offers a range of services and solutions to enterprise, public sector (which includes education), and SMB customers to help them manage the lifecycle of their personal computers ("PCs") and mobility installed base.
- *Consumer PS* consist of devices, accessories and services which are optimized for consumer usage, focusing on gaming, learning and working remotely, consuming multi-media for entertainment, managing personal life activities, staying connected, sharing information, getting things done for work including creating content and staying informed and secure.

Personal Systems prior to the business unit change grouped its global business capabilities into the following business units when reporting business performance:

- *Notebooks* consists of consumer notebooks, commercial notebooks, mobile workstations, peripherals, and commercial mobility devices;
- *Desktops* includes consumer desktops, commercial desktops, thin clients, displays, peripherals, and retail POS systems;
- *Workstations* consists of desktop workstations, displays, and peripherals; and
- *Other* consists of consumer and commercial services, Plantronics, Inc. ("Poly") products and services as well as other Personal Systems capabilities.

Printing provides consumer and commercial printer hardware, supplies, services and solutions. Printing is also focused on imaging solutions in the commercial and industrial 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. It also includes OEM hardware and solutions, and some Samsung-branded supplies.
- *Home Printing Solutions* delivers innovative printing products, supplies, services and solutions for the home, home business and micro business customers utilizing both HP's Ink and Laser technologies. It also includes some Samsung-branded supplies.

Note 2: Segment Information (Continued)

- *Graphics Solutions* delivers large-format, commercial and industrial solutions and supplies to print service providers and packaging converters through a wide portfolio of printers and presses (HP DesignJet, HP Latex, HP Indigo and HP PageWide Web Presses).
- *3D Printing & Digital Manufacturing* offers a portfolio of additive manufacturing solutions and supplies to help customers succeed in their additive and digital manufacturing journey. HP offers complete solutions in collaboration with an ecosystem of partners.

Printing groups its global business capabilities into the following business units when reporting business performance:

- *Commercial* consists of office printing solutions, graphics solutions and 3D printing and digital manufacturing, excluding supplies;
- *Consumer* consists of home printing solutions, excluding supplies; and
- *Supplies* comprises a set of highly innovative consumable products, ranging from ink and laser cartridges to media, graphics supplies and 3D printing and digital manufacturing supplies, for recurring use in consumer and commercial hardware.

Corporate Investments includes HP Labs and certain business incubation and investment projects.

The accounting policies HP uses to derive segment results are substantially the same as those used by HP in preparing these financial statements. HP derives the results of the business segments directly from its internal management reporting system.

HP does not allocate certain operating expenses, which it manages at the corporate level, to its segments. These unallocated amounts include expenses such as certain corporate governance costs and infrastructure investments, stock-based compensation expense, restructuring and other charges, acquisition and divestiture charges, amortization of intangible assets and Russia exit charges.

HP INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 2: Segment Information (Continued)

Segment Operating Results from Operations and the reconciliation to HP consolidated results were as follows:

	For the fiscal years ended October 31		
	2022	2021	2020
	In millions		
Net revenue:			
Commercial PS [1]	$ 29,616	$ 26,822	$ 25,230
Consumer PS	14,395	16,510	13,766
Personal Systems	44,011	43,332	38,996
Supplies	11,761	12,632	11,586
Commercial	4,225	4,209	3,539
Consumer	2,916	3,287	2,516
Printing	18,902	20,128	17,641
Corporate Investments	2	3	2
Total segment net revenue	62,915	63,463	56,639
Other	(5)	(3)	(1)
Total net revenue	$ 62,910	$ 63,460	$ 56,638
Earnings before taxes:			
Personal Systems	$ 2,761	$ 3,152	$ 2,309
Printing	3,619	3,647	2,488
Corporate Investments	(230)	(96)	(69)
Total segment earnings from operations	$ 6,150	$ 6,703	$ 4,728
Corporate and unallocated costs and other	(461)	(541)	(407)
Stock-based compensation expense	(343)	(330)	(278)
Restructuring and other charges	(218)	(251)	(472)
Acquisition and divestiture charges	(318)	(68)	(16)
Amortization of intangible assets	(228)	(154)	(113)
Russia exit charges	(23)	—	—
Interest and other, net	(235)	2,209	(231)
Total earnings before taxes	$ 4,324	$ 7,568	$ 3,211

Realignment

Effective first quarter of fiscal 2023, HP realigned the Personal Systems business units reporting structure into Commercial PS and Consumer PS to align with its customer market segmentation. Additionally, in connection with certain other organizational realignments, some costs which were earlier reflected under “Corporate and unallocated cost and other”, have now been reclassified to the Personal Systems and Printing segments.

The below table summarizes Personal Systems net revenues based on earlier business units reporting structure:

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Note 2: Segment Information (Continued)

	For the fiscal years ended October 31		
	2022	**2021**	**2020**
		In millions	
: revenue:			
ɔtebooks	$ 29,110	$ 30,495	$ 25,765
ɛsktops	10,736	9,381	9,806
orkstations	2,100	1,669	1,816
:her [(1)]	2,065	1,787	1,609
ɔersonal Systems	$ 44,011	$ 43,332	$ 38,996

(1) Includes net revenue for Poly since acquisition date (August 29, 2022).

Segment Assets

HP allocates assets to its business segments based on the segments primarily benefiting from the assets. Total assets by segment and the reconciliation of segment assets to HP consolidated assets were as follows:

	As of October 31	
	2022	**2021**
	In millions	
Personal Systems	$ 19,633	$ 18,123
Printing	14,507	14,742
Corporate Investments	191	171
Corporate and unallocated assets	4,163	5,569
Total assets	$ 38,494	$ 38,605

Major Customers

No single customer represented 10% or more of HP's net revenue in any fiscal year presented.

Geographic Information

Net revenue by country is based upon the sales location that predominately represents the customer location. For each of the fiscal years of 2022, 2021 and 2020, other than the United States, no country represented more than 10% of HP net revenue.

Net revenue by country was as follows:

	For the fiscal years ended October 31		
	2022	**2021**	**2020**
		In millions	
United States	$ 21,626	$ 22,420	$ 20,226
Other countries	41,284	41,040	36,412
Total net revenue	$ 62,910	$ 63,460	$ 56,638

Net property, plant and equipment by country in which HP operates was as follows:

	As of October 31	
	2022	**2021**
	In millions	
United States	$ 1,264	$ 1,178
Singapore	329	305
South Korea	320	285
Other countries	861	778
Total property, plant and equipment, net	$ 2,774	$ 2,546

Note 2: Segment Information (Continued)

No single country other than those represented above exceeds 10% or more of HP’s total net property, plant and equipment in any fiscal year presented.

Note 3: Restructuring and Other Charges

Summary of Restructuring Plans

HP's restructuring activities in fiscal years 2022, 2021 and 2020 summarized by plan were as follows:

	Fiscal 2020 Plan			
	Severance and EER	Non-labor	Other prior year plans[1]	Total
	In millions			
Accrued balance as of October 31, 2019	$ 76	$ —	$ 66	$ 142
Charges	356	10	1	367
Cash payments	(319)	(10)	(52)	(381)
Non-cash and other adjustments	(48) [2]	—	(3)	(51)
Accrued balance as of October 31, 2020	65	—	12	77
Charges	187	38	4	229
Cash payments	(159)	(7)	(16)	(182)
Non-cash and other adjustments	(3)	(31)	—	(34)
Accrued balance as of October 31, 2021	90	—	—	90
Charges	116	77	—	193
Cash payments	(176)	(40)	(1)	(217)
Non-cash and other adjustments	2	(37)	1	(34)
Accrued balance as of October 31, 2022	$ 32	$ —	$ —	$ 32
Total costs incurred to date as of October 31, 2022	$ 740	$ 125	$ 504	$ 1,369
Reflected in Consolidated Balance Sheets:				
Other current liabilities	$ 32	$ —	$ —	$ 32

(1) Includes prior-year plans which are substantially complete. HP does not expect any further material activity associated with these plans.
(2) Includes reclassification of liability related to the Enhanced Early Retirement ("EER") plan of $44 million for certain healthcare and medical savings account benefits to pension and post retirement plans. See Note 4 "Retirement and Post-Retirement Benefit Plans" for further information.

Fiscal 2023 Plan

On November 18, 2022, HP's Board of Directors approved the Fiscal 2023 Plan intended to enable digital transformation, portfolio optimization and operational efficiency that HP expects will be implemented through fiscal 2025. HP expects to reduce global headcount by approximately 4,000 to 6,000 employees. HP estimates that it will incur pre-tax charges of approximately $1.0 billion relating to labor and non-labor actions. HP expects to incur approximately $0.7 billion primarily in labor costs related to workforce reductions and the remaining costs will relate to non-labor actions and other charges.

Fiscal 2020 Plan

On September 30, 2019, HP's Board of Directors approved the Fiscal 2020 Plan intended to optimize and simplify its operating model and cost structure that has been implemented through fiscal 2022. The Fiscal 2020 Plan is substantially complete. HP does not expect any significant further costs associated with the plan. Approximately 7,700 employees departed as part of the plan through a combination of employee exits and voluntary EER. HP incurred $740 million in severance costs and $281 million in infrastructure costs related to non-labor and other charges.

Other charges

Other charges include non-recurring costs, including those as a result of information technology rationalization efforts and proxy contest activities, and are distinct from ongoing operational costs. These costs primarily relate to third-party professional services and other non-recurring costs. HP incurred $25 million, $22 million and $105 million of other charges in fiscal year 2022, 2021 and 2020, respectively.

Note 4: Retirement and Post-Retirement Benefit Plans

Defined Benefit Plans

HP sponsors a number of defined benefit pension plans worldwide. The most significant defined benefit plan, the HP Inc. Pension Plan (“Pension Plan”) is a frozen plan in the United States.

HP reduces the benefit payable to certain U.S. employees under the Pension Plan for service before 1993, if any, by any amounts due to the employee under HP’s frozen defined contribution Deferred Profit-Sharing Plan (“DPSP”). At October 31, 2022 and 2021, the fair value of plan assets of the DPSP was $366 million and $482 million, respectively. The DPSP obligations are equal to the plan assets and are recognized as an offset to the Pension Plan when HP calculates its defined benefit pension cost and obligations.

In August 2021, HP entered into an agreement with The Prudential Insurance Company of America (“Prudential”) to purchase an irrevocable group annuity contract and transfer approximately $5.2 billion of the Pension Plan obligations. Under the agreement, Prudential assumed responsibility for pension benefits and annuity administration for approximately 41,000 retirees and beneficiaries, with no changes to the amount or timing of monthly retirement benefit payments. This transaction closed in the fourth quarter of fiscal year 2021 and was funded by the assets of the Pension Plan. HP recorded a settlement gain of approximately $39 million in Interest and other, net on the Consolidated Statements of Earnings, with no cash flow impact.

Post-Retirement Benefit Plans

HP sponsors retiree health and welfare benefit plans, of which the most significant are in the United States. Under the HP Inc. Retiree Welfare Benefits Plan, certain pre-2003 retirees and grandfathered participants with continuous service to HP since 2002 are eligible to receive partially subsidized medical coverage based on years of service at retirement. HP’s share of the premium cost is capped for all subsidized medical coverage provided under the HP Inc. Retiree Welfare Benefits Plan. HP currently leverages the employer group waiver plan process to provide HP Inc. Retiree Welfare Benefits Plan post-65 prescription drug coverage under Medicare Part D, thereby giving HP access to federal subsidies to help pay for retiree benefits.

Certain employees not grandfathered for partially subsidized medical coverage under the above programs, and employees hired after 2002 but before August 2008, are eligible for credits under the HP Inc. Retiree Welfare Benefits Plan. Credits offered after September 2008 are provided in the form of matching credits on employee contributions made to a voluntary employee beneficiary association upon attaining age 45 or as part of early retirement programs. On retirement, former employees may use these credits for the reimbursement of certain eligible medical expenses, including premiums required for coverage.

Defined Contribution Plans

HP offers various defined contribution plans for U.S. and non-U.S. employees. Total defined contribution expense was $119 million in fiscal year 2022, $112 million in fiscal year 2021 and $108 million in fiscal year 2020.

U.S. employees are automatically enrolled in the HP Inc. 401(k) Plan when they meet eligibility requirements, unless they decline participation. The employer matching contributions in the HP Inc. 401(k) Plan is 100% of the first 4% of eligible compensation contributed by employees, and the employer match is vested after three years of employee service. Generally, an employee must be employed by HP Inc. on the last day of the calendar year to receive a match.

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Pension and Post-Retirement Benefit Expense

The components of HP's pension and post-retirement benefit (credit) cost recognized in the Consolidated Statements of Earnings were as follows:

	For the fiscal years ended October 31								
	2022	2021	2020	2022	2021	2020	2022	2021	2020
	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
	In millions								
Service cost	$ —	$ —	$ —	$ 56	$ 67	$ 64	$ 1	$ 1	$ 1
Interest cost	161	281	412	22	18	17	8	9	11
Expected return on plan assets	(298)	(475)	(700)	(48)	(49)	(43)	(9)	(24)	(23)
Amortization and deferrals:									
Actuarial loss (gain)	5	50	64	36	52	43	(15)	(16)	(10)
Prior service cost (credit)	—	—	—	5	5	(2)	(11)	(11)	(12)
Net periodic benefit (credit) cost	(132)	(144)	(224)	71	93	79	(26)	(41)	(33)
Settlement (gain) loss	—	(37)	217	—	1	1	—	—	—
Special termination benefit cost	—	—	—	—	—	—	—	—	44
Total periodic benefit (credit) cost	$ (132)	$ (181)	$ (7)	$ 71	$ 94	$ 80	$ (26)	$ (41)	$ 11

The components of net periodic benefit (credit) cost other than the service cost component are included in Interest and other, net in our Consolidated Statements of Earnings.

The weighted-average assumptions used to calculate the total periodic benefit (credit) cost were as follows:

	For the fiscal years ended October 31								
	2022	2021	2020	2022	2021	2020	2022	2021	2020
	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
Discount rate	2.9 %	2.8 %	3.2 %	1.3 %	1.1 %	1.3 %	2.5 %	2.3 %	2.9 %
Expected increase in compensation levels	2.0 %	2.0 %	2.0 %	2.6 %	2.4 %	2.5 %	— %	— %	— %
Expected long-term return on plan assets	5.1 %	5.0 %	6.0 %	4.3 %	4.4 %	4.4 %	2.0 %	5.0 %	5.9 %
Guaranteed interest crediting rate	5.0 %	5.0 %	5.0 %	2.6 %	2.6 %	2.6 %	2.9 %	2.9 %	3.5 %

HP INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Funded Status

The funded status of the defined benefit and post-retirement benefit plans was as follows:

	As of October 31					
	2022	2021	2022	2021	2022	2021
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	In millions					
Change in fair value of plan assets:						
Fair value of assets — beginning of year	$ 6,060	$ 10,463	$ 1,211	$ 1,064	$ 457	$ 481
Actual return on plan assets	(1,711)	1,403	(131)	117	(49)	11
Employer contributions	29	28	34	71	3	2
Participant contributions	—	—	19	21	39	49
Benefits paid	(204)	(427)	(21)	(45)	(67)	(86)
Settlement	(4)	(5,407)	(62)	(5)	—	—
Currency impact	—	—	(143)	(12)	—	—
Fair value of assets — end of year	$ 4,170	$ 6,060	$ 907	$ 1,211	$ 383	$ 457
Change in benefits obligation						
Projected benefit obligation — beginning of year	$ 5,740	$ 11,344	$ 1,726	$ 1,664	$ 354	$ 394
Acquisition of plan(1)	—	—	11	—	—	—
Service cost	—	—	56	67	1	1
Interest cost	161	281	22	18	8	9
Participant contributions	—	—	19	21	39	49
Actuarial (gain) loss	(1,724)	(51)	(420)	(44)	(61)	(13)
Benefits paid	(204)	(427)	(21)	(45)	(67)	(86)
Plan amendments	—	—	(5)	62	—	—
Curtailment	—	—	—	(3)	—	—
Settlement	(4)	(5,407)	(62)	(5)	—	—
Currency impact	—	—	(181)	(9)	—	—
Projected benefit obligation — end of year	$ 3,969	$ 5,740	$ 1,145	$ 1,726	$ 274	$ 354
Funded status at end of year	$ 201	$ 320	$ (238)	$ (515)	$ 109	$ 103
Accumulated benefit obligation	$ 3,969	$ 5,740	$ 1,035	$ 1,602		

(1) $11 million of defined benefit plans as a result of the Poly acquisition

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

The cumulative net actuarial losses for our defined pension plans and retiree welfare plans decreased year over year. The decrease in losses is primarily due to significant increases in discount rates and lump sum interest rates, partially offset by lower than expected returns on assets, plan experience, and other assumption changes.

