HP INC

FORM 10-K

(Annual Report)

Filed 12/18/23 for the Period Ending 10/31/23

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

FORM 10-K

(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, 2023
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	**94304**
Palo Alto, California	(Zip code)
(Address of principal executive offices)	

(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. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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 $29,292,756,147 based on the last sale price of common stock as of April 28, 2023.

The number of shares of HP Inc. common stock outstanding as of November 30, 2023 was 990,902,449 shares.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT DESCRIPTION	10-K PART
Portions of the Registrant's definitive proxy statement related to its 2024 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year end of October 31, 2023 are incorporated by reference into Part III of this Report.	III

HP INC. AND SUBSIDIARIES

Form 10-K

For the Fiscal Year ended October 31, 2023

Table of Contents

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

Forward-Looking Statements

This Annual Report on Form 10-K, 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 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 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, tension across the Taiwan Strait, the Israel-Hamas conflict, other hostilities in the Middle East and the regional and global ramifications of these events;
- volatility in global capital markets and foreign currency, increases in benchmark interest rates, the effects of inflation and instability of financial institutions;
- risks associated with HP’s international operations; the effects of global pandemics, such as COVID-19, or other public health crises;
- 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 supply constraints and component shortages, and the need to manage HP’s global, multi-tier distribution network and 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;
- 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, including artificial intelligence;
- successfully competing and maintaining the value proposition of HP’s products, including supplies and services;
- 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, 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;
- our use of artificial intelligence;
- the effectiveness of our internal control over financial reporting; and
- other risks that are described herein, including but not limited to the items discussed in “Risk Factors” in Item 1A of Part I of this report and that are otherwise described or updated from time to time in HP’s other filings with the Securities and Exchange Commission (the “SEC”).

HP’s Future Ready Plan includes HP's efforts to take advantage of future growth opportunities, including but not limited to, investments to drive growth, investments in our people, improving product mix, driving structural cost savings and other productivity measures. Structural cost savings represent gross reductions in costs driven by operational efficiency, digital transformation, and portfolio optimization. These initiatives include but are not limited to workforce reductions, platform simplification, programs consolidation and productivity measures undertaken by HP, which HP expects to be sustainable in the longer-term. These structural cost savings are net of any new recurring costs resulting from these initiatives and exclude one-time investments to generate such savings. HP’s expectations on the longer-term sustainability of such structural cost savings are based on its current business operations and market dynamics and could be significantly impacted by various factors, including but not limited to HP’s evolving business models, future investment decisions, market environment and technology landscape.

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 I

ITEM 1. Business.

Business Overview

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

HP Products and Services; Segment Information

We have three reportable segments: Personal Systems, Printing and Corporate Investments.

Personal Systems

Personal Systems offers commercial and consumer desktops and notebooks, workstations, thin clients, commercial mobility devices, retail point-of-sale (“POS”) systems, displays, hybrid systems (includes video conferencing cameras and solutions, headsets, voice, and related software capabilities including all products and solutions acquired from Poly), software, support and services. We group 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. Both Commercial PS and Consumer PS services include support and deployment, configurations and extended warranty services and maintain multi-operating system and multi-architecture strategies using Microsoft Windows and Google Chrome operating systems, and predominantly use processors from Intel Corporation (“Intel”) and Advanced Micro Devices, Inc. (“AMD”).

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. Commercial PS includes HP Dragonfly, HP ProBook and HP EliteBook lines of notebooks, convertibles, and detachables, HP Pro and HP Elite lines of business desktops and all-in-ones, retail POS systems, HP Thin Clients, HP Pro Tablet personal computers (“PCs”) and the HP notebook, desktop and Chromebook systems. It also includes workstations that are designed and optimized for high-performance and demanding application environments including Z desktop workstations, Z all-in-ones and Z mobile workstations. 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 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. These systems include HP Spectre, HP Envy, HP Pavilion, HP Chromebook, Omen and Victus by HP lines of notebooks and desktops, HP Envy, HP Pavilion desktops and all-in-one lines.

Printing

Printing provides consumer and commercial printer hardware, supplies, services and solutions. Printing is also focused on Graphics and 3D Printing and Personalization in the commercial and industrial markets. Our global business capabilities within Printing are described below:

- *Office Printing Solutions* delivers HP’s office printers, supplies, services, and solutions to SMBs, public sector and large enterprises. It also includes Original Equipment Manufacturer (“OEM”) hardware and solutions.
- *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.
- *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 and Personalization* 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 Printing* consists of office printing solutions, graphics solutions and 3D printing and personalization, excluding supplies;
- *Consumer Printing* 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, industrial graphics supplies and 3D printing and personalization supplies, for recurring use in consumer and commercial hardware.

Corporate Investments

Corporate Investments includes certain business incubation and investment projects.

Sales, Marketing and Distribution

We manage our business and report our financial results based on the business segments described above. Our customers are organized by consumer and commercial groups, and purchases of HP products, solutions and services may be fulfilled directly by HP or indirectly through a variety of partners, utilizing their own physical or internet stores or an omnichannel combination of the two, including:

- retailers that sell our products to the public focusing on consumers and SMBs;
- resellers that sell our products and services, frequently with their own value-added products or services, to targeted customer groups;
- distribution partners that supply our products and solutions to resellers and retailers in certain geographies; and
- system integrators and other business intermediaries that provide various levels of services, including systems integration work and as-a-service solutions, and typically partner with us on client solutions that require our products and services.

The mix of our business conducted by direct sales or channel sales differs by business and geographic market. We believe that customer buying patterns and different geographic market conditions require us to tailor our sales, marketing and distribution efforts to the geographic market and sub-geographic specificities for each of our businesses. We are focused on driving the depth and breadth of our market coverage while identifying efficiencies and productivity gains in both our direct and indirect routes to market. Our businesses collaborate to accomplish strategic and process alignment where appropriate. For example, we typically assign an account manager to manage relationships across our business with large enterprise customers. The account manager is supported by a team of specialists with product and services expertise and drives both direct and indirect sales to their assigned customers. For other customers and for consumers, we typically manage both direct online sales as well as channel relationships with retailers mainly targeting consumers and SMBs and commercial resellers mainly targeting SMBs, mid-market accounts, public sector and large enterprises. See “Risk Factors— If we fail to manage the distribution of our products and services properly, our business and financial performance could suffer” in Item 1A, which is incorporated herein by reference.

Manufacturing and Materials

We utilize a significant number of outsourced manufacturers (“OMs”) around the world to manufacture HP-designed products. The use of OMs is intended to generate cost efficiencies and reduce time to market for HP-designed products. We use multiple OMs to maintain flexibility in our supply chain and manufacturing processes. In some circumstances, third-party suppliers produce products that we purchase and resell under the HP brand. Additionally, we manufacture finished products from components and sub-assemblies that we acquire from a wide range of vendors.

We utilize two primary methods of fulfilling demand for products: building products to order and configuring products to order. We build products to order to maximize manufacturing and logistics efficiencies by producing high volumes of basic product configurations. Alternatively, configuring products to order enables units to match a customer’s hardware and software customization requirements. Our inventory management and distribution practices in both building products to order and configuring products to order seek to minimize inventory holding periods by taking delivery of the inventory and manufacturing shortly before the sale or distribution of products to our customers.

We purchase materials, supplies and product sub-assemblies from a substantial number of vendors. For most of our products, we have existing or readily available alternate sources of supply. However, we have relied on sole sources for some laser printer engines, LaserJet supplies, certain customized parts and parts for products with short life cycles (although some of these sources have operations in multiple locations, mitigating the effect of a disruption). For instance, we source the majority of our A4 and a portion of A3 portfolio laser printer engines and laser toner cartridges from Canon. Any decision by either party not to renew our agreement with Canon or to limit or reduce the scope of the agreement could adversely affect our net revenue from LaserJet products; however, we have a long-standing business relationship with Canon and anticipate renewal of this agreement.

We are dependent upon Intel and AMD as suppliers of x86 processors and Microsoft and Google for various software products. We believe that disruptions with these suppliers would have industry-wide ramifications, and therefore would not disproportionately disadvantage us relative to our competitors. See “Risk Factors—We are heavily dependent on third-party suppliers and supply chain issues have adversely affected, and could adversely affect in the future, our financial results” in Item 1A, which is incorporated herein by reference, for additional information on our reliance on single-source suppliers.

Like other participants in the information technology (“IT”) industry, we ordinarily acquire materials and components through a combination of blanket and scheduled purchase orders to support our demand requirements for periods averaging 90 to 120 days. From time to time, we may experience significant price volatility or supply constraints for certain components that are not available from multiple sources. We also may acquire component inventory in anticipation of supply constraints or price increases and enter into longer-term pricing commitments with vendors to improve the priority, price and availability of supplies. See “Risk Factors—We are heavily dependent on third-party suppliers and supply chain issues have adversely affected, and could adversely affect in the future, our financial results” in Item 1A, which is incorporated herein by reference.

Sustainability also plays an important role in the manufacturing and sourcing of materials and components for our products. We strive to make our products and packaging in an ethical and sustainable manner. We have committed to building an efficient, resilient and sustainable supplier network, and we collaborate with our suppliers to improve their labor practices and working conditions, and to reduce the environmental impact of their operations. These actions, together with our broader sustainability program, help us in our effort to meet customer sustainability requirements and comply with regulations, such as supplier labor practices and conflict minerals disclosures. For more information on our sustainability goals, programs, and performance, including our methodology for calculating progress towards our GHG and other sustainability goals, we refer you to our annual Sustainable Impact Report, available on our website (which is not incorporated by reference herein).

International

Our products and services are available worldwide. We believe this geographic diversity allows us to meet both consumer and enterprise customers' demand on a worldwide basis and draws on business and technical expertise from a worldwide workforce. This provides stability to our operations, provides revenue streams that may offset geographic economic trends and offers us an opportunity to access new markets for maturing products. We believe that our broad geographic presence gives us a solid base on which to build future growth. See "Risk Factors—Due to the international nature of our business, geopolitical or economic changes or events, uncertainty or other factors could harm our business and financial performance" and "We are exposed to fluctuations in foreign currency exchange rates, which could adversely impact our results" in Item 1A, which are incorporated herein by reference.

Research and Development

Innovation across products, services, business models and processes is a key element of our culture and success. Our development efforts are focused on designing and developing products, services and solutions that anticipate customers' changing needs and desires, and emerging technological trends. Our efforts also are focused on identifying the areas where we believe we can make a unique contribution and the areas where partnering with other leading technology companies will leverage our cost structure and maximize our customers' experiences.

Our research and development efforts are supported by various groups across our business segments.

We anticipate that we will continue to have significant research and development expenditures in the future to support the design and development of innovative, high-quality products and services to maintain and enhance our competitive position.

For a discussion of risks attendant to our research and development activities, see “Risk Factors—If we cannot successfully execute our strategy and continue to develop, manufacture and market innovative products, services and solutions, our business and financial performance may suffer” in Item 1A, which is incorporated herein by reference.

Patents

Our general policy has been to seek patent protection for those inventions likely to be incorporated into our products and services or where obtaining such proprietary rights will improve our competitive position. At October 31, 2023, our worldwide patent portfolio included over 23,000 patents.

Patents generally have a term of twenty years from the date they are filed. As our patent portfolio has been built over time, the remaining terms of the individual patents across our patent portfolio vary. We believe that our patents and patent applications are important for maintaining the competitive differentiation of our products and services, enhancing our freedom of action to sell our products and services in markets in which we choose to participate, and maximizing our return on research and development investments. No single patent is essential to HP as a whole or to any of HP's business segments.

In addition to developing our patent portfolio, we license intellectual property (“IP”) from third parties. We have also granted and continue to grant to others licenses, and other rights, under our patents when we consider these arrangements to be in our interest. These license arrangements include a number of cross-licenses with third parties.

For a discussion of risks attendant to IP rights, see “Risk Factors—Our financial performance may suffer if we cannot develop, obtain, license or enforce the intellectual property rights on which our businesses depend” and “Risk Factors—Third-party claims of IP infringement are commonplace in our industry and may limit or disrupt our ability to sell our products and services” in Item 1A, which is incorporated herein by reference.

Seasonality

General economic conditions have an impact on our business and financial results. From time to time, the markets in which we sell our products and services experience weak economic conditions that may negatively affect sales. We experience some seasonal trends in the sale of our products and services. For example, European sales are often weaker in the summer months and consumer sales are often stronger in the fourth calendar quarter. Demand during the spring and early summer months also may be adversely impacted by market anticipation of seasonal trends. Historical seasonal patterns may not continue in the future and may be impacted by supply constraints, shifts in customer behavior and the evolving impacts of macroeconomic challenges and different demand dynamics. See “Risk Factors—Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable,” in Item 1A, which is incorporated herein by reference.

Competition

We encounter strong competition in all areas of our business activity. We compete on the basis of technology, innovation, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service, support and solutions including subscription-based offerings and financing, security, availability of application software, and our sustainable impact.

The markets for each of our key business segments are characterized by strong competition among major corporations with long-established positions and a large number of new and rapidly growing firms. Most product life cycles are short, and to remain competitive we must develop new products and services, periodically enhance our existing products and services and compete effectively on the basis of the factors listed above. In addition, we compete with many of our current and potential partners, including OEMs that design, manufacture and often market their products under their own brand names. Our successful management of these competitive partner relationships will be critical to our future success. Moreover, we anticipate that we will have to continue to adjust prices on many of our products and services to stay competitive.

We have a broad technology portfolio spanning personal computing and other digital access devices, imaging and printing-related products and services. We are the leader or among the leaders in each of our key business segments.

The competitive environment in which each key segment operates is described below:

Personal Systems. The markets in which Personal Systems operates are highly competitive and are characterized by price competition and introduction of new products and solutions. Our primary competitors are Lenovo Group Limited, Dell Inc., Huawei Technologies Co., Ltd., Acer Inc., ASUSTeK Computer Inc., Apple Inc., Toshiba Corporation, Microsoft Corporation, Samsung Electronics Co., Ltd and Logitech International S.A. In particular geographies, we also experience competition from local companies and from generically-branded or “white box” manufacturers. Our competitive advantages include our broad product portfolio, our innovation, and research and development capabilities including security features, our innovative design work, our brand and procurement leverage, our ability to cross-sell our portfolio of offerings, our extensive service and support offerings and the accessibility of our products and execution of our broad-based distribution strategy from retail and commercial channels to direct sales.

Printing. The markets for printer hardware and associated supplies are highly competitive. Printing’s key customer segments each face competitive market pressures in pricing and the introduction of new products. Our primary competitors include Canon Inc., Lexmark International, Inc., Xerox Corporation Ltd., Seiko Epson Corporation, The Ricoh Company Ltd. and Brother Industries, Ltd. In addition, independent suppliers offer non-original supplies (including imitation, refill and remanufactured alternatives), which are often available for lower prices but which can also offer lower print quality and reliability compared to HP original inkjet and toner supplies. These and other competing products are often sold alongside our products through online or omnichannel resellers, retailers or distributors, or such resellers, retailers and distributors may highlight the availability of lower cost non-original supplies. Our competitive advantages include our comprehensive high-quality solutions for the home, office and publishing environments, our innovation, and research and development capabilities including security features, sustainability, our brand, and the accessibility of our products through a broad-based distribution strategy from retail and commercial channels to direct sales.

For a discussion of risks attendant to these competitive factors, see “Risk Factors—We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance,” in Item 1A, which is incorporated herein by reference.

Sustainability

At HP, we believe how we do things is just as important as what we do. Our Sustainable Impact goals reflect our efforts to tackle key issues in Climate, Human Rights, and Digital Equity as follows:

Climate Action: Taking urgent and decisive action to achieve net zero carbon emissions across our entire value chain, give back more to forests than we take, and innovate our products and services for a more circular economy. Among our goals:

- Achieve net zero greenhouse gas (“GHG”) emissions across HP’s value chain (scope 1, 2 and 3) by 2040, with a 50% reduction in absolute value chain GHG emissions by 2030 compared to 2019;
- Reach 75% circularity for products and packaging by 2030;
- Continue to source only sustainable fiber for all HP-brand paper and paper-based packaging and counteract deforestation for non-HP paper used in our products and print services;

Human Rights: Building a culture of equality and empowerment within HP and beyond, where diversity is sought out and celebrated, and where universal human rights are understood and respected. Among our goals:

- Achieve 50/50 gender equality in HP leadership by 2030;
- Achieve greater than 30% technical women and women in engineering roles by 2030;
- Meet or exceed labor market representation for racial and ethnic minorities in the U.S. by 2030;
- Reach one million workers through worker empowerment programs by 2030, since the beginning of 2015;
- Double the number of Black/African American executives by 2025, from a 2020 baseline;

Digital Equity: Accelerating equitable access to education, healthcare, and economic opportunity for those who are traditionally excluded so they can participate and thrive in a digital economy. Among our goals:

- Accelerate digital equity for 150 million people by 2030, since the beginning of 2021;

- Enable better learning outcomes for 100 million people by 2025, since the beginning of 2015;
- Enroll 1.5 million HP LIFE (Learning Initiative for Entrepreneurs) users between 2016 and 2030;
- Contribute 1.5 million employee volunteering hours by 2025 (cumulative since the beginning of 2016);
- Contribute US$100 million in HP Foundation and employee community giving by 2025 (cumulative since the beginning of 2016);

For more information on our Sustainable Impact strategy, programs, and a complete list of goals and performance, we refer you to our annual Sustainable Impact Report, available on our website (which is not incorporated by reference herein).

Environment

Our operations are subject to regulation under various federal, state, local and foreign laws concerning the environment, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contaminated sites. We could incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, and third-party damage or personal injury claims, if we were to violate or become liable under environmental laws.

Many of our products are subject to various federal, state, local and foreign laws governing chemical substances in products and their safe use, including laws regulating the manufacture and distribution of chemical substances and laws restricting the presence of certain substances in electronics products. Most of our products also are subject to requirements applicable to their energy consumption. In addition, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, and their safe use.

We proactively evaluate and at times replace materials in our products and supply chain, taking into account, among other things, published lists of substances of concern, new and upcoming legal requirements, customer preferences and scientific analysis that indicates a potential impact to human health or the environment.

We are also subject to legislation in an increasing number of jurisdictions that makes producers of electrical goods, including computers and printers, financially responsible for specified collection, recycling, treatment and disposal of past and future covered products (sometimes referred to as “product take-back legislation”). We are also subject to standards set by public and private entities related to sustainability issues such as energy consumption, carbon emissions, reusing or recycling. We intend for our products to be easily reused and recycled, and we provide many of our customers with reuse and recycling programs.

In the event our products become non-compliant with these laws or standards, our products could be restricted from entering certain jurisdictions or from being procured by certain governments or private companies, and we could face other sanctions, including fines.

Our operations, supply chain and our products are currently, and expected to become increasingly subject to federal, state, local and foreign laws, regulations and international treaties relating to climate change, such as climate disclosure, carbon pricing or product energy efficiency requirements, requiring us to comply or potentially face market access limitations or other sanctions including fines. We strive to continually improve the energy and carbon efficiency of our operations, supply chain and product portfolio and deliver more cost-effective and lower carbon technology solutions to our customers. We believe that technology will be fundamental to finding solutions to achieve compliance with and manage those requirements.

We are committed to complying with all environmental laws applicable to our operations, products and services and to reducing our environmental impact across all aspects of our business. This commitment is reflected and outlined in our sustainable impact goals, our comprehensive environmental, health and safety policy, strict environmental management of our operations and worldwide environmental programs and services.

A liability for environmental remediation and other environmental costs is accrued when we consider it probable that a liability has been incurred and the amount of loss can be reasonably estimated. Environmental costs and accruals are presently not material to our operations, cash flows or financial position. Although there is no assurance that existing or future environmental laws applicable to our operations or products will not have a material adverse effect on our operations, cash flows or financial condition, we do not currently anticipate material capital expenditures for environmental control facilities.

For a discussion of risks attendant to these environmental factors, see “Risk Factors—Our business is subject to various federal, state, local and foreign laws and regulations that could adversely affect our business and results of operations and cash flows” in Item 1A, which is incorporated herein by reference. In addition, for a discussion of our environmental contingencies see Note 14, “Litigation and Contingencies” to the Consolidated Financial Statements in Item 8, which is also incorporated herein by reference.

Human Capital

HP employs about 58,000 employees in 59 countries. Together, they power HP innovation by applying their diverse skills and perspectives to create transformative solutions for our partners and customers worldwide. Our aim is to attract and retain exceptional talent by providing engaging work experiences that help our employees thrive. We promote ongoing learning and development, offer comprehensive compensation and benefits, and focus on health, safety, and well-being to set employees up to do their best work and achieve their career aspirations. To deliver on these priorities, HP senior leaders are accountable for meeting management by objective (MBO) goals for employee engagement, diversity and inclusion, and leadership development.

Employee Engagement

We regularly collect feedback from employees to better understand and improve their workplace experiences and to identify ways to strengthen our culture. In fiscal year 2023, 91% of employees participated in our annual survey, and we continued to see strong overall engagement, exceeding top quartile benchmarks for most of the external comparisons we track. We saw similar strength on our internal inclusion index, and employees demonstrated their engagement by providing a high volume of written comments in this year’s survey. Beyond the annual survey, we regularly seek out employee feedback through a variety of pulse polls and take action to address their ideas, suggestions, and concerns.

Talent and Learning

We have a multi-faceted talent, learning, and skill-development strategy. First, we emphasize diversity of backgrounds, experience, and perspectives in our senior talent pipeline, and invest in targeted approaches such as leadership assessments, external education opportunities, coaching, job rotations, and immersive, experiential learning to ensure our executives are equipped to lead HP, both now and in the future. We also support emerging, technical, and underrepresented talent through an extensive portfolio of internal and external development programs designed to accelerate their career growth. Additionally, we prepare new people managers with a development experience designed, among other things, to build coaching skills and champion inclusion.

We are also committed to the continuous growth of employees. We provide enterprise-wide skill development solutions and resources that focus on the critical skills all employees need to perform at their best in their jobs today and in the future. In partnership with industry thought partners and internal experts, HP offers learning opportunities in key areas such as software development, artificial intelligence, data science, product management, communications, change agility, and strategic thinking. HP prioritizes skill development experiences that accommodate employee-specific needs and demanding schedules, with an emphasis on learning that drives immediate application and measurable behavior change.

In addition to skill development resources, HP also offers formal education assistance through our Degree Assistance Program which provides employees with the opportunity to participate in higher academic education.

In fiscal year 2023, 99% of employees participated in learning and development sponsored by HP, completing an estimated average of 32 hours per person. The 2023 annual employee engagement survey revealed that 83% of employees felt HP actively supported their learning and development, with 82% believing that they are given a real opportunity to improve their skills at HP. Finally, HP encourages ongoing collaboration between people managers and employees to create personalized plans that accelerate skill development and prepare employees for additional opportunities. Our data show that 80% of employees have specific development actions they are working on in collaboration with their managers.

Diversity, Equity, and Inclusion (DEI)

We strive to create an inclusive, equitable workplace where everyone can bring their authentic selves to work and reach their full potential. This commitment is at the heart of our innovation model, where people with diverse perspectives, backgrounds, knowledge, and experiences collaborate to create breakthrough technologies and deliver valued solutions to our customers.

Our commitment to DEI starts at the top with a highly knowledgeable, skilled, and diverse board of directors. We are also among the top technology companies for women in executive positions. Globally, women hold 32.7% of HP’s full-time leadership positions. We are committed to improving representation of women at HP overall, with a focus on leadership and technical roles worldwide.

We also strive to ensure equal opportunities and access for employees from underrepresented groups. For example in fiscal year 2023, 45% of our external U.S. hires were racially or ethnically diverse. We continue to work on removing barriers for underrepresented employees, providing internal programs and development opportunities as well as training for managers on inclusive leadership.

Pay Equity

People should be paid equitably for what they do and how they do it, regardless of their gender, race, or other protected characteristics. We benchmark and set pay ranges based on relevant market data and consider factors such as an employee’s role, experience, skills, and performance. We also regularly review our compensation practices, both in terms of our overall workforce and individual employees, to make sure our pay is fair and equitable.

For the past seven years, we have reviewed employees’ compensation with the support of independent third-party experts to ensure consistent pay practices. In fiscal year 2023, we expanded our annual pay equity assessment to include 17 countries with our largest employee populations, representing approximately 85% of our global workforce. The independent analysis did not reveal any systemic issues and we addressed areas of potential concern as part of our off-cycle compensation process.

Health, Safety, and Wellness

The holistic wellbeing of our employees is vital to HP’s success. Our environmental, health, and safety leadership team uses our global injury and illness reporting system to assess worldwide and regional trends as a part of quarterly reviews. We continue to focus on reducing and effectively managing risks at HP-owned and partner-owned manufacturing facilities, and injury rates continue to be low.

We sponsor a global wellness program designed to enhance wellbeing for all HP employees. Throughout the year, we encourage healthy behaviors across our five pillars of wellness—physical, financial, emotional, life balance, and social/community—through regular communications, educational sessions, voluntary progress tracking, wellness challenges, and other incentives. In addition to our regular annual wellbeing programs, we provide specialized programs and campaigns in line with employee needs at the time. Our campaign this year, "Better Me in '23," encouraged employees to prioritize themselves and their wellbeing by using mindfulness apps, targeted mental health support, individual assessments, and expanded financial wellbeing programs.

Hybrid Work Strategy

We continue to embrace hybrid ways of working, consistent with flexible working guidelines we adopted in July 2021. At HP, hybrid work balances workplace flexibility with time working together to collaborate and connect in person at our sites. Our goal is to provide the ability to work seamlessly across a diverse ecosystem of workplaces, enabled by enhanced tools and technology designed to optimize productivity and collaboration.

We are testing different approaches to making hybrid work effective at multiple pilot sites globally, seeking feedback from HP employees on how best to support them in new ways of working. Overall, we aim to preserve the flexibility offered by hybrid work arrangements while offering our employees a healthy, supportive, and inclusive environment that supports their development, provides connection, and propels team and individual performance.

