HEWLETT PACKARD CO
Form 10-Q
September 09, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: July 31, 2014

Or

o **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)

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 ý No o

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 ý No o

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 ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

The number of shares of HP common stock outstanding as of August 31, 2014 was 1,866,275,323 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, HP's effective tax rate, 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 execution of restructuring plans and any resulting revenue or cost savings 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 and plans for future operations; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of HP's products and 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 restructuring plans, including estimates and assumptions related to the cost and the anticipated benefits of implementing those 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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Part I. Financial Information

ITEM 1. Financial Statements and Supplementary Data.

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Consolidated Condensed Statements of Earnings

(Unaudited)

	Three months ended July 31		Nine months ended July 31	
	2014	**2013**	**2014**	**2013**
	In millions, except per share amounts			
Net revenue:				
Products	$ 18,190	$ 17,375	$ 54,712	$ 53,103
Services	9,295	9,741	28,030	29,722
Financing income	100	110	306	342
Total net revenue	27,585	27,226	83,048	83,167
Costs and expenses:				
Cost of products	13,913	13,397	41,902	40,669
Cost of services	6,991	7,385	21,301	23,036
Financing interest	70	77	211	238
Research and development	887	797	2,571	2,406
Selling, general and administrative	3,388	3,274	9,989	9,916
Amortization of intangible assets	227	356	774	1,056
Restructuring charges	649	81	1,015	619
Acquisition-related charges	2	4	8	19
Total operating expenses	26,127	25,371	77,771	77,959
Earnings from operations	1,458	1,855	5,277	5,208
Interest and other, net	(145)	(146)	(482)	(518)
Earnings before taxes	1,313	1,709	4,795	4,690
Provision for taxes	(328)	(319)	(1,112)	(991)
Net earnings	$ 985	$ 1,390	$ 3,683	$ 3,699
Net earnings per share:				
Basic	$ 0.53	$ 0.72	$ 1.95	$ 1.91

Diluted	$	0.52	$	0.71	$	1.93	$	1.89
Cash dividends declared per share	$	0.32	$	0.29	$	0.61	$	0.55
Weighted-average shares used to compute net earnings per share:								
Basic		1,870		1,929		1,889		1,939
Diluted		1,899		1,948		1,913		1,952

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 July 31		Nine months ended July 31	
	2014	2013	2014	2013
	In millions			
Net earnings	$ 985	$ 1,390	$ 3,683	$ 3,699
Other comprehensive income (loss) before taxes:				
Change in unrealized gains on available-for-sale securities:				
Unrealized gains arising during the period	7	11	6	33
Gains reclassified into earnings		(49)	(1)	(49)
	7	(38)	5	(16)
Change in unrealized gains (losses) on cash flow hedges:				
Unrealized gains (losses) arising during the period	134	116	(105)	(44)
Losses (gains) reclassified into earnings	125	(21)	335	19
	259	95	230	(25)
Change in unrealized components of defined benefit plans:				
(Losses) gains arising during the period	(8)	30	(119)	31
Amortization of actuarial loss and prior service benefit	67	78	196	242
Curtailments, settlements and other	2	15	42	28
	61	123	119	301
Change in cumulative translation adjustment	(22)	(99)	(63)	(157)
Other comprehensive income before taxes	305	81	291	103
(Provision) benefit for taxes	(86)	8	(123)	23
Other comprehensive income, net of taxes	219	89	168	126
Comprehensive income	$ 1,204	$ 1,479	$ 3,851	$ 3,825

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

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

	As of July 31, 2014	As of October 31, 2013
	In millions, except par value	
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,474	$ 12,163
Accounts receivable	14,198	15,876
Financing receivables	3,130	3,144
Inventory	6,249	6,046
Other current assets	11,236	13,135
Total current assets	49,287	50,364
Property, plant and equipment	11,434	11,463
Long-term financing receivables and other assets	8,981	9,556
Goodwill	31,132	31,124
Intangible assets	2,336	3,169
Total assets	$ 103,170	$ 105,676
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	$ 2,705	$ 5,979
Accounts payable	15,141	14,019
Employee compensation and benefits	4,038	4,436
Taxes on earnings	1,228	1,203
Deferred revenue	6,434	6,477
Accrued restructuring	828	901
Other accrued liabilities	12,102	12,506
Total current liabilities	42,476	45,521
Long-term debt	17,128	16,608
Other liabilities	14,664	15,891
Commitments and contingencies		
Stockholders' equity:		
HP stockholders' equity		
Preferred stock, $0.01 par value (300 shares authorized; none issued)		
Common stock, $0.01 par value (9,600 shares authorized; 1,865 and 1,908 shares issued and outstanding at July 31, 2014 and October 31, 2013, respectively)	19	19