The weighted-average assumptions used to calculate the projected benefit obligations for the fiscal years ended October 31, 2022 and 2021 were as follows:

	For the fiscal years ended October 31					
	2022	2021	2022	2021	2022	2021
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
Discount rate	5.7 %	2.9 %	3.5 %	1.3 %	5.6 %	2.5 %
Expected increase in compensation levels	2.0 %	2.0 %	3.0 %	2.6 %	— %	— %
Guaranteed interest crediting rate	5.0 %	5.0 %	2.6 %	2.6 %	4.2 %	2.9 %

The net amounts of non-current assets and current and non-current liabilities for HP’s defined benefit and post-retirement benefit plans recognized on HP’s Consolidated Balance Sheet were as follows:

	As of October 31					
	2022	2021	2022	2021	2022	2021
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	In millions					
Other non-current assets	$ 490	$ 732	$ 38	$ 34	$ 114	$ 108
Other current liabilities	(32)	(36)	(9)	(8)	(4)	(4)
Other non-current liabilities	(257)	(376)	(267)	(541)	(1)	(1)
Funded status at end of year	$ 201	$ 320	$ (238)	$ (515)	$ 109	$ 103

The following table summarizes the pre-tax net actuarial loss (gain) and prior service cost (credit) recognized in Accumulated other comprehensive income (loss) for the defined benefit and post-retirement benefit plans.

	As of October 31, 2022		
	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans
	In millions		
Net actuarial loss (gain)	$ 407	$ 45	$ (191)
Prior service cost (credit)	—	42	(68)
Total recognized in Accumulated other comprehensive income (loss)	$ 407	$ 87	$ (259)

Defined benefit plans with projected benefit obligations exceeding the fair value of plan assets were as follows:

	As of October 31			
	2022	2021	2022	2021
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans	
	In millions			
Aggregate fair value of plan assets	$ —	$ —	$ 728	$ 988
Aggregate projected benefit obligation	$ 289	$ 412	$ 996	$ 1,541

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Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Defined benefit plans with accumulated benefit obligations exceeding the fair value of plan assets were as follows:

	As of October 31			
	2022	2021	2022	2021
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans	
	In millions			
Aggregate fair value of plan assets	$ —	$ —	$ 538	$ 983
Aggregate accumulated benefit obligation	$ 289	$ 412	$ 733	$ 1,416

Fair Value of Plan Assets

The table below sets forth the fair value of plan assets by asset category within the fair value hierarchy as of October 31, 2022. Refer to Note 9, "Fair Value" for details on fair value hierarchy. Certain investments that are measured at fair value using the Net Asset Value ("NAV") per share as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table provide a reconciliation of the fair value hierarchy to the total value of plan assets.

	As of October 31, 2022											
	U.S. Defined Benefit Plans				Non-U.S. Defined Benefit Plans				Post-Retirement Benefit Plans			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	In millions											
Asset category:												
Equity securities(1)	$ 14	$ 37	$ —	$ 51	$ 7	$ 82	$ —	$ 89	$ —	$ —	$ —	$ —
Debt securities(2)												
Corporate	—	1,949	—	1,949	—	13	—	13	—	214	—	214
Government	—	1,418	—	1,418	—	43	—	43	—	108	—	108
Real estate funds	—	—	—	—	1	16	—	17	—	—	—	—
Insurance contracts	—	—	—	—	—	72	—	72	—	—	—	—
Common collective trusts and 103-12 Investment entities(3)	—	—	—	—	—	7	—	7	—	—	—	—
Investment funds(4)	13	—	—	13	—	260	—	260	68		—	68
Cash and cash equivalents(5)	40	54	—	94	37	—	—	37	(5)	—	—	(5)
Other(6)	(264)	(230)	—	(494)	11	75	—	86	(2)		—	(2)
Net plan assets subject to leveling	$ (197)	$ 3,228	$ —	$ 3,031	$ 56	$ 568	$ —	$ 624	$ 61	$ 322	$ —	$ 383
Investments using NAV as a practical expedient(7)				1,139				283				—
Investments at fair value				$ 4,170				$ 907				$ 383

HP INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

The table below sets forth the fair value of plan assets by asset category within the fair value hierarchy as of October 31, 2021.

	As of October 31, 2021											
	U.S. Defined Benefit Plans				Non-U.S. Defined Benefit Plans				Post-Retirement Benefit Plans			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	In millions											
Asset category:												
Equity securities[1]	$ 11	$ 50	$ —	$ 61	$ 8	$ 102	$ —	$ 110	$ —	$ —	$ —	$ —
Debt securities[2]												
Corporate	—	2,620	—	2,620	—	132	—	132	—	256	—	256
Government	—	1,931	—	1,931	—	5	—	5	—	122	—	122
Real estate funds	—	—	—	—	1	41	—	42	—	—	—	—
Insurance contracts	—	—	—	—	—	94	—	94	—	—	—	—
Common collective trusts and 103-12 Investment entities[3]	—	—	—	—	—	9	—	9	—	—	—	—
Investment funds[4]	53	—	—	53	—	388	—	388	64	—	—	64
Cash and cash equivalents[5]	34	34	—	68	21	—	—	21	9	1	—	10
Other[6]	(456)	(515)	—	(971)	1	40	—	41	(2)	—	—	(2)
Net plan assets subject to leveling	$ (358)	$ 4,120	$ —	$ 3,762	$ 31	$ 811	$ —	$ 842	$ 71	$ 379	$ —	$ 450
Investments using NAV as a practical expedient[7]				2,298				369				7
Investments at fair value				$ 6,060				$ 1,211				$ 457

(1) Investments in publicly traded equity securities are valued using the closing price on the measurement date as reported on the stock exchange on which the individual securities are traded.

(2) The fair value of corporate, government and asset-backed debt securities is based on observable inputs of comparable market transactions. Also included in this category is debt issued by national, state and local governments and agencies.

(3) Department of Labor 103-12 IE (Investment Entity) designation is for plan assets held by two or more unrelated employee benefit plans which includes limited partnerships and venture capital partnerships. Certain common collective trusts and interests in 103-12 entities are valued using NAV as a practical expedient.

(4) Includes publicly traded funds of investment companies that are registered with the SEC, funds that are not publicly traded and a non-U.S. fund-of-fund arrangement.

(5) Includes cash and cash equivalents such as short-term marketable securities. Cash and cash equivalents include money market funds, which are valued based on NAV. Other assets were classified in the fair value hierarchy based on the lowest level input (e.g., quoted prices and observable inputs) that is significant to the fair value measure in its entirety.

(6) Includes primarily reverse repurchase agreements, unsettled transactions, and derivative instruments.

(7) These investments include alternative investments, which primarily consist of private equities and hedge funds. The valuation of alternative investments, such as limited partnerships and joint ventures, may require significant management judgment. For alternative investments, valuation is based on NAV as reported by the asset manager or investment company and adjusted for cash flows, if necessary. In making such an assessment, a variety of factors are reviewed by management, including but not limited to the timeliness of NAV as reported by the asset manager and changes in general economic and market conditions subsequent to the last NAV reported by the asset manager.

- Private equities include limited partnerships such as equity, buyout, venture capital, real estate and other similar funds that invest in the United States and internationally where foreign currencies are hedged.
- Hedge funds include limited partnerships that invest both long and short primarily in common stocks and credit, relative value, event-driven equity, distressed debt and macro strategies. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks and bonds, and from a net long position to a net short position.

These investments also include Common Collective Trusts and 103-12 Investment Entities as defined in note (3) above and Investment Funds as defined in note (4) above.

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Plan Asset Allocations

Refer to the fair value hierarchy table above for actual assets allocations across the benefit plans. The weighted-average target asset allocations across the benefit plans represented in the fair value tables above were as follows:

	2022 Target Allocation		
Asset Category	**U.S. Defined Benefit Plans**	**Non-U.S. Defined Benefit Plans**	**Post-Retirement Benefit Plans**
Equity-related investments	19.0 %	34.0 %	— %
Debt securities	81.0 %	32.5 %	98.3 %
Real estate	— %	14.0 %	— %
Cash and cash equivalents	— %	5.5 %	1.7 %
Other	— %	14.0 %	— %
Total	100.0 %	100.0 %	100.0 %

Investment Policy

HP's investment strategy is to seek a competitive rate of return relative to an appropriate level of risk depending on the funded status of each plan and the timing of expected benefit payments. The majority of the plans' investment managers employ active investment management strategies with the goal of outperforming the broad markets in which they invest. Risk management practices include diversification across asset classes and investment styles and periodic rebalancing toward asset allocation targets. A number of the plans' investment managers are authorized to utilize derivatives for investment or liability exposures, and HP may utilize derivatives to affect asset allocation changes or to hedge certain investment or liability exposures.

The target asset allocation selected for each U.S. plan (pension and post-retirement) reflects a risk/return profile HP believes is appropriate relative to each plan's liability structure and return goals. HP conducts periodic asset-liability studies for U.S. plans to model various potential asset allocations in comparison to each plan's forecasted liabilities and liquidity needs and to develop a policy glide path which adjusts the asset allocation with funded status. Due to the strong funded status for the U.S. Pension Plan, consistent with our policy, steps have been taken to de-risk the portfolio by reallocation of assets to liability hedging fixed-income investments. HP also invests a portion of the U.S. defined benefit plan assets in private market securities such as private equity funds to provide diversification and a higher expected return on assets.

Outside the United States, asset allocation decisions are typically made by an independent board of trustees for the specific plan. As in the United States, investment objectives are designed to generate returns that will enable the plan to meet its future obligations. In some countries, local regulations may restrict asset allocations, typically leading to a higher percentage of investment in fixed-income securities than would otherwise be deployed. HP reviews the investment strategy and where appropriate, can offer some assistance in the selection of investment managers, with final decisions on asset allocation and investment managers made by the board of trustees for the specific plan.

Basis for Expected Long-Term Rate of Return on Plan Assets

The expected long-term rate of return on plan assets reflects the expected returns for each major asset class in which the plan invests and the weight of each asset class in the target mix. Expected asset returns reflect the current yield on government bonds, risk premiums for each asset class and expected real returns which considers each country's specific inflation outlook. Because HP's investment policy is to employ primarily active investment managers who seek to outperform the broader market, the expected returns are adjusted to reflect the expected additional returns net of fees.

Retirement Incentive Program

As part of the Fiscal 2020 Plan, HP announced the voluntary EER program for its U.S. employees in October 2019. Voluntary participation in the EER program was limited to those employees who were at least 50 years old with 20 or more years of service at HP. Employees accepted into the EER program left HP on dates ranging from December 31, 2019 to September 30, 2020. The EER benefit was a cash lump sum payment which was calculated based on years of service at HP at the time of the retirement and ranging from 13 to 52 weeks of pay.

All employees participating in the EER program were offered the opportunity to continue health care coverage at the active employee contribution rates for up to 36 months following retirement. In addition, HP provided up to $12,000 in employer credits under the Retirement Medical Savings Account ("RMSA") program. In relation to the continued health care

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

coverage and employer credits under the RMSA program, HP recognized special termination benefit costs of $44 million as restructuring and other charges for the twelve months ended October 31, 2020.

Lump Sum Program

HP offered a lump sum program during the third quarter of fiscal year 2020. Certain terminated vested participants in the HP Inc. Pension Plan ("Pension Plan") could elect to take a one-time voluntary lump sum payment equal to the present value of future benefits. Approximately 12,000 participants elected the lump sum option. Payments of $2.2 billion were made from plan assets to the participants in the fourth quarter of fiscal year 2020. A non-cash settlement expense of $214 million arising from the accelerated recognition of previously deferred actuarial losses was recorded in the fourth quarter of fiscal year 2020.

Future Contributions and Funding Policy

In fiscal year 2023, HP expects to contribute approximately $36 million to its non-U.S. pension plans, $32 million to cover benefit payments to U.S. non-qualified plan participants and $4 million to cover benefit claims for HP's post-retirement benefit plans. 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.

Estimated Future Benefits Payments

As of October 31, 2022, HP estimates that the future benefits payments for the retirement and post-retirement plans are as follows:

Fiscal year	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans
		In millions	
2023	$ 308	$ 76	$ 32
2024	320	46	27
2025	330	48	26
2026	328	50	26
2027	333	55	26
Next five fiscal years to October 31, 2032	1,575	334	125

Note 5: Stock-Based Compensation

HP's stock-based compensation plans include incentive compensation plans and an employee stock purchase plan.

Stock-Based Compensation Expense and Related Income Tax Benefits for Operations

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

	For the fiscal years ended October 31		
	2022	2021	2020
	In millions		
Stock-based compensation expense	$ 343	$ 330	$ 278
Income tax benefit	(59)	(52)	(48)
Stock-based compensation expense, net of tax	$ 284	$ 278	$ 230

Cash received from option exercises under the HP Inc 2004 Stock Incentive Plan, as amended and restated, and ESPP purchases under the HP Inc. 2011 Employee Stock Purchase Plan (the "2011 ESPP") and HP Inc. 2021 Employee Stock Purchase Plan (the "2021 ESPP") was $53 million in fiscal year 2022, $55 million in fiscal year 2021 and $56 million in fiscal year 2020. The benefit realized for the tax deduction from option exercises in fiscal years 2022, 2021 and 2020 was $4 million, $3 million and $2 million, respectively.

Stock-Based Incentive Compensation Plans

HP's stock-based incentive compensation plan includes equity plan adopted in 2004, as amended and restated ("principal equity plan"). Stock-based awards granted under the equity plan includes restricted stock awards, stock options and performance-based awards. Employees meeting certain employment qualifications are eligible to receive stock-based awards. The aggregate number of shares of HP's stock authorized for issuance under the principal equity plan is 626.0 million.

Restricted stock awards are non-vested stock awards that may include grants of restricted stock or restricted stock units. Restricted stock awards and cash-settled awards are generally subject to forfeiture if employment terminates prior to the lapse of the restrictions. Such awards generally vest one to three years from the date of grant. During the vesting period, ownership of the restricted stock cannot be transferred. Restricted stock has the same dividend and voting rights as common stock and is considered to be issued and outstanding upon grant. The dividends paid on restricted stock are non-forfeitable. Restricted stock units do not have the voting rights of common stock, and the shares underlying restricted stock units are not considered issued and outstanding upon grant. However, shares underlying restricted stock units are included in the calculation of diluted net EPS. Restricted stock units have forfeitable dividend equivalent rights equal to the dividend paid on common stock. HP expenses the fair value of restricted stock awards ratably over the period during which the restrictions lapse. The majority of restricted stock units issued by HP contain only service vesting conditions. HP also grants performance-adjusted restricted stock units which vest only on the satisfaction of both service and the achievement of certain performance goals including market conditions prior to the expiration of the awards.