Information about our Executive Officers

The following are our current executive officers:

Alex Cho; age 51; President, Personal Systems

Mr. Cho has served as President, Personal Systems since June 2018. From 2014 to 2018, Mr. Cho served as Global Head and General Manager of Commercial Personal Systems. Prior to that role, Mr. Cho served as the Vice President and General Manager of the LaserJet Supplies team from 2010 to 2014.

Jon Faust; age 46; Global Controller

Mr. Faust has served as Global Controller since April 2022. Previously, Mr. Faust served as Head of Finance Transformation & Corporate Services from August 2021 to April 2022. Prior to joining HP, he served as Chief Financial Officer of Aruba, a Hewlett Packard Enterprise company, a provider of network solutions, from February 2020 to July 2021. Prior to that role, Mr. Faust spent over 19 years at Hewlett Packard Enterprise (and its and HP's predecessor company, Hewlett-Packard Company) including Senior Vice President and Chief Financial Officer – Hybrid IT (August 2018 to January 2020), Senior Vice President – Worldwide Financial Planning & Analysis and Global Functions Finance (April 2015 to July 2018), and Vice President and Chief Financial Officer – Technology & Operations (November 2013 to March 2015).

Julie Jacobs; age 57; Chief Legal Officer and General Counsel

Ms. Jacobs has served as Chief Legal Officer and General Counsel since October 2022. Previously, Ms. Jacobs served as Senior Executive Vice President, General Counsel and Corporate Secretary of Yahoo, a leading internet, media, and technology company, from September 2021 to October 2022. Prior to Yahoo, Ms. Jacobs served as Executive Vice President and General Counsel of Verizon Media, a global media and technology company, from June 2017 to September 2021. Prior to Verizon Media, Ms. Jacobs spent over 16 years in various senior legal roles at AOL, a global internet, media and technology company, including serving as AOL's Executive Vice President, General Counsel, and Corporate Secretary from May 2010 to June 2017.

Enrique Lores; age 58; President and Chief Executive Officer

Mr. Lores has served as President and Chief Executive Officer since November 2019. Throughout his over 30-year tenure with the company, Mr. Lores held leadership positions across the organization, serving as President, Printing, Solutions and Services from November 2015 to November 2019, and prior to that role, leading the Separation Management Office for HP Inc. Previously, Mr. Lores was the Senior Vice President and General Manager for Business Personal Systems. Before his Business Personal Systems role, Mr. Lores was Senior Vice President of Customer Support and Services.

Kristen Ludgate; age 61; Chief People Officer

Ms. Ludgate has served as Chief People Officer since July 2021. Previously, Ms. Ludgate served as Executive Vice President and Chief Human Resources Officer at 3M, a global technology company, from June 2018 until July 2021. Ms. Ludgate held a wide range of leadership positions during her 17 years with 3M, leading global teams in human resources, legal, compliance, and communications.

David McQuarrie; age 48; Chief Commercial Officer

Mr. McQuarrie has served as Chief Commercial Officer since November 2022. Previously, Mr. McQuarrie served as Senior Vice President & General Manager, Personal Systems Category, from November 2021 to November 2022, Global Head of Customer Support from November 2019 to November 2021, and Global Head of Print Business Management from January 2017 to October

2019. Prior to joining HP, Mr. McQuarrie served in various sales leadership positions at global personal computer and technology companies Lenovo (2008 to 2016) and Dell (1998 to 2007).

Marie Myers; age 55; Chief Financial Officer

Ms. Myers has served as Chief Financial Officer since February 2021, previously serving as acting Chief Financial Officer from October 2020 to February 2021. She served as Chief Transformation Officer from June 2020 to May 2021 and as Chief Digital Officer from March 2020 to June 2020. Prior to rejoining HP, she was the Chief Financial Officer of UiPath, a robotic process automation company, from December 2018 to December 2019. Prior to UiPath, Ms. Myers served as Global Controller from December 2015 to December 2018 and finance lead during the separation of Hewlett-Packard Company into HP and Hewlett Packard Enterprise Company from October 2014 to August 2015, in addition to other finance-related roles at Hewlett-Packard Company.

Tuan Tran; age 56; President of Imaging, Printing and Solutions

Mr. Tran served as President of Imaging, Printing and Solutions since November 2019. Previously, he served as Global Head & General Manager of the Office Printing Solutions business from 2016 to November 2019, and Global Head & General Manager of the LaserJet and Enterprise Solutions business from 2014 to 2016.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our website at http://investor.hp.com, as soon as reasonably practicable after HP electronically files such reports with, or furnishes those reports to, the Securities and Exchange Commission. HP's Corporate Governance Guidelines, Board of Directors' committee charters (including the charters of the Audit Committee, Finance, Investment and Technology Committee, HR and Compensation Committee, and Nominating, Governance and Social Responsibility Committee) and code of ethics entitled "Integrity at HP" (none of which are incorporated by reference herein) are also available at that same location on our website. If the Board grants any waivers from Integrity at HP to any of our directors or executive officers, or if we amend Integrity at HP, we will, if required, disclose these matters via updates to our website at http://investor.hp.com on a timely basis. We encourage investors to visit our website from time to time, as information is updated and new information is posted. The content of our website is not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our website are intended to be inactive textual references only.

Stockholders may request free copies of these documents from:

HP Inc.
Attention: Investor Relations
1501 Page Mill Road,
Palo Alto, CA 94304
http://investor.hp.com/resources/information-request/default.aspx

Additional Information

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ITEM 1A. Risk Factors.

The following discussion of risk factors contains forward-looking statements. These risk factors may be important for understanding any statement in this Form 10-K or elsewhere. The following information should be particularly read in conjunction with Part I, Item I, “Business” and Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Consolidated Financial Statements and related notes in Part II, Item 8, “Financial Statements and Supplementary Data” of this Form 10-K.

The risks we describe in this Form 10-K or in our other SEC filings or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could, in ways we may not be able to accurately predict, recognize or control, have a material adverse effect on our business, reputation, financial position, results of operations, cash flows and stock price, and they could cause our future results to be materially different than we presently anticipate.

MACROECONOMIC, INDUSTRY AND FINANCIAL RISKS

Economic weakness and uncertainty is expected to continue to adversely affect demand for our products and services and our business and financial performance.

Our business and financial performance depend on worldwide economic conditions and the demand for our products and services. Ongoing economic weakness, including an economic slowdown or recession, uncertainty in markets throughout the world and other adverse economic conditions, including inflation, changes in monetary policy, increased interest rates, tariffs, exchange rates and an evolving global trade environment, have resulted in, and may continue to result in, decreased demand for our products and services and challenges in managing inventory levels and accurately forecasting revenue, gross margin, cash flows and expenses. For example, during fiscal 2023 we observed continued market uncertainty, cautious commercial spending on information technology hardware, lower discretionary consumer spending, inflationary pressures, and foreign currency fluctuations. Changes in government spending limits may continue to reduce demand for our products and services from organizations that receive government funding. Moreover, U.S. government contracts are subject to congressional funding, which may be unavailable or delayed, which could impact our business.

Prolonged or more severe economic weakness and uncertainty could also cause our expenses to vary materially from our expectations. Financial turmoil affecting the banking system and financial markets or significant financial services institution failures could negatively impact our treasury operations or those of our suppliers, vendors or customers, rapidly and without notice. Poor financial performance of asset markets and the adverse effects of fluctuating exchange rates could lead to higher pension and post-retirement benefit expenses. Interest and other expenses could vary materially from expectations depending on interest rates, borrowing costs, exchange rates, costs of hedging and the fair value of derivative instruments. Economic downturns also may lead to future restructuring actions and associated expenses.

Due to the international nature of our business, geopolitical or economic changes or events, uncertainty or other factors could harm our business and financial performance.

Approximately 65% of our net revenue for fiscal year 2023 came from outside the United States. In addition, we operate in emerging markets, which can be more volatile. Our future business and financial performance could suffer due to a variety of international factors, including:

- instability in a country’s or region’s economic, regulatory or political conditions, including inflation, recession, interest rate fluctuations, changes or uncertainty in fiscal or monetary policy, actual or anticipated military or political conflicts (including the Russian invasion of Ukraine, tensions across the Taiwan Strait, the Israel-Hamas conflict and other hostilities in the Middle East), health emergencies or pandemics;
- the imposition by governments of additional taxes, tariffs or other restrictions on foreign trade or changes in restrictions on trade between the United States and other countries, including China and Russia;
- trade sanctions, embargoes, country localization requirements and other policies and regulations affecting production, shipping, pricing and marketing of products, including policies adopted by any country that may favor domestic companies and technologies over foreign competitors;
- political sentiment impacting global trade, including the willingness of non-U.S. consumers to purchase from U.S. corporations;
- local labor conditions and regulations, including labor issues faced by suppliers and Original Equipment Manufacturers (“OEMs”), or immigration and labor laws which may adversely impact our access to technical and professional talent;
- changes or uncertainty in international, national or local legal environments, including tax, data handling, privacy, intellectual property, consumer protection, environmental and antitrust laws;

- import, export or other business licensing requirements or requirements relating to making foreign direct investments, which could increase our cost of doing business, prevent us from shipping products, affect our ability to obtain favorable terms for components, increase our operating costs or lead to penalties or restrictions;
- compliance with the U.S. Foreign Corrupt Practices Act, U.S. export control and trade sanction laws, and similar anti-corruption and international trade laws, and adverse consequences, for any failure to comply, including compliance by recently acquired companies, which may have less robust internal compliance procedures; and
- fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points for our products and shipments.

The factors described above also could disrupt our product and component manufacturing and key suppliers located outside of the United States and our supply chain. For example, we rely on manufacturers in Taiwan to produce notebook computers and other suppliers in Asia for product assembly and manufacture and have manufacturing operations in Israel which support our Industrial Graphics business. In addition, the impact of certain geopolitical conflicts, such as the Russian invasion of Ukraine or the Israel-Hamas conflict (including any escalation or expansion), and any broadening of ancillary geopolitical, economic, and other effects could also heighten the other risks identified in this report.

We are exposed to fluctuations in currency exchange rates, which could adversely impact our results.

Currencies other than the U.S. dollar, including the euro, the British pound, Chinese yuan (renminbi) and the Japanese yen, can have an impact on our results as expressed in U.S. dollars. Global events, trade disputes, economic sanctions, inflation, increasing interest rates and emerging market volatility, and the resulting uncertainty, may cause currencies to fluctuate, which may contribute to variations in our sales in impacted jurisdictions. Because most of our revenues are generated outside the United States, fluctuations in currency exchange rates have adversely affected, and could in the future adversely affect, our net revenue growth. In addition, currency variations can adversely affect margins on sales of our products in countries outside of the United States and products that include components obtained from suppliers located outside of the United States, as well as our ability to increase prices. From time to time, we may use derivative contracts designated as cash flow hedges to protect against foreign currency exchange rate risks. However, our hedging strategies may be ineffective, may not offset any or more than a portion of the adverse financial impact resulting from currency variations, or may result in losses.

Business disruption events, including global pandemics or other public health crises, could seriously harm our future revenue, cash flows and financial condition and increase our costs and expenses.

Our worldwide operations could be disrupted by natural disasters, telecommunications failures, manufacturing equipment failures, power or water shortages, fires, extreme weather conditions , and other disasters or catastrophic events, for which we are predominantly self-insured. Terrorist acts or armed conflicts, for which we are predominantly uninsured, may also disrupt our operations. Global pandemics, such as COVID-19, or other public health crises may adversely affect, among other things, our supply chain and associated costs; demand for our products and services; our operations and sales, marketing and distribution efforts; our research and development capabilities; our engineering, design, and manufacturing processes; and other important business activities. These events could result in significant losses, adversely affect our competitive position, increase our costs, require substantial expenditures and recovery time, make it difficult or impossible to provide services or deliver products to our customers or to receive components from our suppliers, create delays and inefficiencies in our supply chain and result in the need to impose employee travel restrictions. Our operations and those of our suppliers and distributors could be adversely affected if manufacturing, logistics, or other operations in key locations, are disrupted for any reason, such as those described above or other economic, business, labor, environmental, public health, regulatory or political reasons. In addition, even if our operations are unaffected or recover quickly, if our customers cannot timely resume their own operations, they may reduce or cancel their orders, or these events could otherwise result in a decrease in demand for our products.

Climate change and associated regulatory and market impacts may have an adverse effect on our business.

There are climate-related risks wherever our business is conducted. Global climate change is resulting, and is projected to continue to result, in natural disasters and adverse weather, such as drought, wildfires, storms, sea-level rise, flooding, heat waves, and cold waves, occurring more frequently or with greater intensity. Such extreme climate related events are driving changes in market dynamics, stakeholder expectations, local, national and international climate change policies and regulations could result in disruptions to us, our suppliers, vendors, customers and logistics hubs and impact employees' abilities to commute or to work from home effectively. These disruptions could make it more difficult and costly for us to deliver our products and services, obtain components or other supplies through our supply chain, maintain or resume operations or perform other critical corporate functions, and could reduce customer demand for our products and services. Furthermore, climate change may reduce the availability or increase the cost of insurance for these negative impacts of natural disasters and adverse weather conditions by contributing to an increase in the incidence and severity of such natural disasters.

The increasing concern over climate change has resulted, and we expect will continue to result, in transition risks such as shifting customer preferences and regulations, including with regard to our products and their environmental impact. These demands have, and we expect will continue to, cause us to incur additional costs and make other changes to our operations. If we fail to manage transition risks effectively, customer demand for our products and services could diminish, and our profitability and cash flow could suffer. Additionally, concerns over climate change have resulted in, and are expected to continue to result in, the adoption of regulatory requirements designed to address climate change, such as imposing a price on carbon emissions, requirements of increased circularity in products, product efficiency and environmental certification requirements and climate-related disclosures. As a result, we may experience market access issues, restrictions on our ability to sell products to certain customers, increased compliance burdens and costs, increased indirect costs resulting from our suppliers passing on compliance costs to us, and certain of our products may be rendered obsolete or financially unviable. Further, there are an increasing number of anti-ESG government initiatives that may conflict with other regulatory requirements or our stakeholders' expectations. The impacts of climate change, whether involving physical risks or transition risks, are expected to be widespread and may materially adversely affect our business and financial results.

Failure to maintain our credit ratings could adversely affect our liquidity, capital position, borrowing costs and access to capital markets, as well as our subscription based offerings.

Our credit risk is evaluated by the major independent rating agencies. A downgrade of our current credit rating could increase the cost of borrowing under our credit facilities, reduce access to capital markets and/or market capacity for our commercial paper or require the posting of additional collateral under some of our derivative contracts. In addition, a downgrade of our credit rating could have an adverse impact on our contractual business and our strategy to increase our contractual business due to higher borrowing costs and customer preferences when deciding to purchase our subscription based offerings. We cannot be assured that we will be able to maintain our current credit ratings, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, may impact us in a similar manner and have a negative impact on our liquidity, capital position, access to capital markets and our subscription based offerings.

Our debt obligations could adversely affect our business and financial condition.

In addition to our current debt, we may also incur additional indebtedness. Our debt level and related debt service obligations could have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions, and reducing funds available for working capital, capital expenditures, dividends, stock repurchases, acquisitions, and other general corporate purposes. We may also be required to raise additional financing for working capital, capital expenditures, debt service obligations, debt refinancing, future acquisitions or for other general corporate purposes, which will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. Consequently, we may not be able to obtain additional financing or refinancing on terms acceptable to us, or at all, which could adversely impact our ability to service our outstanding indebtedness or to repay our outstanding indebtedness as it becomes due and could adversely impact our business and financial condition. Additionally, further indebtedness may increase the risk of a future downgrade in our credit ratings, which could increase future debt costs, limit the future availability of debt financing and adversely affect our subscription based business.

The amount and frequency of our share repurchases and dividends are affected by a number of factors and may fluctuate.

Although historically we have announced regular cash dividend payments and we have adopted a share repurchase program, we are not obligated to pay cash dividends or to repurchase a specified number or dollar value of shares under our share repurchase program or at all. The declaration and payment of any future dividends is at the discretion of our Board of Directors. The level of dividends and amount, timing, and purchases under our share repurchase program, if any, are influenced by many factors and may fluctuate based on our operating results, cash flows, and priorities for the use of cash, the market price of our common stock, and, with respect to share repurchases, our possession of potentially material nonpublic information**.** In addition, we cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term shareholder value.

We make estimates and assumptions in connection with the preparation of our financial statements, and any changes to those estimates and assumptions could adversely affect our results of operations, cash flows and financial condition.

In connection with the preparation of our financial statements, we use certain estimates and assumptions based on historical experience and other factors. Our most critical accounting estimates are described in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this report. For example, we make significant estimates and assumptions when accounting for revenue recognition and taxes on earnings, and when including decisions related to provisions for legal proceedings and other contingencies. We also estimate sales and marketing program incentives based on a number of factors including historical experience, expected customer behavior and market conditions. These estimates and assumptions are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could adversely affect our results of operations, cash flows and financial condition.

We have identified material weaknesses in our internal control over financial reporting that could, if not remediated, result in material misstatements in our financial statements and cause us to fail to meet our reporting and financial obligations.

As more fully disclosed in Item 9A, “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 and internal control over financial reporting. Based on that evaluation, we have concluded that our disclosure controls and procedures were not effective as of October 31, 2023 due to a material weakness in internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in our 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 a material weakness in internal control over financial reporting that resulted from undue reliance on information generated from certain software solutions affecting net revenue without effectively designed information technology general controls, specifically around user access and change management. Information generated from these software solutions is used by management in accounting for net revenue, including estimating variable consideration, and certain of these software solutions are used in the processing of revenue related-transactions. This material weakness did not result in any errors. While this material weakness did not result in a material misstatement of our financial statements, this control deficiency was not remediated as of October 31, 2023 and there is a reasonable possibility that it 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 this control deficiency constituted a material weakness. While the Company’s management, under the oversight of the Audit Committee, has taken steps to implement our remediation plan as described more fully in Item 9A, “Controls and Procedures,” the material weakness 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. Furthermore, we can give no assurance that the measures we take will remediate the material weakness.

Additionally, as described more fully in Item 9A, “Controls and Procedures,” we executed a remediation plan with respect to certain other material weaknesses and, as a result determined that, as of October 31, 2023, such material weaknesses have been remediated. Completion of remediation does not provide assurance that our remediation or other controls will continue to operate properly or remain adequate.

We can give no assurance that additional material weaknesses will not arise in the future. Any failure to remediate the material weakness, or the development of new material weaknesses in our internal control over financial reporting, could result in material misstatements in our financial statements and cause us to fail to meet our reporting and financial obligations, which in turn could have a negative impact on our financial condition, results of operations or cash flows, restrict our ability to access the capital markets, require significant resources to correct the material weaknesses or deficiencies, subject us to fines, penalties or judgments, harm our reputation or otherwise cause a decline in investor confidence and cause a decline in the market price of our stock.

Ineffective internal controls could impact our business and operating results.

Our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, failure or interruption of information technology systems, the circumvention or overriding of controls, or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be harmed and the company could fail to meet its financial reporting obligations.

STRATEGIC AND OPERATIONAL RISKS

We are heavily dependent on third-party suppliers and supply chain issues have adversely affected, and could adversely affect in the future, our financial results.

We have at times operated in a supply-constrained environment and have faced, and may face in the future, component shortages, logistics challenges and manufacturing disruptions that impact our revenues, profitability and cash flows. We are heavily dependent on third-party suppliers and their ability to deliver sufficient key components, products and services at reasonable prices and in time for us to meet schedules for the delivery of our products and services. In addition, our operations depend on our ability to anticipate and our suppliers’ ability to fulfill, our needs for sufficient key components, products and services (including sourcing matched sets). Given the wide variety of products and services we offer, the large and diverse distribution of our suppliers and contract manufacturers, and the long lead times required to manufacture, assemble and deliver certain components and products, problems have and could continue to arise in production, planning and inventory management. Third-party suppliers may have limited financial resources to withstand challenging business conditions, particularly as a result of increased interest rates or emerging market volatility, and our business could be negatively impacted if key suppliers are forced to cease or limit their operations. Any changes or additions to our supply chain require considerable time and resources and involve significant risks and uncertainties.

We also have experienced, and may experience in the future, gross margin declines in certain businesses, reflecting the effect of competitive pricing pressures and increases in component and manufacturing costs resulting from higher labor and material costs borne by our manufacturers and suppliers that we are unable to pass on to our customers. Our business may be disrupted if we are unable to obtain equipment, parts or components from our suppliers—and our suppliers from their suppliers—due to the insolvency of key suppliers or the inability of key suppliers to obtain credit, or if any of our distributors lack sufficient financial resources to withstand economic weakness. In addition, our ongoing efforts to optimize the efficiency of our supply chain for cost or redundancy could cause supply disruptions and be more expensive, time-consuming and resource-intensive than expected. Furthermore, certain of our suppliers and Outsourced Manufacturers ("OMs") may decide to discontinue business with us or limit the allocation of products to us, which could result in our inability to fill our supply needs, jeopardizing our ability to fulfill our contractual obligations, which could in turn, result in a decrease in sales, profitability and cash flows, contract penalties or terminations, and damage to customer relationships.

Other supplier problems that we could face include component shortages, excess supply, risks related to the terms of our contracts with suppliers, contingent workers, supply chain working conditions, human rights and materials sourcing, and our relationships with single-source suppliers, each of which is described below.

- *Component shortages.* We have at times experienced and may in the future experience a shortage of, or a delay in receiving, certain components as a result of strong demand, capacity constraints, supplier financial weaknesses, disputes with suppliers (some of whom are also our customers), disruptions in the operations of component suppliers, supplier ability to demonstrate regulatory compliance, other problems experienced by suppliers or problems we face during the transition to new suppliers. For example, a market shortage of integrated circuits and panels and other component supply has at times affected, and may affect in the future, lead times, the cost of that supply, and our ability to meet customer demand for our products. Additionally, our Personal Systems business relies heavily upon OMs to manufacture our products and we are therefore dependent upon the continuing operations of those OMs. We represent a substantial portion of the business for certain OMs, and changes to the nature or volume of our business transactions with a particular OM could adversely affect the OM and lead to shortages or delays in receiving component products from that OM. Increased demand for particular components due to industry trends, such as components required for the operation of artificial intelligence ("AI"), may lead to shortages, delays, and price increases, and may result in us purchasing components in greater volumes and on earlier schedules in order to secure an adequate supply. If shortages or delays in component products occur, the price of certain components may increase, we may be exposed to quality issues, or the components may not be available at all. We may not be able to secure enough components at reasonable prices or of acceptable quality to build products or provide services in a timely manner in the quantities needed or according to our specifications. Accordingly, we may lose time-sensitive sales, incur additional freight costs or be unable to pass on price increases to our customers due to such component shortages or delays. If we cannot adequately address a component supply issue, we may have to re-engineer some product or service offerings, which could result in further costs and delays.
- *Excess supply.* In order to secure components for our products or services, we have and may continue to make advance payments to suppliers or enter into non-cancelable commitments with vendors. In addition, we have and may continue to strategically purchase components in advance of demand to take advantage of favorable pricing or to address concerns about future availability. If we fail to anticipate customer demand, an oversupply could result in excess or obsolete components.
- *Contractual terms.* As a result of binding long-term price or purchase commitments with vendors, we may be obligated to purchase components or services at prices that are higher than those available in the current market and may be limited in our ability to respond to changing market conditions. If we commit to purchasing components or services for prices in excess of the then-current market price, we may be at a disadvantage to competitors who have access to components or services at lower prices, our gross margin could suffer, and we could incur additional charges relating to inventory obsolescence. In addition, many of our competitors obtain products or components from the same OMs and suppliers that we utilize. Our competitors may obtain better pricing, more favorable contractual terms and conditions, or more favorable allocations of products and components, and our ability to engage in relationships with certain OMs and suppliers could be limited. The practice employed by our Personal Systems business of purchasing product components and transferring those components to OMs may create large supplier receivables with the OMs that, depending on the financial condition of the OMs, may create collectability risks. In addition, to secure components, we may accept contractual terms and conditions that are less favorable to us.
- *Contingent workers.* We also rely on third-party suppliers for the provision of contingent workers, and our failure to effectively manage this workforce could adversely affect our financial results. Our ability to manage the costs associated with engaging a contingent workforce may be impacted by evolving local labor rights laws.
- *Working conditions, human rights and materials sourcing*. Our brand perception, customer loyalty and legal compliance could be adversely impacted by a supplier's improper practices or failure to comply with our requirements for environmentally, socially or legally responsible practices and sourcing.
- *Single-source suppliers.* We obtain a significant number of components from a single source due to technology, availability, price, quality or other considerations. For example, we rely on Canon for certain laser printer engines and laser toner cartridges and certain key suppliers for application specific integrated circuits ("ASICs"). We also rely on both Intel and AMD to provide us with a sufficient supply of processors for the majority of our PCs and workstations. Some of those

processors may be customized for our products. New products that we introduce may utilize custom components obtained initially from only one source until we have determined whether there is a need for additional suppliers. Replacing a single-source supplier could delay production of some products as replacement suppliers may be subject to capacity constraints or other output limitations. For some components, alternative sources may not exist or may be unable to produce the quantities of those components necessary to satisfy our production requirements. In certain circumstances, we purchase components from single-source suppliers under short-term agreements that contain favorable pricing and other terms, but that may be unilaterally modified or terminated by the supplier with limited notice and with little or no penalty. The performance of single-source suppliers under those agreements (and the renewal or extension of those agreements upon similar terms) may affect the quality, quantity and price of our components. The loss of, deterioration of our relationship with, or limits in allocation by, a single-source supplier, or any unilateral modification to the contractual terms under which we are supplied components by a single-source supplier could adversely affect our business and financial performance.