Additional paid-in capital		4,116		5,465
Retained earnings		27,984		25,563
Accumulated other comprehensive loss		(3,610)		(3,778)
Total HP stockholders' equity		28,509		27,269
Non-controlling interests		393		387
Total stockholders' equity		28,902		27,656
Total liabilities and stockholders' equity	$	103,170	$	105,676

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 Cash Flows

(Unaudited)

	Nine months ended July 31	
	2014	**2013**
	In millions	
Cash flows from operating activities:		
Net earnings	$ 3,683	$ 3,699
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	3,259	3,491
Stock-based compensation expense	432	398
Provision for doubtful accounts	38	43
Provision for inventory	166	222
Restructuring charges	1,015	619
Deferred taxes on earnings	(129)	542
Excess tax benefit from stock-based compensation	(49)	(1)
Other, net	65	343
Changes in operating assets and liabilities (net of acquisitions):		
Accounts receivable	1,662	2,072
Financing receivables	340	568
Inventory	(369)	(445)
Accounts payable	1,196	(70)
Taxes on earnings	292	(520)
Restructuring	(1,050)	(644)
Other assets and liabilities	(919)	(1,525)
Net cash provided by operating activities	9,632	8,792
Cash flows from investing activities:		
Investment in property, plant and equipment	(2,897)	(2,280)
Proceeds from sale of property, plant and equipment	702	507
Purchases of available-for-sale securities and other investments	(1,007)	(793)
Maturities and sales of available-for-sale securities and other investments	1,224	874
Payments made in connection with business acquisitions, net of cash acquired	(20)	(167)
Net cash used in investing activities	(1,998)	(1,859)
Cash flows from financing activities:		
Issuance (repayment) of commercial paper and notes payable, net	86	(170)
Issuance of debt	2,005	254
Payment of debt	(4,853)	(3,473)
Issuance of common stock under employee stock plans	243	279
Repurchase of common stock	(1,978)	(1,053)
Excess tax benefit from stock-based compensation	49	1
Cash dividends paid	(875)	(821)

Net cash used in financing activities	(5,323)	(4,983)
Increase in cash and cash equivalents	2,311	1,950
Cash and cash equivalents at beginning of period	12,163	11,301
Cash and cash equivalents at end of period	$ 14,474	$ 13,251
Supplemental schedule of non-cash investing and financing activities:		
Purchase of assets under capital leases	$ 113	$ 3

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

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements

(Unaudited)

Note 1: Basis of Presentation

In the opinion of management, the accompanying unaudited Consolidated Condensed Financial Statements of Hewlett-Packard Company and its consolidated subsidiaries ("HP") contain all adjustments, including normal recurring adjustments, necessary to present fairly HP's financial position as of July 31, 2014 and October 31, 2013, its results of operations for the three and nine months ended July 31, 2014 and 2013 and its cash flows for the nine months ended July 31, 2014 and 2013.

The results of operations for the three and nine months ended July 31, 2014 and cash flows for the nine months ended July 31, 2014 are not necessarily indicative of the results to be expected for the full year. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2013, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Quantitative and Qualitative Disclosures About Market Risk" and the Consolidated Financial Statements and notes thereto included in Items 7, 7A and 8, respectively, included therein.

The accompanying unaudited Consolidated Condensed Financial Statements include the accounts of HP and other subsidiaries and affiliates in which HP has a controlling financial interest. Non-controlling interests are presented as a separate component within Total stockholder's equity in the Consolidated Condensed Balance Sheets. Net earnings attributable to the non-controlling interests are eliminated within Interest and other, net in the Consolidated Condensed Statements of Earnings and are not presented separately as they were not material for any period presented. HP has eliminated all significant intercompany accounts and transactions.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in HP's Consolidated Condensed Financial Statements and accompanying notes. Actual results could differ materially from those estimates.

Segment Reorganization

HP has implemented certain segment and business unit realignments in order to align its segment financial reporting more closely with its current business structure. Prior year segment and business unit financial information have been conformed to the current-year presentation. None of the changes impacts HP's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share. See Note 16 for a further discussion of HP's segment reorganization.

Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") amended the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. HP is required to adopt the amendments in the first quarter of fiscal 2018. Early adoption is not permitted. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. HP is

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 1: Basis of Presentation (Continued)

currently evaluating the impact of these amendments and the transition alternatives on its Consolidated Financial Statements.

In April 2014, the FASB issued guidance which changes the criteria for identifying a discontinued operation. The guidance limits the definition of a discontinued operation to the disposal of a component or group of components that is disposed of or is classified as held for sale and represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results. The guidance is effective in the first quarter of fiscal 2016, with early adoption permitted for transactions that have not been reported in financial statements previously issued.