Stock options granted under the principal equity plan are generally non-qualified stock options, but the principal equity plan permits some options granted to qualify as incentive stock options under the U.S. Internal Revenue Code. Stock options generally vest over three to four years from the date of grant. The exercise price of a stock option is equal to the closing price of HP's stock on the option grant date. The majority of stock options issued by HP contain only service vesting conditions. HP grants performance-contingent stock options that vest only on the satisfaction of both service and market conditions prior to the expiration of the awards.

RSU and stock option grants provide for accelerated vesting in certain circumstances as defined in the plans and related grant agreements, including termination in connection with a change in control.

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

Note 5: Stock-Based Compensation (Continued)

closing stock price on the grant date and a Monte Carlo simulation model. The assumptions used to measure the fair value of restricted stock units subject to performance-adjusted vesting conditions in the Monte Carlo simulation model were as follows:

	For the fiscal years ended October 31		
	2022	2021	2020
Expected volatility[1]	41.6 %	41.0 %	27.6 %
Risk-free interest rate[2]	1.0 %	0.2 %	1.6 %
Expected performance period in years[3]	2.9	2.9	2.9

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

A summary of restricted stock units activity is as follows:

	As of October 31								
	2022			2021			2020		
	Shares	Weighted-Average Grant Date Fair Value Per Share		Shares	Weighted-Average Grant Date Fair Value Per Share		Shares	Weighted-Average Grant Date Fair Value Per Share	
	In thousands			In thousands			In thousands		
Outstanding at beginning of year	30,197	$	23	29,831	$	21	29,960	$	21
Granted[1]	15,337	$	36	15,517	$	25	18,109	$	20
Vested	(14,168)	$	22	(13,374)	$	21	(14,929)	$	20
Forfeited	(2,678)	$	25	(1,777)	$	22	(3,309)	$	21
Outstanding at end of year	28,688	$	30	30,197	$	23	29,831	$	21

The total grant date fair value of restricted stock units vested in fiscal years 2022, 2021 and 2020 was $314 million, $278 million and $297 million, respectively. As of October 31, 2022, total unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock units was $394 million, which is expected to be recognized over the remaining weighted-average vesting period of 1.4 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. The weighted-average fair value and the assumptions used to measure fair value were as follows:

Note 5: Stock-Based Compensation (Continued)

	For the fiscal years ended October 31		
	2022	**2021**	**2020**
Weighted-average fair value[1]	$ 11	$ 6	$ 3
Expected volatility[2]	34.7 %	35.9 %	29.8 %
Risk-free interest rate[3]	1.5 %	1.0 %	1.6 %
Expected dividend yield[4]	2.7 %	3.2 %	4.0 %
Expected term in years[5]	6.0	5.5	6.0

(1) The weighted-average fair value was based on stock options granted during the period.
(2) Expected volatility was estimated based on a blended volatility 50% historical volatility and 50% implied volatility from traded options on 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 dividend yield represents a constant dividend yield applied for the duration of the expected term of the award.
(5) For awards subject to service-based vesting, the expected term was estimated using a simplified method; and for performance-contingent awards, the expected term represents an output from the lattice model.

A summary of stock options activity is as follows:

	As of October 31											
	2022				**2021**				**2020**			
	Shares	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term**	**Aggregate Intrinsic Value**	**Shares**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term**	**Aggregate Intrinsic Value**	**Shares**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term**	**Aggregate Intrinsic Value**
	In thousands		**In years**	**In millions**	**In thousands**		**In years**	**In millions**	**In thousands**		**In years**	**In millions**
Outstanding at beginning of year	6,367	$ 21			5,637	$ 17			7,093	$ 16		
Granted	1,867	$ 37			2,691	$ 24			996	$ 18		
Exercised	(1,364)	$ 18			(1,843)	$ 15			(2,213)	$ 14		
Forfeited/cancelled/expired	(775)	$ 26			(118)	$ 18			(239)	$ 19		
Outstanding at end of year	6,095	$ 26	7.2	$ 34	6,367	$ 21	7.4	$ 68	5,637	$ 17	6.4	$ 10
Vested and expected to vest	5,903	$ 25	7.2	$ 34	6,367	$ 21	7.4	$ 68	5,637	$ 17	6.4	$ 10
Exercisable	2,749	$ 18	6.0	$ 26	2,392	$ 16	5.3	$ 34	3,196	$ 15	4.4	$ 9

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 fiscal years 2022, 2021 and 2020. The aggregate intrinsic value is the difference between HP's closing stock price on the last trading day of the fiscal year and the exercise price, multiplied by the number of in-the-money options. The total intrinsic value of options exercised in fiscal years 2022, 2021 and 2020 was $25 million, $18 million and $12 million, respectively. The total grant date fair value of options vested in fiscal years 2022, 2021 and 2020 was $9 million, $3 million and $3 million, respectively.

As of October 31, 2022, total unrecognized pre-tax stock-based compensation expense related to stock options was $9 million, which is expected to be recognized over a weighted-average vesting period of 1.4 years.

Employee Stock Purchase Plan

HP sponsors the 2021 ESPP, pursuant to which eligible employees may contribute up to 10% of base compensation, subject to certain income limits, to purchase shares of HP's common stock.

Pursuant to the terms of the 2021 ESPP, employees purchase stock under the 2021 ESPP at a price equal to 95% of HP's closing stock price on the purchase date. No stock-based compensation expense was recorded in connection with those purchases because the criteria of a non-compensatory plan were met. The aggregate number of shares of HP's stock authorized for issuance under the 2021 ESPP was 50 million. The 2021 ESPP came into effect on May 1, 2021 upon expiry of the 2011 ESPP. The 2021 ESPP terms are similar to the previous ESPP.

Note 5: Stock-Based Compensation (Continued)

Shares Reserved

Shares available for future grant and shares reserved for future issuance under the stock-based incentive compensation plans and the 2021 ESPP were as follows:

	As of October 31		
	2022	2021	2020
	In thousands		
Shares available for future grant[(1)]	174,264	170,123	229,334
Shares reserved for future issuance[(1)]	208,351	205,968	264,110

[(1)] For year 2020, shares authorized under the 2011 ESPP were included in the shares available for future grant and shares reserved for future issuance

Note 6: Taxes on Earnings

Provision for Taxes

The domestic and foreign components of earnings before taxes were as follows:

	For the fiscal years ended October 31		
	2022	2021	2020
	In millions		
U.S.	$ 1,406	$ 4,724	$ 874
Non-U.S.	2,918	2,844	2,337
	$ 4,324	$ 7,568	$ 3,211

The provision for (benefit from) taxes on earnings was as follows:

	For the fiscal years ended October 31		
	2022	2021	2020
	In millions		
U.S. federal taxes:			
Current	$ 272	$ 1,112	$ 12
Deferred	27	(458)	(68)
Non-U.S. taxes:			
Current	338	420	319
Deferred	503	(173)	137
State taxes:			
Current	9	78	23
Deferred	43	48	(27)
	$ 1,192	$ 1,027	$ 396

The differences between the U.S. federal statutory income tax rate and HP’s effective tax rate were as follows:

	For the fiscal years ended October 31		
	2022	2021	2020
U.S. federal statutory income tax rate from continuing operations	21.0 %	21.0 %	21.0 %
State income taxes, net of federal tax benefit	1.3 %	0.9 %	1.4 %
Impact of foreign earnings including GILTI and FDII, net	(7.9)%	(3.9)%	(5.2)%
Valuation allowances	0.3 %	(3.5)%	1.5 %
Uncertain tax positions and audit settlements	2.8 %	0.9 %	(3.9)%
Impact of internal reorganization	9.4 %	(1.2)%	— %
Other, net	0.7 %	(0.6)%	(2.5)%
	27.6 %	13.6 %	12.3 %

The jurisdictions with favorable tax rates that have the most significant effective tax rate impact in the periods presented include Singapore, Malaysia, and Puerto Rico. HP has elected to treat GILTI inclusions as period costs.

In fiscal year 2022, HP recorded $456 million of net income tax charges related to discrete items in the provision for taxes. This amount included $649 million of tax effects related to internal reorganization, $107 million of uncertain tax position charges, $55 million related to withholding taxes on undistributed foreign earnings, $51 million related to audit settlements in various jurisdictions and $26 million of other net tax charges. These charges were partially offset by income tax benefits of $189 million related to the filing of tax returns in various jurisdictions, $156 million related to changes in valuation allowances, $44 million related to restructuring charges, and $43 million related to Poly acquisition charges. In the fiscal year 2022, HP

Note 6: Taxes on Earnings (Continued)

recorded excess tax benefits of $33 million associated with stock options, restricted stock units and performance-adjusted restricted stock.

In fiscal year 2021, HP recorded $4 million of net income tax charges related to discrete items in the provision for taxes. This amount included income tax charges of $533 million related to the Oracle litigation proceeds and $15 million of uncertain tax position charges. These charges were offset by income tax benefits of $368 million related to changes in valuation allowances, $89 million of tax effects related to internal reorganization, $51 million related to restructuring charges,$16 million related to the filing of tax returns in various jurisdictions, $11 million related to acquisition charges, and $9 million of other net tax benefits. In fiscal year 2021, excess tax benefits associated with stock options, restricted stock units and performance-adjusted restricted stock units were immaterial.

In fiscal year 2020, HP recorded $245 million of net income tax benefits related to discrete items in the provision for taxes. This amount included tax benefits related to audit settlements of $124 million in various jurisdictions and $84 million related to restructuring benefits. Additionally, HP recorded benefits of $20 million related to proxy contest costs and $17 million of other net tax benefits. In fiscal year 2020, excess tax benefits associated with stock options, restricted stock units and performance-adjusted restricted stock units were immaterial.

As a result of certain employment actions and capital investments HP has undertaken, income from manufacturing and services in certain countries is subject to reduced tax rates, and in some cases is wholly exempt from taxes, through 2029. The gross income tax benefits attributable to these actions and investments were estimated to be $313 million ($0.30 diluted net EPS) in fiscal year 2022, $385 million ($0.32 diluted net EPS) in fiscal year 2021 and $344 million ($0.24 diluted net EPS) in fiscal year 2020.

Uncertain Tax Positions

A reconciliation of unrecognized tax benefits is as follows:

	For the fiscal years ended October 31		
	2022	2021	2020
		In millions	
Balance at beginning of year	$ 829	$ 830	$ 934
Increases:			
For current year’s tax positions	26	62	64
For prior years’ tax positions	299	92	71
Decreases:			
For prior years’ tax positions	(60)	(92)	(89)
Statute of limitations expirations	(5)	(9)	(2)
Settlements with taxing authorities	(44)	(54)	(148)
Balance at end of year	$ 1,045	$ 829	$ 830

As of October 31, 2022, the amount of gross unrecognized tax benefits was $1.0 billion, of which up to $783 million would affect HP’s effective tax rate if realized. Total gross unrecognized tax benefits increased by $216 million for the twelve months ended October 31, 2022. 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 Statements of Earnings. As of October 31, 2022, 2021 and 2020, HP had accrued $64 million, $70 million and $34 million, respectively, for interest and penalties.

HP engages in continuous discussions and negotiations with taxing authorities regarding tax matters in various jurisdictions. HP expects complete resolution of certain tax years with various tax authorities within the next 12 months. HP believes it is reasonably possible that its existing gross unrecognized tax benefits may be reduced by up to $38 million within the next 12 months, affecting HP’s effective tax rate if realized.

HP is subject to income tax in the United States and approximately 60 other countries and is subject to routine corporate income tax audits in many of these jurisdictions. In addition, HP is subject to numerous ongoing audits by federal, state and foreign tax authorities. The IRS is conducting an audit of HP’s 2018 and 2019 income tax returns.

With respect to major state and foreign tax jurisdictions, HP is no longer subject to tax authority examinations for years prior to 2002. No material tax deficiencies have been assessed in major state or foreign tax jurisdictions related to ongoing audits as of October 31, 2022.

Note 6: Taxes on Earnings (Continued)

HP believes it has provided adequate reserves for all tax deficiencies or reductions in tax benefits that could result from federal, state and foreign tax audits. HP regularly assesses the likely outcomes of these audits in order to determine the appropriateness of HP's tax provision. HP adjusts its uncertain tax positions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular audit. However, income tax audits are inherently unpredictable and there can be no assurance that HP will accurately predict the outcome of these audits. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in the Provision for taxes and therefore the resolution of one or more of these uncertainties in any particular period could have a material impact on net income or cash flows.

HP has not provided for U.S. federal income and foreign withholding taxes on $5.1 billion of undistributed earnings from non-U.S. operations as of October 31, 2022 because HP intends to reinvest such earnings indefinitely outside of the United States. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

Deferred Income Taxes

The significant components of deferred tax assets and deferred tax liabilities were as follows:

	As of October 31	
	2022	2021
	In millions	
Deferred tax assets:		
Loss and credit carryforwards	$ 7,601	$ 7,630
Intercompany transactions—excluding inventory	799	791
Fixed assets	118	136
Warranty	170	207
Employee and retiree benefits	133	281
Deferred revenue	221	192
Capitalized research and development	654	454
Intangible assets	—	474
Operating lease liabilities	238	227
Investment in partnership	70	95
Cash flow hedges	—	8
Other	352	448
Gross deferred tax assets	10,356	10,943
Valuation allowances	(7,592)	(7,749)
Total deferred tax assets	2,764	3,194
Deferred tax liabilities:		
Unremitted earnings of foreign subsidiaries	(75)	(42)
Right-of-use assets from operating leases	(227)	(215)
Intangible assets	(261)	—
Cash flow hedges	(155)	—
Other	—	(79)
Total deferred tax liabilities	(718)	(336)
Net deferred tax assets	$ 2,046	$ 2,858

Note 6: Taxes on Earnings (Continued)

Deferred tax assets and liabilities included in the Consolidated Balance Sheets as follows:

	As of October 31	
	2022	2021
	In millions	
Deferred tax assets	$ 2,167	$ 2,915
Deferred tax liabilities	(121)	(57)
Total	$ 2,046	$ 2,858

As of October 31, 2022, HP had recorded deferred tax assets for net operating loss (“NOL”) carryforwards as follows:

	Gross NOLs	Deferred Taxes on NOLs	Valuation allowance	Initial Year of Expiration
		In millions		
Federal	$ 291	$ 63	$ (11)	2023
State	2,680	178	(71)	2023
Foreign	25,948	7,213	(7,113)	2033
Balance at end of year	$ 28,919	$ 7,454	$ (7,195)	

As of October 31, 2022, HP had recorded deferred tax assets for various tax credit carryforwards as follows:

	Carryforward	Valuation Allowance	Initial Year of Expiration
	In millions		
Tax credits in state and foreign jurisdictions	$ 312	$ (55)	2023
U.S. R&D and other credits	11	—	2031
Balance at end of year	$ 323	$ (55)	

Deferred Tax Asset Valuation Allowance

The deferred tax asset valuation allowance and changes were as follows:

	For the fiscal years ended October 31		
	2022	2021	2020
		In millions	
Balance at beginning of year	$ 7,749	$ 7,951	$ 7,930
Income tax (benefit) expense	(274)	(168)	49
Goodwill, other comprehensive loss (income), currency translation and charges to other accounts	117	(34)	(28)
Balance at end of year	$ 7,592	$ 7,749	$ 7,951

Gross deferred tax assets as of October 31, 2022, 2021, and 2020 were reduced by valuation allowances of $7.6 billion, $7.7 billion and $8.0 billion, respectively. In fiscal year 2022, the deferred tax asset valuation allowance decreased by $157 million primarily due to foreign net operating losses, U.S. deferred tax assets that are anticipated to be realized at a lower effective rate than the federal statutory tax rate, and the impact of the acquisition of Poly on the company’s deferred tax assets. In fiscal year 2021, the deferred tax asset valuation allowance decreased by $202 million primarily due to foreign net operating losses and U.S. deferred tax assets that are anticipated to be realized at a lower effective rate due to certain future U.S. international tax reform implications. In fiscal year 2020, the deferred tax asset valuation allowance increased by $21 million primarily associated with foreign net operating losses and U.S. deferred tax assets that are anticipated to be realized at a lower effective rate than the federal statutory tax rate due to certain future U.S. international tax reform implications.