- *Geographic concentration*. Our manufacturing facilities and suppliers have historically been, and continue to be, geographically concentrated in certain regions, which could exacerbate the risks noted above. While we are undertaking initiatives to diversify our manufacturing and supply chain footprint, such initiatives require significant investment and can be subject to regulatory, continuity, and other hurdles, and there can be no assurance that these initiatives will be successful.

If we cannot successfully execute our strategy and continue to develop, manufacture and market innovative products, services and solutions, our business and financial performance may suffer.

Our strategy is to strengthen our core businesses, innovate and develop new products, services and solutions, expand into adjacencies, and grow organically and inorganically. To execute our strategy, we must, among other things, optimize our cost structure, make long-term investments, develop or acquire and appropriately protect intellectual property, commit significant research and development and other resources, evolve our go-to-market strategy and business model to meet changing market dynamics, forces and demand. In addition, we need to innovate, develop and execute on evolutionary strategies in a rapidly changing and increasingly hybrid environment, seize on disruptive opportunities and effectively respond to secular trends and shifts in customer preferences. Our financial performance will depend in part on our ability to remain competitive in offerings geared towards new or emerging market trends, such as hybrid consumption and artificial intelligence. For example, we believe we and others in our industry face long-term challenges related to, among other things, decreased demand for printing products and solutions as a result of increased digitization and hybrid work, and increasing competition from generic alternatives. Our efforts to mitigate the impact of these challenges, such as by seeking to drive demand to HP+ enabled and profit upfront units, may not be successful. In addition, we may be unable to successfully execute our strategy, sufficiently invest in, prioritize research and development, market and scale, or accurately project the financial performance of our key growth areas or other strategic growth initiatives, accurately predict technological or business trends or control costs. Moreover, the process of developing new high-technology products, services and solutions and enhancing existing products, services and solutions, including through the introduction of AI capabilities, is complex, costly and uncertain, and we may be unable to anticipate or respond to customers' changing needs, accurately identify emerging technological trends or accurately project the demand, pricing, or other market dynamics of such trends. Our ability to successfully offer our products, services and solutions in this rapidly evolving market requires an effective planning, forecasting, and management process to enable us to effectively calibrate and adjust our business and business models in response to fluctuating market opportunities and conditions. In addition, we may be unable to appropriately prioritize and balance our initiatives or effectively manage change throughout our organization.

Our industry is subject to rapid and substantial innovation, technological change and customer preferences. Even if we successfully develop new products and technologies, future products and technologies, including those created by our competitors, may eventually supplant ours if we are unable to keep pace with technological advances and end-user requirements and preferences and timely enhancement of our existing products and technologies or develop new ones. As a result, we could lose market share and certain of our products and technologies may be rendered uneconomical or obsolete.

After we develop a product, we must be able to quickly manufacture appropriate volumes while also managing costs and preserving or improving margins. To accomplish this, we must accurately forecast volumes, mixes of products and configurations that meet customer requirements, and we may not succeed in doing so within a given product's lifecycle or at all. Any delay in the development, production or marketing of a new product, service or solution could result in us not being among the first to market, which could further harm our competitive position. Moreover, new products and services may not be profitable, and even if they are profitable, the operating margins may not be as high as the historical or anticipated margins.

Our business and financial performance could suffer if we do not manage the risks associated with our services businesses properly.

The success of our services business (such as our managed print services, digital services, consumer subscriptions and other workforce services in both Printing and Personal Systems) depends to a significant degree on attracting, retaining, and maintaining or increasing the level of revenues from our customers. Our standard services agreements are generally renewable at a customer's option and/or subject to cancellation rights. We may not be able to retain or renew services contracts with our customers, or our customers may reduce the scope of the services for which they contract. Factors that may influence contract termination, non-renewal or reduction include business downturns, dissatisfaction with our services or products, our retirement or lack of support for our services, our customers selecting alternative technologies, the cost of our services as compared to our competitors, general market conditions, a lower than investment grade credit rating or other reasons. We may not be able to replace the revenue and earnings from lost customers or reductions in services. While our services agreements may include penalties for early termination, these penalties may not fully cover our investments in these businesses. Our customers could also delay or terminate implementations or use of our services or choose not to invest in additional services from us in the future. In addition, the pricing and other terms of certain services agreements require us to make estimates and assumptions at the time we enter into these contracts that could differ from actual results. Any increased or unexpected costs or unanticipated delays in connection with the performance of these contracts, which may increase as services become more customized, could make these agreements less profitable or unprofitable. In addition, from time to time we offer new services for which customer demand and adoption rates are difficult to predict, and we may not be able to scale these services as we expect. As a result, we may not generate the revenues, profits or cash flows we may have anticipated from our services business within the expected timelines, if at all.

We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance.

We encounter aggressive competition in all areas of our business, and our competitors have targeted and are expected to continue targeting our key market segments. We compete on the basis of our technology, innovation, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use, account relationships, customer training, service and support, security, availability of application software and internet infrastructure offerings, and our sustainability performance. We have faced, and may continue to face, declines in market share for our products. If our products, services, support and cost structure do not enable us to compete successfully, our results of operations, cash flows and business prospects could be affected.

We have a large portfolio of products and must allocate our financial, personnel and other resources across our products while competing with companies that have smaller portfolios or specialize in one or more of our product lines. Because of the size and scope of our portfolio, we may invest a greater percentage of our revenues, including on research and development, than some of our competitors. As a result, we may invest less in certain areas of our business than our competitors, and our competitors may have greater financial, technical and marketing resources available for their products and services compared to the resources allocated to our competing products and services or greater economies of scale, which could in turn result in our loss of market share. In addition, if we cannot proportionately decrease our cost structure on a timely basis in response to competitive price pressures, our gross margin, profitability and cash flows could be adversely affected.

Our alliance partners in certain areas may be or may become our competitors in others. In addition, these partners also may acquire or form alliances with our competitors, which could reduce their business with us.

We have faced and expect to continue to face aggressive price competition and have lowered and may in the future need to lower the prices of many of our products and services to stay competitive, while at the same time trying to maintain or improve our market share, revenue and gross margin. Competitors who have a greater presence in some of the lower-cost markets in which we compete, or who can obtain better pricing, more favorable contractual terms and conditions, and/or more favorable allocations of products and components, have been able to offer and may continue to be able to offer lower prices than we are able to offer. Price competition often increases during periods of lower demand, including as a result of declining macroeconomic conditions. The sales prices for our products may also decline as a result of discounts, a change in or mix of products and services, anticipation of the introduction of new products and services by us or by our competitors, promotional programs, product and related warranty costs or broader macroeconomic factors. We may also provide pricing discounts to large customers, which may result in lower margins for the period in which the sales occur. In addition, currency fluctuations, particularly weakness in the Japanese Yen, has and may continue to exacerbate pricing competition for our print products and services.

Industry consolidation may also affect competition by creating larger, more homogeneous and potentially stronger competitors in the markets in which we operate. Our competitors may also affect our business by entering into exclusive arrangements with our existing or potential customers or suppliers. Furthermore, non-original supplies (including imitation, refill or remanufactured alternatives), which are often available at lower prices, compete with our Printing Supplies business. We may not be able to prevent the use of imitation print supplies with our printers using technological protection measures, including due to regulatory issues or other legal challenges. In addition, online and omnichannel retailers, resellers and distributors often sell our products alongside competing products, including non-original supplies, or they may highlight the availability of lower cost non-original supplies. We expect this competition will continue.

If we cannot continue to produce high-quality and secure products and services, our reputation, business and financial performance may suffer.

In the course of conducting our business, we must address quality and security issues associated with our products and services, including potential flaws in our engineering, design and manufacturing processes, unsatisfactory performance under service contracts, and unsatisfactory performance or malicious acts by third-parties. Many of our products are dependent on third-party software, including from Microsoft and Google, to function as intended, and product issues also sometimes result from the interaction between our products and third-party products and software. Our business is also exposed to the risk of defects in third-party components or materials included in our products, including security vulnerabilities. The products and services that we offer are complex, and our regular testing and quality control efforts may not be completely effective in controlling or detecting all quality and security issues or errors, particularly with respect to undiscovered defects or security vulnerabilities in components manufactured by third parties.

If we are unable to determine the cause or find an effective solution to address quality or security issues with our products, we may delay shipment to customers, which would delay revenue recognition and receipt of customer payments. We have and may again in the future write off some or all of the value of non-performing inventory. In addition, after products are delivered, quality and security issues may require us to repair or replace such products. Addressing these issues can be expensive and may result in additional warranty, repair, replacement and other costs. In the event of security vulnerabilities or other issues with third-party components, we may have to rely on third parties to provide mitigation, which may be ineffective. Quality and security issues, including those resulting from defects or security vulnerabilities in third-party components, can impair our relationships with new or existing customers and adversely affect our brand and reputation. The proliferation of social media may increase the likelihood, speed, and magnitude of negative brand and reputation events.

We expect the proliferation of AI to have a significant impact on our industry and the markets in which we compete, and the development and use of AI presents competitive, reputational, and liability risks.

We believe the proliferation of AI, especially as it relates to our product and solutions offerings, will have a significant impact on customer preferences and market dynamics in our industry, and our ability to effectively compete in this space will be critical to our financial performance. We also believe that the effective use of AI in our internal operations is important to our long-term success. We are working to incorporate AI capabilities into certain of our products and solutions and apply AI in our own internal operations, and our research into and continued development of such technologies remain ongoing. As with many innovations, AI presents risks, challenges, and unintended consequences that could affect its rate and success of adoption, and therefore our business. We may be unable to bring AI-enabled products and solutions to market as effectively, or with the same speed or in the same volumes, as our competitors, which may hurt our competitive position.

In addition, AI algorithms may be flawed. Datasets may be insufficient or contain biased information. Ineffective or inadequate AI development or deployment practices by us or others we rely on or partner with could result in incidents that impair the acceptance of AI solutions or cause harm to individuals or society. These deficiencies and other failures of AI systems could subject us to competitive harm, regulatory action, legal liability, including under new proposed legislation regulating AI in jurisdictions such as the European Union, new applications of existing data protection, privacy, intellectual property, and other laws, and brand or reputational harm. Some AI capabilities present ethical issues, and we may be unsuccessful in identifying or resolving issues before they arise. If we enable or offer AI products or solutions or implement AI capabilities in our internal operations that are controversial because of their impact on human rights, privacy, employment, or other social, economic, or political issues, we may experience brand or reputational harm or greater employee attrition.

Our operating results have historically varied and may not be indicative of future results.

Our net revenue, gross margin, profit and cash flow generation vary among our portfolio of products and services, customer groups and geographic markets and therefore will likely vary in future periods. Overall gross margins and profitability in any given period are dependent on the product, service, customer and geographic mix reflected in that period's net revenue, which in turn depends on the overall demand for our products and services. We have experienced and may in the future experience delays or reductions in spending by our customers or potential customers, which could have a material adverse effect on demand for our products and services and could result in a significant decline in net revenue. For example, we observed continued market uncertainty, cautious commercial spending on information technology hardware, lower discretionary consumer spending, inflationary pressures, and foreign currency fluctuations. In addition, net revenue declines in some of our businesses may affect net revenue in our other businesses, as we may lose cross-selling opportunities. Moreover, newer geographic markets can be relatively less profitable due to our investments associated with entering those markets and local pricing pressures, as well as difficulty establishing and maintaining the operating infrastructure necessary to support the high growth rate associated with some of those markets. Our efforts to address the challenges facing our business could increase the level of variability in our financial results because the rate at which we are able to realize the benefits from those efforts may vary from period to period. These factors could also make it difficult to accurately forecast revenues and operating results and could negatively affect our ability to provide accurate forecasts to suppliers and manufacturers, manage our relationships and other expenses and to make decisions about future investments.

If we fail to manage the distribution of our products and services properly, our business and financial performance could suffer.

We use a variety of distribution methods to sell our products and services around the world, including third-party resellers and distributors and both direct and indirect sales to enterprise accounts and consumers. Successfully managing our global, multi-tier distribution network including the interaction of our direct sales and indirect channel sales efforts to reach potential customer segments for our products and services is a complex process. Moreover, since each distribution method has distinct risks and gross margins, we may fail to implement the most advantageous balance in the delivery model for our products and services.

Conflicts might arise between our various distribution channels, we may experience the loss or deterioration of an alliance or distribution arrangement or a reduced assortments of our products, we may not be able to limit the potential misuse of pricing programs by our channel partners and we may fail to optimize the use of our pricing programs. Moreover, some of our channel partners and distributors may have insufficient financial resources and may not be able to withstand changes in business conditions, including economic weakness, industry consolidation and market trends. They may also have difficulty selling our products under new business models. Many of our significant distributors operate on narrow margins and have been negatively affected by business pressures in the past. Trade receivables that are not covered by collateral or credit insurance are outstanding with our distribution and retail channel partners. Net revenue from indirect sales could suffer, and we could experience disruptions in distribution, if our distributors' financial conditions, abilities to borrow funds or operations weaken or if our distributors cannot successfully compete in the online or omnichannel marketplace.

Our inventory management is complex, as we continue to sell a significant mix of products through distributors. We must manage both owned and channel inventory effectively, particularly with respect to sales to distributors, which involves forecasting demand and pricing (and factoring in supply chain challenges and order cancellations). Our forecasts may not accurately predict demand, and distributors have and may continue to increase orders during periods of product shortages, cancel orders if their inventory is too high or delay orders in anticipation of new products. Distributors also may adjust their orders in response to the supply of our products and the products of our competitors and seasonal fluctuations in end-user demand. Our reliance upon indirect distribution methods, including a multi-tiered channel, may reduce our visibility into inventories, demand and pricing trends, and may therefore make forecasting and managing multi-tiered channel inventory more difficult.

If we were to expand direct distribution initiatives, channel and indirect distributors could consider such initiatives in conflict with their business interests and reduce their investment in the distribution and sale of our products, or cease all sales of our products. Sales of our products by channel partners to unauthorized resellers or unauthorized resale of our products has and could continue to make our forecasting and channel inventory management more difficult and impact pricing in the market. For example, in the past we have had channel partners sell products outside of their agreed territory, and misrepresent sales to unauthorized resellers as sales to end-users, frustrating our efforts to estimate channel inventory or maintain consistent pricing, and negatively impacting gross margins. Moreover, our use of indirect distribution channels may limit our willingness or ability to adjust prices quickly and otherwise to respond to pricing changes by competitors. In addition, factors in different markets may cause differential discounting among the geographies where our products are sold, which makes it difficult to achieve global consistency in pricing and creates the opportunity for grey marketing. In addition, our global channel partners may fail to comply with applicable legal and regulatory requirements.

Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable.

Our quarterly sales often have reflected a pattern in which a disproportionate percentage of each quarter's total sales occurs towards the end of the quarter. This uneven sales pattern makes predicting net revenue, earnings, cash flow from operations and working capital for each financial period difficult, increases the risk of unanticipated variations in our quarterly results and financial condition, and places pressure on our inventory management and logistics systems. If orders fall short of predicted demand, this results in excess inventory. Alternatively, if orders exceed predicted demand, we may not be able to fulfill all of the orders received in each quarter and such orders may be canceled by the customer. Depending on when they occur in a quarter, developments such as a systems failure, component pricing movements, component shortages, supply disruptions, logistics challenges or declines in demand could adversely impact our inventory levels, our results of operations and cash flows in a manner that is disproportionate to the number of days in the quarter affected.

We experience seasonal trends in the sale of our products that may produce variations in our quarterly results and financial condition. For example, sales to governments (particularly, sales to the U.S. government) are often stronger in the third calendar quarter, and many customers whose fiscal year is the calendar year spend their remaining capital budget authorizations in the fourth calendar quarter. Consumer sales are often higher in the fourth calendar quarter due in part to seasonal holiday demand, and typically it has been our strongest quarter by revenues. European sales are often weaker during the summer months. Demand during the spring and early summer may also be adversely impacted by market anticipation of seasonal trends. However, historical seasonal patterns may not continue in the future and such patterns have been and may be impacted by supply constraints, macroeconomic conditions, such as an economic slowdown or inflationary pressures, shifts in customer behavior and the impacts of pandemics or other public health crises. Moreover, to the extent that we introduce new products in anticipation of seasonal demand trends, our discounting of existing products may adversely affect our gross margins. Many of the factors that create and affect seasonal trends are beyond our control.

We may not be able to execute acquisitions, divestitures and other significant transactions successfully and we may have difficulty or fail to successfully integrate acquired companies.

As part of our business strategy, we may acquire companies or businesses, divest businesses or assets, enter into strategic alliances and joint ventures, and make investments to further our business. Risks associated with these transactions include the following:

- We may not fully realize the anticipated benefits of any particular transaction, in the timeframe we expected or at all, such transaction may be less profitable than anticipated or unprofitable, we may not identify all factors to estimate accurately our costs, timing or other matters, and realizing the benefits of a particular transaction may depend upon competition, market trends, additional costs or investments and the actions of advisors, suppliers or other third parties.
- Certain transactions have resulted, and in the future may result, in significant costs and expenses, including those related to compensation and benefit costs, goodwill and impairment charges, charges from elimination of duplicative facilities and contracts, inventory adjustments, assumed litigation and other liabilities, advisory fees, and payments to executive officers and key employees under retention plans.
- Our due diligence may fail to identify significant issues with the target's product quality, financial disclosures, accounting practices or internal controls, including as a result of being dependent on the veracity and completeness of statements and disclosures made or actions taken by third parties.
- In order to finance a transaction, we may issue common stock (potentially creating dilution) or take on additional debt.
- These transactions could adversely impact our effective tax rate.
- An acquisition target may have differing or inadequate cybersecurity and data protection controls.
- These transactions may lead to litigation.

In addition, if we fail to identify, successfully complete and integrate transactions that further our strategic objectives, we may be required to expend resources to develop products, services and technology internally, which may put us at a competitive disadvantage. Furthermore, if there are future decreases in our stock price or significant changes in the business climate or results of operations of our reporting units, we may incur additional charges, which may include impairment charges.

In the case of a divestiture, we may have difficulty finding buyers or alternative exit strategies on acceptable terms in a timely manner. We may also dispose of a business at a price or on terms that are less desirable than we had anticipated. In addition, we may experience fewer benefits than expected, and the impact of the divestiture on our financial performance may be larger than projected.

The business combination and investment transactions in which we engage may be large or complex, and we must manage post-closing issues such as the integration of acquired businesses, products, services or employees. Integrations involve significant challenges and are often time-consuming and expensive and could significantly disrupt our business and the acquired business. These challenges include successfully combining product and service offerings; entering or expanding into markets; retaining key employees; integrating employees, facilities, technology, products, processes, operations (including supply and manufacturing operations), sales and distribution channels, business models and business systems; and retaining customers and distributors.

We may not achieve some or all of the expected benefits of our restructuring plans and our restructuring may adversely affect our business.

We have undertaken and may undertake in the future restructuring plans in order to realign our cost structure and to achieve operating efficiencies that we expect to reduce costs, including the plan announced November 2022. Implementation of any restructuring plan may be costly and disruptive to our business, and we may not be able to obtain the anticipated cost savings, operational improvements and estimated workforce reductions within the projected timing or at all. Additionally, as a result of restructuring initiatives, we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiency, loss of key employees and/or other retention issues during transitional periods. Restructuring can require a significant amount of time and focus, which may divert attention from operating and growing our business. Moreover, projections of any cost savings or other benefits associated with our restructuring plans are based on current business operations and market dynamics, and could be significantly impacted by various factors, including but not limited to our evolving business models, future investment decisions, market environment and technology landscape. For more information about our restructuring plans, see Note 3 to our Consolidated Financial Statements in Item 8.

Our financial performance may suffer if we cannot develop, obtain, license or enforce the intellectual property rights on which our businesses depend.

We rely upon patent, copyright, trademark, trade secret and other intellectual property ("IP") laws in the United States, similar laws in other countries, and agreements with our employees, customers, suppliers and other parties, to establish and maintain IP rights in the products and services we sell, provide or otherwise use in our operations. However, our IP rights could be challenged, invalidated, infringed or circumvented, or such IP rights may not be sufficient to permit us to take advantage of current market trends or to otherwise provide competitive advantages, either of which could result in costly product redesign efforts, discontinuance of certain product offerings or other harm to our competitive position. In addition, we may choose to not apply for patent protection or may fail to apply for patent protection in a timely fashion. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States. Therefore, in certain jurisdictions we may be unable to protect our proprietary technology adequately against unauthorized third-party copying or use, which could adversely affect our ability to sell products or services and our competitive position.

In addition, certain of our businesses and products rely on key technologies developed or licensed by third parties. We may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms, or such third parties may demand cross-licenses to our IP. Third-party components may become obsolete, defective or incompatible with future versions of our products, our relationship with the third party may deteriorate, or our agreements may expire or be terminated. We may face legal or business disputes with licensors that may threaten or lead to the disruption of inbound licensing relationships. In order to remain in compliance with the terms of our licenses, we must monitor and manage our use of third-party components, including both proprietary and open source license terms that may require the licensing or public disclosure of our IP without compensation or on undesirable terms. Some of these licenses may not be available to us in the future on terms that are acceptable or that allow our product offerings to remain competitive. In addition, it is possible that as a consequence of a merger or acquisition, third parties may obtain licenses to some of our IP rights or our business may be subject to certain restrictions that were not in place prior to such transaction. Because the availability and cost of licenses from third parties depends upon the willingness of third parties to deal with us on the terms we request, there is a risk that third parties who license to our competitors will either refuse to license to us or refuse to license to us on terms equally favorable to those granted to our competitors. Consequently, we may lose a competitive advantage with respect to these IP rights or we may be required to enter into costly arrangements in order to terminate or limit these rights. Finally, we may rely on third parties to enforce certain IP rights.

Third-party claims of IP infringement are commonplace in our industry and may limit or disrupt our ability to sell our products and services.

We are subject to third party claims that we or customers indemnified by us are infringing upon such parties' IP rights. We have seen an increasing trend of patent assertion entities engaging in claims of infringement and assertion of patents to extract settlements, including the assertion of patents related to standardized technologies, such as Wi-Fi or video. If we cannot or do not license allegedly infringed IP at all or on reasonable terms, or if we are required to substitute technology from another source, our operations could be adversely affected. Even if we believe that IP claims are without merit, they can be time-consuming and costly to defend against and may divert management's attention and resources away from our business. Claims of IP infringement also might require us to redesign affected products, enter into costly settlements or license agreements, pay damage awards, or face a temporary or permanent injunction prohibiting us from importing, marketing or selling certain products. Additionally, claims of IP infringement may adversely impact our brand and reputation and imperil new and existing customer relationships.

In certain countries (primarily in Europe), proceedings are ongoing or have been concluded in which groups representing copyright owners seek to impose upon and collect from us levies upon IT equipment (such as PCs and printers). There have also been efforts to introduce, modify or extend existing levy schemes and to increase the amount of the levies that can be collected from us. The total amount of the copyright levies depends on several factors, and could be substantial. The ultimate impact of these copyright levies or similar fees, and our ability to recover such amounts through increased prices, remains uncertain.

System security risks, data protection breaches, cyberattacks, system outages and systems integration issues could disrupt our internal operations or services provided to customers, and could reduce our revenue, increase our expenses, damage our reputation and adversely affect our cash flows and stock price.

We are exposed to cyberattacks seeking to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns. Such attacks may involve the deployment of ransomware and other malicious software programs that attack our products or otherwise exploit security vulnerabilities, or attempt to fraudulently induce our employees, customers, or others to disclose passwords, other sensitive information or provide access to our systems or data. Such risks extend not only to our own products, services, systems and networks, but also to those of customers, suppliers, contractors, business partners, vendors, and other third parties, particularly as all parties increasingly digitize their operations. We engage a significant number of these third parties to assist us with various business functions that require the use, storage, processing and deletion of data. While we make efforts to assess and validate the implementation of cybersecurity requirements and controls by these third parties with respect to the services provided and the data handled on our behalf, there remains a risk of misappropriation, compromise or breach of data outside of our direct control. In addition, hardware and operating system software and applications that we produce or procure from third parties may contain defects or vulnerabilities in design or manufacture, including "bugs" that could unexpectedly interfere with the operation of the product. Breaches of our facilities, network, or data security could disrupt the security of our systems and business applications, impair our ability to provide services to our customers and protect the privacy of their data, result in product development delays, compromise confidential or technical business information, harm our reputation or competitive position, result in theft or misuse of our IP or other assets, require us to allocate more resources to improve technologies, or otherwise adversely affect our business and financial results.

Additionally, the costs to combat cyber or other security threats can be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions. Media or other reports of perceived vulnerabilities in our network security, regardless of their immediacy or accuracy, could adversely impact our brand and reputation and materially affect our business and financial results.

While we have implemented security measures and internal controls designed to protect against cyber and other security threats, such measures cannot provide absolute security and may not be successful in preventing future security breaches. Moreover, these threats are constantly evolving, thereby making it more difficult to successfully defend against them or to implement adequate preventative measures. Certain vulnerabilities are difficult to detect even using our best efforts, which may allow those vulnerabilities to persist in our systems over long periods of time. In the past, we have experienced data security incidents resulting from unauthorized access to or use of our systems or those of third parties, which to date, have not had a material impact on our operations; however, there remains the possibility of a future data security incident that results in a material impact to the Company. Remote work and remote access to our systems has increased significantly, which also increases our cybersecurity attack surface. We have also seen an increase in cyberattack volume, frequency, and sophistication driven by the global enablement of remote workforces. Geopolitical tensions or conflicts may further heighten the risk of cybersecurity attacks. While we carry cyber insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim.

Because we process proprietary information and sensitive or confidential data relating to our business (including data relating to employees, independent contractors and other personnel), our customers and third parties, breaches of our security measures or accidental loss, inadvertent disclosure or unapproved dissemination of such data can expose us, our customers, third parties and the individuals affected to a risk of loss, alteration or misuse of such information. A breach could also damage our brand and reputation or otherwise harm our business, and could result in government enforcement actions, litigation, civil monetary penalties or fines and other potential liability for us. We are subject to federal, state, and international laws relating to privacy and data protection, particularly in the U.S., European Union (such as the General Data Protection Regulation (“GDPR”)) and China, and other countries’ legislative and regulatory bodies are increasingly proposing new or more stringent requirements relating to privacy and data protection. These laws and regulations continue to evolve, are increasing in complexity and number and increasingly conflict among the various countries in which we operate, which has resulted in greater compliance risk and cost for us. In addition, the cost and operational consequences of implementing new privacy and data protection measures could be significant.