In July 2013, the FASB issued a new accounting standard requiring the presentation of certain unrecognized tax benefits as reductions to deferred tax assets rather than as liabilities in the Consolidated Balance Sheets when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. HP will be required to adopt this new standard on a prospective basis in the first quarter of fiscal 2015; however, early adoption is permitted as is retrospective application. HP expects to adopt the standard in the first fiscal quarter of 2015 on a prospective basis. Adoption of the standard is not expected to have a material effect on HP's Consolidated Financial Statements.

Note 2: Stock-Based Compensation

HP's stock-based compensation plans include HP's principal equity plans as well as various equity plans assumed through business combinations. HP's principal equity plans permit the issuance of restricted stock awards, stock options and performance-based awards.

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

	Three months ended July 31		Nine months ended July 31	
	2014	2013	2014	2013
	In millions			
Stock-based compensation expense	$ 132	$ 107	$ 432	$ 398
Income tax benefit	(42)	(36)	(138)	(125)
Stock-based compensation expense, net of tax	$ 90	$ 71	$ 294	$ 273

Restricted Stock Awards

Restricted stock awards are non-vested stock awards that include grants of restricted stock and grants of restricted stock units. For the nine months ended July 31, 2014, HP granted only restricted stock units.

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 2: Stock-Based Compensation (Continued)

Non-vested restricted stock awards outstanding as of July 31, 2014 and changes during the nine months ended July 31, 2014 were as follows:

	Nine months ended July 31, 2014	
	Shares	Weighted-Average Grant Date Fair Value Per Share
	In thousands	
Outstanding at beginning of period	32,262	$ 21
Granted	25,042	$ 28
Vested	(13,428)	$ 24
Forfeited	(2,702)	$ 22
Outstanding at end of period	41,174	$ 24

At July 31, 2014, there was $587 million of unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock awards, which HP expects to recognize over the remaining weighted-average vesting period of 1.5 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:

	Three months ended July 31		Nine months ended July 31	
	2014	2013	2014	2013
Weighted-average fair value of grants per option[1]	$ 7.53	$ 6.53	$ 7.44	$ 4.08
Expected volatility[2]	28%	36%	33%	42%
Risk-free interest rate[3]	1.65%	1.14%	1.78%	0.98%
Expected dividend yield[4]	1.87%	2.36%	2.14%	3.72%
Expected term in months[5]	63	62	68	70

(1) The fair value calculation was based on stock options granted during the period.

(2) For awards granted in fiscal 2014, expected volatility for stock options subject to service-based vesting was determined using the implied volatility derived from options traded on HP's common stock, whereas for performance-contingent stock options, expected

volatility was determined using the historical volatility of HP's common stock. For awards granted in fiscal 2013, expected volatility for stock options subject to service-based vesting and performance-contingent stock options was determined using the implied volatility derived from options traded on HP's common stock.

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 2: Stock-Based Compensation (Continued)

(3) The risk-free interest rate was determined using 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 option.

(5) For stock options subject to service-based vesting, the expected term was determined using historical exercise and post-vesting termination patterns; and for performance-contingent stock options, the expected term represents an output from the lattice model.

Options outstanding as of July 31, 2014 and changes during the nine months ended July 31, 2014 were as follows:

	Nine months ended July 31, 2014			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	In thousands		In years	In millions
Outstanding at beginning of period	84,042	$ 27		
Granted	9,363	$ 27		
Exercised	(8,760)	$ 18		
Forfeited/cancelled/expired	(23,434)	$ 30		
Outstanding at end of period	61,211	$ 27	4.5	$ 660
Vested and expected to vest at end of period	57,123	$ 27	4.3	$ 597
Exercisable at end of period	30,784	$ 33	2.4	$ 192

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 July 31, 2014. The aggregate intrinsic value is the difference between HP's closing stock price on the last trading day of the third quarter of fiscal 2014 and the exercise price, multiplied by the number of in-the-money options. Total intrinsic value of options exercised for the three and nine months ended July 31, 2014 was $60 million and $117 million, respectively.

At July 31, 2014, there was $82 million of unrecognized pre-tax stock-based compensation expense related to unvested stock options which HP expects to recognize over the remaining weighted-average vesting period of 2.1 years.

Note 3: Net Earnings Per Share

HP calculates basic net earnings per share ("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 awards, stock options and performance-based awards.

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 3: Net Earnings Per Share (Continued)

The reconciliations of the numerators and denominators of each of the basic and diluted net EPS calculations were as follows:

	Three months ended July 31		Nine months ended July 31	
	2014	2013	2014	2013
	In millions, except per share amounts			
Numerator:				
Net earnings[(1)]	$ 985	$ 1,390	$ 3,683	$ 3,699
Denominator:				
Weighted-average shares used to compute basic net EPS	1,870	1,929	1,889	1,939
Dilutive effect of employee stock plans	29	19	24	13
Weighted-average shares used to compute diluted net EPS	1,899	1,948	1,913	1,952
Net earnings per share:				
Basic	$ 0.53	$ 0.72	$ 1.95	$ 1.91
Diluted	$ 0.52	$ 0.71	$ 1.93	$ 1.89

(1) Net earnings available to participating securities were not significant for the three and nine months ended July 31, 2014 and 2013. HP considers restricted stock awards that provide the holder with a non-forfeitable right to receive dividends to be participating securities.