Note 7: Supplementary Financial Information

Accounts Receivable

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

	For the fiscal years ended October 31		
	2022	2021	2020
	In millions		
Balance at beginning of period	$ 111	$ 122	$ 111
Current-period allowance for credit losses	7	5	62
Deductions, net of recoveries	(11)	(16)	(51)
Balance at end of period	$ 107	$ 111	$ 122

HP utilizes certain third-party arrangements in the normal course of business as part of HPs cash and liquidity management and also to provide liquidity to certain partners 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 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 Balance Sheets. The recourse obligations as of October 31, 2022 and 2021, and the costs associated with the sales of trade receivables for fiscal year 2022, 2021 and 2020 were not material.

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

	For the fiscal years ended October 31		
	2022	2021	2020
	In millions		
Balance at beginning of year [(1)]	$ 131	$ 188	$ 235
Trade receivables sold	12,028	11,976	10,474
Cash receipts	(11,942)	(12,035)	(10,526)
Foreign currency and other	(32)	2	5
Balance at end of year [(1)]	$ 185	$ 131	$ 188

[(1)] Amounts outstanding from third parties reported in Accounts Receivable in the Consolidated Balance Sheets.

Inventory

	As of October 31	
	2022	2021
	In millions	
Finished goods	$ 4,885	$ 4,532
Purchased parts and fabricated assemblies	2,729	3,398
	$ 7,614	$ 7,930

Note 7: Supplementary Financial Information (Continued)

Other Current Assets

	As of October 31	
	2022	2021
	In millions	
Prepaid and other current assets	$ 2,086	$ 1,065
Supplier and other receivables	1,377	2,333
Value-added taxes receivable	968	1,005
	$ 4,431	$ 4,403

Property, Plant and Equipment, Net

	As of October 31	
	2022	2021
	In millions	
Land, buildings and leasehold improvements	$ 2,255	$ 2,166
Machinery and equipment, including equipment held for lease	5,337	5,307
	7,592	7,473
Accumulated depreciation	(4,818)	(4,927)
	$ 2,774	$ 2,546

Depreciation expense was $542 million, $627 million and $673 million in fiscal years 2022, 2021 and 2020, respectively.

Other Non-Current Assets

	As of October 31	
	2022	2021
	In millions	
Deferred tax assets[1]	$ 2,167	$ 2,915
Intangible assets[2]	1,933	784
Right-of-use assets[3]	1,236	1,192
Prepaid pension and post-retirement benefit assets[4]	642	874
Deposits and prepaid	474	626
Other	991	697
	$ 7,443	$ 7,088

(1) See Note 6, “Taxes on Earnings” for detailed information.
(2) See Note 8, “Goodwill and Intangible Assets” for detailed information.
(3) See Note 17, “Leases” for detailed information.
(4) See Note 4, “Retirement and Post-Retirement Benefit Plans” for detailed information.

Note 7: Supplementary Financial Information (Continued)

Other Current Liabilities

	As of October 31	
	2022	2021
	In millions	
Sales and marketing programs	$ 2,984	$ 3,179
Deferred revenue	1,393	1,277
Other accrued taxes	1,064	1,227
Employee compensation and benefit	954	1,627
Warranty	619	731
Operating lease liabilities[1]	405	350
Tax liability	286	296
Other	2,963	3,193
	$ 10,668	$ 11,880

[1] See Note 17, “Leases” for detailed information.

Other Non-Current Liabilities

	As of October 31	
	2022	2021
	In millions	
Deferred revenue	$ 1,171	$ 1,099
Tax liability	911	860
Operating lease liabilities[1]	875	936
Pension, post-retirement, and post-employment liabilities[2]	600	1,020
Deferred tax liability	121	57
Other	856	830
	$ 4,534	$ 4,802

[1] See Note 17, “Leases” for detailed information.
[2] See Note 4, “Retirement and Post-Retirement Benefit Plans” for detailed information.

Russia exit charges

For fiscal 2022, HP recognized charges of $23 million towards severance, cancellation of contracts, inventory write-downs and other one-time exit charges related to our decision to wind down our operations in Russia.

HP INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 7: Supplementary Financial Information (Continued)

Interest and other, net

	For the fiscal years ended October 31		
	2022	2021	2020
		In millions	
Oracle litigation proceeds[1]	$ —	$ 2,304	$ —
Non-operating retirement-related credits	144	160	240
Interest expense on borrowings	(359)	(254)	(239)
Defined benefit plan settlement gains (charges)	—	37	(214)
Loss on extinguishment of debt	—	(16)	(40)
Tax indemnifications	(1)	—	1
Other, net	(19)	(22)	21
	$ (235)	$ 2,209	$ (231)

(1) See Note 1, "Summary of Significant Accounting Policies" for detailed information.

Net Revenue by Region

	For the fiscal years ended October 31		
	2022	2021	2020
		In millions	
Americas	$ 26,544	$ 27,491	$ 24,413
Europe, Middle East and Africa	21,300	22,216	19,624
Asia-Pacific and Japan	15,066	13,753	12,601
Total net revenue	$ 62,910	$ 63,460	$ 56,638

Value of Remaining Performance Obligations

As of October 31, 2022, the estimated value of transaction price allocated to remaining performance obligations was $3.6 billion. HP expects to recognize approximately $1.7 billion of the unearned amount in next 12 months and $1.9 billion thereafter.

HP has elected the practical expedients and accordingly does not disclose the aggregate amount of the transaction price allocated to remaining performance obligations if:

- the contract has an original expected duration of one year or less; or
- the revenue from the performance obligation is recognized over time on an as-invoiced basis when the amount corresponds directly with the value to the customer; or
- the portion of the transaction price that is variable in nature is allocated entirely to a wholly unsatisfied performance obligation.

The remaining performance obligations are subject to change and may be affected by various factors, such as termination of contracts, contract modifications and adjustment for currency.

Costs of Obtaining Contracts and Fulfillment Cost

As of October 31, 2022, deferred contract fulfillment and acquisition costs balances were $34 million and $34 million, respectively, included in Other Current Assets and Other Non-Current Assets in the Consolidated Balance Sheets. During the fiscal year ended October 31, 2022, the Company amortized $129 million of these costs.

As of October 31, 2021, deferred contract fulfillment and acquisition costs balances were $65 million and $36 million, respectively, included in Other Current Assets and Other Non-Current Assets in the Consolidated Balance Sheets. During the fiscal year ended October 31, 2021, the Company amortized $79 million of these costs.

Note 7: Supplementary Financial Information (Continued)

Contract Liabilities

As of October 31, 2022 and 2021, HP’s contract liabilities balances were $2.5 billion and $2.3 billion, respectively, included in Other Current Liabilities and Other Non-Current Liabilities in the Consolidated Balance Sheets.

The increase in the contract liabilities balance for the fiscal year 2022 was primarily driven by sales of fixed-price support and maintenance services and the Poly acquisition, partially offset by $1.1 billion of revenue recognized that were included in the contract liabilities balance as of October 31, 2021.

As of October 31, 2021 and 2020, HP’s contract liabilities balances were $2.3 billion and $2.2 billion, respectively, included in Other Current Liabilities and Other Non-Current Liabilities in the Consolidated Balance Sheets.

The increase in the contract liabilities balance for the fiscal year 2021 was primarily driven by sales of fixed-price support and maintenance services, partially offset by $1.1 billion of revenue recognized that were included in the contract liabilities balance as of October 31, 2020.

Note 8: Goodwill and Intangible Assets

Goodwill allocated to HP's reportable segments and changes in the carrying amount of goodwill were as follows:

	Personal Systems	Printing	Corporate Investments	Total
	In millions			
Balance at October 31, 2020[(1)]	$ 2,621	$ 3,759	$ —	$ 6,380
Acquisitions/adjustments	284	14	102	400
Foreign currency translation	—	23	—	23
Balance at October 31, 2021[(1)]	2,905	3,796	102	6,803
Acquisitions/adjustments	1,790	—	16	1,806
Foreign currency translation	—	(68)	—	(68)
Balance at October 31, 2022[(1)]	$ 4,695	$ 3,728	$ 118	$ 8,541

(1) Goodwill is net of accumulated impairment losses of $0.8 billion related to Corporate Investments.

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2022, our reporting units are consistent with the reportable segments identified in Note 2, "Segment Information". There were no goodwill impairments in fiscal years 2022, 2021 and 2020. Personal Systems had a negative carrying amount of net assets as of October 31, 2022, 2021 and 2020 primarily as a result of a favorable cash conversion cycle.

Intangible Assets

HP's acquired intangible assets were composed of:

	As of October 31, 2022			As of October 31, 2021		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	In millions					
Customer contracts, customer lists and distribution agreements	$ 815	$ 283	$ 532	$ 526	$ 212	$ 314
Technology and patents	1,763	551	1,212	814	425	389
Trade name and trademarks	214	25	189	95	14	81
Total intangible assets	$ 2,792	$ 859	$ 1,933	$ 1,435	$ 651	$ 784

For the fiscal year 2022, the increase in gross intangible assets was primarily due to intangible assets resulting from recent acquisitions. See Note 18, "Acquisitions" for detailed information.

The weighted-average useful lives of intangible assets acquired during the period are as follows:

	Weighted-Average Useful Life (in years)
Customer contracts and customer lists	13
Technology and patents	7
Trade name and trademarks	5

Note 8: Goodwill and Intangible Assets (Continued)

As of October 31, 2022, estimated future amortization expense related to intangible assets was as follows:

Fiscal year	In millions
2023	$ 351
2024	318
2025	248
2026	239
2027	234
Thereafter	543
Total	$ 1,933

Note 9: 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.

Note 9: Fair Value (Continued)

The following table presents HP's assets and liabilities that are measured at fair value on a recurring basis:

	As of October 31, 2022				As of October 31, 2021			
	Fair Value Measured Using				Fair Value Measured Using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	In millions							
Assets:								
Cash Equivalents								
Corporate debt	$ —	$ 904	$ —	$ 904	$ —	$ 1,112	$ —	$ 1,112
Government debt[1]	1,289	—	—	1,289	1,931	—	—	1,931
Available-for-Sale Investments								
Financial institution instruments	—	5	—	5	—	5	—	5
Marketable equity securities and mutual funds	17	41	—	58	15	56	—	71
Derivative Instruments								
Foreign currency contracts	—	1,088	—	1,088	—	277	—	277
Other derivatives	—	2	—	2	—	5	—	5
Total assets	$ 1,306	$ 2,040	$ —	$ 3,346	$ 1,946	$ 1,455	$ —	$ 3,401
Liabilities:								
Derivative Instruments								
Interest rate contracts	$ —	$ 78	$ —	$ 78	$ —	$ 24	$ —	$ 24
Foreign currency contracts	—	295	—	295	—	203	—	203
Other derivatives	—	1	—	1	—	—	—	—
Total liabilities	$ —	$ 374	$ —	$ 374	$ —	$ 227	$ —	$ 227

[1] Government debt includes instruments such as U.S. treasury notes, U.S. agency securities and non-U.S. government bonds. Money market funds invested in government debt and traded in active markets are included in Level 1.

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 is 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: 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 exchange rates, and forward and spot prices for currencies and interest rates. See Note 10, “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 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 fair value of HP's short- and long-term debt was $9.6 billion as compared to its carrying amount of $11.0 billion at October 31, 2022. The fair value of HP's short- and long-term debt was $8.0 billion as compared to its carrying value of $7.5 billion at October 31, 2021. If measured at fair value in the Consolidated Balance Sheets, short- and long-term debt would be classified in Level 2 of the fair value hierarchy.

Note 9: 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 current liabilities on the Consolidated Balance Sheets, the carrying amounts approximate fair value due to their short maturities. If measured at fair value in the Consolidated Balance Sheets, these other financial instruments would be classified as Level 2 or Level 3 of the fair value hierarchy.

Non-Marketable Equity Investments and Non-Financial Assets: HP’s non-marketable equity investments are measured at cost less impairment, adjusted for observable price changes. HP’s non-financial assets, such as intangible assets, goodwill and property, plant and equipment, are recorded at fair value in the period an impairment charge is recognized. If measured at fair value in the Consolidated Balance Sheets these would generally be classified within Level 3 of the fair value hierarchy.

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Note 10: Financial Instruments

Cash Equivalents and Available-for-Sale Investments

	As of October 31, 2022				As of October 31, 2021			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
	In millions							
Cash Equivalents:								
Corporate debt	$ 904	$ —	$ —	$ 904	$ 1,112	$ —	$ —	$ 1,112
Government debt	1,289	—	—	1,289	1,931	—	—	1,931
Total cash equivalents	2,193	—	—	2,193	3,043	—	—	3,043
Available-for-Sale Investments:								
Financial institution instruments	5	—	—	5	5	—	—	5
Marketable equity securities and mutual funds	50	8	—	58	42	29	—	71
Total available-for-sale investments	55	8	—	63	47	29	—	76
Total cash equivalents and available-for-sale investments	$ 2,248	$ 8	$ —	$ 2,256	$ 3,090	$ 29	$ —	$ 3,119

All highly liquid investments with original maturities of three months or less at the date of acquisition are considered cash equivalents. As of October 31, 2022 and 2021, the carrying amount of cash equivalents approximated fair value due to the short period of time to maturity. Interest income related to cash, cash equivalents and debt securities was approximately $46 million in fiscal year 2022, $31 million in fiscal year 2021, and $40 million in fiscal year 2020. The estimated fair value of the available-for-sale investments may not be representative of values that will be realized in the future.

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

	As of October 31, 2022	
	Amortized Cost	Fair Value
	In millions	
Due in one year	$ 17	$ 17

Non-marketable equity securities in privately held companies are included in Other non-current assets in the Consolidated Balance Sheets. These amounted to $110 million and $59 million as of October 31, 2022 and 2021, respectively.

HP determines credit losses on cash equivalents and available-for-sale debt securities at the individual security level. All instruments are considered investment grade. No credit-related or noncredit-related impairment losses were recorded in the fiscal year 2022.

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, treasury rate locks, forward starting swaps and, at times, option contracts to hedge certain foreign currency, interest rate and, return on certain investment exposures. HP may designate its derivative contracts as fair value hedges or cash flow hedges and classifies the cash flows with the activities that correspond to the underlying hedged items. Additionally, 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 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

Note 10: Financial Instruments (Continued)

credit risk, HP has collateral security agreements that allow HP's custodian 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 Company includes gross collateral posted and received in other current assets and other current liabilities in the Consolidated Balance Sheets, respectively. The fair value of derivatives with credit contingent features in a net liability position was $82 million and $64 million as of October 31, 2022 and 2021, respectively, all of which were fully collateralized within two business days.

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 October 31, 2022 and 2021.

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 benchmark interest rates on HP's future interest payments.

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 in the Consolidated Statements of Earnings in the period of change.

Cash Flow Hedges

HP uses forward contracts, treasury rate locks, forward starting swaps and, at times, option contracts designated as cash flow hedges to protect against the foreign currency exchange and interest rate risks inherent in its forecasted net revenue, cost of revenue, operating expenses and debt issuance. HP's foreign currency cash flow hedges mature predominantly within twelve months; however, hedges related to long-term procurement arrangements extend several years.