Portions of our IT infrastructure, including those provided by third parties, may experience interruptions, outages, delays or cessations of service or may produce errors in connection with systems integrations, migration work or other causes, which could result in business disruptions. The process of remediating these issues could be more expensive, time-consuming, disruptive and resource intensive than planned. Further, such disruptions could adversely impact our ability to fulfill orders and respond to customer requests and interrupt other processes, resulting in delayed sales, lower margins, lost customers or reputational damage.

In order to be successful, we must attract, retain, train, motivate, develop and transition key employees, and failure to do so could seriously harm us.

In order to be successful, we must attract, hire, retain, train, motivate, develop, and deploy qualified executives, engineers, technical staff and other key employees. Identifying, developing internally or hiring externally, training and retaining qualified executives, engineers and qualified sales representatives are critical to our future, and competition for experienced employees in the technology industry can be intense. Equity-based compensation is essential for attracting and retaining qualified employees and lack of positive performance in our stock price may adversely affect our ability to attract or retain key employees. In addition, workforce dynamics are constantly evolving and we may not be able to manage changing workforce dynamics successfully. Moreover, changes in immigration policies may impair our ability to recruit and hire technical and professional talent globally. Further, changes in our management team may be disruptive to our business, and we may be unable to successfully transition and assimilate key new hires or promoted employees or successfully execute succession plans.

Some anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Certain provisions in our certificate of incorporation and bylaws and the Delaware General Corporation Law may discourage, delay or prevent changes of control of HP judged as undesirable by our Board of Directors. These provisions include: authorizing blank check preferred stock, which we could issue with voting, liquidation, dividend and other rights superior to our common stock; limiting the liability of, and providing indemnification to, our directors and officers; specifying that our stockholders may take action only at a duly called annual or special meeting of stockholders and otherwise in accordance with our bylaws and limiting the ability of our stockholders to call special meetings; requiring advance notice of proposals by our stockholders for business to be conducted at stockholder meetings and for nominations of candidates for election to our Board of Directors; and controlling the procedures for our Board of Directors and stockholder meetings, and election, appointment and removal of our directors. These provisions could deter or delay hostile takeovers, proxy contests and changes in control or our management or limit the opportunity for our stockholders to receive a premium for their shares of our stock.

Our aspirations and disclosures related to environmental, social and governance ("ESG") matters expose us to risks that could adversely affect our reputation and performance.

We have established and publicly announced ESG goals, including our commitments to address climate change, human rights, and digital equity. These statements reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our failure to adequately update, accomplish or accurately track and report on these goals on a timely basis, or at all, could adversely affect our reputation, financial performance and growth, and expose us to increased scrutiny from the investment community, special interest groups and enforcement authorities. In addition, there exists certain "anti-ESG" sentiment among some individuals and government institutions, and we may also face scrutiny, reputational risk, lawsuits or market access restrictions from these parties regarding our ESG initiatives.

Our ability to achieve any ESG objective is subject to numerous risks, some of which are outside of our control. Examples of such risks include the availability and cost of low- or non-carbon-based energy sources, the evolving regulatory requirements affecting product circularity, ESG standards or disclosures, the evolving consumer protection laws applicable to ESG matters, the availability of materials and suppliers that can meet our sustainability, diversity and other ESG goals and the availability of funds to invest in ESG initiatives in times where we are seeking to reduce costs.

Standards for tracking and reporting ESG matters continue to evolve. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or differ from those of others. Methodologies for reporting ESG data may be updated and previously reported ESG data may be adjusted to reflect improvement in availability and quality of third-party data, changing assumptions, changes in the nature and scope of our operations and other changes in circumstances. Our processes and controls for reporting ESG matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring, and reporting ESG metrics, including ESG-related disclosures that may be required by the SEC, European and other regulators, and such standards may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. If our ESG practices do not meet evolving investor or other stakeholder expectations and standards, then our reputation or our attractiveness as an investment, business partner, acquiror, service provider or employer could be negatively impacted.

LEGAL AND REGULATORY RISKS

Our business is subject to various federal, state, local and foreign laws and regulations that could adversely affect our business and results of operations and cash flows.

We are subject to various federal, state, local and foreign laws and regulations. There can be no assurance that such laws and regulations will not be interpreted and changed in ways that will require us to modify our business models and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or increased restrictions or prohibiting them outright. In particular, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the composition of our products, their safe use, the energy consumption associated with those products, climate change laws and regulations, and product repairability, reuse, recyclability and take-back legislation. In addition, there are existing and proposed legislation related to human rights, environmental and social responsibility (including tracing requirements related to forced labor prohibitions) for our operations, supply chain partners, and our products and services. Moreover, we expect to become increasingly subject to laws, regulations and international treaties relating to climate change, such as carbon pricing or product energy efficiency requirements or more prescriptive reporting requirements. Additionally, the rapid evolution and increased adoption of artificial intelligence technologies and our obligations to comply with emerging laws and regulations may require us to develop additional artificial intelligence-specific governance programs.

As these new laws, regulations, treaties and similar initiatives and programs are adopted and implemented, we will be required to comply or potentially face market access limitations or restrictions on our products entering certain jurisdictions, sanctions or other penalties, including fines. Such burdens or costs may result in an adverse effect on our financial condition, results of operations and cash flows. We could also face significant compliance and operational burdens and incur significant costs in our efforts to comply with or rectify non-compliance with these laws or regulations. Our potential exposure also includes third-party property damage, personal injury claims and clean-up costs. Further, liability under some environmental laws relating to contaminated sites can be imposed retroactively, on a joint and several basis, and without any finding of noncompliance or fault.

We are subject to risks associated with litigation and regulatory proceedings.

We face legal claims or regulatory matters involving stockholder, consumer, competition, commercial, IP, employment, and other issues on a global basis. There is an increasingly active litigation and regulatory environment, including but not limited to employment and patent-monetization claims in the United States, Germany and Brazil, and litigation and regulatory matters focused on consumer protection, privacy, and competition regulation globally. Patent monetization campaigns have become increasingly aggressive, including those by patent holders for standardized technology, such as WiFi and video, who have sued in venues that allow injunctions despite commitments to license patents on fair and reasonable terms. If we are unsuccessful in defending against such claims, we may be exposed to exorbitant licensing demands in order to avoid potential disruptions to our business. As described in Note 14, "Litigation and Contingencies" to the Consolidated Financial Statements in Item 8, we are engaged in a number of litigation and regulatory matters that may have a material adverse impact on our business, financial condition, cash flows or results of operations, if decided adversely to or settled by us. Litigation and regulatory proceedings are inherently uncertain, and adverse rulings have occurred and may occur, including awards of monetary damages, imposition of fines, issuance of injunctions or cease-and-desist orders directing us to cease engaging in certain business practices, cease manufacturing or selling certain products, requiring the compulsory licensing of patents, or requiring other remedies. In addition, regardless of the outcome, litigation and regulatory proceedings can be costly, time-consuming, disruptive to our operations, and distracting to management.

Failure to comply with our customer and partner contracts or government contracting regulations could adversely affect our business and financial performance.

Our contracts with our customers may include unique and specialized performance requirements. In particular, our contracts with federal, state, provincial and local governmental customers are subject to procurement regulations, contract provisions and other specific requirements relating to their formation, administration and performance. In addition, contracts with customers may also include a requirement to comply with customer codes of conduct, which may have terms that conflict with our code of conduct, business policies and strategic objectives. Any failure by us to comply with the specific provisions in our customer contracts or any violation of government contracting regulations could result in loss of business or the imposition of civil and criminal penalties, which may include termination of contracts, forfeiture of profits, suspension of payments and, in the case of our government contracts, fines and suspension from future government contracting. Such failures could also cause reputational damage to our business and affect our ability to compete for new contracts. If our customer contracts are terminated, if we are suspended or disbarred from government work, or if our ability to compete for new contracts is adversely affected, our financial performance could suffer. Our partner contracts also contain terms relating to new partner business models and tools creation that could raise issues for which laws or regulations are currently changing or emerging. This could affect us in ways that are not currently fully known or measurable.

Changes in our tax provisions, adverse tax audits, the adoption of new tax legislation, or exposure to additional tax liabilities could have a material impact on our financial performance.

We are subject to income and other taxes in the United States and approximately 60 other countries, and we are subject to routine corporate income tax audits in many of these jurisdictions. We believe that the positions taken on our tax returns are fully supported, but tax authorities may challenge these positions, and our positions may not be fully sustained on examination by the relevant tax authorities. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision, and, we believe we have provided adequate reserves for all tax deficiencies or reductions in tax benefits that could reasonably result from an audit. Our accrual for uncertain tax positions is attributable primarily to uncertainties concerning the tax treatment of our domestic operations, including the allocation of income among different jurisdictions, intercompany transactions, pension and related interest. We adjust our 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. Determining the appropriate provision for potential deficiencies or reductions in in tax benefits that could reasonably result from an audit requires management judgments and estimates, and income tax audits are inherently unpredictable. We may not accurately predict the outcomes of these audits, and the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax provision and, therefore, could have a material impact on our income tax provision, net income and cash flows.

Our effective tax rate in the future could be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or in their interpretation or enforcement. In addition, changes in tax law and regulation in the U.S. or elsewhere could significantly impact our tax rate, the carrying value of deferred tax assets, or our deferred tax liabilities. For example, the U.S. Congress has advanced a variety of tax legislation proposals, and while the final form of any legislation is uncertain, the current proposals, if enacted, could have a material effect on the Company's effective tax rate. In addition, our effective tax rate could also be materially affected by the Organization for Economic Co-operation and Development's (the "OECD"), the European Commission's and other certain major jurisdictions' heightened interest in and taxation of large multi-national companies. For instance, the OECD has enacted model rules for a new global minimum tax framework ("BEPS Pillar Two"), and various governments around the world have enacted, or are in the process of enacting, legislation on these rules, which could adversely affect our effective tax rate.

RISKS RELATED TO THE SEPARATION

We continue to face risks related to the Separation, including failure to perform under the transaction agreements executed as part of the Separation and related to shared use of certain intellectual property rights.

In connection with the Separation, we and Hewlett Packard Enterprise entered a separation and distribution agreement and various other agreements. 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. If Hewlett Packard Enterprise or its successor entities (including spun off businesses to which obligations have been transferred) are unable to satisfy their obligations under these agreements, we could incur operational difficulties or losses.

In addition, the terms of the Separation include licenses and other arrangements to provide for certain ongoing use of intellectual property in the operations of both businesses. For example, through a joint brand holding structure, both Hewlett Packard Enterprise and we retain the ability to make ongoing use of certain variations of the legacy Hewlett-Packard and HP branding, respectively. As a result of this continuing shared use of the legacy branding there is a risk that conduct or events adversely affecting the reputation of Hewlett Packard Enterprise could also adversely affect our reputation.

ITEM 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity

Not applicable.

ITEM 2. Properties.

As of October 31, 2023, we owned or leased approximately 17.8 million square feet of space worldwide, a summary of which is provided below.

	Fiscal year ended October 31, 2023		
	Owned	Leased	Total
	(square feet in millions)		
Administration and support	2.3	5.4	7.7
(Percentage)	30 %	70 %	100 %
Manufacturing plants, research and development facilities and warehouse operations	2.5	5.0	7.5
(Percentage)	33 %	67 %	100 %
Total[1]	4.8	10.4	15.2
(Percentage)	32 %	68 %	100 %

(1) Excludes 2.6 million square feet of vacated space, of which 2.3 million square feet is leased to third parties.

We believe that our existing properties are in good condition and are suitable for the conduct of our business. Each of our segments Personal Systems, Printing and Corporate Investments uses each of the properties at least in part, and we retain the flexibility to use each of the properties in whole or in part for each of the segments.

Principal Executive Offices

Our principal executive offices, including our global headquarters, which we lease, are located at 1501 Page Mill Road, Palo Alto, California, United States.

Headquarters of Geographic Operations

The locations of our geographic headquarters are as follows:

Americas	*Europe, Middle East, Africa*	*Asia Pacific*
Palo Alto, United States	Geneva, Switzerland	Singapore

Product Development and Manufacturing

The locations of our major product development and manufacturing facilities are as follows:

Americas

United States—Corvallis, San Diego, Boise, Vancouver, Spring, Fort Collins, Fountain Valley

Mexico—Tijuana

Asia Pacific

China— Chongqing, Shanghai

India—Bangalore

Malaysia—Penang

Singapore—Singapore

South Korea—Pangyo

Taiwan—Taipei

Europe, Middle East, Africa

Israel—Kiryat-Gat, Rehovot, Netanya

Spain—Barcelona

Technology office

Spain—Barcelona

United Kingdom—Bristol

United States—Corvallis, Palo Alto

ITEM 3. Legal Proceedings.

Information with respect to this item may be found in Note 14, “Litigation and Contingencies” to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

ITEM 4. Mine Safety Disclosures.

Not applicable.

PART II

ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the New York Stock Exchange under the symbol HPQ.

For information about dividends, see “Consolidated Statements of Stockholders’ Deficit” to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

As of November 30, 2023, there were approximately 47,954 stockholders of record.

Recent Sales of Unregistered Securities

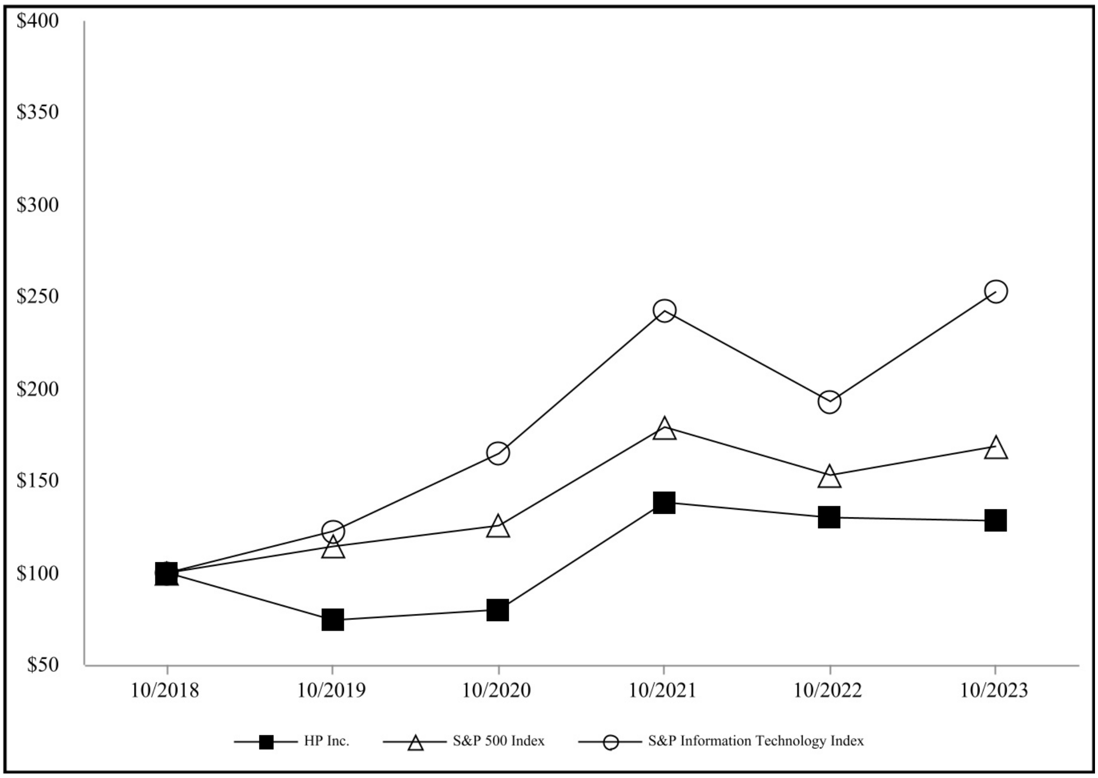
There were no unregistered sales of equity securities in fiscal year 2023.

Issuer Purchases of Equity Securities

The Company’s share repurchase program, which does not have a specific expiration date, authorizes repurchases in the open market or in private transactions. On February 22, 2020, HP’s Board of Directors increased HP’s remaining share repurchase authorization to $15.0 billion in total. There were no share repurchases in the fourth quarter of fiscal 2023. As of October 31, 2023, HP had approximately $2.0 billion remaining under the share repurchase authorizations. From time to time HP intends to repurchase shares opportunistically and to offset the dilution created by shares issued under employee stock plans.

Stock Performance Graph and Cumulative Total Return

The graph below shows the cumulative total stockholder return assuming the investment of $100 at the market close on October 31, 2018 (and the reinvestment of dividends thereafter) in each of HP common stock, the S&P 500 Index, and the S&P Information Technology Index. The comparisons in the graph below are based on historical data and are not indicative of, or intended to forecast, future performance of our common stock.



	10/18	10/19	10/20	10/21	10/22	10/23
HP Inc.	$ 100.00	$ 74.29	$ 79.67	$ 138.33	$ 129.70	$ 128.18
S&P 500 Index	$ 100.00	$ 114.32	$ 125.40	$ 179.19	$ 152.98	$ 168.46
S&P Information Technology Index	$ 100.00	$ 122.57	$ 164.82	$ 242.15	$ 193.09	$ 252.65

ITEM 6. [Reserved].

ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The discussion of financial condition and results of our operations that follows provides information that will assist the reader in understanding our Consolidated Financial Statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our Consolidated Financial Statements. This discussion should be read in conjunction with our Consolidated Financial Statements and the related notes that appear elsewhere in this document. This section generally discusses the results of operations for the fiscal year ended October 31, 2023 compared to the fiscal year ended October 31, 2022. For a discussion of fiscal year ended October 31, 2022 compared to the fiscal year ended October 31, 2021, please refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended October 31, 2022, which also should be read in conjunction with our Annual Report on Form 10-K/A for the fiscal year ended October 31, 2022 as it contained certain revisions to our Consolidated Financial Statements for the fiscal years ended 2022 and 2021.

OVERVIEW

We are a leading global provider of personal computing and other digital access devices, imaging and printing products, and related technologies, solutions, and services. We sell to individual consumers, SMBs and large enterprises, including customers in the government, health, and education sectors. We have three reportable segments: Personal Systems, Printing, and Corporate Investments. The Personal Systems segment offers commercial and consumer desktops and notebooks, workstations, thin clients, commercial mobility devices, retail POS systems, displays, hybrid systems (includes video conferencing cameras and solutions, headsets, voice, and related software capabilities), software, support, and services. The Printing segment provides consumer and commercial printer hardware, supplies, solutions and services. Corporate Investments include certain business incubation and investment projects.

- In Personal Systems, our long-term strategic focus is on:
  - profitable growth through innovation, market segmentation and simplification of our portfolio
  - enhanced innovation in multi-operating systems, multi-architecture, geography, customer segments and other key attributes;
  - investing in endpoint services and solutions. We are focused on services, including Device as a Service, as the market shifts to contractual solutions, and accelerating in attractive adjacencies such as hybrid systems; and
  - driving innovation to enable productivity and collaboration with the PCs becoming essential for hybrid work, learn and play.

We believe that we are well positioned due to our competitive product lineup along with our recent acquisitions enhancing our portfolio of hybrid systems and remote-computing solutions.

- In Printing, our long-term strategic focus is on:
  - offering innovative printing solutions and contractual solutions to serve consumers, SMBs and large enterprises through our Instant Ink Services, HP+ and Managed Print Services solutions;
  - providing digital printing solutions for industrial graphics segments and applications including commercial publishing, labels, packaging, and textiles; and
  - expanding our footprint in 3D printing across digital manufacturing and strategic applications.

We are committed to growing our hybrid systems, gaming, workforce solutions, consumer subscriptions, industrial graphics and our 3D and personalization businesses at a rate faster than our core business with accretive margins in the longer term. We believe our ability to innovate will help us gain momentum in growth areas like hybrid systems and gaming, and we see significant opportunities to drive greater recurring revenues across Personal Systems and Printing. Our acquisition of Poly adds to our growth portfolio by bringing industry-leading video conferencing cameras and solutions, headsets, voice and software capabilities. Our Workforce Solutions organization drives integration across our commercial services, software and security portfolio. We continue to build on strong portfolios like Instant Ink to grow our Consumer Subscription business. In Industrial Graphics, we are driving the shift from analog to digital in segments like labels and packaging. In 3D and Personalization, we are creating end-to-end solutions that can capture more value with our differentiated technology.

We continue to experience challenges that are representative of the trends and uncertainties that may affect our industry, generally, and our business and financial results, specifically, and we expect these challenges to continue in the short-term. One set of challenges relates to the current macroeconomic environment and the adverse impact on demand for certain of our products. A second set of challenges relates to changes in the competitive landscape. Our primary competitors are exerting competitive pressure in targeted areas and are entering new markets, our emerging competitors are introducing new technologies and business models, and our alliance partners in some businesses are increasingly becoming our competitors in others. A third set of challenges relates to business model changes and our go-to-market execution in an evolving distribution and reseller landscape, with increasing online and omnichannel presence. Additional challenges we face at the segment level are set forth below.

- In Personal Systems, we face challenges with a competitive pricing environment and demand softness.
- In Printing, we face challenges from our competitors with a favorable foreign currency environment and non-original supplies (which includes imitation, refill, or remanufactured alternatives). We also obtain many Printing components from single source suppliers due to technology, availability, price, quality, or other considerations.

To address these challenges, we continue to pursue innovation with a view towards developing new products and services aligned with generating market demand and meeting the needs of our customers and partners. In addition, we continue to work on improving our operations and adapting our business models, with a particular focus on enhancing our end-to-end processes, analytics, efficiencies and simplification of our product portfolio. We also continue to work on optimizing our sales coverage models, aligning our sales incentives with our strategic goals, improving channel execution and inventory, production and backlog management, strengthening our capabilities in our areas of strategic focus, effective cost management, strengthening our pricing strategy, and developing and capitalizing on market opportunities.

Macroeconomic Environment

Our business and financial performance also depend significantly on worldwide economic conditions. We face global macroeconomic challenges including ongoing effects of geopolitical conflicts (including the Russian invasion of Ukraine, tensions across the Taiwan Strait, the Israel-Hamas conflict and other hostilities in the Middle East), uncertainty in the markets, volatility in exchange rates, inflationary trends and evolving dynamics in the global trade environment. We also experience seasonality in the sale of our products and services which may be affected by general economic conditions. During fiscal year 2023, we observed continued market uncertainty, cautious commercial spending on information technology hardware, lower discretionary consumer spending, inflationary pressures, and foreign currency fluctuations. These market pressures created new and different demand dynamics which had significant impacts on our financial results. Geographically, we observed these macroeconomic dynamics negatively impacting certain markets, particularly China. However, in the second half of fiscal year 2023 we also observed uneven recovery in the markets.

During fiscal year 2023, we experienced overall demand weakness and elevated industry wide reseller inventory. However, towards the end of fiscal year 2023 inventory began to stabilize and we exited the fiscal year with normalized inventory levels. The decline in Personal Systems revenue was in line with market trends. In Printing, we saw gradual and uneven recovery in Commercial Printing driven by hybrid work trends. We experienced a competitive pricing environment across Personal Systems and Printing. These markets declined during fiscal year 2023, however we expect to see stabilization during fiscal 2024.

We are exposed to fluctuations in foreign currency exchange rates. We have a large global presence, with approximately 65% of our net revenue coming from outside the United States. As a result, our financial results can be, and particularly in recent periods have been, negatively impacted by fluctuations in foreign currency exchange rates.

For a further discussion of trends, uncertainties and other factors that could impact our operating results, see the section entitled “Risk Factors” in Item 1A of Part I in this Annual Report on Form 10-K.

Transformation Update

In November 2022, we announced our Future Ready Plan (the “Fiscal 2023 Plan”) to become a more digitally enabled company, focus investments on key growth opportunities and simplify our operating model. The Fiscal 2023 plan is expected to run through end of fiscal 2025. The three key elements of our Fiscal 2023 plan are digital transformation, portfolio optimization, and operational efficiency. We expect to continue to invest some of the savings from these efforts across our businesses as well as partially use them to offset headwinds as a result of macroeconomic factors.

We exceeded our gross annual run-rate structural cost savings target for fiscal year 2023. We enhanced our digital capabilities in Workforce Solutions and continued to leverage AI to positively impact both our products and solutions. Additionally, we are reducing portfolio complexity, improving continuity of supply, and increasing our forecast accuracy across our business to drive reduction in our cost of sales and operating expenses. We also continued to reduce our structural cost through headcount reductions and executed a significant portion of the early retirement program in second quarter of fiscal 2023 and are on track to achieve our overall headcount reduction goal.

See “Risk Factors— We may not achieve some or all of the expected benefits of our restructuring plans and our restructuring may adversely affect our business” in Item 1A, which is incorporated herein by reference. For more information on our Fiscal 2023 Plan, see Note 3, “Restructuring and Other Charges,” to the Consolidated Financial Statements in Item 1 of Part I of this report, which is incorporated herein by reference.

CRITICAL ACCOUNTING ESTIMATES

General

Our Consolidated Financial Statements are prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”), which require management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, net revenue and expenses, and the disclosure of contingent liabilities. Critical accounting estimates are those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount of assets and liabilities. Management has discussed the development, selection and disclosure of these estimates with the Audit Committee of HP’s Board of Directors. Management believes that the accounting estimates employed and the resulting amounts are reasonable; however, actual results may differ from these estimates.

A summary of our significant accounting policies is included in Note 1, “Overview and Summary of Significant Accounting Policies” to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. Management believes the following accounting policies reflect the critical accounting estimates used in the preparation of our Consolidated Financial Statements.