HP excludes options with exercise prices that are greater than the average market price from the calculation of diluted net EPS because their effect would be anti-dilutive. As such, for the three and nine months ended July 31, 2014, HP excluded options to purchase 18 million shares and 19 million shares, respectively, from the calculation of diluted net EPS compared to 43 million shares and 52 million shares for the three and nine months ended July 31, 2013, respectively. HP also excluded options to purchase an additional 0.4 million shares and 8 million shares for the three and nine months ended July 31, 2014, respectively, from the calculation of diluted net EPS compared to an additional 8 million shares and 2 million shares for the three and nine months ended July 31, 2013, respectively, as their combined exercise price, unrecognized compensation and excess tax benefits were greater than the average market price for HP's stock in each of those periods.

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 4: Balance Sheet Details

Balance sheet details were as follows:

Accounts Receivable, Net

	As of July 31, 2014	As of October 31, 2013
	In millions	
Accounts receivable	$ 14,451	$ 16,208
Allowance for doubtful accounts	(253)	(332)
	$ 14,198	$ 15,876

	Nine months ended July 31, 2014
	In millions
Allowance for doubtful accounts accounts receivable:	
Balance at beginning of period	$ 332
Provision for doubtful accounts	14
Deductions, net of recoveries	(93)
Balance at end of period	$ 253

HP has third-party revolving short-term financing arrangements intended to facilitate the working capital requirements of certain customers. In the second quarter of fiscal 2014, HP expanded its financing arrangements, adding $1.6 billion of capacity. These financing arrangements, which in certain cases provide for partial recourse, result in a transfer of HP's trade receivables and collection risk to third parties. Transferred trade receivables are generally derecognized upon transfer to a third party. At July 31, 2014 and October 31, 2013, $449 million and $171 million, respectively, of transferred trade receivables had not been collected from the third parties.

For the arrangements involving an element of recourse, the recourse obligation is measured using market data from similar transactions and reported as a current liability in the Consolidated Condensed Balance Sheets.

Trade receivables sold and cash received under these facilities was as follows:

	Three months ended July 31	
	2014	2013
	In millions	
Trade receivables sold	$ 2,903	$ 1,130
Cash receipts	$ 2,922	$ 995

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 4: Balance Sheet Details (Continued)

	Nine months ended July 31	
	2014	2013
	In millions	
Trade receivables sold	$ 6,853	$ 3,784
Cash receipts	$ 6,575	$ 3,510

The aggregate maximum, utilized and available program capacity under these arrangements were as follows:

	As of	
	July 31, 2014	October 31, 2013
	In millions	
Non-recourse arrangements:		
Maximum program capacity	$ 1,122	$ 764
Utilized capacity[1]	(692)	(314)
Available capacity	$ 430	$ 450
Partial-recourse arrangements:		
Maximum program capacity	$ 1,964	$ 631
Utilized capacity[1]	(1,408)	(454)
Available capacity	$ 556	$ 177
Total arrangements:		
Maximum program capacity	$ 3,086	$ 1,395
Utilized capacity[1]	(2,100)	(768)
Available capacity	$ 986	$ 627

(1) Amount represents receivables sold to the third parties, but not collected from the customer by the third parties. Transferred trade receivables included in the utilized capacity that HP has not collected from third parties are as follows:

	As of	
	July 31, 2014	October 31, 2013
	In millions	
Non-recourse arrangements	$ 62	$ 52
Partial-recourse arrangements	387	119
Total arrangements	$ 449	$ 171

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 4: Balance Sheet Details (Continued)

Inventory

	As of July 31, 2014	As of October 31, 2013
	In millions	
Finished goods	$ 3,991	$ 3,847
Purchased parts and fabricated assemblies	2,258	2,199
	$ 6,249	$ 6,046

Property, Plant and Equipment

	As of July 31, 2014	As of October 31, 2013
	In millions	
Land	$ 552	$ 626
Buildings and leasehold improvements	8,976	8,942
Machinery and equipment, including equipment held for lease	17,205	16,565
	26,733	26,133
Accumulated depreciation	(15,299)	(14,670)
	$ 11,434	$ 11,463

For the nine months ended July 31, 2014, the change in gross property, plant and equipment was due primarily to purchases of $2,936 million, which were partially offset by sales and retirements totaling $2,267 million. Accumulated depreciation associated with the assets sold and retired was $1,816 million.