For derivative instruments that are designated and qualify as cash flow hedges, HP initially records changes in fair value of the derivative instrument in Accumulated other comprehensive loss as a separate component of Stockholders' deficit in the Consolidated Balance Sheets and subsequently reclassifies these amounts into earnings in the period during which the hedged transaction is recognized in earnings. HP reports the changes in the fair value of the derivative instrument in the same financial statement line item as changes in the fair value of the hedged item.

During the fiscal year 2022, a series of forward starting swaps, which were executed with a total notional amount of $1.75 billion along with already existing forward starting swaps with a total notional amount of $1.5 billion, were settled upon the issuance of the senior unsecured notes, resulting in a gain of $79 million recognized in Accumulated other comprehensive income (loss). The gain will be reclassified to Interest and other, net, in the Consolidated Statements of Earnings over a portion of the life of the related debt.

Other Derivatives

Other derivatives not designated as hedging instruments consist primarily of forward contracts used to hedge foreign currency-denominated balance sheet exposures. HP also 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 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, forward contracts and forward starting swaps 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.

During fiscal 2022 and 2021, no portion of the hedging instruments' gain or loss was excluded from the assessment of effectiveness for fair value and cash flow hedges.

Note 10: Financial Instruments (Continued)

Fair Value of Derivative Instruments in the Consolidated Balance Sheets

The gross notional and fair value of derivative instruments in the Consolidated Balance Sheets were as follows:

	As of October 31, 2022					As of October 31, 2021				
	Outstanding Gross Notional	Other Current Assets	Other Non-Current Assets	Other Current Liabilities	Other Non-Current Liabilities	Outstanding Gross Notional	Other Current Assets	Other Non-Current Assets	Other Current Liabilities	Other Non-Current Liabilities
	In millions									
Derivatives designated as hedging instruments										
Fair value hedges:										
Interest rate contracts	$ 750	$ —	$ —	$ —	$ 78	$ 750	$ —	$ —	$ —	$ 16
Cash flow hedges:										
Foreign currency contracts	16,014	820	256	206	72	17,137	198	69	148	42
Interest rate contracts	—	—	—	—	—	1,500	—	—	—	8
Total derivatives designated as hedging instruments	16,764	820	256	206	150	19,387	198	69	148	66
Derivatives not designated as hedging instruments										
Foreign currency contracts	4,554	12	—	17	—	6,293	10	—	13	—
Other derivatives	122	2	—	1	—	103	5	—	—	—
Total derivatives not designated as hedging instruments	4,676	14	—	18	—	6,396	15	—	13	—
Total derivatives	$ 21,440	$ 834	$ 256	$ 224	$ 150	$ 25,783	$ 213	$ 69	$ 161	$ 66

Offsetting of Derivative Instruments

HP recognizes all derivative instruments on a gross basis in the Consolidated 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 October 31, 2022 and 2021, information related to the potential effect of HP's master netting agreements and collateral security agreements was as follows:

	In the Consolidated Balance Sheets					
	(i)	(ii)	(iii) = (i)–(ii)	(iv)	(v)	(vi) = (iii)–(iv)–(v)
				Gross Amounts Not Offset		
	Gross Amount Recognized	Gross Amount Offset	Net Amount Presented	Derivatives	Financial Collateral	Net Amount
	In millions					
As of October 31, 2022						
Derivative assets	$ 1,090	$ —	$ 1,090	$ 290	$ 616 [1]	$ 184
Derivative liabilities	$ 374	$ —	$ 374	$ 290	$ 86 [2]	$ (2)
As of October 31, 2021						
Derivative assets	$ 282	$ —	$ 282	$ 160	$ 65 [1]	$ 57
Derivative liabilities	$ 227	$ —	$ 227	$ 160	$ 64 [2]	$ 3

(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 including any 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.

Note 10: Financial Instruments (Continued)

Effect of Derivative Instruments in the Consolidated Statements of Earnings

The pre-tax effect of derivative instruments and related hedged items in a fair value hedging relationship were as follows:

Derivative Instrument	Hedged Item	Location	For the fiscal years ended October 31	Total amounts of income/(expense) line items in the statement of financial performance in which the effects of fair value hedges are recorded	Gain/(loss) recognized in earnings on derivative instruments	Gain/(loss) recognized in earnings on hedged item
				In millions		
Interest rate contracts	Fixed-rate debt	Interest and other, net	2022	$ (235)	$ (62)	$ 62
			2021	$ 2,209	$ (17)	$ 17
			2020	$ (231)	$ 6	$ (6)

The pre-tax effect of derivative instruments in cash flow hedging relationships included in Accumulated other comprehensive income (loss) was as follows:

	For the fiscal years ended October 31		
	2022	2021	2020
	In millions		
Gain/(loss) recognized in Accumulated other comprehensive income (loss) on derivatives:			
Foreign currency contracts	$ 1,456	$ (117)	$ (197)
Interest rate contracts	$ 85	$ (15)	$ (4)

The pre-tax effect of derivative instruments in cash flow hedging relationships included in earnings were as follows:

	Total amounts of income/ (expense) line items in the statement of financial performance in which the effects of cash flow hedges are recorded			Gain/ (loss) reclassified from Accumulated other comprehensive loss into earnings		
	For the fiscal years ended October 31			For the fiscal years ended October 31		
	2022	2021	2020	2022	2021	2020
	In millions			In millions		
Net revenue	$ 62,910	$ 63,460	$ 56,638	$ 877	$ (214)	$ 108
Cost of revenue	(50,647)	(50,053)	(46,217)	(101)	(30)	(25)
Operating expenses	(7,704)	(8,048)	(6,979)	(1)	1	2
Interest and other, net	(235)	2,209	(231)	4	—	—
Total				$ 779	$ (243)	$ 85

As of October 31, 2022, HP expects to reclassify an estimated accumulated other comprehensive gain of approximately $453 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 Accumulated other comprehensive income (loss) based on the change of market rate, and therefore could have different impact on earnings.

Note 10: Financial Instruments (Continued)

The pre-tax effect of derivative instruments not designated as hedging instruments recognized in Interest and other, net in the Consolidated Statements of Earnings for fiscal years 2022, 2021 and 2020 was as follows:

	Gain/(loss) recognized in earnings on derivative instrument			
	Location	2022	2021	2020
			In millions	
Foreign currency contracts	Interest and other, net	$ 41	$ (65)	$ 40
Other derivatives	Interest and other, net	(4)	8	(9)
Total		$ 37	$ (57)	$ 31

Note 11: Borrowings

Notes Payable and Short-Term Borrowings

	As of October 31			
	2022		2021	
	Amount Outstanding	Weighted-Average Interest Rate	Amount Outstanding	Weighted-Average Interest Rate
	In millions			
Commercial paper	$ —	— %	$ 400	0.2 %
Current portion of long-term debt	165	5.4 %	672	3.8 %
Notes payable to banks, lines of credit and other	53	0.6 %	34	1.2 %
	$ 218		$ 1,106	

Long-Term Debt

	As of October 31	
	2022	2021
	In millions	
U.S. Dollar Global Notes[1]		
$500 issued at discount to par at a price of 99.771% at 4.05%, due September 2022	$ —	$ 499
$1,200 issued at discount to par at a price of 99.863% at 6.0%, due September 2041	1,199	1,199
$1,150 issued at discount to par at a price of 99.769% at 2.2%, due June 2025	1,149	1,148
$1,000 issued at discount to par at a price of 99.718% at 3.0%, due June 2027	997	997
$850 issued at discount to par at a price of 99.790% at 3.4%, due June 2030	848	848
$1,000 issued at discount to par at a price of 99.808% at 1.45%, due June 2026	999	999
$1,000 issued at discount to par at a price of 99.573% at 2.65%, due June 2031[2]	996	996
$1,000 issued at discount to par at a price of 99.767% at 4.00%, due April 2029	999	—
$1,000 issued at discount to par at a price of 99.966% at 4.20%, due April 2032	1,000	—
$900 issued at discount to par at a price of 99.841% at 4.75%, due January 2028	899	—
$1,100 issued at discount to par at a price of 99.725% at 5.50%, due January 2033	1,097	—
$500 issued at par at a price of 100% at 4.75%, due March 2029[3]	500	—
	10,683	6,686
Other borrowings at 0.51%-9.00%, due in fiscal years 2023-2029	436	439
Fair value adjustment related to hedged debt	(78)	(16)
Unamortized debt issuance cost	(80)	(51)
Current portion of long-term debt	(165)	(672)
Total long-term debt	$ 10,796	$ 6,386

(1) 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.

(2) HP intends to allocate an amount equal to the net proceeds to finance or refinance, in whole or in part, environmentally and socially responsible eligible projects in the following eight areas: renewable energy; green buildings; energy efficiency; clean transportation; pollution prevention and control; eco-efficient and/or circular economy products, production technologies and processes; environmentally sustainable management of living natural resources and land use; and socioeconomic advancement and empowerment.

(3) Includes approximately $9 million of senior notes issued by Poly, not exchanged under Poly Exchange Offer.

In June 2022, HP completed its offering of $2.0 billion aggregate principal amount of senior unsecured notes, consisting of $0.9 billion of 4.75% notes due January 2028 and $1.1 billion of 5.50% notes due January 2033. HP incurred issuance costs of $17 million. HP will pay interest semi-annually on each series of the notes on January 15 and July 15, beginning January 15, 2023. In June 2022, HP terminated a series of forward starting swap agreements with notional amounts totaling $1.75 billion that were executed to mitigate the treasury rate volatility associated with this debt issuance. HP used the net proceeds from the offering, together with other available funds, to fund the purchase price of the acquisition of Poly, repay Poly's existing term loan, and pay any related fees and expenses.

Note 11: Borrowings (Continued)

In March 2022, HP completed its offering of $2.0 billion aggregate principal amount of senior unsecured notes, consisting of $1.0 billion of 4.00% notes due April 2029 and $1.0 billion of 4.20% notes due April 2032. HP incurred issuance costs of $17 million. HP will pay interest semi-annually on each series of the notes on April 15 and October 15, beginning October 15, 2022. HP terminated a series of forward starting swap agreements with notional amounts totaling $1.5 billion that were executed to mitigate the treasury rate volatility associated with this debt issuance. HP used the net proceeds from the offering of the notes for general corporate purposes, which may include, without limitation, repayment and refinancing of debt, funding of acquisition opportunities, working capital, capital expenditures, and share repurchases.

As disclosed in Note 10, “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 benchmark interest rates. Interest rates shown in the table of long-term debt have not been adjusted to reflect the impact of any interest rate swaps.

As of October 31, 2022, aggregate future maturities of debt at face value (excluding unamortized debt issuance cost of $80 million, discounts on debt issuance of $17 million, and fair value adjustment related to hedged debt of $78 million), including other borrowings were as follows:

Fiscal year	In millions
2023	$ 218
2024	123
2025	1,239
2026	1,048
2027	1,009
Thereafter	7,553
Total	$ 11,190

Poly Exchange Offer

On September 1, 2022, we consummated our offer (the “Exchange Offer”) to exchange approximately $0.5 billion of outstanding notes issued by Poly (the “Poly Notes”) for new notes issued by us with the same interest rate, interest payment dates, maturity date and redemption terms as the exchanged Poly Notes. The portion not exchanged, approximately $9 million, remains outstanding. Because the debt instruments are not substantially different, the exchange was treated as a debt modification for accounting purposes resulting in a portion of the unamortized fair value adjustment of HP senior notes.

On November 17, 2022, HP consummated its post-acquisition change of control repurchase offer for the new notes issued by HP, and an aggregate amount of $498 million in repurchase price was paid in connection therewith.

Commercial Paper

As of October 31, 2022, HP maintained two commercial paper programs. HP’s U.S. program provides for the issuance of U.S. dollar-denominated commercial paper up to a maximum aggregate principal amount of $6.0 billion. HP’s euro commercial paper program provides for the issuance of commercial paper outside of the United States denominated in U.S. dollars, euros or British pounds up to a maximum aggregate principal amount of $6.0 billion or the equivalent in those alternative currencies. The combined aggregate principal amount of commercial paper outstanding under those programs at any one time cannot exceed the $6.0 billion authorized by HP’s Board of Directors.

Credit Facility

As of October 31, 2022, HP maintained a $5.0 billion sustainability-linked senior unsecured committed revolving credit facility, which HP entered into on May 26, 2021. Commitments under the revolving credit facility will be available until May 26, 2026. Commitment fees, interest rates and other terms of borrowing under the revolving credit facility vary based on HP’s external credit ratings and certain sustainability metrics. Funds borrowed under the revolving credit facility may be used for general corporate purposes.

On August 23, 2022, HP entered into an amendment to the credit agreement governing the revolving credit facility, pursuant to which the credit agreement has been amended to provide for interest rates at Term SOFR instead of LIBOR.

As of October 31, 2022, HP was in compliance with the covenants in the credit agreement governing the revolving credit facility.

Note 11: Borrowings (Continued)

Available Borrowing Resources

As of October 31, 2022, HP had available borrowing resources of $937 million from uncommitted lines of credit in addition to the revolving credit facility.

Note 12: Stockholders' Deficit

Share Repurchase Program

HP's share repurchase program authorizes both open market and private repurchase transactions. In fiscal year 2022, HP executed share repurchases of 124 million shares and settled total shares for $4.3 billion. In fiscal year 2021, HP executed share repurchases of 224 million shares and settled total shares for $6.3 billion. In fiscal year 2020, HP executed share repurchases of 168 million shares and settled total shares for $3.1 billion. Share repurchases executed during fiscal years 2021, and 2020 included 1.6 million shares, and 2.3 million shares settled in November 2021, and 2020, respectively.

The shares repurchased in fiscal years 2022, 2021 and 2020 were all open market repurchase transactions. On February 22, 2020, HP's Board of Directors increased HP's share repurchase authorization to $15.0 billion in total. As of October 31, 2022, HP had approximately $2.1 billion remaining under the share repurchase authorizations approved by HP's Board of Directors.

Taxes related to Other Comprehensive Income (Loss)

	For the fiscal years ended October 31		
	2022	2021	2020
	In millions		
Tax effect on change in unrealized components of available-for-sale debt securities:			
Tax benefit (provision) on unrealized (losses) gains arising during the period	$ 2	$ (1)	$ —
Tax effect on change in unrealized components of cash flow hedges:			
Tax (provision) benefit on unrealized gains (losses) arising during the period	(328)	(9)	20
Tax provision (benefit) on (gains) losses reclassified into earnings	195	(17)	28
	(133)	(26)	48
Tax effect on change in unrealized components of defined benefit plans:			
Tax benefit (provision) on (losses) gains arising during the period	26	(183)	11
Tax benefit on amortization of actuarial loss and prior service benefit	(6)	(17)	(19)
Tax (provision) benefit on curtailments, settlements and other	(1)	9	(41)
	19	(191)	(49)
Tax effect on change in cumulative translation adjustment	3	(1)	2
Tax (provision) benefit on other comprehensive income (loss)	$ (109)	$ (219)	$ 1

Note 12: Stockholders' Deficit (Continued)

Changes and reclassifications related to Other Comprehensive Income (Loss), net of taxes

	For the year ended October 31		
	2022	2021	2020
		In millions	
Other comprehensive income (loss), net of taxes:			
Change in unrealized components of available-for-sale debt securities:			
Unrealized (losses) gains arising during the period	$ (9)	$ 4	$ 2
Change in unrealized components of cash flow hedges:			
Unrealized gains (losses) arising during the period	1,213	(141)	(181)
(Gains) losses reclassified into earnings	(584)	226	(57)
	629	85	(238)
Change in unrealized components of defined benefit plans:			
Gains (losses) arising during the period	(28)	846	(18)
Amortization of actuarial loss and prior service benefit[(1)]	14	63	64
Curtailments, settlements and other	(1)	(27)	174
	(15)	882	220
Change in cumulative translation adjustment	(75)	27	(2)
Other comprehensive income (loss), net of taxes	$ 530	$ 998	$ (18)

(1) 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 income (loss), net of taxes as of October 31, 2022 and changes during fiscal year 2022 were as follows:

	Net unrealized gains on available-for-sale securities	Net unrealized gains (losses) on cash flow hedges	Unrealized components of defined benefit plans	Change in cumulative translation adjustment	Accumulated other comprehensive loss
			In millions		
Balance at beginning of period	$ 15	$ 19	$ (308)	$ 29	$ (245)
Other comprehensive (losses) gains before reclassifications	(9)	1,213	(28)	(75)	1,101
Reclassifications of losses into earnings	—	(584)	14	—	(570)
Reclassifications of curtailments, settlements and other into earnings	—	—	(1)	—	(1)
Balance at end of period	$ 6	$ 648	$ (323)	$ (46)	$ 285

Note 13: 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 units, stock options, performance-based awards and shares purchased under the 2021 employee stock purchase plan.