Revenue Recognition - Variable Consideration

We recognize revenue depicting the transfer of promised goods or services to customers in an amount that may include variable consideration. When the transaction price includes a variable amount, we estimate the amount using either the expected value or most likely amount method. We reduce 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. We use estimates to determine the expected variable consideration for such programs based on historical experience, expected consumer behavior and market conditions.

Retirement and Post-Retirement Benefits

Our pension and other post-retirement benefit costs and obligations depend on various assumptions. Our major assumptions relate primarily to discount rates, mortality rates, expected increases in compensation levels and the expected long-term return on plan assets. The discount rate assumption is based on current investment yields of high-quality fixed-income securities with maturities similar to the expected benefits payment period. Mortality rates help predict the expected life of plan participants and are based on a historical demographic study of the plan. The expected increase in the compensation levels assumption reflects our long-term actual experience and future expectations. The expected long-term return on plan assets is determined based on asset allocations, historical portfolio results, historical asset correlations and management’s expected returns for each asset class. We evaluate our expected return assumptions annually including reviewing current capital market assumptions to assess the reasonableness of the expected long-term return on plan assets. In any fiscal year, significant differences may arise between the actual return and the expected long-term return on plan assets. Historically, differences between the actual return and expected long-term return on plan assets have resulted from changes in target or actual asset allocation, short-term performance relative to expected long-term performance, and to a lesser extent, differences between target and actual investment allocations, the timing of benefit payments compared to expectations, and the use of derivatives intended to effect asset allocation changes or hedge certain investment or liability exposures. For the recognition of net periodic benefit (credit) cost, the calculation of the expected long-term return on plan assets uses the fair value of plan assets as of the beginning of the fiscal year unless updated as a result of interim re-measurement.

Our major assumptions vary by plan, and the weighted-average rates used are set forth in Note 4, “Retirement and Post-Retirement Benefit Plans” to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. The following table provides the impact a change of 25 basis points in each of the weighted-average assumptions of the discount rate, expected increase in compensation levels and expected long-term return on plan assets would have had on our net periodic benefit (credit) cost for fiscal year 2023:

	Change in Net Periodic Benefit Cost in millions
Assumptions:	
Discount rate	$ 5
Expected increase in compensation levels	$ 1
Expected long-term return on plan assets	$ 14

Taxes on Earnings

As a result of certain employment actions and capital investments we have undertaken, income from manufacturing activities in certain jurisdictions is subject to reduced tax rates and, in some cases, is wholly exempt from taxes for fiscal years through 2029.

Material changes in our estimates of cash, working capital and long-term investment requirements in the various jurisdictions in which we do business could impact how future earnings are repatriated to the United States, and our related future effective tax rate.

We calculate our current and deferred tax provisions based on estimates and assumptions that could differ from the final positions reflected in our income tax returns. We adjust our current and deferred tax provisions based on income tax returns which are generally filed in the third or fourth quarters of the subsequent fiscal year.

We recognize 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 in which we expect the differences to reverse.

We record a valuation allowance to reduce deferred tax assets to the amount that we are more likely than not to realize. In determining the need for a valuation allowance, we consider future market growth, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which we operate and prudent and feasible tax planning strategies. In the event we were to determine that it is more likely than not that we will be unable to realize all or part of our deferred tax assets in the future, we would increase the valuation allowance and recognize a corresponding charge to earnings or other comprehensive income in the period in which we make such a determination. Likewise, if we later determine that we are more likely than not to realize the deferred tax assets, we would reverse the applicable portion of the previously recognized valuation allowance. In order for us to realize our deferred tax assets, we must be able to generate sufficient taxable income in the jurisdictions in which the deferred tax assets are located.

We are subject to income taxes in the United States and approximately 60 other countries, and we are subject to routine corporate income tax audits in many of these jurisdictions. We believe that positions taken on our tax returns are fully supported, but tax authorities may challenge these positions, and our positions may not be fully sustained on examination by the relevant tax authorities. Accordingly, our income tax provision includes amounts intended to satisfy assessments that may result from these challenges. Our accrual for uncertain tax positions is attributable primarily to uncertainties concerning the tax treatment of our domestic operations, including the allocation of income among different jurisdictions, intercompany transactions, pension and related interest. We adjust our 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. Determining the appropriate provision for potential deficiencies or reductions in tax benefits that could reasonably result from an audit requires management judgments and estimates, and income tax audits are inherently unpredictable. We may not accurately predict the outcomes of these audits, and the amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in our income tax provision and, therefore, could have a material impact on our provision for taxes, net earnings and cash flows. For a further discussion on taxes on earnings, refer to Note 6, "Taxes on Earnings" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Product Inventory

We state our inventory at the lower of cost or market on a first-in, first-out basis. We make adjustments to reduce the cost of inventory to its net realizable value at the product group level for estimated excess or obsolescence considering judgments related to future demand and market conditions. Factors influencing these adjustments include changes in demand, ageing of inventory, technological changes, supply constraints, product life cycle and development plans, component cost trends, product pricing, physical deterioration and quality issues.

Goodwill

We review goodwill for impairment annually during our fourth quarter and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. A qualitative assessment may first be performed to determine if the fair value of a reporting unit is more likely than not to be less than its carrying amount. Judgment in the assessment of qualitative factors of impairment may include changes in business climate, market conditions, or other events impacting the reporting unit. If we determine an impairment is more likely than not based on our qualitative assessment, a quantitative assessment of impairment is performed. However, we may also elect to bypass the qualitative assessment and perform a quantitative assessment.

Performing a quantitative goodwill impairment test includes the determination of the fair value of a reporting unit and involves significant estimates and assumptions. These estimates and assumptions include, among others, revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions, and the determination of appropriate market comparables. If we determine the carrying amount exceeds fair value, goodwill is impaired and the excess is recognized as an impairment loss.

Loss Contingencies

We are involved in various lawsuits, claims, investigations and proceedings including those consisting of intellectual property ("IP"), commercial, securities, employment, employee benefits and environmental matters that arise in the ordinary course of business. We record a liability when we believe that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Significant judgment is required to determine both the probability of having incurred a liability and the estimated amount of the liability. We review these matters at least quarterly and adjust these liabilities to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other updated information and events, pertaining to a particular case. Litigation is inherently unpredictable. However, we believe we have valid defenses with respect to legal matters pending against us. 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. We believe we have recorded adequate provisions for any such matters and, as of October 31, 2023, it was not reasonably possible that a material loss had been incurred in excess of the amounts recognized in our financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

For a summary of recent accounting pronouncements applicable to our consolidated financial statements see Note 1, "Overview and Summary of Significant Accounting Policies" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

RESULTS OF OPERATIONS

Revenue from our international operations has historically represented, and we expect will continue to represent, a majority of our overall net revenue. As a result, our net revenue growth has been impacted, and we expect it will continue to be impacted, by fluctuations in foreign currency exchange rates. In order to provide a framework for assessing performance excluding the impact of foreign currency fluctuations, we supplement the year-over-year percentage change in net revenue with the year-over-year percentage change in net revenue on a constant currency basis, which excludes the effect of foreign currency exchange fluctuations calculated by translating current period revenues using monthly exchange rates from the comparative period and excluding any hedging impact, and without adjusting for any repricing or demand impacts from changes in foreign currency exchange rates. This information is provided so that net revenue can be viewed with and without the effect of fluctuations in foreign currency exchange rates, which is consistent with how management evaluates our net revenue results and trends, as management does not believe that the excluded items are reflective of ongoing operating results. The constant currency measures are provided in addition to, and not as a substitute for, the year-over-year percentage change in net revenue on a GAAP basis. Other companies may calculate and define similarly labeled items differently, which may limit the usefulness of this measure for comparative purposes.

Results of operations in dollars and as a percentage of net revenue were as follows:

	For the fiscal years ended October 31					
	2023		2022		2021	
	Dollars	% of Net Revenue	Dollars	% of Net Revenue	Dollars	% of Net Revenue
	Dollars in millions					
Net revenue	$ 53,718	100.0 %	$ 62,910	100.0 %	$ 63,460	100.0 %
Cost of revenue	42,210	78.6 %	50,647	80.5 %	50,053	78.9 %
Gross profit	11,508	21.4 %	12,263	19.5 %	13,407	21.1 %
Research and development	1,578	2.9 %	1,653	2.6 %	1,848	2.9 %
Selling, general and administrative	5,357	10.0 %	5,264	8.4 %	5,727	9.0 %
Restructuring and other charges	527	1.0 %	218	0.3 %	251	0.4 %
Acquisition and divestiture charges	240	0.4 %	318	0.5 %	68	0.1 %
Amortization of intangible assets	350	0.7 %	228	0.4 %	154	0.2 %
Russia exit charges	—	— %	23	— %	—	— %
Earnings from operations	3,456	6.4 %	4,559	7.2 %	5,359	8.4 %
Interest and other, net	(519)	(1.0)%	(235)	(0.4)%	2,209	3.5 %
Earnings before taxes	2,937	5.4 %	4,324	6.8 %	7,568	11.9 %
Benefit from (provision for) taxes	326	0.6 %	(1,192)	(1.9)%	(1,027)	(1.6)%
Net earnings	$ 3,263	6.0 %	$ 3,132	4.9 %	$ 6,541	10.3 %

Net Revenue

In fiscal year 2023, total net revenue decreased 14.6% (decreased 11.7% on a constant currency basis) as compared to the prior-year period. Net revenue from the United States decreased 12.9% to $18.8 billion, and outside of the United States decreased 15.5% to $34.9 billion. The decrease in net revenue was primarily driven by demand softness and foreign currency impacts in both Personal Systems and Printing as well as lower average selling prices (“ASPs”) in Personal Systems.

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

Gross Margin

For fiscal year 2023, gross margin increased by 1.9 percentage points, primarily driven by mix shift towards Printing, and lower commodity and logistics cost in Personal Systems, partially offset by foreign currency impacts and competitive pricing across Personal Systems and Printing.

A detailed discussion of the factors contributing to the changes in segment gross margins is included under “Segment Information” below.

Operating Expenses

Research and development (“R&D”)

R&D expense decreased 4.5% in fiscal year 2023, primarily due to disciplined cost management and higher R&D partner funding, partially offset by the Poly acquisition.

Selling, general and administrative ("SG&A")

SG&A expense increased 1.8% in fiscal year 2023, primarily due the Poly acquisition partially offset by disciplined cost management including Future Ready transformation savings, and reductions in marketing spend.

Restructuring and other charges

Restructuring and other charges relate primarily to the Fiscal 2023 Plan. For more information, see Note 3, "Restructuring and Other Charges", to the Consolidated Financial Statements in Item 8 of Part II of this report, which is incorporated herein by reference.

Acquisition and divestiture charges

Acquisition and divestiture charges primarily include, direct third-party professional and legal fees, and integration and divestiture-related costs, as well as non-cash adjustments to the fair value 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 from acquisitions. Acquisition and divestiture charges decreased by $78 million in the fiscal year 2023, primarily due to the Poly acquisition.

Amortization of intangible assets

Amortization of intangible assets relates primarily to intangible assets resulting from acquisitions. Amortization of Intangible assets increased by $122 million in the fiscal year 2023, primarily due to the Poly acquisition.

Interest and other, net

Interest and other, net for the fiscal year 2023 increased $284 million primarily due to higher interest expense on debt, factoring costs, and retirement incentive benefits associated with our EER program, partially offset by the net gain on extinguishment of debt.

Provision for taxes

Our effective tax rate was (11.1)% in fiscal year 2023. The effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to impacts of internal reorganization, changes in valuation allowances, and favorable tax rates associated with certain earnings from HP's operations in lower-tax jurisdictions throughout the world. The jurisdictions with favorable tax rates that had the most significant impact on our effective tax rate in the periods presented were Singapore, Malaysia, and Puerto Rico.

For a reconciliation of our effective tax rate to the U.S. federal statutory rate of 21% in fiscal year 2023, and further explanation of our provision for income taxes, see Note 6, "Taxes on Earnings" to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

In fiscal year 2023, we recorded $1.1 billion of net income tax benefits related to discrete items in the provision for taxes. This amount included $726 million of tax effects related to internal reorganization, $255 million related to changes in valuation allowances, $101 million related to restructuring charges, $58 million related to the filing of tax returns in various jurisdictions, and $42 million related to acquisition charges. These benefits were partially offset by income tax charges of $60 million related to audit settlements in various jurisdictions, $27 million of uncertain tax position charges, and $25 million related to extinguishment of debt. In fiscal year 2023, excess tax benefits associated with stock options, restricted stock units and performance-adjusted restricted stock units were immaterial.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 (the "Inflation Reduction Act") into law. The Inflation Reduction Act includes a new corporate alternative minimum tax (the "Corporate AMT") of 15% on the adjusted financial statement income ("AFSI") of corporations with average AFSI exceeding $1.0 billion over a three-year period. The Corporate AMT is effective for the Company beginning in fiscal 2024 and we have elected to treat any future Corporate AMT as period costs in the period they arise. If we pay the Corporate AMT it will result in a Corporate AMT credit that can be carried forward indefinitely. We will continue to analyze our ability to apply the credit against our regular federal tax liability in future years. There are a number of uncertainties and ambiguities as to the interpretation and application of the Corporate AMT, and it is possible that any future guidance with respect to the interpretation and application of the Corporate AMT could further impact our liability for corporate taxes.

In December 2021, the Organization for Economic Cooperation and Development ("OECD") enacted model rules for a new global minimum tax framework ("BEPS Pillar Two"), and various governments around the world have enacted, or are in the process of enacting, legislation on this. We are in the process of assessing the tax effects of Pillar Two legislation for when it comes into effect, and we plan to treat the tax as a period cost. Due to the complexities in applying the legislation, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable.

Segment Information

A description of the products and services for each segment can be found in Note 2, "Segment Information," to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. Future changes to this organizational structure may result in changes to the segments disclosed.

Personal Systems

	For the fiscal years ended October 31		
	2023	2022	2021
	Dollars in millions		
Net revenue	$ 35,684	$ 44,011	$ 43,332
Earnings from operations	$ 2,129	$ 2,761	$ 3,152
Earnings from operations as a % of net revenue	6.0%	6.3 %	7.3%

The components of net revenue and the weighted net revenue change by business unit were as follows:

	For the fiscal years ended October 31				
	Net Revenue			Weighted Net Revenue Change Percentage Points[1]	
	2023	2022	2021	2023	2022
	In millions				
Commercial PS	$ 24,712	$ 29,616	$ 26,822	(11.1)	6.3
Consumer PS	10,972	14,395	16,510	(7.8)	(4.8)
Total Personal Systems	$ 35,684	$ 44,011	$ 43,332	(18.9)	1.5

[1] Weighted Net Revenue Change Percentage Points measures contribution of each business unit towards overall segment revenue growth. It is calculated by dividing the change in revenue of each business unit from the prior-year period by total segment revenue for the prior-year period.

Fiscal year 2023 compared with fiscal year 2022

Personal Systems net revenue decreased 18.9% (decreased 15.5% on a constant currency basis) in the fiscal year 2023, as compared to the prior-year period. The net revenue decrease was primarily due to a 14.5% decrease in commercial and consumer client PCs unit volume due to demand softness and a decline in ASPs by 8.0%, partially offset by the Poly acquisition. The decline in ASPs was due to foreign currency impacts, unfavorable mix shift and competitive pricing.

Commercial PS revenue decreased 16.6% primarily driven by a decline in units of 14.1% due to demand softness and a decrease of 7.1% in ASPs, partially offset by an increase in hybrid systems revenue driven by the Poly acquisition. The lower ASPs were driven by unfavorable mix shift and foreign currency impacts.

Consumer PCs net revenue decreased 23.8% driven by a decline in units of 15.2% due to demand softness and a decrease of 10.1% in ASPs. The lower ASPs were driven by competitive pricing and foreign currency impacts, partially offset by favorable mix shifts.

Personal Systems earnings from operations as a percentage of net revenue decreased by 0.3 percentage points. The decrease was driven by an increase in operating expenses as a percentage of revenue, partially offset by an increase in gross margin. Gross margin increased primarily due to lower commodity and logistics cost, partially offset by foreign currency impacts and competitive pricing. Operating expenses as a percentage of revenue increased primarily driven by variable compensation and the acquisition of Poly, partially offset by disciplined cost management including reductions in marketing initiatives and Future Ready transformation savings.

Printing

	For the fiscal years ended October 31		
	2023	2022	2021
	Dollars in millions		
Net revenue	$ 18,029	$ 18,902	$ 20,128
Earnings from operations	$ 3,399	$ 3,619	$ 3,647
Earnings from operations as a % of net revenue	18.9%	19.1%	18.1%

The components of the net revenue and weighted net revenue change by business unit were as follows:

	For the fiscal years ended October 31				
	Net Revenue			Weighted Net Revenue Change Percentage Points[1]	
	2023	2022	2021	2023	2022
	In millions				
Supplies	$ 11,452	$ 11,761	$ 12,632	(1.6)	(4.3)
Commercial Printing	4,183	4,225	4,209	(0.2)	0.1
Consumer Printing	2,394	2,916	3,287	(2.8)	(1.8)
Total Printing	$ 18,029	$ 18,902	$ 20,128	(4.6)	(6.0)

[1] Weighted Net Revenue Change Percentage Points measures the contribution of each business unit towards overall segment revenue growth. It is calculated by dividing the change in revenue of each business unit from the prior period by total segment revenue for the prior-year period.

Fiscal year 2023 compared with fiscal year 2022

Printing net revenue decreased 4.6% (decreased 2.9% on a constant currency basis) for fiscal year 2023 as compared to the prior-year period. The decline in net revenue was primarily driven by a decline in Consumer Printing, Supplies, and unfavorable foreign currency impacts. Net revenue for Supplies decreased 2.6%, primarily due to decline in the installed base, usage, and foreign currency. Printer unit volume decreased 10.1% due to demand weakness and ASPs remained flat for the period. Print hardware ASPs remained flat due to unfavorable foreign currency impacts offset by favorable mix shifts in Commercial Printing.

Net revenue for Commercial Printing decreased by 1.0%, primarily due to a 10.2% decrease in printer unit volume, partially offset by an 8.9% increase in ASPs. The increase in ASPs was primarily driven by mix shifts, partially offset by unfavorable foreign currency impacts and competitive pricing.

Net revenue for Consumer Printing decreased 17.9%, primarily due to a 10.1% decrease in printer unit volume and an 8.8% decrease in ASP's. The decrease in ASPs was primarily driven by competitive pricing, especially by our Japanese competitors benefiting from a favorable foreign currency environment, and unfavorable foreign currency impacts, partially offset by favorable mix shifts.

Printing earnings from operations as a percentage of net revenue decreased by 0.2 percentage points for fiscal year 2023, primarily due to a decline in gross margin, partially offset by lower operating expenses as a percentage of revenue. The decline in gross margin was primarily driven by competitive pricing and foreign currency impacts, partially offset by favorable mix shift. Operating expenses as a percentage of revenue decreased primarily due to lower variable compensation and disciplined cost management including Future Ready transformation savings.

Corporate Investments

The loss from operations in Corporate Investments for the fiscal year 2023 was primarily due to expenses associated with our incubation projects.

LIQUIDITY AND CAPITAL RESOURCES

We use cash generated by operations as our primary source of liquidity. We believe that current cash, cash flow from operating activities, new borrowings, available commercial paper authorization and the credit facilities will be sufficient to meet HP's operating cash requirements, planned capital expenditures, interest and principal payments on all borrowings, pension and post-retirement funding requirements, authorized share repurchases and annual dividend payments for the foreseeable future. Additionally, if suitable acquisition opportunities arise, the Company may obtain all or a portion of the required financing through additional borrowings. While our access to capital markets may be constrained and our cost of borrowing may increase under certain business, market and economic conditions, our access to a variety of funding sources to meet our liquidity needs is designed to facilitate continued access to capital resources under all such conditions. Our liquidity is subject to various risks including the risks identified in the section entitled "Risk Factors" in Item 1A and market risks identified in the section entitled "Quantitative and Qualitative Disclosures about Market Risk" in Item 7A, which are incorporated herein by reference.

Amounts held outside of the U.S. are generally utilized to support non-U.S. liquidity needs and may from time to time be distributed to the U.S. Repatriations of amounts held outside the U.S. generally will not be taxable from a U.S. federal tax perspective but may be subject to state income or foreign withholding tax upon repatriation. As we evaluate the future cash needs of our operations, we may revise the amount of foreign earnings considered to be permanently reinvested in our foreign subsidiaries and how to utilize such funds, including reducing our gross debt level, or other uses.

Liquidity

Our cash, cash equivalents and restricted cash and total debt were as follows:

	As of October 31	
	2023	2022
	In millions	
Cash and cash equivalents	$ 3,107	$ 3,145
Restricted cash	$ 125	$ —
Total debt	$ 9,484	$ 11,014

Our key cash flow metrics were as follows:

	For the fiscal years ended October 31		
	2023	2022	2021
		In millions	
Net cash provided by operating activities	$ 3,571	$ 4,463	$ 6,409
Net cash used in investing activities	(590)	(3,549)	(1,012)
Net cash used in financing activities	(2,894)	(2,068)	(5,962)
Net increase (decrease) in cash and cash equivalents	$ 87	$ (1,154)	$ (565)

Operating activities

Net cash provided by operating activities decreased by $0.9 billion for fiscal year 2023 due to lower earnings before taxes, working capital management activities, and changes in receivables from contract manufacturers.

Key working capital metrics

Management utilizes current cash conversion cycle information to manage our working capital level. The table below presents the cash conversion cycle:

	As of October 31		
	2023	2022	2021
Days of sales outstanding in accounts receivable ("DSO")	28	28	30
Days of supply in inventory ("DOS")	57	57	53
Days of purchases outstanding in accounts payable ("DPO")	(117)	(114)	(108)
Cash conversion cycle	(32)	(29)	(25)

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

DSO measures the average number of days our receivables are outstanding. DSO is calculated by dividing ending accounts receivable, net of allowance for credit losses, by a 90-day average of net revenue. The DSO remained flat compared to the prior year.

DOS measures the average number of days from procurement to sale of our product. DOS is calculated by dividing ending inventory by a 90-day average of cost of goods sold. The DOS remained flat compared to the prior year.

DPO measures the average number of days our accounts payable balances are outstanding. DPO is calculated by dividing ending accounts payable by a 90-day average of cost of goods sold. The increase in DPO as compared to prior-year period, was primarily due working capital management activities.

Investing activities

Net cash used in investing activities decreased $3.0 billion for fiscal year 2023 as compared to the prior-year period, primarily due to the $2.8 billion Poly acquisition in the prior-year period and lower investments in property, plant and equipment of $0.2 billion.

Financing activities

Net cash used in financing activities increased by $0.8 billion in fiscal year 2023 compared to the prior-year period, primarily due to net debt repayment of $1.5 billion and repayment of $0.2 billion of collateral withdrawn for derivative instruments in the current year period, compared to issuance of senior unsecured notes net of payments of $3.1 billion, share repurchases of $4.2 billion and $0.2 billion withdrawal of collateral for derivative instruments in the prior year period.

Share repurchases and dividends

In fiscal year 2023, HP returned $1.1 billion to shareholders in the form of cash dividends of $1.0 billion and share repurchases of $0.1 billion. As of October 31, 2023, HP had approximately $2.0 billion remaining under the share repurchase authorizations approved by HP's Board of Directors.

For more information on our share repurchases, see Note 12, "Stockholders' Deficit", to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Capital resources

Debt Levels

	As of October 31	
	2023	2022
	Dollars in millions	
Short-term debt	$ 230	$ 218
Long-term debt	$ 9,254	$ 10,796
Weighted-average interest rate	4.2 %	3.7 %

We maintain debt levels that we establish through consideration of a number of factors, including cash flow expectations, cash requirements for operations, investment plans (including acquisitions), share repurchase activities, our cost of capital and targeted capital structure.

Short-term debt increased by $12 million and long-term debt decreased by $1.5 billion for fiscal year 2023 as compared to prior-year period. The net decrease in debt was primarily due to repurchase and settlement of $1.15 billion in aggregate principal payment of various Global Notes and repurchase of $0.5 billion of the March 2029 notes related to the Poly acquisition.

Our weighted-average interest rate reflects the effective interest rate on our borrowings prevailing during the period and reflects the effect of interest rate swaps. For more information on our interest rate swaps, see Note 10, "Financial Instruments" in the Consolidated Financial Statements and notes thereto in Item 8, "Financial Statements and Supplementary Data", which is incorporated herein by reference.

For more information on the new notes and the redemption of existing notes, see Note 11, "Borrowings", to the Consolidated Financial Statements in Item 8 of Part II of this report, which is incorporated herein by reference.

As of October 31, 2023, we maintained a $5.0 billion sustainability-linked senior unsecured committed revolving credit facility available until May 26, 2026. In March 2023, we also entered into a $1.0 billion senior unsecured committed revolving credit facility with a 364-day maturity. Funds borrowed under the revolving credit facilities may be used for general corporate purposes.

Available borrowing resources

As of October 31, 2023, we had available borrowing resources of $1.2 billion from uncommitted lines of credit in addition to the revolving credit facilities.

In December 2022, we filed a non-automatic shelf registration statement (the “2022 Shelf Registration Statement”) with the SEC. The 2022 Shelf Registration Statement was declared effective by the SEC on March 1, 2023 and enables us to offer for sale, from time to time, in one or more offerings, up to $3.0 billion, in the aggregate, of debt securities, common stock, preferred stock, depository shares and warrants.

For more information on our borrowings, see Note 11, “Borrowings”, to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Credit ratings

Our credit risk is evaluated by major independent rating agencies based upon publicly available information as well as information they obtain during our ongoing discussions. While we currently do not have any rating downgrade triggers that would accelerate the maturity of a material amount of our debt, a downgrade from our current credit rating may increase the cost of borrowing under our credit facilities, reduce market capacity for our commercial paper, require the posting of additional collateral under some of our derivative contracts and may have a negative impact on our liquidity and capital position and our contractual business going forward, depending on the extent of such downgrade. See “Risk Factors— Failure to maintain our credit ratings could adversely affect our liquidity, capital position, borrowing costs and access to capital markets” in Item 1A, which is incorporated herein by reference. We can access alternative sources of funding, including drawdowns under our credit facilities, if necessary, to offset potential reductions in the market capacity for our commercial paper.