Other Liabilities

As of

	July 31, 2014	October 31, 2013
	In millions	
Pension, post-retirement, and post-employment liabilities	$ 4,653	$ 5,098
Long-term deferred revenue	3,865	3,907
Deferred tax liability long-term	1,228	2,668
Other long-term liabilities	4,918	4,218
	$ 14,664	$ 15,891

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 5: Goodwill and Intangible Assets

Goodwill

Goodwill allocated to HP's reportable segments as of July 31, 2014 and changes in the carrying amount of goodwill during the nine months ended July 31, 2014 are as follows:

	Personal Systems	Printing	Enterprise Group	Enterprise Services[2]	Software	HP Financial Services	Corporate Investments	Total
	In millions							
Balance at beginning of period[1]	$ 2,588	$ 2,591	$ 16,864	$ 97	$ 8,840	$ 144	$	$ 31,124
Goodwill acquired during the period					12			12
Goodwill adjustments			(6)	2				(4)
Balance at end of period[1]	$ 2,588	$ 2,591	$ 16,858	$ 99	$ 8,852	$ 144	$	$ 31,132

(1) Goodwill at July 31, 2014 and October 31, 2013 is net of accumulated impairment losses of $14,518 million. Of that amount, $7,961 million relates to the Enterprise Services ("ES") segment, $5,744 million relates to Software, and the remaining $813 million relates to Corporate Investments.

(2) Goodwill at July 31, 2014 and October 31, 2013 relates to the MphasiS Limited reporting unit.

Effective at the beginning of its first quarter of fiscal 2014, HP implemented certain organizational changes to align its segment financial reporting more closely with its current business structure. As a result of the organizational realignments, which are described in detail in Note 16, goodwill has been reclassified to the respective segments as of the beginning of the period using a relative fair value approach.

Goodwill is tested for impairment at the reporting unit level. At the beginning of its first quarter of fiscal 2014, HP made a change to its reporting units. In connection with continued operational synergies and interdependencies between the Enterprise Servers, Storage and Networking reporting unit and the Technology Services ("TS") reporting unit within the Enterprise Group ("EG") segment, HP combined these reporting units to create the EG reporting unit. As of July 31, 2014, HP's reporting units are consistent with the reportable segments identified in Note 16, except for ES, which includes two reporting units: MphasiS Limited; and the remainder of ES.

HP evaluates the recoverability of goodwill as of the beginning of its fourth fiscal quarter and whenever events or changes in circumstances indicate there may be a potential impairment.

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 5: Goodwill and Intangible Assets (Continued)

Intangible Assets

HP's intangible assets are composed of:

	As of July 31, 2014				As of October 31, 2013			
	Gross	Accumulated Amortization	Accumulated Impairment Loss	Net	Gross	Accumulated Amortization	Accumulated Impairment Loss	Net
	In millions							
Customer contracts, customer lists and distribution agreements	$ 5,302	$ (3,106)	$ (856)	$ 1,340	$ 5,321	$ (2,709)	$ (856)	$ 1,756
Developed and core technology and patents	4,305	(1,291)	(2,138)	876	5,331	(1,966)	(2,138)	1,227
Trade name and trade marks	1,723	(270)	(1,336)	117	1,730	(211)	(1,336)	183
In-process research and development	3			3	3			3
Total intangible assets	$ 11,333	$ (4,667)	$ (4,330)	$ 2,336	$ 12,385	$ (4,886)	$ (4,330)	$ 3,169

During the first nine months of fiscal 2014, $752 million of intangible assets became fully amortized and have been eliminated from gross intangible assets and accumulated amortization. HP also eliminated gross intangible assets and accumulated amortization related to the sale of a portfolio of intellectual property in the first quarter of fiscal 2014.

Estimated future amortization expense related to finite-lived intangible assets at July 31, 2014 is as follows:

Fiscal year:	In millions
2014 (remaining 3 months)	$ 226
2015	865
2016	646
2017	238
2018	146
2019	110
Thereafter	102
Total	$ 2,333

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 6: Restructuring Charges

Summary of Restructuring Plans

HP's restructuring activities summarized by plan were as follows:

		Three months ended July 31, 2014	Nine months ended July 31, 2014				As of July 31, 2014	
	Balance, October 31, 2013	Three months ended July 31, 2014 Charges	Charges	Cash Payments	Other Adjustments and Non-Cash Settlements	Balance, July 31, 2014	Total Costs Incurred to Date	Total Expected Costs to Be Incurred
	In millions							
Fiscal 2012 Plan								
Severance and EER	$ 945	$ 562	$ 817	$ (861)	$ (12)	$ 889	$ 3,853	$ 4,000
Infrastructure and other	40	86	195	(138)		97	442	500
Total 2012 Plan	985	648	1,012	(999)	(12)	986	4,295	4,500
Other Plans:								
Severance	10			(3)		7	2,629	2,629
Infrastructure	122	1	3	(48)		77	1,442	1,443
Total Other Plans	132	1	3	(51)		84	4,071	4,072
Total restructuring plans	$ 1,117	$ 649	$ 1,015	$ (1,050)	$ (12)	$ 1,070	$ 8,366	$ 8,572
In Balance Sheets:								
Accrued restructuring	$ 901					$ 828		
Other liabilities	$ 216					$ 242		

Fiscal 2012 Restructuring Plan

On May 23, 2012, HP adopted a multi-year restructuring plan (the "2012 Plan") designed to simplify business processes, accelerate innovation and deliver better results for customers, employees and stockholders. As of April 30, 2014, HP estimated that it would eliminate approximately 34,000 positions in connection with the 2012 Plan through fiscal 2014, with a portion of those employees exiting the company as part of voluntary enhanced early retirement ("EER") programs in the United States and in certain other countries. As of April 30, 2014, HP estimated that it would recognize approximately $4.0 billion in aggregate charges in connection with the 2012 Plan.

In May 2014, HP increased the previously estimated 34,000 positions to be eliminated under the 2012 Plan by an additional 11,000 to 16,000 as HP continues to optimize the workforce and reengineer business processes to be more competitive and meet its objectives. HP estimates it will recognize an additional charge of approximately $500 million based on the low-end of the estimated headcount increase. As a result, as of July 31, 2014, HP estimated that it will eliminate approximately 45,000 to 50,000 positions in connection with the 2012 Plan, including those employees who have exited the company as part of voluntary EER programs in the United States and in certain other countries. HP expects a total of 41,000 positions to be eliminated by the end of fiscal 2014, with the remainder to be eliminated in fiscal 2015. As of July 31, 2014, HP estimated that it would recognize approximately $4.5 billion in aggregate charges in connection with the 2012 Plan based on the low-end of the estimated headcount reduction. HP expects to record these charges through the end of HP's fiscal 2014

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 6: Restructuring Charges (Continued)

as the accounting recognition criteria are met. HP expects to incur costs of approximately $4.0 billion related to workforce reductions and approximately $500 million related to infrastructure, including data center and real estate consolidation, and other items. As of July 31, 2014, HP had eliminated approximately 36,000 positions for which a severance payment has been or will be made as part of the 2012 Plan. The severance- and infrastructure-related cash payments associated with the 2012 Plan are expected to be paid out through fiscal 2021.

Other Plans

Restructuring plans initiated by HP in fiscal 2008 and 2010 were substantially completed as of July 31, 2014. Severance- and infrastructure-related cash payments associated with the other plans are expected to be paid out through fiscal 2019.

Note 7: 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 or market inputs reflect market data obtained from independent sources, while unobservable inputs reflect HP's assumptions about market participant assumptions based on the best information available. 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 in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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.

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 7: Fair Value (Continued)

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

	As of July 31, 2014 Fair Value Measured Using				As of October 31, 2013 Fair Value Measured Using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	In millions							
Assets								
Time deposits	$	$ 2,645	$	$ 2,645	$	$ 2,221	$	$ 2,221
Money market funds	8,731			8,731	6,819			6,819
Mutual funds		305		305		313		313
Marketable equity securities	14	4		18	10	5		15
Foreign bonds	9	386		395	9	387		396
Other debt securities		2	47	49		2	47	49
Derivatives:								
Interest rate contracts		91		91		156		156
Foreign exchange contracts		354		354		284	3	287
Other derivatives		2		2		9		9
Total assets	$ 8,754	$ 3,789	$ 47	$ 12,590	$ 6,838	$ 3,377	$ 50	$ 10,265
Liabilities								
Derivatives:								
Interest rate contracts	$	$ 105	$	$ 105	$	$ 107	$	$ 107
Foreign exchange contracts		348	4	352		547	2	549
Other derivatives		7		7				
Total liabilities	$	$ 460	$ 4	$ 464	$	$ 654	$ 2	$ 656

For the nine months ended July 31, 2014, there were no transfers between levels within the fair value hierarchy.

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 instruments was based on quoted market prices or model-driven valuations using inputs primarily derived from or corroborated by observable market data, and, in certain instances, internally developed valuation models that utilize assumptions which cannot be corroborated with observable market data.