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

	For the fiscal years ended October 31		
	2022	2021	2020
	In millions, except per share amounts		
Numerator:			
Net earnings	$ 3,132	$ 6,541	$ 2,815
Denominator:			
Weighted-average shares used to compute basic net EPS	1,038	1,208	1,413
Dilutive effect of employee stock plans	12	12	7
Weighted-average shares used to compute diluted net EPS	1,050	1,220	1,420
Net earnings per share:			
Basic	$ 3.02	$ 5.41	$ 1.99
Diluted	$ 2.98	$ 5.36	$ 1.98
Anti-dilutive weighted-average stock-based compensation awards[1]	4	2	13

[1] HP excludes from the calculation of diluted net EPS stock options and restricted stock units where the assumed proceeds exceed the average market price, 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 represent unrecognized compensation cost.

Note 14: Litigation and Contingencies

HP is involved in lawsuits, claims, investigations and proceedings, including those identified below, consisting of IP, commercial, securities, employment, employee benefits and environmental matters that arise in the ordinary course of business. 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 October 31, 2022, 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 entered into with Hewlett Packard Enterprise, 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.

Litigation, Proceedings and Investigations

Copyright Levies. Proceedings are ongoing or have been concluded involving HP in certain European countries, challenging the imposition or the modification of levies regimes upon IT equipment (such as PCs or printers) or the restrictions to exonerate the application of private copying levies on devices purchased by business users. The levies are generally based upon the number of products sold and the per-product amounts of the levies, which vary. Some European countries are expected to implement legislation to introduce or extend existing levy schemes to digital devices. HP, other companies and various industry associations have opposed the extension of levies to the digital environment and certain requirements for business sales exemptions, and have advocated alternative models of compensation to rights holders.

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.

Forsyth, et al. v. 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 ("HPE") alleging the defendants violated federal and state law by terminating older workers and replacing them with younger workers. In their most recent complaint, plaintiffs seek to represent (1) a putative nationwide federal Age Discrimination in Employment Act (ADEA) collective comprised of all former HP Inc. employees 40 years of age and older who had their employment terminated under a WFR plan in or after 2014 or 2015, depending on state law; and (2) a putative Rule 23 class under California law comprised of all former HP Inc. employees 40 years of age and older who had their employment terminated in California under a WFR plan in or after 2012. Excluded from the putative collective and class are employees who (a) signed a Waiver and General Release Agreement at termination, or (b) signed an Agreement to Arbitrate Claims. Similar claims are pending against HPE. Because the court granted plaintiffs' motion for preliminary certification of the putative nationwide ADEA collectives, a third-party administrator notified eligible former employees of their right to opt into the ADEA collective. This opt-in period closed on February 15, 2022. Plaintiffs seek monetary damages, punitive damages, and other relief.

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 and interest. Prior to the issuance of the 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 or interrupt business by HP India.

On April 11, 2012, the Bangalore Commissioner of Customs issued an order on the products-related 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 notice. The differential duty demand is subject to interest. On April 20, 2012, the Commissioner issued an order on the parts-related notice affirming certain duties and penalties against HP India and certain of the named

Note 14: Litigation and Contingencies (Continued)

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 notice so as to avoid certain penalties.

HP India filed appeals of the Commissioner's orders before the Customs, Excise and Service Tax Appellate Tribunal (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. On February 7, 2014, the Customs Tribunal granted HP India's application for extension of the stay of deposit until disposal of the appeals. On October 27, 2014, the Customs Tribunal commenced hearings on the cross-appeals of the Commissioner's orders and rejected HP India's request to remand the matter to the Commissioner on procedural grounds. The Customs Tribunal cancelled hearings to reconvene in 2015, 2016, and January 2019. On January 20, 2021, the Customs Tribunal held a virtual hearing during which the judge allowed HP's application for a physical hearing on the merits as soon as practicable, which will be scheduled when physical hearings resume at court. 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.

Philips Patent Litigation. In September 2020, Koninklijke Philips N.V. and Philips North America LLC (collectively, "Philips") filed a complaint against HP for patent infringement in federal court for the District of Delaware and filed a companion complaint with the U.S. International Trade Commission ("ITC") pursuant to Section 337 of the Tariff Act against HP and 8 other sets of respondents. Both complaints allege that certain digital video-capable devices and components thereof infringe four of Philips' patents. In October 2020, the ITC instituted an investigation, and Philips later withdrew two of the four patents. On March 23, 2022, the ITC rendered a final determination that no violation of section 337 has occurred. Philips did not appeal and elected to resume litigation with its case in federal court. Philips seeks unspecified damages and an injunction against HP, and the prior stay has been lifted.

Caltech Patent Litigation. On November 11, 2020, the California Institute of Technology ("Caltech") filed a complaint against HP for patent infringement in the federal court for the Western District of Texas. On March 19, 2021, Caltech filed an amendment to this same complaint. The complaint as amended alleges infringement of five of Caltech's patents, U.S. Patent Nos. 7,116,710; 7,421,032; 7,716,552; 7,916,781; and 8,284,833. The accused products are HP commercial and consumer PCs as well as wireless printers that comply with the IEEE 802.11n, 802.11ac, and/or 802.11ax standards. Caltech seeks unspecified damages and other relief. The court stayed the case pending the decision by the U.S. Court of Appeals for the Federal Circuit in *The California Inst. of Tech. v. Broadcom Ltd et al., Case No. 2020-2222*, which was issued on February 4, 2022. On March 12, 2022, the parties filed a status report regarding whether the court should lift the stay, which remains pending.

In re HP Inc. Securities Litigation (Electrical Workers Pension Fund, Local 103, I.B.E.W. v. HP Inc., et al.). On February 19, 2020, Electrical Workers Pension Fund, Local 103, I.B.E.W. filed a putative class action complaint against HP, Dion Weisler, Catherine Lesjak, and Steven Fieler in U.S. District Court in the Northern District of California. The court appointed the State of Rhode Island, Office of the General Treasurer, on behalf of the Employees' Retirement System of Rhode Island and Iron Workers Local 580 Joint Funds as Lead Plaintiffs. Lead Plaintiffs filed an amended complaint, which additionally named as defendants Enrique Lores and Christoph Schell. HP and the named officers filed a motion to dismiss the complaint for failure to state a claim upon which relief can be granted. The court granted HP's motion to dismiss and granted plaintiffs leave to amend the complaint. Plaintiffs' second amended complaint, which no longer names Christoph Schell as a defendant, alleges, among other things, that from February 23, 2017 to October 3, 2019, HP and the named officers violated Sections 10(b) and 20(a) of the Exchange Act by making false or misleading statements about HP's printing supplies business. It further alleges that Dion Weisler and Enrique Lores violated Sections 10(b) and 20A of the Exchange Act by allegedly selling shares of HP common stock during this period while in possession of material, non-public adverse information about HP's printing supplies business. Plaintiffs seek compensatory damages and other relief. HP and the named officers filed a motion to dismiss the second amended complaint for failure to state a claim upon which relief can be granted. On September 15, 2021, the court granted HP's motion. Plaintiffs appealed the decision. An appellate hearing scheduled for December 5, 2022 was cancelled as the parties have reached a settlement in principle.

York County on behalf of the County of York Retirement Fund v. HP Inc., et al., and related proceedings. On November 5, 2020, York County, on behalf of the County of York Retirement Fund, filed a putative class action complaint against HP, Dion Weisler, and Catherine Lesjak in federal court in the Northern District of California. The court appointed Maryland Electrical Industry Pension Fund as Lead Plaintiff. Lead Plaintiff filed a consolidated complaint, which additionally names as defendants Enrique Lores and Richard Bailey. The complaint alleges, among other things, that from November 5, 2015 to June 21, 2016, HP and the named current and former officers violated Sections 10(b) and 20(a) of the Exchange Act by concealing

Note 14: Litigation and Contingencies (Continued)

material information and making false statements about HP's printing supplies business. Plaintiffs seek compensatory damages and other relief. HP and the named officers filed a motion to dismiss the complaint for failure to state a claim upon which relief can be granted. On March 3, 2022, the court granted the motion to dismiss with prejudice. Plaintiffs are appealing the decision. On May 17, 2021, stockholder Scott Franklin filed a derivative complaint against certain current and former officers and directors in federal court in the District of Delaware. Plaintiff purports to bring the action on behalf of HP, which he has named as a nominal defendant, and he makes substantially the same factual allegations as in the *York County* securities complaint, bringing claims for breach of fiduciary duty and violations of securities laws. The derivative plaintiff seeks compensatory damages, governance reforms, and other relief. By court order following stipulations by the parties, the case was transferred to the Northern District of California, and the case was stayed pending a ruling on the motion to dismiss in *York County*. On January 13, 2022, stockholder Gerald Lovoi filed a derivative complaint in federal court in the Northern District of California against the same current and former officers and directors named in the Franklin action. The complaint alleges the same basic claims based on the same alleged conduct as the Franklin action and seeks similar relief. By stipulation of the parties, the Lovoi action was stayed pending a ruling on the motion to dismiss in *York County*. Both derivative actions will remain stayed until any appeal related to the York decision has been exhausted.

Legal Proceedings re Authentication of Supplies. Since 2016, HP has from time to time been named in civil litigation, or been the subject of government investigations, involving supplies authentication protocols used in certain HP printers in multiple geographies, including but not limited to the United States, Italy, Israel, and the Netherlands. The supplies authentication protocols are often referred to as Dynamic Security. The core allegations in these proceedings claim misleading or inadequate consumer notifications and permissions pertaining to the use of Dynamic Security, the installation of firmware updates, or the potential inability of cartridges with clone chips or circuitry to work in HP printers with Dynamic Security. Plaintiffs base or have based their claims on various legal theories, including but not limited to unfair competition, computer trespass, and similar statutory claims. Among other relief, Plaintiffs have sought or seek money damages and in certain cases have or may seek injunctive relief against the use or operation of Dynamic Security or relief requiring interoperability. If HP is not successful in its defense of these cases or investigations, it could be subject to damages, penalties, significant settlement demands, or injunctive relief that may be costly or may disrupt operations. Certain of these proceedings in Italy, the Netherlands and Israel have been resolved, have concluded, or have concluded subject only to HP's pending appeal. Civil litigation filed by Digital Revolution B.V. (trading as 123Inkt) against HP Nederlands B.V., et al. (Netherlands) in March 2020, including its competition claim, remains pending. Both parties have appealed. In addition, two putative class actions have been filed against HP in federal court in California, in December 2020 and April 2022, arising out of the use of Dynamic Security firmware updates in HP Laserjet printers and HP Inkjet printers, respectively. Plaintiffs in both cases seek compensatory damages, restitution, injunctive relief against alleged unfair business practices, and other relief. The cases are in their early stages.

Autonomy-Related Legal Matters

Investigations. As a result of the findings of an internal investigation, HP provided information to government authorities, including the U.S. Department of Justice ("DOJ") related to accounting improprieties, disclosure failures and misrepresentations at Autonomy that occurred before and in connection with HP's 2011 acquisition of Autonomy. In November 2016, a federal grand jury indicted Sushovan Hussain, former CFO of Autonomy on charges of conspiracy to commit wire fraud, securities fraud, and multiple counts of wire fraud. The indictment alleged that Mr. Hussain engaged in a scheme to defraud purchasers and sellers of securities of Autonomy and HP about Autonomy's true financial performance and condition. On April 30, 2018, a jury found Mr. Hussain guilty of all charges against him, and that judgment was affirmed on appeal in August 2020. In November 2018, a federal grand jury indicted Michael Lynch, former CEO of Autonomy, and Stephen Chamberlain, former VP of Finance of Autonomy. The indictment charged Mr. Lynch and Mr. Chamberlain with conspiracy to commit wire fraud and multiple counts of wire fraud. On January 28, 2022, the U.K. Home Office approved U.S. demands to have Mr. Lynch extradited to face the charges. In February 2022, Mr. Lynch sought permission to appeal, and his request is pending. HP is continuing to cooperate with the ongoing enforcement actions.

Autonomy Corporation Limited v. Michael Lynch and Sushovan Hussain. On April 17, 2015, four former HP subsidiaries that became subsidiaries of Hewlett Packard Enterprise at the time of the Separation (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

Note 14: Litigation and Contingencies (Continued)

million in damages, among other things, for alleged misstatements regarding Lynch. Trial was completed in January 2020. On May 17, 2022, the court issued its final judgment, memorializing its findings that HP succeeded in substantially all of its claims and that Messrs. Lynch and Hussein engaged in fraud, and dismissing Mr. Lynch’s counterclaim. The court deferred its assessment of damages to a later, separate judgment to be issued after further submissions, but it has indicated that damages awarded may be substantially less than is claimed. Litigation is unpredictable, and there can be no assurance that HP will recover damages or as to how any award of damages will compare with the amount claimed. 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.

Environmental

HP is, and may become a party to, proceedings brought by U.S. or state agencies or private third parties under the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), known as “Superfund,” or state laws similar to CERCLA. HP is also conducting environmental investigations or remediation at several current or former operating sites and former disposal sites pursuant to administrative orders or consent agreements with environmental agencies.

Note 15: 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.

Cross-Indemnifications with Hewlett Packard Enterprise

On November 1, 2015, Hewlett-Packard Company completed the separation of Hewlett Packard Enterprise, Hewlett-Packard Company’s former enterprise technology infrastructure, software, services and financing businesses. The separation and distribution agreement provides for cross-indemnities between HP and Hewlett Packard Enterprise for liabilities allocated to the respective party pursuant to the terms of such agreement. For information on cross-indemnifications with Hewlett Packard Enterprise for litigation matters, see Note 14, “Litigation and Contingencies”.

Indemnifications

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 intellectual property 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.

HP records tax indemnification receivables from various third parties for certain tax liabilities that HP is jointly and severally liable for, but for which it is indemnified by those same third parties under existing legal agreements. HP records a tax indemnification payable to various third parties under these agreements when management believes that it is both probable that a liability has been incurred and the amount can be reasonably estimated. The actual amount that the third parties pay or 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.

Warranties

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.

Note 15: Guarantees, Indemnifications and Warranties (Continued)

HP's aggregate product warranty liabilities and changes were as follows:

	For the fiscal years ended October 31	
	2022	2021
	In millions	
Balance at beginning of year	$ 959	$ 993
Accruals for warranties issued	948	1,003
Adjustments related to pre-existing warranties (including changes in estimates)	(43)	28
Settlements made (in cash or in kind)	(988)	(1,065)
Balance at end of year	$ 876	$ 959

Note 16: Commitments

Unconditional Purchase Obligations

As of October 31, 2022, HP had unconditional purchase obligations of $3.3 billion. These unconditional purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on HP 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 unconditional purchase obligations are primarily related to inventory and service support. Unconditional purchase obligations exclude agreements that are cancellable without penalty.