CONTRACTUAL AND OTHER OBLIGATIONS

Our contractual and other obligations as of October 31, 2023, were as follows:

		Payments Due by Period	
	Total	Short-term	Long-term
		In millions	
Principal payments on debt[1]	$ 9,585	$ 216	$ 9,369
Interest payments on debt[2]	3,059	397	2,662
Purchase obligations[3]	1,861	758	1,103
Operating lease obligations	1,389	485	904
Finance lease obligations	27	14	13
Total[4][5][6]	$ 15,921	$ 1,870	$ 14,051

(1) Amounts represent the principal cash payments relating to our short-term and long-term debt and do not include any fair value adjustments, discounts or premiums.

(2) Amounts represent the expected interest payments relating to our short-term and long-term debt. We have outstanding interest rate swap agreements accounted for as fair value hedges that have the economic effect of changing fixed interest rates associated with some of our U.S. Dollar Global Notes to variable interest rates. The impact of our outstanding interest rate swaps at October 31, 2023 was factored into the calculation of the future interest payments on debt.

(3) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price and volume provisions; and the approximate timing of the transaction. These purchase obligations are related principally to inventory and other items. Purchase obligations exclude agreements that are cancellable without penalty. Purchase obligations also exclude open purchase orders that are routine arrangements entered into in the ordinary course of business as they are difficult to quantify in a meaningful way. Even though open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust terms based on our business needs prior to the delivery of goods or performance of services.

(4) *Retirement and Post-Retirement Benefit Plan Contributions.* In fiscal year 2024, we expect to contribute approximately $45 million to non-U.S. pension plans, $31 million to cover benefit payments to U.S. non-qualified plan participants and $3 million to cover benefit claims for our post-retirement benefit plans. Our policy is to fund our pension plans so that we meet at least the minimum contribution required by local government, funding and taxing authorities. Expected contributions and payments to our pension and post-retirement benefit plans are excluded from the contractual obligations table because they do not represent contractual cash outflows as they are dependent on numerous factors which may result in a wide range of outcomes. For more information on our retirement and post-retirement benefit plans, see Note 4, “Retirement and Post-Retirement Benefit Plans”, to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

(5) *Cost Savings Plans.* As a result of our approved restructuring plans, we expect to make future cash payments of approximately $0.5 billion. We expect to make future cash payments of $0.3 billion in fiscal year 2024 with remaining cash payments through fiscal year 2025. These payments have been excluded from the contractual obligations table because they do not represent contractual cash outflows and there is uncertainty as to the timing of these payments. For more information on our restructuring activities that are part of our cost improvements, see Note 3, “Restructuring and Other Charges”, to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

(6) *Uncertain Tax Positions.* As of October 31, 2023, we had approximately $102 million of recorded liabilities and related interest and penalties pertaining to uncertain tax positions. We are unable to make a reasonable estimate as to when cash settlement with the tax authorities might occur due to the uncertainties related to these tax matters. Payments of these obligations would result from settlements with taxing authorities. For more information on our uncertain tax positions, see Note 6, “Taxes on Earnings”, to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Off-balance sheet arrangements

As part of our ongoing business, we have not participated in transactions that generate material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

We have third-party short-term financing arrangements intended to facilitate the working capital requirements of certain customers and HP. For more information on our third-party short-term financing arrangements, see Note 7 “Supplementary Financial Information” to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, we are exposed to foreign currency exchange rate and interest rate risks that could impact our financial position, cash flows and results of operations. Our risk management strategy with respect to these market risks may include the use of derivative instruments. We use derivative contracts only to manage existing underlying exposures. Accordingly, we do not use derivative contracts for speculative purposes. Our risks, risk management strategy and a sensitivity analysis estimating the effects of changes in fair value for each of these exposures are outlined below.

Actual gains and losses in the future may differ materially from the sensitivity analyses based on changes in the timing and amount of foreign currency exchange rate and interest rate movements and our actual exposures and derivatives in place at the time of the change, as well as the effectiveness of the derivative to hedge the related exposure.

Foreign currency exchange rate risk

We are exposed to foreign currency exchange rate risk inherent in our sales commitments, anticipated sales, anticipated purchases and assets and liabilities denominated in currencies other than the U.S. dollar. We transact business in over 40 currencies worldwide, of which the most significant foreign currencies to our operations for fiscal year 2023 were Euro, Chinese yuan renminbi, Japanese yen and British pound. For most currencies, we are a net receiver of the foreign currency and therefore benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to the foreign currency. Even where we are a net receiver of the foreign currency, a weaker U.S. dollar may adversely affect certain expense figures, if taken alone.

We use a combination of forward contracts and at times, options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in our forecasted net revenue and, to a lesser extent in cost of sales. We also use other derivatives not designated as hedging instruments consisting primarily of forward contracts to hedge foreign currency balance sheet exposures. Alternatively, we may choose not to hedge the risk associated with our foreign currency exposures, primarily if such exposure acts as a natural hedge for offsetting amounts denominated in the same currency or if the currency is too difficult or too expensive to hedge.

We have performed sensitivity analyses as of October 31, 2023 and 2022, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of foreign currency exchange rates relative to the U.S. dollar, with all other variables held constant. The analyses cover all of our foreign currency derivative contracts offset by underlying exposures. The foreign currency exchange rates we used in performing the sensitivity analysis were based on market rates in effect at October 31, 2023 and 2022. The sensitivity analyses indicated that a hypothetical 10% adverse movement in foreign currency exchange rates would result in a foreign exchange loss of $133 million and $134 million at October 31, 2023 and October 31, 2022, respectively.

Interest rate risk

We also are exposed to interest rate risk related to debt we have issued and our investment portfolio.

We issue long-term debt in either U.S. dollars or foreign currencies based on market conditions at the time of financing. We may use interest rate and/or currency swaps to modify the market risk exposures in connection with the debt to achieve a floating interest expense and/or U.S. dollar principal outflows. The swap transactions generally involve the exchange of fixed for floating interest payments. However, we may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if we believe a larger proportion of fixed-rate debt would be beneficial.

In order to hedge the fair value of certain fixed-rate investments, we may enter into interest rate swaps that convert fixed interest returns into variable interest returns. We may use cash flow hedges to hedge the variability in interest income received on certain variable-rate investments. We may also enter into interest rate swaps that convert variable rate interest returns into fixed-rate interest returns.

We have performed sensitivity analyses as of October 31, 2023 and 2022, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of interest rates across the entire yield curve, with all other variables held constant. The analyses cover our debt, investments and interest rate swaps. The analyses use actual or approximate maturities for the debt, investments and interest rate swaps. The discount rates used were based on the market interest rates in effect at October 31, 2023 and 2022. The sensitivity analyses indicated that a hypothetical 10% adverse movement in interest rates would have resulted in a loss in the fair values of our debt and investments, net of interest rate swaps, of $196 million at October 31, 2023 and $210 million at October 31, 2022.

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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2023, 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, 2023, 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 15, 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 Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter 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 matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

	Estimation of variable consideration
Description of the Matter	As described in Note 1 of the consolidated financial statements, the Company reduces revenue for customer and distributor programs and incentive offerings including rebates, promotions and other volume-based incentives. The Company uses estimates to determine the expected variable consideration for such programs based on factors like historical experience, expected customer behavior and market conditions. Estimated variable consideration is presented within other current liabilities on the consolidated balance sheet and totaled $3.1 billion at October 31, 2023. Auditing the Company’s measurement of variable consideration is especially challenging because the calculation reflects management’s assumptions about expected future claims activity and changes in those assumptions can have a material effect on the amount of variable consideration recognized.
How We Addressed the Matter in Our Audit	Our audit procedures included, among others, evaluating the Company’s key assumptions and judgments, and testing the completeness and accuracy of the underlying data used to determine the estimated variable consideration. We inspected the underlying agreements to understand the nature of variable consideration offered to customers. We evaluated management’s estimate by comparing previous estimates of variable consideration to actual payments in subsequent periods. We developed an expectation of the ending accrual and compared our expectation to the amount recorded by the Company.

/s/ ERNST & YOUNG LLP

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

San Jose, California

December 15, 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, 2023, 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 weakness 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, 2023, based on the COSO criteria.

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 weakness has been identified and included in management's assessment. The material weakness resulted from undue reliance on certain software solutions affecting net revenue without effectively designed information technology general controls, specifically around user access and change management. Information generated from these software solutions is used by management in accounting for net revenue, including estimating variable consideration, and certain of these software solutions are used in the processing of revenue related transactions.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of October 31, 2023 and 2022, 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, 2023, and the related notes and our report dated December 15, 2023 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 15, 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, 2023, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013 framework).

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.

During the fourth quarter of fiscal year 2023, management identified a material weakness in internal control over financial reporting. The material weakness resulted from undue reliance on information generated from certain software solutions affecting net revenue without effectively designed information technology general controls, specifically around user access and change management. Information generated from these software solutions is used by management in accounting for net revenue, including estimating variable consideration, and certain of these software solutions are used in the processing of revenue-related transactions. This material weakness did not result in any errors.

While this material weakness did not result in a material misstatement of our financial statements, this control deficiency was not remediated as of October 31, 2023 and there is a reasonable possibility that it could have resulted in a material misstatement in the Company's annual or interim consolidated financial statements that would not be detected. Accordingly, we determined that this control deficiency constituted a material weakness.

As a result of this material weakness, management has concluded that we did not maintain effective internal control over financial reporting as of October 31, 2023.

The effectiveness of HP's internal control over financial reporting as of October 31, 2023 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 Annual Report on Form 10-K.

/s/ ENRIQUE LORES	/s/ MARIE MYERS
Enrique Lores *President and Chief Executive Officer* December 15, 2023	Marie Myers *Chief Financial Officer* December 15, 2023

HP INC. AND SUBSIDIARIES
Consolidated Statements of Earnings

	For the fiscal years ended October 31		
	2023	2022	2021
	In millions, except per share amounts		
Net revenue	$ 53,718	$ 62,910	$ 63,460
Costs and expenses:			
Cost of revenue	42,210	50,647	50,053
Research and development	1,578	1,653	1,848
Selling, general and administrative	5,357	5,264	5,727
Restructuring and other charges	527	218	251
Acquisition and divestiture charges	240	318	68
Amortization of intangible assets	350	228	154
Russia exit charges	—	23	—
Total costs and expenses	50,262	58,351	58,101
Earnings from operations	3,456	4,559	5,359
Interest and other, net	(519)	(235)	2,209
Earnings before taxes	2,937	4,324	7,568
Benefit from (provision for) taxes	326	(1,192)	(1,027)
Net earnings	$ 3,263	$ 3,132	$ 6,541
Net earnings per share:			
Basic	$ 3.29	$ 3.02	$ 5.41
Diluted	$ 3.26	$ 2.98	$ 5.36
Weighted-average shares used to compute net earnings per share:			
Basic	992	1,038	1,208
Diluted	1,000	1,050	1,220

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		
	2023	2022	2021
	In millions		
Net earnings	$ 3,263	$ 3,132	$ 6,541
Other comprehensive income (loss) before taxes:			
Change in unrealized components of available-for-sale debt securities:			
Unrealized gains (losses) arising during the period	2	(11)	5
Change in unrealized components of cash flow hedges:			
Unrealized (losses) gains arising during the period	(427)	1,541	(132)
(Gains) losses reclassified into earnings	(84)	(779)	243
	(511)	762	111
Change in unrealized components of defined benefit plans:			
(Losses) gains arising during the period	(141)	(54)	1,029
Amortization of actuarial loss and prior service benefit	—	20	80
Curtailments, settlements and other	—	—	(36)
	(141)	(34)	1,073
Change in cumulative translation adjustment	23	(78)	28
Other comprehensive (loss) income before taxes	(627)	639	1,217
Benefit (provision for) from taxes	119	(109)	(219)
Other comprehensive (loss) income, net of taxes	(508)	530	998
Comprehensive income	$ 2,755	$ 3,662	$ 7,539

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

HP INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	As of October 31	
	2023	2022
	In millions, except par value	
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	$ 3,232	$ 3,145
Accounts receivable, net of allowance for credit losses of $93 and $107, respectively	4,237	4,546
Inventory	6,862	7,614
Other current assets	3,646	4,431
Total current assets	17,977	19,736
Property, plant and equipment, net	2,827	2,774
Goodwill	8,591	8,541
Other non-current assets	7,609	7,443
Total assets	$ 37,004	$ 38,494
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Notes payable and short-term borrowings	$ 230	$ 218
Accounts payable	14,046	15,303
Other current liabilities	10,212	10,668
Total current liabilities	24,488	26,189
Long-term debt	9,254	10,796
Other non-current liabilities	4,331	4,534
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; 989 and 980 shares issued and outstanding at October 31, 2023, and 2022 respectively)	10	10
Additional paid-in capital	1,505	1,172
Accumulated deficit	(2,361)	(4,492)
Accumulated other comprehensive (loss) income	(223)	285
Total stockholders' deficit	(1,069)	(3,025)
Total liabilities and stockholders' deficit	$ 37,004	$ 38,494

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		
	2023	2022	2021
	In millions		
Cash flows from operating activities:			
Net earnings	$ 3,263	$ 3,132	$ 6,541
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	850	780	785
Stock-based compensation expense	438	343	330
Restructuring and other charges	527	218	251
Deferred taxes on earnings	(923)	577	(582)
Defined benefit plan settlement gains	—	—	(37)
Other, net	(10)	475	440
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	278	1,285	(105)
Inventory	668	214	(2,180)
Accounts payable	(1,240)	(909)	1,257
Net investment in leases	(110)	(155)	(111)
Taxes on earnings	198	(134)	59
Restructuring and other	(310)	(245)	(205)
Other assets and liabilities	(58)	(1,118)	(34)
Net cash provided by operating activities	3,571	4,463	6,409
Cash flows from investing activities:			
Investment in property, plant and equipment	(609)	(791)	(582)
Proceeds from sale of property, plant and equipment	16	26	—
Purchases of available-for-sale securities and other investments	(11)	(52)	(28)
Maturities and sales of available-for-sale securities and other investments	21	9	304
Collateral posted for derivative instruments	—	14	148
Payments made in connection with business acquisitions, net of cash acquired	(7)	(2,755)	(854)
Net cash used in investing activities	(590)	(3,549)	(1,012)
Cash flows from financing activities:			
(Payments of) Proceeds from short-term borrowings with original maturities less than 90 days, net	(10)	(400)	400
Proceeds from debt, net of issuance costs	255	4,175	2,121
Payment of debt	(1,700)	(693)	(1,245)
Stock-based award activities and others	(99)	(95)	(51)
Repurchase of common stock	(100)	(4,297)	(6,249)
Cash dividends paid	(1,037)	(1,037)	(938)
Collateral withdrawn for derivative instruments	(200)	200	—
Settlement of cash flow hedges	(3)	79	—
Net cash used in financing activities	(2,894)	(2,068)	(5,962)
Increase (decrease) in cash, cash equivalents and restricted cash	87	(1,154)	(565)
Cash, cash equivalents and restricted cash at beginning of period	3,145	4,299	4,864
Cash, cash equivalents and restricted cash at end of period	$ 3,232	$ 3,145	$ 4,299
Supplemental cash flow disclosures:			
Income taxes paid, net of refunds	$ 398	$ 749	$ 1,548
Interest expense paid	$ 548	$ 305	$ 261

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

HP INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Deficit

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Deficit
	Number of Shares	Par Value				
	In millions, except number of shares in thousands					
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)
Net earnings				3,263		3,263
Other comprehensive loss, net of taxes					(508)	(508)
Comprehensive income						2,755
Issuance of common stock in connection with employee stock plans and other	12,537		(100)			(100)
Repurchases of common stock (Note 12)	(3,624)		(5)	(95)		(100)
Cash dividends ($1.05 per common share)				(1,037)		(1,037)
Stock-based compensation expense			438			438
Balance October 31, 2023	988,782	$ 10	$ 1,505	$ (2,361)	$ (223)	$ (1,069)

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.

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.

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.

Recently Adopted Accounting Pronouncements

In November 2021, the Financial Accounting Standards Board (“FASB”) issued guidance that enhances the transparency of government assistance received and accounted for by applying a grant or contribution model by analogy. This guidance requires annual disclosure of government assistance including the types of assistance received, an entity’s accounting for the assistance, the effect of the assistance on the entity’s financial statements and significant terms and conditions of such assistance. HP adopted this guidance as of and for the fiscal year ended October 31, 2023 using a prospective approach. Adoption of this guidance did not have a material impact on our consolidated financial statement disclosures.

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 will adopt this guidance in the first quarter of fiscal year 2024, except for the disclosure on roll forward information which will be adopted in the fiscal year 2025, in line with the effective adoption dates prescribed by the FASB. The adoption of this new guidance will result in increased disclosures in the notes to our 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 maximizing the use of observable inputs based on management judgment while considering internal factors such as historical discounting trends for products and services, pricing practices and other observable factors.

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.

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.

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 $611 million, $696 million and $829 million in fiscal years 2023, 2022 and 2021, 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 transformation program management costs, and are distinct from ongoing operational costs. These costs primarily relate to third-party professional services and other non-recurring 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.

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 41% and 52% of gross accounts receivable as of October 31, 2023 and 2022, respectively. One customer TD Synnex Corp accounted for 13.2% of gross accounts receivable as of October 31, 2023. 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. 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 58% and 89% of HP’s supplier receivables of $0.3 billion as of both October 31, 2023 and 2022, 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 records inventory at the lower of cost or market (net realizable value) on a first-in, first-out basis. Cost is computed using standard cost which approximates actual cost. Adjustments, if required, to reduce the cost of inventory to market 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 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. Cash flow projections are based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate is based 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 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 not reasonable compared to 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, option contracts, interest rate swaps, total return swaps, treasury rate locks and forward starting swaps 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'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.

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.

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

- *Commercial Printing* consists of office printing solutions, graphics solutions and 3D printing and personalization, excluding supplies;
- *Consumer Printing* 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 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.

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

	For the fiscal years ended October 31		
	2023	2022	2021
		In millions	
Net revenue:			
Commercial PS	$ 24,712	$ 29,616	$ 26,822
Consumer PS	10,972	14,395	16,510
Personal Systems	35,684	44,011	43,332
Supplies	11,452	11,761	12,632
Commercial Printing	4,183	4,225	4,209
Consumer Printing	2,394	2,916	3,287
Printing	18,029	18,902	20,128
Corporate Investments	7	2	3
Total segment net revenue	53,720	62,915	63,463
Other	(2)	(5)	(3)
Total net revenue	$ 53,718	$ 62,910	$ 63,460
Earnings before taxes:			
Personal Systems	$ 2,129	$ 2,761	$ 3,152
Printing	3,399	3,619	3,647
Corporate Investments	(142)	(230)	(96)
Total segment earnings from operations	$ 5,386	$ 6,150	$ 6,703
Corporate and unallocated costs and other	(375)	(461)	(541)
Stock-based compensation expense	(438)	(343)	(330)
Restructuring and other charges	(527)	(218)	(251)
Acquisition and divestiture charges	(240)	(318)	(68)
Amortization of intangible assets	(350)	(228)	(154)
Russia exit charges	—	(23)	—
Interest and other, net	(519)	(235)	2,209
Total earnings before taxes	$ 2,937	$ 4,324	$ 7,568

Realignment

Effective the 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.

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	
	2023	2022
	In millions	
Personal Systems	$ 18,791	$ 19,633
Printing	15,955	14,507
Corporate Investments	176	191
Corporate and unallocated assets	2,082	4,163
Total assets	$ 37,004	$ 38,494

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 2023, 2022 and 2021, 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		
	2023	2022	2021
		In millions	
United States	$ 18,829	$ 21,626	$ 22,420
Other countries	34,889	41,284	41,040
Total net revenue	$ 53,718	$ 62,910	$ 63,460

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

	As of October 31	
	2023	2022
	In millions	
United States	$ 1,351	$ 1,264
Singapore	341	329
South Korea	307	320
Malaysia	287	265
Other countries	541	596
Total property, plant and equipment, net	$ 2,827	$ 2,774

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 2023, 2022 and 2021 summarized by plan were as follows:

	Fiscal 2023 Plan			
	Severance and EER	Non-labor	Other prior year plans[1]	Total
	In millions			
Accrued balance as of October 31, 2020	$ —	$ —	$ 77	$ 77
Charges	—	—	229	229
Cash payments	—	—	(182)	(182)
Non-cash and other adjustments	—	—	(34)	(34)
Accrued balance as of October 31, 2021	—	—	90	90
Charges	—	—	193	193
Cash payments	—	—	(217)	(217)
Non-cash and other adjustments	—	—	(34)	(34)
Accrued balance as of October 31, 2022	—	—	32	32
Charges	402	41	1	444
Cash payments	(172)	(15)	(35)	(222)
Non-cash and other adjustments	(142) [2]	(8)	4	(146)
Accrued balance as of October 31, 2023	$ 88	$ 18	$ 2	$ 108
Total costs incurred to date as of October 31, 2023	$ 402	$ 41	$ 866	$ 1,309
Reflected in Consolidated Balance Sheets:				
Other current liabilities	$ 88	$ 6	$ 2	$ 96
Other non-current liabilities	$ —	$ 12	$ —	$ 12

[1] Primarily includes the fiscal 2020 plan along with other legacy plans, all of 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 $139 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 Future Ready Plan (the "Fiscal 2023 Plan") intended to enable digital transformation, portfolio optimization and operational efficiency which 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, of which 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.

Other charges

Other charges include non-recurring costs, including those as a result of information technology rationalization efforts and transformation program management costs, and are distinct from ongoing operational costs. These costs primarily relate to third-party professional services and other non-recurring costs. HP incurred $83 million, $25 million and $22 million of other charges in fiscal year 2023, 2022 and 2021, 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, 2023 and 2022, the fair value of plan assets of the DPSP was $311 million and $366 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.

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 $131 million in fiscal year 2023, $119 million in fiscal year 2022 and $112 million in fiscal year 2021.

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.

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								
	2023	2022	2021	2023	2022	2021	2023	2022	2021
	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
	In millions								
Service cost	$ —	$ —	$ —	$ 39	$ 56	$ 67	$ 1	$ 1	$ 1
Interest cost	217	161	281	41	22	18	15	8	9
Expected return on plan assets	(258)	(298)	(475)	(53)	(48)	(49)	(14)	(9)	(24)
Amortization and deferrals:									
Actuarial loss (gain)	18	5	50	4	36	52	(16)	(15)	(16)
Prior service cost (credit)	—	—	—	5	5	5	(11)	(11)	(11)
Net periodic benefit (credit) cost	(23)	(132)	(144)	36	71	93	(25)	(26)	(41)
Settlement (gain) loss	—	—	(37)	—	—	1	—	—	—
Special termination benefit cost	105	—	—	—	—	—	34	—	—
Total periodic benefit (credit) cost	$ 82	$ (132)	$ (181)	$ 36	$ 71	$ 94	$ 9	$ (26)	$ (41)

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								
	2023	2022	2021	2023	2022	2021	2023	2022	2021
	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
Discount rate	5.7 %	2.9 %	2.8 %	3.5 %	1.3 %	1.1 %	5.6 %	2.5 %	2.3 %
Expected increase in compensation levels	2.0 %	2.0 %	2.0 %	3.0 %	2.6 %	2.4 %	— %	— %	— %
Expected long-term return on plan assets	6.4 %	5.1 %	5.0 %	5.4 %	4.3 %	4.4 %	3.3 %	2.0 %	5.0 %
Guaranteed interest crediting rate	5.0 %	5.0 %	5.0 %	2.6 %	2.6 %	2.6 %	4.2 %	2.9 %	2.9 %

Funded Status

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

	As of October 31					
	2023	2022	2023	2022	2023	2022
	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	$ 4,170	$ 6,060	$ 907	$ 1,211	$ 383	$ 457
Actual return on plan assets	(67)	(1,711)	8	(131)	17	(49)
Employer contributions	27	29	36	34	4	3
Participant contributions	—	—	17	19	32	39
Benefits paid	(274)	(204)	(38)	(21)	(54)	(67)
Settlement	(3)	(4)	(33)	(62)	—	—
Currency impact	—	—	62	(143)	—	—
Fair value of assets — end of year	$ 3,853	$ 4,170	$ 959	$ 907	$ 382	$ 383
Change in benefits obligation						
Projected benefit obligation — beginning of year	$ 3,969	$ 5,740	$ 1,145	$ 1,726	$ 274	$ 354
Acquisition of plan	—	—	—	11	—	—
Service cost	—	—	39	56	1	1
Interest cost	217	161	41	22	15	8
Participant contributions	—	—	17	19	32	39
Actuarial gain	(160)	(1,724)	(71)	(420)	(3)	(61)
Benefits paid	(274)	(204)	(38)	(21)	(54)	(67)
Plan amendments	—	—	4	(5)	—	—
Curtailment	—	—	—	—	—	—
Settlement	(3)	(4)	(33)	(62)	—	—
Special termination benefit cost	105	—	—	—	34	—
Currency impact	—	—	81	(181)	—	—
Projected benefit obligation — end of year	$ 3,854	$ 3,969	$ 1,185	$ 1,145	$ 299	$ 274
Funded status at end of year	$ (1)	$ 201	$ (226)	$ (238)	$ 83	$ 109
Accumulated benefit obligation	$ 3,854	$ 3,969	$ 1,088	$ 1,035		

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

The weighted-average assumptions used to calculate the projected benefit obligations for the fiscal years ended October 31, 2023 and 2022 were as follows:

	For the fiscal years ended October 31					
	2023	2022	2023	2022	2023	2022
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
Discount rate	6.2 %	5.7 %	3.9 %	3.5 %	6.0 %	5.6 %
Expected increase in compensation levels	2.0 %	2.0 %	3.0 %	3.0 %	— %	— %
Guaranteed interest crediting rate	5.5 %	5.0 %	2.6 %	2.6 %	5.4 %	4.2 %

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					
	2023	2022	2023	2022	2023	2022
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	In millions					
Other non-current assets	$ 266	$ 490	$ 40	$ 38	$ 87	$ 114
Other current liabilities	(31)	(32)	(22)	(9)	(3)	(4)
Other non-current liabilities	(236)	(257)	(244)	(267)	(1)	(1)
Funded status at end of year	$ (1)	$ 201	$ (226)	$ (238)	$ 83	$ 109

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, 2023		
	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans
	In millions		
Net actuarial loss (gain)	$ 556	$ 14	$ (181)
Prior service cost (credit)	—	44	(57)
Total recognized in Accumulated other comprehensive income (loss)	$ 556	$ 58	$ (238)

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

	As of October 31			
	2023	2022	2023	2022
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans	
	In millions			
Aggregate fair value of plan assets	$ —	$ —	$ 780	$ 728
Aggregate projected benefit obligation	$ 267	$ 289	$ 1,052	$ 996

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

	As of October 31			
	2023	2022	2023	2022
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans	
	In millions			
Aggregate fair value of plan assets	$ —	$ —	$ 563	$ 538
Aggregate accumulated benefit obligation	$ 267	$ 289	$ 758	$ 733

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, 2023. 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, 2023											
	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]	$ 1	$ 28	$ —	$ 29	$ 8	$ 92	$ —	$ 100	$ —	$ —	$ —	$ —
Debt securities[2]												
Corporate	—	1,855	—	1,855	—	17	—	17	—	214	—	214
Government	—	1,208	—	1,208	—	55	—	55	—	100	—	100
Insurance contracts	—	—	—	—	—	67	—	67	—	—	—	—
Common collective trusts and 103-12 Investment entities[3]	—	—	—	—	—	8	—	8	—	—	—	—
Investment funds[4]	10	—	—	10	—	292	—	292	67		—	67
Cash and cash equivalents[5]	41	31	—	72	21	1	—	22	(1)	—	—	(1)
Other[6]	(109)	(147)	—	(256)	—	89	—	89	—		—	—
Net plan assets subject to leveling	$ (57)	$ 2,975	$ —	$ 2,918	$ 29	$ 621	$ —	$ 650	$ 66	$ 314	$ —	$ 380
Investments using NAV as a practical expedient[7]				935				309				2
Investments at fair value				$ 3,853				$ 959				$ 382

The table below sets forth the fair value of plan assets by asset category within the fair value hierarchy as of October 31, 2022.

