

HEWLETT PACKARD CO
Form 10-Q
March 11, 2015

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: **January 31, 2015**

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

HEWLETT-PACKARD COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

94-1081436

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

3000 Hanover Street, Palo Alto, California

(Address of principal executive offices)

94304

(Zip code)

(650) 857-1501

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	company
		(Do not check if a smaller reporting company)	<input type="checkbox"/>

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

The number of shares of HP common stock outstanding as of February 28, 2015 was 1,817,558,730 shares.

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Forward-Looking Statements	

This Quarterly Report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 of Part I, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett-Packard Company and its consolidated subsidiaries ("HP") may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, share repurchases, currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring charges; any statements of the plans, strategies and objectives of management for future operations, including the previously announced separation transaction and the future performances of the post-separation companies if the separation is completed, as well as the execution of restructuring plans and any resulting cost savings or revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing HP's businesses; the competitive pressures faced by HP's businesses; risks associated with executing HP's strategy, including the planned separation transaction; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of HP's products and the delivery of HP's services effectively; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; risks associated with HP's international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by HP and its suppliers, customers, clients and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; the execution, timing and results of the separation transaction or restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of HP's business) and the anticipated benefits of

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implementing the separation transaction and restructuring plans; the resolution of pending investigations, claims and disputes; and other risks that are described herein, including but not limited to the items discussed in "Risk Factors" in Item 1A of Part II of this report and that are otherwise described or updated from time to time in HP's Securities and Exchange Commission reports. HP assumes no obligation and does not intend to update these forward-looking statements.

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ITEM 1. Financial Statements and Supplementary Data.

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	Three months ended January 31	
	2015	2014
	In millions, except per share amounts	
Net revenue:		
Products	\$ 18,161	\$ 18,770
Services	8,583	9,281
Financing income	95	103
Total net revenue	26,839	28,154
Costs and expenses:		
Cost of products	14,075	14,525
Cost of services	6,433	7,139
Financing interest	63	72
Research and development	825	811
Selling, general and administrative	3,071	3,210
Amortization of intangible assets	222	283
Restructuring charges	146	114
Acquisition-related charges	4	3
Separation costs	80	
Total operating expenses	24,919	26,157
Earnings from operations	1,920	1,997
Interest and other, net	(174)	(163)
Earnings before taxes	1,746	1,834
Provision for taxes	(380)	(409)
Net earnings	\$ 1,366	\$ 1,425
Net earnings per share:		
Basic	\$ 0.75	\$ 0.75
Diluted	\$ 0.73	\$ 0.74
Cash dividends declared per share	\$ 0.32	\$ 0.29
Weighted-average shares used to compute net earnings per share:		

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Basic	1,833	1,907
Diluted	1,861	1,935

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

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
Consolidated Condensed Statements of Comprehensive Income
(Unaudited)

	Three months ended January 31	
	2015	2014
	In millions	
Net earnings	\$ 1,366	\$ 1,425
Other comprehensive income before taxes:		
Change in unrealized gains (losses) on available-for-sale securities:		
Unrealized gains (losses) arising during the period	46	(1)
Gains reclassified into earnings		(1)
	46	(2)
Change in unrealized gains on cash flow hedges:		
Unrealized gains arising during the period	631	70
(Gains) losses reclassified into earnings	(334)	109
	297	179
Change in unrealized components of defined benefit plans:		
Amortization of actuarial loss and prior service benefit	112	63
Curtailments, settlements and other	(2)	
	110	63
Change in cumulative translation adjustment	(68)	(24)