As of October 31, 2022, unconditional purchase obligations were as follows:

Fiscal year	In millions
2023	$ 1,854
2024	1,254
2025	101
2026	22
2027	20
Thereafter	11
Total	$ 3,262

Note 17: Leases

HP determines, at lease inception, whether or not an arrangement contains a lease. A significant portion of the operating lease portfolio includes real estate leases. Additionally, HP has identified embedded operating leases within certain outsourced supply chain contracts. Leasing arrangements typically range in terms from 1 to 11 years with varying renewal and termination options. Substantially all of HP's leases are considered operating leases. Finance leases, short-term leases and sub-lease income were not material as of October 31, 2022 and 2021 or for the fiscal years ended October 31, 2022 and 2021, respectively.

Lease terms include options to extend or terminate the lease when it is reasonably certain that HP will exercise such options. HP generally considers the economic life of the ROU assets to be comparable to the useful life of similar owned assets. HP's leases generally do not provide a residual guarantee.

Operating leases are included in Other non-current assets, Other current liabilities and Other non-current liabilities. Finance leases are included in Property, plant and equipment, net, Notes payable and short-term borrowings and Long-term debt in the Consolidated Balance Sheets.

As most of the leases do not provide an implicit interest rate, HP uses the incremental borrowing rate based on the information available at the commencement date of a lease in determining the present value of lease payments. The incremental borrowing rate is determined based on the rate of interest that HP would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. HP uses the unsecured borrowing rate and risk-adjusts that rate to approximate a collateralized rate.

HP has elected the practical expedient to combine lease and non-lease components as a single lease element for its real estate leases and certain outsourced supply chain contracts in calculating the ROU assets and lease liabilities. Where HP chooses not to combine the lease and non-lease components, HP allocates contract consideration to the lease and non-lease components based on relative standalone prices.

HP reviews the impairment of the ROU assets consistent with the approach applied for other long-lived assets.

The components of lease expense are as follows:

	For the fiscal years ended October 31	
	2022	2021
	In millions	
Operating lease cost	$ 233	$ 235
Variable cost	99	101
Total lease expense	$ 332	$ 336

All lease expenses, including variable lease costs, are primarily included in Cost of revenue and Selling, general and administrative expenses in the Consolidated Statements of Earnings based on the use of the facilities.

Variable lease expense relates primarily to leased real estate utilized for office space and outsourced warehousing. These costs primarily include adjustments for inflation, payments dependent on a rate or index or usage of asset and common area maintenance charges. These costs are not included in the lease liability and are recognized in the period in which they are incurred.

The following table presents supplemental information relating to the cash flows arising from lease transactions. Cash 'payments made from variable lease costs and short-term leases are not included in the measurement of operating lease liabilities, and, as such, are excluded from the amounts below:

	For the fiscal years ended October 31	
	2022	2021
	In millions	
Cash paid for amount included in the measurement of lease liabilities	$ 233	$ 238
Right-of-use assets obtained in exchange of lease liabilities[1]	$ 363	$ 385

[1] Includes the impact of new leases as well as remeasurements and modifications to existing leases.

Note 17: Leases (Continued)

Weighted-average information associated with the measurement of our remaining operating lease liabilities is as follows:

	As of October 31	
	2022	2021
Weighted-average remaining lease term in years	5	5
Weighted-average discount rate	5.2 %	3.4 %

The following maturity analysis presents expected undiscounted cash outflows for operating leases on an annual basis for the next five years:

Fiscal year	In millions
2023	$ 443
2024	337
2025	223
2026	123
2027	101
Thereafter	172
Total lease payments	1,399
Less: Imputed interest	119
Total lease liabilities	$ 1,280

There were no material operating leases that HP had entered into and that were yet to commence as of October 31, 2022.

Note 18: Acquisitions

Acquisitions in fiscal 2022

In fiscal 2022, HP completed two acquisitions. HP estimated the preliminary fair values of net tangible and intangible assets acquired, and the excess of the consideration transferred over the aggregate of such fair values was recorded as goodwill. The preliminary fair values of net tangible assets and intangible assets acquired were based on preliminary valuations performed by third-party valuation specialists, and our estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). The primary areas that remain preliminary relate to the fair values of intangible assets acquired, certain tangible assets and liabilities acquired, certain legal matters, income and non-income based taxes and residual goodwill. We expect to continue to obtain information to assist us in determining the fair values of the net assets acquired during the measurement period.

Pro forma results of operations for these acquisitions have not been presented because they are not material to HP's consolidated results of operations, either individually or in the aggregate. Goodwill, which represents the excess of the purchase price over the net tangible and intangible assets acquired, is not deductible for tax purposes.

The following table presents the aggregate estimated fair values of the assets acquired and liabilities assumed, including those items that are still preliminary allocations, for the acquisitions in fiscal 2022:

	In millions
Goodwill	$ 1,766
Amortizable intangible assets	1,429
Net assets acquired	(337)
Total fair value of consideration	$ 2,858

Acquisition of Poly

In fiscal 2022, HP completed the acquisition of Poly, a leading global provider of workplace collaboration solutions at a total enterprise value of $3.3 billion, inclusive of the Exchange Offer. The purchase consideration of $2.8 billion included payment to shareholders in an all-cash transaction for $40 per share, amounting to $1.8 billion and repayment of Poly's existing term loan of $1.0 billion. Poly's results of operations are included within the Personal Systems segment. The financial results of Poly are included in our Consolidated Financial Statements for the year ended October 31, 2022, from the date of the acquisition.

On September 1, 2022, HP consummated its offer to exchange approximately $0.5 billion of outstanding notes issued by Poly for new notes issued by HP with the same interest rate, interest payment dates, maturity date and redemption terms as the exchanged Poly Notes. See Note 11, "Borrowings" for detailed information.

Of the total consideration, $109 million related to cash settlement of restricted stock units and performance-based restricted stock units was allocated to the purchase consideration, and $81 million was expensed immediately. In addition, HP assumed unvested restricted stock units and performance-based restricted stock units ("assumed awards") with a preliminary estimated fair value of $47 million allocated to future services to be expensed over the remaining service periods on a straight-line basis, of which $4 million was attributed to purchase consideration. For the year ended October 31, 2022, HP recorded stock-based compensation expense of $3 million related to these assumed awards.

Acquisitions in fiscal 2021

In fiscal 2021, HP completed four acquisitions. The estimated fair value of the assets acquired and liabilities assumed at the acquisition date for all four acquisitions, as set forth in the table below.

Pro forma results of operations for these acquisitions have not been presented because they were not material to HP's consolidated results of operations, either individually or in the aggregate. Goodwill, which represents the excess of the purchase price over the net tangible and intangible assets acquired, is not deductible for tax purposes.

HP INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

The following table presents the aggregate estimated fair values of the assets acquired and liabilities assumed for all of HP's acquisitions in fiscal 2021:

	In millions
Goodwill	$ 400
Amortizable intangible assets	385
Net assets acquired	120
Total fair value of consideration	$ 905

Acquisition of HyperX, the gaming division of Kingston Technology Company

HP’s largest acquisition in fiscal 2021 was its acquisition of HyperX, the gaming division of Kingston Technology Company which was completed in June 2021 with a total fair value purchase consideration of $412 million. The acquisition supports HP’s strategy to drive growth in gaming and peripherals within the Personal Systems segment. In connection with this acquisition, HP recorded approximately $112 million of goodwill and $197 million of amortizable purchased intangible assets.

Note 19: Revision of Prior Period Consolidated Financial Statements

The Company has revised certain prior period consolidated financial statements to correct for an accounting error related to a revenue contract as well as other immaterial errors. See Note 1, "Summary of Significant Accounting Policies" for further information. A summary of revisions to the Company's previously reported financial statements is presented below.

Revised Consolidated Statements of Earnings

	For the fiscal year ended October 31, 2022		
	As reported	Adjustment	As revised
	In millions, except per share amounts		
Net revenue	$ 62,983	$ (73)	$ 62,910
Cost of revenue	$ 50,648	$ (1)	$ 50,647
Research and development	$ 1,593	$ 60	$ 1,653
Restructuring and other charges	$ 233	$ (15)	$ 218
Total costs and expenses	$ 58,307	$ 44	$ 58,351
Earnings from operations	$ 4,676	$ (117)	$ 4,559
Earnings before taxes	$ 4,441	$ (117)	$ 4,324
Provision for taxes	$ (1,238)	$ 46	$ (1,192)
Net earnings	$ 3,203	$ (71)	$ 3,132
Basic earnings per share	$ 3.09	$ (0.07)	$ 3.02
Diluted earnings per share	$ 3.05	$ (0.07)	$ 2.98

	For the fiscal year ended October 31, 2021		
	As reported	Adjustment	As revised
	In millions, except per share amounts		
Net revenue	$ 63,487	$ (27)	$ 63,460
Cost of revenue	$ 50,070	$ (17)	$ 50,053
Research and development	$ 1,907	$ (59)	$ 1,848
Selling, general and administrative	$ 5,741	$ (14)	$ 5,727
Restructuring and other charges	$ 245	$ 6	$ 251
Total costs and expenses	$ 58,185	$ (84)	$ 58,101
Earnings from operations	$ 5,302	$ 57	$ 5,359
Earnings before taxes	$ 7,511	$ 57	$ 7,568
Provision for taxes	$ (1,008)	$ (19)	$ (1,027)
Net earnings	$ 6,503	$ 38	$ 6,541
Basic earnings per share	$ 5.38	$ 0.03	$ 5.41
Diluted earnings per share	$ 5.33	$ 0.03	$ 5.36

Note 19: Revision of Prior Period Consolidated Financial Statements (Continued)

	For the fiscal year ended October 31, 2020		
	As reported	Adjustment	As revised
	In millions, except per share amounts		
Net revenue	$ 56,639	$ (1)	$ 56,638
Cost of revenue	$ 46,202	$ 15	$ 46,217
Research and development	$ 1,478	$ (1)	$ 1,477
Selling, general and administrative	$ 4,906	$ (5)	$ 4,901
Restructuring and other charges	$ 462	$ 10	$ 472
Total costs and expenses	$ 53,177	$ 19	$ 53,196
Earnings from operations	$ 3,462	$ (20)	$ 3,442
Earnings before taxes	$ 3,231	$ (20)	$ 3,211
Provision for taxes	$ (387)	$ (9)	$ (396)
Net earnings	$ 2,844	$ (29)	$ 2,815
Basic earnings per share	$ 2.01	$ (0.02)	$ 1.99
Diluted earnings per share	$ 2.00	$ (0.02)	$ 1.98

Revised Consolidated Statements of Comprehensive Income

	For the fiscal year ended October 31, 2022		
	As reported	Adjustment	As revised
	In millions		
Net earnings	$ 3,203	$ (71)	$ 3,132
Gains (losses) on unrealized components of defined benefit plans	$ 4	$ (58)	$ (54)
Other comprehensive income before taxes	$ 697	$ (58)	$ 639
Provision for taxes	$ (124)	$ 15	$ (109)
Other comprehensive income, net of taxes	$ 573	$ (43)	$ 530
Comprehensive income	$ 3,776	$ (114)	$ 3,662

	For the fiscal year ended October 31, 2021		
	As reported	Adjustment	As revised
	In millions		
Net earnings	$ 6,503	$ 38	$ 6,541
Gains on unrealized components of defined benefit plans	$ 1,008	$ 21	$ 1,029
Other comprehensive income before taxes	$ 1,196	$ 21	$ 1,217
Provision for taxes	$ (213)	$ (6)	$ (219)
Other comprehensive income, net of taxes	$ 983	$ 15	$ 998
Comprehensive income	$ 7,486	$ 53	$ 7,539

Note 19: Revision of Prior Period Consolidated Financial Statements (Continued)

	For the fiscal year ended October 31, 2020		
	As reported	Adjustment	As revised
		In millions	
Net earnings	$ 2,844	$ (29)	$ 2,815
Comprehensive income	$ 2,826	$ (29)	$ 2,797

Revised Consolidated Balance Sheets

	For the fiscal years ended October 31					
	2022			2021		
	As reported	Adjustment	As revised	As reported	Adjustment	As revised
			In millions			
Accounts receivable, net	$ 4,546	$ —	$ 4,546	$ 5,511	$ 25	$ 5,536
Inventory	$ 7,595	$ 19	$ 7,614	$ 7,930	$ —	$ 7,930
Other current assets	$ 4,515	$ (84)	$ 4,431	$ 4,430	$ (27)	$ 4,403
Total current assets	$ 19,801	$ (65)	$ 19,736	$ 22,170	$ (2)	$ 22,168
Other non-current assets	$ 7,471	$ (28)	$ 7,443	$ 7,091	$ (3)	$ 7,088
Total assets	$ 38,587	$ (93)	$ 38,494	$ 38,610	$ (5)	$ 38,605
Accounts payable	$ 15,284	$ 19	$ 15,303	$ 16,075	$ —	$ 16,075
Other current liabilities	$ 10,651	$ 17	$ 10,668	$ 11,915	$ (35)	$ 11,880
Total current liabilities	$ 26,153	$ 36	$ 26,189	$ 29,096	$ (35)	$ 29,061
Other non-current liabilities	$ 4,556	$ (22)	$ 4,534	$ 4,778	$ 24	$ 4,802
Accumulated deficit	$ (4,413)	$ (79)	$ (4,492)	$ (2,461)	$ (9)	$ (2,470)
Accumulated other comprehensive income (loss)	$ 313	$ (28)	$ 285	$ (260)	$ 15	$ (245)
Total stockholders’ deficit	$ (2,918)	$ (107)	$ (3,025)	$ (1,650)	$ 6	$ (1,644)
Total liabilities and stockholders’ deficit	$ 38,587	$ (93)	$ 38,494	$ 38,610	$ (5)	$ 38,605

Revised Consolidated Statements of Cash Flows

	For the fiscal year ended October 31, 2022		
	As reported	Adjustment	As revised
		In millions	
Cash flows from operating activities:			
Net earnings	$ 3,203	$ (71)	$ 3,132
Restructuring and other charges	$ 233	$ (15)	$ 218
Deferred taxes on earnings	$ 574	$ 3	$ 577
Accounts receivable	$ 1,260	$ 25	$ 1,285
Inventory	$ 233	$ (19)	$ 214
Accounts payable	$ (928)	$ 19	$ (909)
Taxes on earnings	$ (83)	$ (51)	$ (134)
Other assets and liabilities	$ (1,227)	$ 109	$ (1,118)
Net cash provided by operating activities	$ 4,463	$ —	$ 4,463

Note 19: Revision of Prior Period Consolidated Financial Statements (Continued)

	For the fiscal year ended October 31, 2021		
	As reported	Adjustment	As revised
		In millions	
Cash flows from operating activities:			
Net earnings	$ 6,503	$ 38	$ 6,541
Restructuring and other charges	$ 245	$ 6	$ 251
Deferred taxes on earnings	$ (605)	$ 23	$ (582)
Accounts receivable	$ (80)	$ (25)	$ (105)
Inventory	$ (2,164)	$ (16)	$ (2,180)
Taxes on earnings	$ 64	$ (5)	$ 59
Other assets and liabilities	$ (13)	$ (21)	$ (34)
Net cash provided by operating activities	$ 6,409	$ —	$ 6,409

	For the fiscal year ended October 31, 2020		
	As reported	Adjustment	As revised
		In millions	
Cash flows from operating activities:			
Net earnings	$ 2,844	$ (29)	$ 2,815
Restructuring and other charges	$ 462	$ 10	$ 472
Deferred taxes on earnings	$ 70	$ (27)	$ 43
Inventory	$ (386)	$ 16	$ (370)
Taxes on earnings	$ (147)	$ 35	$ (112)
Other assets and liabilities	$ (32)	$ (5)	$ (37)
Net cash provided by operating activities	$ 4,316	$ —	$ 4,316

ITEM 9A. Controls and Procedures.