	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

(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.

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:

	2023 Target Allocation		
Asset Category	**U.S. Defined Benefit Plans**	**Non-U.S. Defined Benefit Plans**	**Post-Retirement Benefit Plans**
Equity-related investments	14.0 %	34.9 %	— %
Debt securities	86.0 %	30.6 %	96.2 %
Real estate	— %	13.0 %	— %
Cash and cash equivalents	— %	3.9 %	3.8 %
Other	— %	17.6 %	— %
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. 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.

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. 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 2023 Plan, HP announced a voluntary EER program for its U.S. employees in January 2023. Voluntary participation in the EER program was limited to employees at least 55 years old with 10 or more years of service at HP. Employees accepted into the EER program left HP on dates ranging from March 15, 2023 to October 31, 2023. The U.S. defined benefit pension plan was amended to provide that the EER benefit will be paid from the plan for eligible electing EER participants. The retirement incentive benefit is calculated as a lump sum based on years of service at HP at the time of retirement, ranging from 20 to 52 weeks of pay. As a result of this retirement incentive, HP recognized a special termination benefit ("STB") expense of $105 million for the year ended October 31, 2023 as a restructuring charge. This expense is the present value of all additional benefits that HP will distribute from the pension plan assets.

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, but not beyond age 65 when Medicare is available. In addition, HP is providing up to $12,000 in employer credits under the Retirement Medical Savings Account program. HP recognized an additional STB expense of $34 million as restructuring and other charges for the year ended October 31, 2023 for the health care incentives.

Future Contributions and Funding Policy

In fiscal year 2024, HP expects to contribute approximately $45 million to its non-U.S. pension plans, $31 million to cover benefit payments to U.S. non-qualified plan participants and $3 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, 2023, 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	
2024	$ 326	$ 72	$ 39
2025	337	52	37
2026	338	55	32
2027	340	59	27
2028	343	46	26
Next five fiscal years to October 31, 2033	1,597	370	126

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		
	2023	2022	2021
		In millions	
Stock-based compensation expense	$ 438	$ 343	$ 330
Income tax benefit	(72)	(59)	(52)
Stock-based compensation expense, net of tax	$ 366	$ 284	$ 278

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 $51 million in fiscal year 2023, $53 million in fiscal year 2022 and $55 million in fiscal year 2021. The benefit realized for the tax deduction from option exercises in fiscal years 2023, 2022 and 2021 was $2 million, $4 million and $3 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 623.1 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 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		
	2023	2022	2021
Expected volatility[(1)]	44.4 %	41.6 %	41.0 %
Risk-free interest rate[(2)]	4.0 %	1.0 %	0.2 %
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					
	2023		2022		2021	
	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	28,688	$ 30	30,197	$ 23	29,831	$ 21
Granted[(1)]	18,500	$ 31	15,337	$ 36	15,517	$ 25
Vested	(15,291)	$ 29	(14,168)	$ 22	(13,374)	$ 21
Forfeited	(1,688)	$ 31	(2,678)	$ 25	(1,777)	$ 22
Outstanding at end of year	30,209	$ 31	28,688	$ 30	30,197	$ 23

The total grant date fair value of restricted stock units vested in fiscal years 2023, 2022 and 2021 was $442 million, $314 million and $278 million, respectively. As of October 31, 2023, total unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock units was $403 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:

	For the fiscal years ended October 31		
	2023	2022	2021
Weighted-average fair value[(1)]	$ 9	$ 11	$ 6
Expected volatility[(2)]	36.9 %	34.7 %	35.9 %
Risk-free interest rate[(3)]	3.4 %	1.5 %	1.0 %
Expected dividend yield[(4)]	3.5 %	2.7 %	3.2 %
Expected term in years[(5)]	5.8	6.0	5.5

(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											
	2023				2022				2021			
	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	6,095	$ 26			6,367	$ 21			5,637	$ 17		
Granted	2,180	$ 28			1,867	$ 37			2,691	$ 24		
Exercised	(1,071)	$ 17			(1,364)	$ 18			(1,843)	$ 15		
Forfeited/cancelled/expired	(325)	$ 33			(775)	$ 26			(118)	$ 18		
Outstanding at end of year	6,879	$ 27	7.4	$ 19	6,095	$ 26	7.2	$ 34	6,367	$ 21	7.4	$ 68
Vested and expected to vest	6,527	$ 27	7.4	$ 19	5,903	$ 25	7.2	$ 34	6,367	$ 21	7.4	$ 68
Exercisable	2,636	$ 20	5.8	$ 17	2,749	$ 18	6.0	$ 26	2,392	$ 16	5.3	$ 34

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 2023, 2022 and 2021. 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 2023, 2022 and 2021 was $13 millions, $25 million and $18 million, respectively. The total grant date fair value of options vested in fiscal years 2023, 2022 and 2021 was $10 million, $9 million and $3 million, respectively.

As of October 31, 2023, total unrecognized pre-tax stock-based compensation expense related to stock options was $10 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.

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		
	2023	2022	2021
		In thousands	
Shares available for future grant	133,033	174,264	170,123
Shares reserved for future issuance	169,503	208,351	205,968

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		
	2023	2022	2021
	In millions		
U.S.	$ 650	$ 1,406	$ 4,724
Non-U.S.	2,287	2,918	2,844
	$ 2,937	$ 4,324	$ 7,568

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

	For the fiscal years ended October 31		
	2023	2022	2021
	In millions		
U.S. federal taxes:			
Current	$ 226	$ 272	$ 1,112
Deferred	(549)	27	(458)
Non-U.S. taxes:			
Current	337	338	420
Deferred	(305)	503	(173)
State taxes:			
Current	42	9	78
Deferred	(77)	43	48
	$ (326)	$ 1,192	$ 1,027

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		
	2023	2022	2021
U.S. federal statutory income tax rate from continuing operations	21.0 %	21.0 %	21.0 %
State income taxes, net of federal tax benefit	1.7 %	1.3 %	0.9 %
Impact of foreign earnings including GILTI and FDII, net	(1.4)%	(7.9)%	(3.9)%
Valuation allowances	(7.3)%	0.3 %	(3.5)%
Uncertain tax positions and audit settlements	3.2 %	2.8 %	0.9 %
Impact of internal reorganization	(27.4)%	9.4 %	(1.2)%
Other, net	(0.9)%	0.7 %	(0.6)%
	(11.1)%	27.6 %	13.6 %

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 2023, HP recorded $1.1 billion of net income tax benefits related to discrete items in the provision for taxes. This amount included $726 million of tax effects related to internal reorganization, $255 million related to changes in valuation allowances, $101 million related to restructuring charges, $58 million related to the filing of tax returns in various jurisdictions, and $42 million related to acquisition charges. These benefits were partially offset by income tax charges of $60 million related to audit settlements in various jurisdictions, $27 million of uncertain tax position charges, and $25 million related to extinguishment of debt. In fiscal year 2023, excess tax benefits associated with stock options, restricted stock units and performance-adjusted restricted stock units were immaterial.

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 fiscal year 2022, HP 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.

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 $190 million ($0.19 diluted net EPS) in fiscal year 2023, $313 million ($0.30 diluted net EPS) in fiscal year 2022 and $385 million ($0.32 diluted net EPS) in fiscal year 2021.

Uncertain Tax Positions

A reconciliation of unrecognized tax benefits is as follows:

	For the fiscal years ended October 31		
	2023	2022	2021
		In millions	
Balance at beginning of year	$ 1,045	$ 829	$ 830
Increases:			
For current year’s tax positions	61	26	62
For prior years’ tax positions	186	299	92
Decreases:			
For prior years’ tax positions	(35)	(60)	(92)
Statute of limitations expirations	(8)	(5)	(9)
Settlements with taxing authorities	(112)	(44)	(54)
Balance at end of year	$ 1,137	$ 1,045	$ 829

As of October 31, 2023, the amount of gross unrecognized tax benefits was $1.1 billion, of which up to $815 million would affect HP’s effective tax rate if realized. Total gross unrecognized tax benefits increased by $92 million for the twelve months ended October 31, 2023. 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, 2023, 2022 and 2021, HP had accrued $102 million, $64 million and $70 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 $54 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 2007. No material tax deficiencies have been assessed in major state or foreign tax jurisdictions related to ongoing audits as of October 31, 2023.

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, 2023 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	
	2023	2022
	In millions	
Deferred tax assets:		
Loss and credit carryforwards	$ 7,194	$ 7,601
Intercompany transactions—excluding inventory	540	799
Fixed assets	110	118
Warranty	124	170
Employee and retiree benefits	232	133
Deferred revenue	250	221
Capitalized research and development	821	654
Operating lease liabilities	242	238
Investment in partnership	703	70
Other	469	352
Gross deferred tax assets	10,685	10,356
Valuation allowances	(6,994)	(7,592)
Total deferred tax assets	3,691	2,764
Deferred tax liabilities:		
Unremitted earnings of foreign subsidiaries	(88)	(75)
Right-of-use assets from operating leases	(223)	(227)
Intangible assets	(205)	(261)
Cash flow hedges	(64)	(155)
Total deferred tax liabilities	(580)	(718)
Net deferred tax assets	$ 3,111	$ 2,046

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

	As of October 31	
	2023	2022
	In millions	
Deferred tax assets	$ 3,155	$ 2,167
Deferred tax liabilities	(44)	(121)
Total	$ 3,111	$ 2,046

As of October 31, 2023, 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	$ 73	$ 15	$ (4)	2024
State	2,313	138	(47)	2024
Foreign	24,925	6,895	(6,494)	2028
Balance at end of year	$ 27,311	$ 7,048	$ (6,545)	

As of October 31, 2023, 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	$ 324	$ (51)	2024
Balance at end of year	$ 324	$ (51)	

Deferred Tax Asset Valuation Allowance

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

	For the fiscal years ended October 31		
	2023	2022	2021
	In millions		
Balance at beginning of year	$ 7,592	$ 7,749	$ 7,951
Income tax (benefit) expense	(650)	(274)	(168)
Goodwill, other comprehensive loss (income), currency translation and charges to other accounts	52	117	(34)
Balance at end of year	$ 6,994	$ 7,592	$ 7,749

Gross deferred tax assets as of October 31, 2023, 2022, and 2021 were reduced by valuation allowances of $7.0 billion, $7.6 billion and $7.7 billion, respectively. In fiscal year 2023, the deferred tax asset valuation allowance decreased by $598 million primarily due to internal reorganization impacting 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 rate. 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 tax 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.

Note 7: Supplementary Financial Information

Cash, cash equivalents and restricted cash

	As of October 31	
	2023	2022
	In millions	
Cash and cash equivalents	$ 3,107	$ 3,145
Restricted cash[1]	125	—
	$ 3,232	$ 3,145

[1] Restricted Cash is related to amounts collected and held on behalf of a third party for trade receivables previously sold.

Accounts Receivable

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

	For the fiscal years ended October 31		
	2023	2022	2021
	In millions		
Balance at beginning of period	$ 107	$ 111	$ 122
Current-period allowance for credit losses	(2)	7	5
Deductions, net of recoveries	(12)	(11)	(16)
Balance at end of period	$ 93	$ 107	$ 111

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, 2023 and 2022 were not material.

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

	For the fiscal years ended October 31		
	2023	2022	2021
	In millions		
Balance at beginning of year [1]	$ 185	$ 131	$ 188
Trade receivables sold	13,391	12,028	11,976
Cash receipts	(13,449)	(11,942)	(12,035)
Foreign currency and other	14	(32)	2
Balance at end of year [1]	$ 141	$ 185	$ 131

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

Inventory

	As of October 31	
	2023	2022
	In millions	
Finished goods	$ 3,930	$ 4,885
Purchased parts and fabricated assemblies	2,932	2,729
	$ 6,862	$ 7,614

Other Current Assets

	As of October 31	
	2023	2022
	In millions	
Prepaid and other current assets	$ 1,445	$ 2,086
Supplier and other receivables	1,349	1,377
Value-added taxes receivable	852	968
	$ 3,646	$ 4,431

Property, Plant and Equipment, Net

	As of October 31	
	2023	2022
	In millions	
Land, buildings and leasehold improvements	$ 2,332	$ 2,255
Machinery and equipment, including equipment held for lease	5,384	5,337
	7,716	7,592
Accumulated depreciation	(4,889)	(4,818)
	$ 2,827	$ 2,774

Depreciation expense was $491 million, $542 million and $627 million in fiscal years 2023, 2022 and 2021, respectively.

Other Non-Current Assets

	As of October 31	
	2023	2022
	In millions	
Deferred tax assets(1)	$ 3,155	$ 2,167
Intangible assets(2)	1,593	1,933
Right-of-use assets(3)	1,188	1,236
Deposits and prepaid	427	474
Prepaid pension and post-retirement benefit assets(4)	393	642
Other	853	991
	$ 7,609	$ 7,443

(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.

Other Current Liabilities

	As of October 31	
	2023	2022
	In millions	
Sales and marketing programs	$ 3,053	$ 2,984
Deferred revenue	1,424	1,393
Employee compensation and benefit	1,046	954
Other accrued taxes	994	1,064
Warranty	569	619
Operating lease liabilities[1]	430	405
Tax liability	217	286
Other	2,479	2,963
	$ 10,212	$ 10,668

(1) See Note 17, "Leases" for detailed information.

Other Non-Current Liabilities

	As of October 31	
	2023	2022
	In millions	
Deferred revenue	$ 1,324	$ 1,171
Tax liability	904	911
Operating lease liabilities[1]	825	875
Pension, post-retirement, and post-employment liabilities[2]	545	600
Deferred tax liability	44	121
Other	689	856
	$ 4,331	$ 4,534

(1) See Note 17, "Leases" for detailed information.
(2) See Note 4, "Retirement and Post-Retirement Benefit Plans" for detailed information.

Interest and Other, Net

	For the fiscal years ended October 31		
	2023	2022	2021
	In millions		
Interest expense on borrowings	$ (548)	$ (359)	$ (254)
Factoring costs[1]	(136)	—	—
Net gain (loss) on debt extinguishment	107	—	(16)
Non-operating retirement-related credits	51	144	160
Oracle litigation proceeds	—	—	2,304
Defined benefit plan settlement gains (charges)	—	—	37
Tax indemnifications	—	(1)	—
Other, net	7	(19)	(22)
	$ (519)	$ (235)	$ 2,209

(1) Factoring costs for fiscal year 2022 and 2021 were included in Selling, general and administrative and were not material.

Net Revenue by Region

	For the fiscal years ended October 31		
	2023	2022	2021
	In millions		
Americas	$ 23,095	$ 26,544	$ 27,491
Europe, Middle East and Africa	17,819	21,300	22,216
Asia-Pacific and Japan	12,804	15,066	13,753
Total net revenue	$ 53,718	$ 62,910	$ 63,460

Value of Remaining Performance Obligations

As of October 31, 2023, the estimated value of transaction price allocated to remaining performance obligations was $3.7 billion. HP expects to recognize approximately $1.7 billion of the unearned amount in next 12 months and $2.0 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, 2023, deferred contract fulfillment and acquisition costs balances were $35 million and $44 million, respectively, included in Other Current Assets and Other Non-Current Assets in the Consolidated Balance Sheets. During the fiscal year ended October 31, 2023, the Company amortized $88 million of these costs.

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.

Contract Liabilities

As of October 31, 2023 and 2022, HP’s contract liabilities balances were $2.7 billion and $2.5 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 2023 was primarily driven by sales of fixed-price support and maintenance services partially offset by $1.3 billion of revenue recognized that were included in the contract liabilities balance as of October 31, 2022.

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 Poly acquisition, partially offset by $1.1 billion of revenue recognized that were included in the contract liabilities balance as of October 31, 2021.

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, 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
Acquisitions/adjustments	27	4	—	31
Foreign currency translation	—	19	—	19
Balance at October 31, 2023[1]	$ 4,722	$ 3,751	$ 118	$ 8,591

(1) Goodwill is net of accumulated impairment losses of $0.8 billion related to Corporate Investments recorded in fiscal year 2011.

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2023, our reporting units are consistent with the reportable segments identified in Note 2, "Segment Information". In the fourth quarter of fiscal 2023, HP performed a quantitative test as of August 1, 2023 and concluded that there was no goodwill impairment. There were no goodwill impairments in fiscal years 2022 and 2021. Personal Systems had a negative carrying amount of net assets as of October 31, 2023, 2022 and 2021 primarily as a result of a favorable cash conversion cycle.

Intangible Assets

HP's acquired intangible assets were composed of:

	As of October 31, 2023			As of October 31, 2022		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	In millions					
Customer contracts, customer lists and distribution agreements	$ 827	$ 369	$ 458	$ 815	$ 283	$ 532
Technology and patents	1,763	785	978	1,763	551	1,212
Trade name and trademarks	215	58	157	214	25	189
Total intangible assets	$ 2,805	$ 1,212	$ 1,593	$ 2,792	$ 859	$ 1,933

As of October 31, 2023, estimated future amortization expense related to intangible assets was as follows:

Fiscal year	In millions
2024	$ 317
2025	247
2026	238
2027	233
2028	182
Thereafter	376
Total	$ 1,593

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.

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

	As of October 31, 2023				As of October 31, 2022			
	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	$ —	$ 589	$ —	$ 589	$ —	$ 904	$ —	$ 904
Government debt[(1)]	1,900	—	—	1,900	1,289	—	—	1,289
Available-for-Sale Investments								
Financial institution instruments	—	3	—	3	—	5	—	5
Marketable securities and mutual funds	33	45	—	78	17	41	—	58
Derivative Instruments								
Foreign currency contracts	—	489	—	489	—	1,088	—	1,088
Other derivatives	—	—	—	—	—	2	—	2
Total assets	$ 1,933	$ 1,126	$ —	$ 3,059	$ 1,306	$ 2,040	$ —	$ 3,346
Liabilities:								
Derivative Instruments								
Interest rate contracts	$ —	$ 58	$ —	$ 58	$ —	$ 78	$ —	$ 78
Foreign currency contracts	—	212	—	212	—	295	—	295
Other derivatives	—	2	—	2	—	1	—	1
Total liabilities	$ —	$ 272	$ —	$ 272	$ —	$ 374	$ —	$ 374

(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 $8.5 billion as compared to its carrying amount of $9.5 billion at October 31, 2023. The fair value of HP's short- and long-term debt was $9.6 billion as compared to its carrying value of $11.0 billion at October 31, 2022. 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.

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.

Note 10: Financial Instruments

Cash Equivalents and Available-for-Sale Investments

	As of October 31, 2023				As of October 31, 2022			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
	In millions							
Cash Equivalents:								
Corporate debt	$ 589	$ —	$ —	$ 589	$ 904	$ —	$ —	$ 904
Government debt	1,900	—	—	1,900	1,289	—	—	1,289
Total cash equivalents	2,489	—	—	2,489	2,193	—	—	2,193
Available-for-Sale Investments:								
Financial institution instruments	3	—	—	3	5	—	—	5
Marketable securities and mutual funds	40	38	—	78	50	8	—	58
Total available-for-sale investments	43	38	—	81	55	8	—	63
Total cash equivalents and available-for-sale investments	$ 2,532	$ 38	$ —	$ 2,570	$ 2,248	$ 8	$ —	$ 2,256

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, 2023 and 2022, 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 $67 million in fiscal year 2023, $46 million in fiscal year 2022, and $31 million in fiscal year 2021. 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, 2023	
	Amortized Cost	Fair Value
	In millions	
Due in one year	$ 3	$ 3

Non-marketable equity securities in privately held companies are included in Other non-current assets in the Consolidated Balance Sheets. These amounted to $111 million and $110 million as of October 31, 2023 and 2022, 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 2023.

Derivative Instruments

HP uses derivative instruments, primarily forward contracts, interest rate swaps, total return swaps, treasury rate locks, forward starting swaps and option contracts to offset business exposure to foreign currency and interest rate risk on expected future cash flows and on certain existing assets and liabilities. 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 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 $91 million and $82 million as of October 31, 2023 and 2022, 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, 2023 and 2022.

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, option contracts, treasury rate locks and forward starting swaps 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.

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 2023 and 2022, no portion of the hedging instruments' gain or loss was excluded from the assessment of effectiveness for fair value and cash flow hedges.

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, 2023					As of October 31, 2022				
	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	$ —	$ —	$ —	$ 58	$ 750	$ —	$ —	$ —	$ 78
Cash flow hedges:										
Foreign currency contracts	15,278	410	70	147	52	16,014	820	256	206	72
Total derivatives designated as hedging instruments	16,028	410	70	147	110	16,764	820	256	206	150
Derivatives not designated as hedging instruments										
Foreign currency contracts	4,446	9	—	13	—	4,554	12	—	17	—
Other derivatives	125	—	—	2	—	122	2	—	1	—
Total derivatives not designated as hedging instruments	4,571	9	—	15	—	4,676	14	—	18	—
Total derivatives	$ 20,599	$ 419	$ 70	$ 162	$ 110	$ 21,440	$ 834	$ 256	$ 224	$ 150

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, 2023 and 2022, 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 Amount Recognized	Gross Amount Offset	Net Amount Presented	Gross Amounts Not Offset		Net Amount
				Derivatives	Financial Collateral	
	In millions					
As of October 31, 2023						
Derivative assets	$ 489	$ —	$ 489	$ 178	$ 291 [(1)]	$ 20
Derivative liabilities	$ 272	$ —	$ 272	$ 178	$ 89 [(2)]	$ 5
As of October 31, 2022						
Derivative assets	$ 1,090	$ —	$ 1,090	$ 290	$ 616 [(1)]	$ 184
Derivative liabilities	$ 374	$ —	$ 374	$ 290	$ 86 [(2)]	$ (2)

(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.

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	2023	$ (519)	$ 20	$ (20)
			2022	$ (235)	$ (62)	$ 62
			2021	$ 2,209	$ (17)	$ 17

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		
	2023	2022	2021
		In millions	
Gain/(loss) recognized in Accumulated other comprehensive income (loss) on derivatives:			
Foreign currency contracts	$ (427)	$ 1,456	$ (117)
Interest rate contracts	$ —	$ 85	$ (15)

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		
	2023	2022	2021	2023	2022	2021
		In millions			In millions	
Net revenue	$ 53,718	$ 62,910	$ 63,460	$ 243	$ 877	$ (214)
Cost of revenue	(42,210)	(50,647)	(50,053)	(167)	(101)	(30)
Operating expenses	(8,052)	(7,704)	(8,048)	(4)	(1)	1
Interest and other, net	(519)	(235)	2,209	12	4	—
Total				$ 84	$ 779	$ (243)

As of October 31, 2023, HP expects to reclassify an estimated accumulated other comprehensive gain of approximately $178 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.