Derivative Instruments: HP uses forward contracts, interest rate and total return swaps and option contracts to hedge certain foreign currency and interest rate exposures. When prices in active markets are not available for the identical asset or liability, HP uses industry standard valuation models

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 7: Fair Value (Continued)

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 8 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 Condensed 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 estimated fair value of HP's short- and long-term debt was approximately $20.3 billion at July 31, 2014, compared to its carrying amount of $19.8 billion at that date. The estimated fair value of HP's short- and long-term debt was approximately $22.7 billion at October 31, 2013, compared to its carrying amount of $22.6 billion at that date. If measured at fair value in the Consolidated Condensed 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 accrued liabilities, the carrying amounts approximate fair value due to their short maturities. If measured at fair value in the Consolidated Condensed Balance Sheets, these other financial instruments would be classified in Level 2 or Level 3 of the fair value hierarchy.

Non-Marketable Equity Investments and Non-Financial Assets: HP's non-marketable equity investments and 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.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 8: Financial Instruments

Cash Equivalents and Available-for-Sale Investments

Cash equivalents and available-for-sale investments were as follows:

	As of July 31, 2014				As of October 31, 2013			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
	In millions							
Cash Equivalents								
Time deposits	$ 2,540	$	$	$ 2,540	$ 2,207	$	$	$ 2,207
Money market funds	8,731			8,731	6,819			6,819
Mutual funds	143			143	13			13
Total cash equivalents	11,414			11,414	9,039			9,039
Available-for-Sale Investments								
Debt securities:								
Time deposits	105			105	14			14
Foreign bonds	305	90		395	310	86		396
Other debt securities	63		(14)	49	64		(15)	49
Total debt securities	473	90	(14)	549	388	86	(15)	459
Equity securities:								
Mutual funds	162			162	300			300
Equity securities in public companies	8	6		14	5	6		11
Total equity securities	170	6		176	305	6		311
Total available-for-sale investments	643	96	(14)	725	693	92	(15)	770
Total cash equivalents and available-for-sale investments	$ 12,057	$ 96	$ (14)	$ 12,139	$ 9,732	$ 92	$ (15)	$ 9,809

All highly liquid investments with original maturities of three months or less at the date of acquisition are considered cash equivalents. As of July 31, 2014 and October 31, 2013, the carrying value of cash equivalents approximated fair value due to the short period of time to maturity. Time deposits were primarily issued by institutions outside the United States as of July 31, 2014 and October 31, 2013. The estimated fair value of the available-for-sale investments may not be representative of values that will be realized in the future.

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 8: Financial Instruments (Continued)

Contractual maturities of short- and long-term investments in available-for-sale debt securities were as follows:

	As of July 31, 2014	
	Cost	Fair Value
	In millions	
Due in one year	$ 83	$ 83
Due in one to five years	9	9
Due in more than five years	381	457
	$ 473	$ 549

Equity securities in privately held companies include cost basis and equity method investments and are included in Long-term financing receivables and other assets in the Consolidated Condensed Balance Sheets. These amounted to $97 million and $50 million at July 31, 2014 and October 31, 2013, respectively.

Derivative Instruments

HP is a global company exposed to foreign currency exchange rate fluctuations and interest rate changes in the normal course of its business. As part of its risk management strategy, HP uses derivative instruments, primarily forward contracts, option contracts, interest rate swaps, and total return swaps, to hedge certain foreign currency, interest rate and, to a lesser extent, equity exposures. HP's objective is to offset gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them, thereby reducing volatility of earnings or protecting the fair value of assets and liabilities. HP does not have any leveraged derivatives and does not use derivative contracts for speculative purposes. HP may designate its derivative contracts as fair value hedges, cash flow hedges or hedges of the foreign currency exposure of a net investment in a foreign operation ("net investment hedges"). 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 Condensed Balance Sheets. HP classifies cash flows from its derivative programs as operating activities in the Consolidated Condensed Statements of Cash Flows.

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. To mitigate counterparty credit risk, HP has a policy of only entering into contracts with carefully selected major financial institutions based on their credit ratings and other factors, and HP maintains dollar risk limits that correspond to each institution's credit rating and other factors. HP's established policies and procedures for mitigating credit risk include reviewing and establishing limits for credit exposure and periodically re-assessing the creditworthiness of counterparties. Master netting agreements mitigate credit exposure to counterparties by permitting HP to net amounts due from HP to a counterparty against amounts due to HP from the same counterparty under certain conditions.

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 8: Financial Instruments (Continued)

To further mitigate credit exposure to counterparties, HP has collateral security agreements that allow HP 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. Collateral is generally posted within two business days. The fair value of derivatives with credit contingent features in a net liability position was $66 million and $207 million at July 31, 2014 and October 31, 2013, 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 as of July 31, 2014 and October 31, 2013.

Fair Value Hedges

HP issues long-term debt in U.S. dollars based on market conditions at the time of financing. HP may enter 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 interest rates by achieving a primarily U.S. dollar LIBOR-based floating interest expense. The swap transactions generally involve principal and interest obligations for U.S. dollar-denominated amounts. Alternatively, HP may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if it believes a larger proportion of fixed-rate debt would be beneficial.