Evaluation of Disclosure 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"). At the time that the Form 10-K for our fiscal year ended October 31, 2022 was filed on December 6, 2022, 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 required to be disclosed by us 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. Subsequent to this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of the Evaluation Date due to the material weaknesses in our internal control over financial reporting described below.

See Management's Report on Internal Control over Financial Reporting and the Report of Independent Registered Public Accounting Firm on our internal control over financial reporting in Item 8, which are incorporated herein by reference.

Remediation Plan for the Material Weaknesses

The Company's management, under the oversight of the Audit Committee, is in the process of designing prevent and detect controls specific to the impacted business activity.

The Company's management is also enhancing its processes and controls to help ensure the timely review of the SOC-1 report in conjunction with designing and implementing related, effective complementary user entity controls associated with the sales incentive payment processing application.

While we have taken steps to implement our remediation plan, the material weaknesses will not be considered remediated until the enhanced controls operate for a sufficient period of time and management has concluded, through testing, that the related controls are effective. The Company will monitor the effectiveness of its remediation plan and refine its remediation plan as appropriate.

Changes in Internal Control over Financial Reporting

As described above, we are taking steps to remediate the material weaknesses in our internal control over financial reporting. Other than in connection with the remediation process described above, no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. All Financial Statements:

The following financial statements are filed as part of this report under Item 8—“Financial Statements and Supplementary Data.”

2. Financial Statement Schedules:

All schedules are omitted as the required information is not applicable or the information is presented in the Consolidated Financial Statements and notes thereto in Item 8 above.

3. Exhibits:

HP INC. AND SUBSIDIARIES
EXHIBIT INDEX

h

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)	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
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	3.1	February 13, 2019
3(f)	Certificate of Designations of Series A Junior Participating Preferred Stock of HP Inc.	8-K	001-04423	3.1	February 20, 2020
4(a)	Form of Senior Indenture	S-3	333-215116	4.1	December 15, 2016
4(b)	Form of Subordinated Indenture.	S-3	333-215116	4.2	December 15, 2016
4(c)	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(d)	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(e)	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
4(f)	Specimen certificate for the Registrant's common stock.	8-A/A	001-04423	4.1	June 23, 2006
4(g)	First Supplemental Indenture, dated as of March 26, 2018, to the Indenture, dated as of June 1, 2000, by and between the Registrant and The Bank of New York Mellon Trust Company, N.A.	10-Q	001-04423	4(j)	June 5, 2018
4(h)	Description of HP Inc.'s securities.	10-K	001-04423	4(j)	December 12, 2019
4(i)	Indenture, dated as of June 17, 2020, between HP Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee.	8-K	001-04423	4.1	June 17, 2020
4(j)	Form of 2.200% notes due 2025 and related Officers' Certificate.	8-K	001-04423	4.2 and 4.5	June 17, 2020
4(k)	Form of 3.000% notes due 2027 and related Officers' Certificate.	8-K	001-04423	4.3 and 4.5	June 17, 2020
4(l)	Form of 3.400% notes due 2030 and related Officers' Certificate.	8-K	001-04423	4.4 and 4.5	June 17, 2020
4(m)	First Supplemental Indenture, dated as of June 16, 2021, between the Registrant and The Bank of New York Mellon Trust Company, N.A., as Trustee.	8-K	001-04423	4.2	June 21, 2021
4(n)	Registration Rights Agreement, dated as of June 16, 2021, by and among the Registrant and Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC, as representatives of the Initial Purchasers of the Notes.	8-K	001-04423	4.3	June 21, 2021
4(o)	Form of 4.000% notes due 2029 and related Officers' Certificate.	8-K	001-04423	4.2 and 4.4	March 31, 2022
4(p)	Form of 4.200% notes due 2032 and related Officers' Certificate.	8-K	001-04423	4.3 and 4.4	March 31, 2022
4(q)	Form of 4.750% notes due 2028 and related Officers' Certificate.	8-K	001-04423	4.2 and 4.4	June 21, 2022
4(r)	Form of 5.500% notes due 2033 and related Officers' Certificate.	8-K	001-04423	4.3 and 4.4	June 21, 2022
4(s)	Second Supplemental Indenture, dated as of September 1, 2022, between HP Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee.	8-K	001-04423	4.2	September 7, 2022

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
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)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California).*	8-K	001-04423	10.2	January 24, 2008
10(e)	Form of Agreement Regarding Confidential Information and Proprietary Developments (Texas).*	10-Q	001-04423	10(o)(o)	March 10, 2008
10(f)	Form of Stock Option Agreement for Registrant's 2004 Stock Incentive Plan.*	10-Q	001-04423	10(p)(p)	March 10, 2008
10(g)	Form of Common Stock Payment Agreement for Registrant's 2000 Stock Plan.*	10-Q	001-04423	10(u)(u)	June 6, 2008
10(h)	First Amendment to the Hewlett-Packard Company Excess Benefit Retirement Plan.*	10-Q	001-04423	10(b)(b)(b)	March 10, 2009
10(i)	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(j)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California—new hires).*	10-K	001-04423	10(j)(j)(j)	December 15, 2010
10(k)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California—current employees).*	10-K	001-04423	10(k)(k)(k)	December 15, 2010
10(1)	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(m)	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(n)	Form of Stock Notification and Award Agreement for long-term cash awards.*	10-Q	001-04423	10(w)(w)	March 11, 2014
10(o)	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(p)	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
10(q)	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(r)	Form of Grant Agreement for grants of long-term cash awards.*	10-Q	001-04423	10(e)(e)(e)	March 11, 2015
10(s)	Form of Grant Agreement for grants of non-qualified stock options.*	10-Q	001-04423	10(f)(f)(f)	March 11, 2015
10(t)	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(u)	Form of Grant Agreement for grants of foreign stock appreciation rights.*	10-K	001-04423	10(e)(e)(e)	December 16, 2015
10(v)	Form of Grant Agreement for grants of performance-contingent non-qualified stock options.*	10-K	001-04423	10(f)(f)(f)	December 16, 2015
10(w)	Form of Grant Agreement for grants of non-qualified stock options.*	10-K	001-04423	10(g)(g)(g)	December 16, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10(x)	Registrant's 2005 Executive Deferred Compensation Plan, amended and restated effective November 1, 2017.*	10-K/A	001-04423	10(n)(n)	December 15, 2017
10(y)	Registrant's Severance and Long-Term Incentive Change in Control Plan for Executive Officers, amended and restated effective February 28, 2020.*	10-Q	001-04423	10(p)(p)	March 5, 2020
10(z)	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(a)(a)	2017 Amendment to the Hewlett-Packard Company Cash Account Restoration Plan.*	10-Q	001-04423	10(w)(w)	March 2, 2017
10(b)(b)	Second Amendment to the Hewlett-Packard Company Excess Benefit Retirement Plan.*	10-Q	001-04423	10(x)(x)	March 2, 2017
10(c)(c)	Second Amended and Restated HP Inc. 2004 Stock Incentive Plan, as amended and restated effective January 23, 2017.*	10-Q	001-04423	10(y)(y)	March 2, 2017
10(d)(d)	Second Amended and Restated HP Inc. 2004 Stock Incentive Plan (as amended effective January 29, 2018).*	10-Q	001-04423	10(b)(b)(b)	March 1, 2018
10(e)(e)	Form of Grant Agreement for grants of restricted stock units (for use from November 1, 2017).*	10-Q	001-04423	10(c)(c)(c)	March 1, 2018
10(f)(f)	Form of Grant Agreement for grants of restricted stock units for directors (for use from November 1, 2017).*	10-Q	001-04423	10(e)(e)(e)	March 1, 2018
10(g)(g)	Form of Grant Agreement for grants of stock options for directors (for use from November 1, 2017).*	10-Q	001-04423	10(f)(f)(f)	March 1, 2018
10(h)(h)	Form of Grant Agreement for grants of restricted stock units (for use from November 1, 2018).*	10-K	001-04423	10(g)(g)(g)	December 13, 2018
10(i)(i)	Form of Grant Agreement for grants of performance-adjusted restricted stock units (for use from November 1, 2018).*	10-K	001-04423	10(h)(h)(h)	December 13, 2018
10(j)(j)	Form of Grant Agreement for grants of stock options for directors (for use from November 1, 2018).*	10-Q	001-04423	10(j)(j)(j)	March 5, 2019
10(k)(k)	Form of Grant Agreement for grants of restricted stock units for directors (for use from November 1, 2018).*	10-Q	001-04423	10(k)(k)(k)	March 5, 2019
10(l)(l)	Form of Grant Agreement for grants of restricted stock units (for use from July 1, 2019).*	10-Q	001-04423	10(l)(l)(l)	August 29, 2019
10(m)(m)	Form of Grant Agreement for grants of non-qualified stock options.*	10-K	001-04423	10(m)(m)(m)	December 12, 2019
10(n)(n)	Form of Retention Grant Agreement for grants of non-qualified stock options.*	10-K	001-04423	10(n)(n)(n)	December 12, 2019

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10(o)(o)	Form of Grant Agreement for grants of stock options for directors (for use from January 15, 2020).*	10-Q	001-04423	10(m)(m)(m)	March 5, 2020
10(p)(p)	Form of Grant Agreement for grants of restricted stock units for directors (for use from January 15, 2020).*	10-Q	001-04423	10(n)(n)(n)	March 5, 2020
10(q)(q)	Form of Retention Grant Agreement for grants of restricted stock units (for use from November 1, 2019).*	10-Q	001-04423	10(o)(o)(o)	March 5, 2020
10(r)(r)	Form of Grant Agreement for grants of restricted stock units (for use from November 1, 2019).*	10-Q	001-04423	10(p)(p)(p)	March 5, 2020
10(s)(s)	Form of Grant Agreement for grants of performance-adjusted restricted stock units (for use from November 1, 2019).*	10-Q	001-04423	10(q)(q)(q)	March 5, 2020
10(t)(t)	Amendment Number One to Second Amended and Restated HP Inc. 2004 Stock Incentive Plan (as amended effective February 28, 2020).*	10-Q	001-04423	10(r)(r)(r)	June 5, 2020
10(u)(u)	Amendment Number One to Registrant’s 2005 Executive Deferred Compensation Plan (as amended effective February 28, 2020).*	10-Q	001-04423	10(s)(s)(s)	June 5, 2020
10(v)(v)	HP Inc. 2021 Employee Stock Purchase Plan.*	10-Q	001-04423	10(t)(t)(t)	June 5, 2020
10(w)(w)	Amendment Number Two to Second Amended and Restated HP Inc. 2004 Stock Incentive Plan (as amended effective September 21, 2020.*	10-K	001-04423	10(x)(x)(x)	December 10, 2020
10(x)(x)	Amendment Number Two to Registrant's 2005 Executive Deferred Compensation Plan (as amended effective September 21, 2020).*	10-K	001-04423	10(y)(y)(y)	December 10, 2020
10(y)(y)	Form of Grant Agreement for grants of restricted stock units (for use from November 17, 2020).*	10-Q	001-04423	10(x)(x)(x)	March 5, 2021
10(z)(z)	Form of Retention Grant Agreement for grants of restricted stock units (for use from November 17, 2020).*	10-Q	001-04423	10(y)(y)(y)	March 5, 2021
10(a)(a)(a)	Form of Grant Agreement for grants of non-qualified stock options.*	10-Q	001-04423	10(z)(z)(z)	March 5, 2021
10(b)(b)(b)	Form of Retention Grant Agreement for grants of non-qualified stock options.*	10-Q	001-04423	10(a)(a)(a)(a)	March 5, 2021
10(c)(c)(c)	Form of Grant Agreement for grants of performance-adjusted restricted stock units (for use from November 17, 2020).*	10-Q	001-04423	10(b)(b)(b)(b)	March 5, 2021
10(d)(d)(d)	Form of Grant Agreement for grants of performance-contingent non-qualified stock options.*	10-Q	001-04423	10(c)(c)(c)(c)	March 5, 2021
10(e)(e)(e)	Form of Grant Agreement for grants of restricted stock units for directors.*	10-Q	001-04423	10(d)(d)(d)(d)	March 5, 2021
10(f)(f)(f)	First Amendment to the Registrant’s Severance and Long-Term Incentive Change in Control Plan for Executive Officers, as amended and restated effective February 28, 2020 (as amended effective December 7, 2020)*	10-Q	001-04423	10(e)(e)(e)(e)	March 5, 2021

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit(s)	Filing Date
10(g)(g)(g)	Amendment Number Three to Registrant's 2005 Executive Deferred Compensation Plan (as amended effective November 17, 2020).*	10-Q	001-04423	10(f)(f)(f)(f)	March 5, 2021
10(h)(h)(h)	Five-Year Credit Agreement, dated as of May 26, 2021, among the Registrant, the lenders named therein and JPMorgan Chase Bank, N.A., as administrative agent.	8-K	001-04423	10.1	June 1, 2021
10(i)(i)(i)	Amendment Number Four to Registrant's 2005 Executive Deferred Compensation Plan (as amended effective as of April 1, 2021 and December 31, 2021).*	10-Q	001-04423	10(j)(j)(j)	September 3, 2021
10(j)(j)(j)	Form of Grant Agreement for grants of restricted stock units (for use from November 16, 2021).*	10-Q	001-04423	10(j)(j)(j)	March 7, 2022
10(k)(k)(k)	Form of Retention Grant Agreement for grants of restricted stock units (for use from November 16, 2021).*	10-Q	001-04423	10(k)(k)(k)	March 7, 2022
10(l)(l)(l)	Form of Grant Agreement for grants of non-qualified stock options.*	10-Q	001-04423	10(l)(l)(l)	March 7, 2022
10(m)(m)(m)	Form of Retention Grant Agreement for grants of non-qualified stock options.*	10-Q	001-04423	10(m)(m)(m)	March 7, 2022
10(n)(n)(n)	Form of Grant Agreement for grants of performance-adjusted restricted stock units (for use from November 16, 2021).*	10-Q	001-04423	10(n)(n)(n)	March 7, 2022
10(o)(o)(o)	Form of Grant Agreement for grants of performance-contingent non-qualified stock options.*	10-Q	001-04423	10(o)(o)(o)	March 7, 2022
10(p)(p)(p)	Third Amended and Restated HP Inc. 2004 Stock Incentive Plan.*	8-K	001-04423	10.1	April 22, 2022
10(q)(q)(q)	Amendment Agreement, dated August 23, 2022 to the Five-Year Credit Agreement dated May 26, 2021, by and among HP Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.	8-K	001-04423	10.1	August 26, 2022
10(r)(r)(r)	Plantronics, Inc. 2003 Stock Plan, as amended and restated.*	S-8	333-267151	4.4	August 29, 2022
10(s)(s)(s)	Amendment Number One to the Plantronics, Inc. 2003 Stock Plan, as amended and restated.*	S-8	333-267151	4.5	August 29, 2022
10(t)(t)(t)	Amendment Number Five to Registrant's 2005 Executive Deferred Compensation Plan.*	10-K	001-04423	10(t)(t)(t)	December 6, 2022
21	Subsidiaries of the Registrant as of October 31, 2022.	10-K	001-04423	21	December 6, 2022
23	Consent of Independent Registered Public Accounting Firm.†				
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.**†**				
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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.†				

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
101.SCH	Inline XBRL Taxonomy Extension Schema Document.†				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.†				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.†				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.†				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.†				
104	The cover page from the Company's Annual Report on Form 10-K/A for the fiscal year ended October 31, 2022, formatted in Inline XBRL (included within the Exhibit 101 attachments).†				

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

** Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) 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 agreements set forth above.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: September 11, 2023	HP INC.	
	By:	/s/ MARIE MYERS
		Marie Myers *Chief Financial Officer*