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 2023, 2022 and 2021 was as follows:

	Gain/(loss) recognized in earnings on derivative instrument			
	Location	2023	2022	2021
			In millions	
Foreign currency contracts	Interest and other, net	$ (65)	$ 41	$ (65)
Other derivatives	Interest and other, net	(3)	(4)	8
Total		$ (68)	$ 37	$ (57)

Note 11: Borrowings

Notes Payable and Short-Term Borrowings

	As of October 31			
	2023		2022	
	Amount Outstanding	Weighted-Average Interest Rate	Amount Outstanding	Weighted-Average Interest Rate
	In millions			
Current portion of long-term debt	179	6.0 %	165	5.4 %
Notes payable to banks, lines of credit and other	51	1.0 %	53	0.6 %
	$ 230		$ 218	

Long-Term Debt

	As of October 31	
	2023	2022
	In millions	
U.S. Dollar Global Notes[1]		
$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	1,149
$1,000 issued at discount to par at a price of 99.718% at 3.0%, due June 2027	999	997
$850 issued at discount to par at a price of 99.790% at 3.4%, due June 2030[4]	503	848
$1,000 issued at discount to par at a price of 99.808% at 1.45%, due June 2026[4]	521	999
$1,000 issued at discount to par at a price of 99.573% at 2.65%, due June 2031[2]	997	996
$1,000 issued at discount to par at a price of 99.767% at 4.00%, due April 2029	999	999
$1,000 issued at discount to par at a price of 99.966% at 4.20%, due April 2032[4]	676	1,000
$900 issued at discount to par at a price of 99.841% at 4.75%, due January 2028	899	899
$1,100 issued at discount to par at a price of 99.725% at 5.50%, due January 2033	1,097	1,097
$500 issued at par at a price of 100% at 4.75%, due March 2029[3]	3	500
	9,042	10,683
Other borrowings at 1.58%-8.30%, due in fiscal years 2024-2031	506	436
Fair value adjustment related to hedged debt	(58)	(78)
Unamortized debt issuance cost	(57)	(80)
Current portion of long-term debt	(179)	(165)
Total long-term debt	$ 9,254	$ 10,796

(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) During the twelve months ended October 31, 2023, HP repurchased or redeemed and settled $497 million of the March 2029 Notes related to the August 2022 Poly acquisition.

(4) During the twelve months ended October 31, 2023, HP repurchased and settled $1.15 billion in aggregate principal amount of various Global Notes.

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, 2023, aggregate future maturities of debt at face value (excluding unamortized debt issuance cost of $57 million, discounts on debt issuance of $13 million, and fair value adjustment related to hedged debt of $58 million), including other borrowings were as follows:

Fiscal year	In millions
2024	$ 230
2025	1,306
2026	631
2027	1,049
2028	913
Thereafter	5,483
Total	$ 9,612

Extinguishment of Debt

In July 2023, HP commenced and completed a tender offer to purchase approximately $1.15 billion in aggregate principal amount of its outstanding US Dollar 1.45% Global Notes due June 17, 2026, 3.40% Global Notes due June 17, 2030 and 4.20% Global Notes due April 15, 2032. This extinguishment of debt resulted in a net gain of $115 million, which was recorded within Interest and other, net on the Consolidated Statements of Earnings. Additionally during fiscal year 2023, HP repurchased or redeemed and settled $497 million of the March 2029 Notes related to the August 2022 Poly acquisition. This extinguishment of debt resulted in a net loss of $8 million, which was also recorded within Interest and other, net on the Consolidated Statement of Earnings.

Commercial Paper

As of October 31, 2023, HP maintained a U.S. commercial paper program for the issuance of U.S. dollar-denominated commercial paper up to a maximum aggregate principal amount of $6.0 billion. The principal amount outstanding under this program and certain short-term borrowings at any time cannot exceed a $6.0 billion authorization by HP’s Board of Directors. As of October 31, 2023 and October 31, 2022, no commercial paper were outstanding under the program.

Credit Facilities

As of October 31, 2023, HP maintained a $5.0 billion sustainability-linked senior unsecured committed revolving credit facility, which HP entered into on May 26, 2021, and a $1.0 billion senior unsecured committed 364-day revolving credit facility, which HP entered into in March 2023. Commitments under the $5.0 billion revolving credit facility will be available until May 26, 2026 and commitments under the $1.0 billion 364-day revolving credit facility will be available until March 19, 2024. Commitment fees, interest rates and other terms of borrowing under the revolving credit facilities vary based on HP’s external credit ratings and, for the $5.0 billion facility, certain sustainability metrics. Funds borrowed under the revolving credit facilities may be used for general corporate purposes.

As of October 31, 2023, HP was in compliance with the covenants in the credit agreements governing the revolving credit facilities.

Available Borrowing Resources

As of October 31, 2023, HP had available borrowing resources of $1.2 billion from uncommitted lines of credit in addition to the full capacity of the revolving credit facilities.

Note 12: Stockholders' Deficit

Share Repurchase Program

HP's share repurchase program authorizes both open market and private repurchase transactions. In fiscal year 2023, HP executed share repurchases of 3.6 million shares and settled total shares for $0.1 billion. In fiscal year 2022, HP executed share repurchases of 124.0 million shares and settled total shares for $4.3 billion. In fiscal year 2021, HP executed share repurchases of 224.0 million shares and settled total shares for $6.3 billion. Share repurchases executed during fiscal year 2021 included 1.6 million shares settled in November 2021.

The shares repurchased in fiscal years 2023, 2022 and 2021 were all open market repurchase transactions. As of October 31, 2023, HP had approximately $2.0 billion remaining under the share repurchase authorizations approved by HP's Board of Directors.

Taxes related to Other Comprehensive (Loss) Income

	For the fiscal years ended October 31		
	2023	2022	2021
		In millions	
Tax effect on change in unrealized components of available-for-sale debt securities:			
Tax (provision) benefit on unrealized gains (losses) arising during the period	$ (1)	$ 2	$ (1)
Tax effect on change in unrealized components of cash flow hedges:			
Tax benefit (provision) on unrealized (losses) gains arising during the period	75	(328)	(9)
Tax provision (benefit) on (gains) losses reclassified into earnings	18	195	(17)
	93	(133)	(26)
Tax effect on change in unrealized components of defined benefit plans:			
Tax benefit (provision) on (losses) gains arising during the period	26	26	(183)
Tax benefit on amortization of actuarial loss and prior service benefit	1	(6)	(17)
Tax (provision) benefit on curtailments, settlements and other	—	(1)	9
	27	19	(191)
Tax effect on change in cumulative translation adjustment	—	3	(1)
Tax benefit (provision) on other comprehensive income (loss)	$ 119	$ (109)	$ (219)

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

	For the year ended October 31		
	2023	2022	2021
		In millions	
Other comprehensive (loss) income, net of taxes:			
Change in unrealized components of available-for-sale debt securities:			
Unrealized gains (losses) arising during the period	$ 1	$ (9)	$ 4
Change in unrealized components of cash flow hedges:			
Unrealized (losses) gains arising during the period	(352)	1,213	(141)
(Gains) losses reclassified into earnings	(66)	(584)	226
	(418)	629	85
Change in unrealized components of defined benefit plans:			
(Losses) gains arising during the period	(115)	(28)	846
Amortization of actuarial loss and prior service benefit[1]	1	14	63
Curtailments, settlements and other	—	(1)	(27)
	(114)	(15)	882
Change in cumulative translation adjustment	23	(75)	27
Other comprehensive (loss) income, net of taxes	$ (508)	$ 530	$ 998

(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 (loss) income, net of taxes as of October 31, 2023 and changes during fiscal year 2023 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	$ 6	$ 648	$ (323)	$ (46)	$ 285
Other comprehensive gains (losses) before reclassifications	1	(352)	(115)	23	(443)
Reclassifications of (losses) gains into earnings	—	(66)	1	—	(65)
Balance at end of period	$ 7	$ 230	$ (437)	$ (23)	$ (223)

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		
	2023	2022	2021
	In millions, except per share amounts		
Numerator:			
Net earnings	$ 3,263	$ 3,132	$ 6,541
Denominator:			
Weighted-average shares used to compute basic net EPS	992	1,038	1,208
Dilutive effect of employee stock plans	8	12	12
Weighted-average shares used to compute diluted net EPS	1,000	1,050	1,220
Net earnings per share:			
Basic	$ 3.29	$ 3.02	$ 5.41
Diluted	$ 3.26	$ 2.98	$ 5.36
Anti-dilutive weighted-average stock-based compensation awards[(1)]	4	4	2

(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, 2023, 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 Company ("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 product and certain requirements for business sales exemptions, and have advocated alternative models of compensation to rights holders.

Based on the exemption of levies on business sales and industry opposition to increasing 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. In June 2023, the parties reached an agreement in principle to resolve this matter. The parties have finalized a settlement agreement, and the court preliminarily approved it on October 26, 2023. The Court has set the Final Approval Hearing for March 28, 2024.

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 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 crossappeals 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. On August 10, 2023, HP filed a motion for summary judgment of indefiniteness for all asserted claims.

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. In August 2021, 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, and a request for further review of that decision by the Supreme Court was denied. On August 16, 2023, the parties informed the court that the stay should be lifted. On November 6, 2023, the court issued an order staying all discovery and deadlines pending discovery relating to whether Caltech has standing to bring suit with respect to the asserted patents and the court's resolution of that issue.

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. The parties settled and the motion for preliminary approval of settlement was filed on March 3, 2023. Under the terms of the settlement, HP agreed to pay an amount that is immaterial to HP. The district court granted preliminary approval of the settlement on April 7, 2023. On September 6, 2023, the court issued an order approving the settlement and directing entry of final judgment. On October 20, 2023, the Court of Appeals for the Ninth Circuit issued an order dismissing plaintiffs' appeal.

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 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 appealed the decision. On April 11, 2023, the appellate court reversed the district court's decision and remanded the case to the district court for further proceedings consistent with the appellate opinion, including consideration of HP's other arguments for dismissal. On June 27, 2023, the district court issued an order setting the briefing schedule for a renewed motion to dismiss. 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 and exhaustion of all related appeals. 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 and exhaustion of all related appeals. Both derivative actions will remain stayed while the district court considers on remand HP's other arguments for dismissal.

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, the Netherlands, Australia and New Zealand. 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, Israel, Australia and New Zealand 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. In the case directed to Laserjet printers, plaintiffs filed a motion for class certification, and, on December 8, 2023, the court entered an order denying in full plaintiffs' request to certify a damages class and granting certification of a narrowed injunctive relief class composed of those who did not see HP's disclosures. In its order, the court declined at this juncture to resolve the merits of the sufficiency of HP's disclosures. The case involving Inkjet printers remains in its early stages.

Autonomy-Related Legal Proceedings

As the result of an internal investigation, HP obtained information about certain accounting improprieties, disclosure failures and misrepresentations at Autonomy that occurred before and in connection with its 2011 acquisition of Autonomy. 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, for breach of their fiduciary duties in causing Autonomy group companies to engage in improper transactions and accounting practices. The claims seek more than $5 billion in damages. Messrs. Lynch and Hussain filed defenses and Mr. Lynch filed a counterclaim seeking $160 million in damages for alleged misstatements regarding Lynch. Trial concluded in January 2020. On May 17, 2022, the court issued its final judgment, finding that HP succeeded on substantially all claims and that Messrs. Lynch and Hussein engaged in fraud, and dismissing Mr. Lynch's counterclaim. The court deferred its damages ruling to a later, separate judgment to be issued after further proceedings, which are now set to begin on February 12, 2024, but 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. In addition, Messrs. Hussein and Lynch, and Stephen Chamberlain, former VP of Finance of Autonomy, were each indicted on federal criminal charges in the Northern District of California. On April 30, 2018, a jury found Mr. Hussein guilty of conspiracy to commit wire fraud, securities fraud, and multiple counts of wire fraud, and that judgment was affirmed on appeal in August 2020. Messrs. Lynch and Chamberlain are set to face trial on charges of conspiracy to commit wire fraud, and multiple counts of wire fraud on March 18, 2024. HP is continuing to cooperate with the ongoing enforcement actions.

Nokia Patent Litigation. On October 31, 2023, Nokia filed a complaint for patent infringement against HP in federal court for the District of Delaware asserting ten patents and filed two companion complaints with the U.S. International Trade Commission ("ITC") pursuant to Section 337 of the Tariff Act against HP, asserting seven of the ten patents asserted in the federal court case. The complaints allege that HP products that are compliant with certain video coding technology standards, including Advanced Video Coding (H.264) or High Efficiency Video Coding (H.265) standards, infringe Nokia's patents. In November 2023, the ITC instituted investigations on Nokia's complaints. On December 11, 2023, HP filed counterclaims against Nokia in the Delaware action, including claims that Nokia violated its commitments to license standard-essential patents on fair, reasonable, and non-discriminatory ("FRAND") terms, and seeking a court determination of the proper FRAND rate. Nokia's patent litigation against HP also includes a lawsuit filed in November 2023 against HP and six of its subsidiaries in the European Unified Patent Court in Germany, and a lawsuit filed on December 1, 2023, against a subsidiary, HP Brasil Indústria e Comércio de Equipamentos Eletrônicos Ltda. ("HP Brasil"), in the state court in Rio de Janeiro in Brazil. In Brazil, Nokia alleged that HP's products contain "skip mode" technology compatible with H.264 video standards that infringes one of Nokia's Brazilian patents. On December 4, 2023, before HP had received service of the lawsuit, the court granted Nokia an ex parte preliminary injunction against HP Brasil's commercialization of such products in Brazil. HP has appealed the injunction and asked the appellate court to suspend its enforcement. If the court does not do so, the injunction in Brazil will take effect and remain in place unless overturned on appeal, until the state court revokes or modifies it, or the case is resolved. If HP is not successful in its defenses, it may be subject to injunctions or licensing demands to avoid potential disruptions to its business. Given the procedural posture and nature of these cases, including proceedings that are in their early stages and have significant factual and legal issues to be resolved, HP is unable to make a reasonable estimate of the potential loss or range of losses that may arise from these matters.

R2 Semiconductor Patent Litigation. In November 2022, R2 Semiconductor, Inc. ("R2") filed a lawsuit in the Dusseldorf Regional Court in Germany against Intel Deutschland GmbH, HP Deutschland GmbH and certain other Intel customers. R2 asserts one European patent is infringed by HP's products that contain certain Intel processors. R2 seeks an injunction prohibiting the sale of the alleged infringing products. Intel is indemnifying HP. The Dusseldorf Regional Court conducted a trial on December 7, 2023, and is set to issue a decision on January 25, 2024. If the Court issues a decision on the merits in favor of R2 and against HP and the other defendants, it could impose an injunction prohibiting sales of the accused products in Germany which could take effect immediately and remain in place unless overturned on appeal or the parties reach an agreement. Given the procedural posture and the nature of the case, HP is unable to make a reasonable estimate of the potential loss or range of losses that might arise from this lawsuit.

Environmental

HP is, and may become a party to, proceedings brought by U.S., state, or other governmental entities or private third parties under federal, state, local, or foreign environmental laws, including 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 (the "Separation") of Hewlett Packard Enterprise Company ("Hewlett Packard Enterprise"), Hewlett-Packard Company's former enterprise technology infrastructure, software, services and financing businesses. The separation 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.

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

	For the fiscal years ended October 31	
	2023	2022
	In millions	
Balance at beginning of year	$ 876	$ 959
Accruals for warranties issued	689	948
Adjustments related to pre-existing warranties (including changes in estimates)	17	(43)
Settlements made (in cash or in kind)	(876)	(988)
Balance at end of year	$ 706	$ 876

Note 16: Commitments

Unconditional Purchase Obligations

As of October 31, 2023, HP had unconditional purchase obligations of $1.9 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 and volume 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, 2023, unconditional purchase obligations were as follows:

Fiscal year	In millions
2024	$ 758
2025	758
2026	129
2027	121
2028	77
Thereafter	18
Total	$ 1,861

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, 2023 and 2022 or for the fiscal years ended October 31, 2023 and 2022, 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	
	2023	2022
	In millions	
Operating lease cost	$ 234	$ 233
Variable cost	102	99
Total lease expense	$ 336	$ 332

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	
	2023	2022
	In millions	
Cash paid for amount included in the measurement of lease liabilities	$ 231	$ 233
Right-of-use assets obtained in exchange of lease liabilities[1]	$ 312	$ 363

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

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

	As of October 31	
	2023	2022
Weighted-average remaining lease term in years	4.5	5.0
Weighted-average discount rate	6.1 %	5.2 %

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
2024	$ 485
2025	357
2026	182
2027	124
2028	76
Thereafter	165
Total lease payments	1,389
Less: Imputed interest	134
Total lease liabilities	$ 1,255

There were no material operating leases that HP had entered into and that were yet to commence as of October 31, 2023.

Note 18: Acquisitions

Acquisitions in fiscal 2022

In fiscal 2022, HP completed two acquisitions. 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 for the acquisitions in fiscal 2022:

	In millions
Goodwill	$ 1,793
Amortizable intangible assets	1,429
Net assets acquired	(364)
Total fair value of consideration	$ 2,858

Acquisition of Poly

HP's largest acquisition in fiscal 2022 was Poly, a leading global provider of workplace collaboration solutions, which was completed in August 2022 with a total fair value purchase consideration of $2.8 billion. The acquisition supports HP's strategy to drive growth in hybrid work solutions within the Personal Systems segment. In connection with this acquisition, HP recorded approximately $1.8 billion of goodwill and $1.4 billion of amortizable purchased intangible assets.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

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"). Based on 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 unremediated material weakness 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 of Previously Reported Material Weaknesses

As previously reported in the Company's Form 10-Q for the quarter ended July 31, 2023 and Amended Annual Report on Form 10-K/A for the fiscal year ended October 31, 2022, we previously 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 Consolidated Financial Statements for the fiscal years ended 2022, 2021, and 2020 in the Amended Annual Report on Form 10-K/A for the fiscal year ended October 31, 2022 and certain prior period financial statements in the Company's Form 10-Q for the quarter ended July 31, 2023 for this error and other previously identified errors, the impact of which was not material to our previously filed financial statements. The material weakness described in clause (ii) above did not result in any errors. The Company's management, under the oversight of the Audit Committee, executed a remediation plan to address these deficiencies, which included

- Designing prevent and detect controls specific to the impacted business activity; and
- 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.

During the quarter ended October 31, 2023, we completed our testing of the operating effectiveness of internal controls impacted by these remediation efforts and determined that as a result of the measures described above, the material weaknesses have been remediated as of October 31, 2023.

Additional Material Weakness

During the fourth quarter of fiscal year 2023, management identified an additional material weakness in internal control over financial reporting. The material weakness resulted from undue reliance on information generated from certain software solutions affecting net revenue without effectively designed information technology general controls ("ITGCs"), specifically around user access and change management. Information generated from these software solutions is used by management in accounting for net revenue, including estimating variable consideration, and certain of these software solutions are used in the processing of revenue related transactions.

This material weakness did not result in any errors. While this material weakness did not result in a material misstatement of our financial statements, there is a reasonable possibility that it could have resulted in a material misstatement in the Company's annual or interim consolidated financial statements that would not be detected. Accordingly, we determined that it constituted a material weakness.

With respect to the material weakness above, management, under the oversight of the Audit Committee, is in the process of designing appropriate ITGCs specific to the impacted software solutions. While we have taken steps to implement our remediation plan, the material weakness 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 have taken and continue to take steps to remediate the material weaknesses in our internal control over financial reporting described above. 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.

ITEM 9B. Other Information.

Our directors and officers (as defined in Exchange Act Rule 16a-1(f)) may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5–1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act. During the three months ended October 31, 2023, no such plans or other arrangements were adopted or terminated.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

The names of the executive officers of HP and their ages, titles and biographies as of the date hereof are incorporated by reference from Part I, Item 1, above.

The following information is included in HP's Proxy Statement related to its 2024 Annual Meeting of Stockholders to be filed within 120 days after HP's fiscal year end of October 31, 2023 (the "Proxy Statement") and is incorporated herein by reference:

- Information regarding directors of HP who are standing for reelection and any persons nominated to become directors of HP is set forth under "Corporate Governance and Board of Directors—Board Proposal No. 1 Election of Directors."
- Information regarding HP's Audit Committee and designated "audit committee financial experts" is set forth under "Corporate Governance and Board of Directors—Board Proposal No. 1 Election of Directors—How We Are Organized—Audit Committee."
- Information on HP's code of business conduct and ethics for directors, officers and employees, also known as "Integrity at HP", is set forth in the section entitled "Code of Conduct" under "Corporate Governance and Board of Directors—Board Proposal No. 1 Election of Directors" and information on HP's Corporate Governance Guidelines is set forth in the sections entitled "How We Are Selected" and "Director Independence" under "Corporate Governance and Board of Directors—Board Proposal No. 1 Election of Directors."

ITEM 11. Executive Compensation.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding HP's compensation of its named executive officers is set forth under "Executive Compensation."
- Information regarding HP's compensation of its directors is set forth under "Corporate Governance and Board of Directors—Board Proposal No. 1 Election of Directors—How We Are Compensated."
- The report of HP's HR and Compensation Committee is set forth under "Executive Compensation—Board Proposal No. 3 Advisory Vote to Approve Executive Compensation—HR and Compensation Committee Report on Executive Compensation."

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding security ownership of certain beneficial owners, directors and executive officers is set forth under "Ownership of Our Stock—Common Stock Ownership of Certain Beneficial Owners and Management."
- Information regarding HP's equity compensation plans, including both stockholder approved plans and non-stockholder approved plans, is set forth in the section entitled "Equity Compensation Plan Information."

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding transactions with related persons is set forth under "Corporate Governance and Board of Directors—Board Proposal No. 1 Election of Directors—Related-Person Transactions Policies and Procedures."
- Information regarding director independence is set forth in the section entitled "Director Independence" under "Corporate Governance and Board of Directors—Board Proposal No. 1 Election of Directors."

ITEM 14. Principal Accountant Fees and Services.

Information regarding principal accounting fees and services is set forth under “Audit Matters—Board Proposal No. 2 Ratification of Independent Registered Public Accounting Firm—Principal Accountant Fees and Services” in the Proxy Statement, which information is incorporated herein by reference.

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

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.†				
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.†				
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
10(u)(u)(u)	Form of Grant Agreement for grants of restricted stock units (for use from November 1, 2022).*	10-Q	001-04423	10(u)(u)(u)	March 1, 2023
10(v)(v)(v)	Form of Retention Grant Agreement for grants of restricted stock units (for use from November 1, 2022).*	10-Q	001-04423	10(v)(v)(v)	March 1, 2023
10(w)(w)(w)	Form of Grant Agreement for grants of non-qualified stock options (for use from November 1, 2022).*	10-Q	001-04423	10(w)(w)(w)	March 1, 2023
10(x)(x)(x)	Form of Retention Grant Agreement for grants of non-qualified stock options (for use from November 1, 2022).*	10-Q	001-04423	10(x)(x)(x)	March 1, 2023
10(y)(y)(y)	Form of Grant Agreement for grants of performance-adjusted restricted stock units (for use from November 1, 2022).*	10-Q	001-04423	10(y)(y)(y)	March 1, 2023
10(z)(z)(z)	Form of Grant Agreement for grants of performance-contingent non-qualified stock options (for use from November 1, 2022).*	10-Q	001-04423	10(z)(z)(z)	March 1, 2023

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10(a)(a)(a)(a)	Second Amendment to Registrant's Severance and Long-Term Incentive Change in Control Plan for Executive Officers, as amended and restated effective February 28, 2020, for Performance-Contingent Stock Options generally granted on or after December 7, 2022.*	10-Q	001-04423	10(a)(a)(a)(a)	March 1, 2023
10(b)(b)(b)(b)	Form of Grant Agreement for grants of restricted stock units (for Plantronics, Inc. plan).*	10-Q	001-04423	10(b)(b)(b)(b)	March 1, 2023
10(c)(c)(c)(c)	Form of Retention Grant Agreement for grants of restricted stock units (for Plantronics, Inc. plan).*	10-Q	001-04423	10(c)(c)(c)(c)	March 1, 2023
10(d)(d)(d)(d)	2023 Amendment to the HP Inc. Cash Account Restoration Plan.*	10-Q	001-04423	10(d)(d)(d)(d)	May 31, 2023
10(e)(e)(e)(e)	Third Amendment to the HP Inc. Excess Benefit Plan.*	10-Q	001-04423	10(e)(e)(e)(e)	May 31, 2023
21	Subsidiaries of the Registrant as of October 31, 2023.†				
23	Consent of Independent Registered Public Accounting Firm.†				
24	Power of Attorney (included on the signature page)				
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.††				
97	HP Inc. Mandatory Covered Compensation Recovery Policy.†				
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.†				
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 for the fiscal year ended October 31, 2023, 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.

ITEM 16. Form 10-K Summary

None.

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: December 15, 2023	HP INC.	
	By:	/s/ MARIE MYERS
		Marie Myers *Chief Financial Officer*

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Marie Myers, Julie Jacobs and Rick Hansen, or any of them, his or her attorneys-in-fact, for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title(s)	Date
/s/ ENRIQUE LORES Enrique Lores	President and Chief Executive Officer and Director (Principal Executive Officer)	December 15, 2023
/s/ MARIE MYERS Marie Myers	Chief Financial Officer (Principal Financial Officer)	December 15, 2023
/s/ JONATHAN P. FAUST Jonathan P. Faust	Global Controller (Principal Accounting Officer)	December 15, 2023
/s/ AIDA ALVAREZ Aida Alvarez	Director	December 15, 2023
/s/ ROBERT R. BENNETT Robert R. Bennett	Director	December 15, 2023
/s/ CHARLES V. BERGH Charles V. Bergh	Director	December 15, 2023
/s/ BRUCE BROUSSARD Bruce Broussard	Director	December 15, 2023
/s/ STACY BROWN-PHILPOT Stacy Brown-Philpot	Director	December 15, 2023
/s/ STEPHANIE BURNS Stephanie Burns	Director	December 15, 2023
/s/ MARY ANNE CITRINO Mary Anne Citrino	Director	December 15, 2023
/s/ RICHARD L. CLEMMER Richard L. Clemmer	Director	December 15, 2023
/s/ DAVID MELINE David Meline	Director	December 15, 2023
/s/ JUDITH MISCIK Judith Miscik	Director	December 15, 2023
/s/ KIM K.W. RUCKER Kim K.W. Rucker	Director	December 15, 2023
/s/ SUBRA SURESH Subra Suresh	Director	December 15, 2023