When investing in fixed-rate instruments, HP may enter into interest rate swaps that convert the fixed interest payments into variable interest payments and may designate these swaps as fair value hedges.

For derivative instruments that are designated and qualify as fair value hedges, HP recognizes the change in fair value on the derivative instrument, as well as the offsetting change in fair value on the hedged item, in Interest and other, net in the Consolidated Condensed Statements of Earnings in the period of change.

Cash Flow Hedges

HP uses a combination of forward contracts and option contracts designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in its forecasted net revenue and, to a lesser extent, cost of sales, operating expenses, and intercompany loans denominated in currencies other than the U.S. dollar. HP's foreign currency cash flow hedges mature generally within twelve months; however, certain leasing revenue-related forward contracts and intercompany loan forward contracts extend for the duration of the lease or loan term, which can be up to five years.

For derivative instruments that are designated and qualify as cash flow hedges, HP initially records changes in fair value for the effective portion of the derivative instrument in Accumulated other comprehensive loss as a separate component of stockholders' equity in the Consolidated Condensed Balance Sheets and subsequently reclassifies these amounts into earnings in the period during which the hedged transaction is recognized in earnings. HP reports the effective portion of its cash flow

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 8: Financial Instruments (Continued)

hedges in the same financial statement line item as changes in the fair value of the hedged item. During the three and nine months ended July 31, 2014, and three months ended July 31, 2013, HP did not discontinue any cash flow hedge for which it was probable that a forecasted transaction would not occur. During the nine months ended July 31, 2013 there was no significant impact to results of operations as a result of discontinued cash flow hedges.

Net Investment Hedges

HP uses forward contracts designated as net investment hedges to hedge net investments in certain foreign subsidiaries whose functional currency is the local currency. As these derivative instruments are designated as net investment hedges, HP records the effective portion of the derivative instrument together with changes in the fair value of the hedged items in Cumulative translation adjustment as a separate component of stockholders' equity in the Consolidated Condensed Balance Sheets.

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 and, to a lesser extent, interest rate swaps, based on equity or fixed income indices, to hedge its executive deferred compensation plan liability.

For derivative instruments not designated as hedging instruments, HP recognizes changes in fair value in earnings in the period of change. HP recognizes changes in fair value on foreign currency forward contracts used to hedge balance sheet exposures in Interest and other, net in the Consolidated Condensed Statements of Earnings in the same period as the remeasurement gain or loss of the related foreign currency-denominated assets and liabilities. HP recognizes the change in fair value on total return swaps and interest rate swaps in Interest and other, net in the same period as the gain or loss from changes in the amount owed to participants in the executive deferred compensation plan.

Hedge Effectiveness

For interest rate swaps designated as fair value hedges, HP measures effectiveness by offsetting the change in fair value of the hedged instrument with the change in fair value of the derivative. For foreign currency options and forward contracts designated as cash flow or net investment hedges, HP measures effectiveness by comparing the cumulative change in the hedge contract with the cumulative change in the hedged item, both of which are based on forward rates. HP recognizes any ineffective portion of the hedge in the Consolidated Condensed Statements of Earnings in the same period in which ineffectiveness occurs. Amounts excluded from the assessment of effectiveness are recognized in the Consolidated Condensed Statements of Earnings in the period they arise.

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HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Condensed Financial Statements (Continued)

(Unaudited)

Note 8: Financial Instruments (Continued)

Fair Value of Derivative Instruments in the Consolidated Condensed Balance Sheets

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

	As of July 31, 2014					As of October 31, 2013				
	Gross Notional[(1)]	Other Current Assets	Long-Term Financing Receivables and Other Assets	Other Accrued Liabilities	Long-Term Other Liabilities	Gross Notional[(1)]	Other Current Assets	Long-Term Financing Receivables and Other Assets	Other Accrued Liabilities	Long-Term Other Liabilities
	In millions									
Derivatives designated as hedging instruments										
Fair value hedges:										
Interest rate contracts	$ 9,800	$	$ 91	$	$ 105	$ 11,100	$ 31	$ 125	$	$ 107
Cash flow hedges:										
Foreign exchange contracts	20,041	183	35	168	84	22,463	79	40	341	80
Net investment hedges:										
Foreign exchange contracts	1,938	25	30	15	16	1,920	30	40	20	12
Total derivatives designated as hedging instruments	31,779	208	156	183	205	35,483	140	205	361	199
Derivatives not designated as hedging instruments										
Foreign exchange contracts	15,272	61	20	49	20	16,048	72	26	76	20
Other derivatives	348	1	1	7		344	8	1		
Total derivatives not designated as hedging instruments	15,620	62	21	56	20	16,392	80	27	76	20