HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)
(In millions, except per share amounts)

	Three months ended		
	April 30, 2018	**January 31, 2018**	**April 30, 2017**
Net revenue	$ 7,468	$ 7,674	$ 6,808
Costs and expenses:			
Cost of sales	5,196	5,491	4,799
Research and development	402	388	376
Selling, general and administrative	1,227	1,202	1,229
Amortization of intangible assets	72	78	72
Restructuring charges	9	3	69
Transformation costs[a]	123	245	—
Acquisition and other related charges	16	30	50
Separation costs	26	(24)	30
Defined benefit plan settlement charges and remeasurement (benefit)[b]	—	—	(12)
Total costs and expenses	7,071	7,413	6,613
Earnings from continuing operations	397	261	195
Interest and other, net	(78)	(21)	(86)
Tax indemnification adjustments[c]	(425)	(919)	7
(Loss) earnings from equity interests	(10)	22	(3)
(Loss) earnings from continuing operations before taxes	(116)	(657)	113
Benefit (provision) for taxes[d]	966	2,139	(591)
Net earnings (loss) from continuing operations	850	1,482	(478)
Net loss from discontinued operations	(72)	(46)	(134)
Net earnings (loss)	$ 778	$ 1,436	$ (612)
Net earnings (loss) per share:			
Basic			
Continuing operations	$ 0.55	$ 0.93	$ (0.29)
Discontinued operations	(0.05)	(0.03)	(0.08)
Total basic net earnings (loss) per share	$ 0.50	$ 0.90	$ (0.37)
Diluted			
Continuing operations	$ 0.54	$ 0.92	$ (0.29)
Discontinued operations	(0.05)	(0.03)	(0.08)
Total diluted net earnings (loss) per share	$ 0.49	$ 0.89	$ (0.37)
Cash dividends declared per share	$ 0.1125	$ 0.1500	$ 0.0650
Weighted-average shares used to compute net earnings (loss) per share:			
Basic	1,552	1,591	1,658
Diluted	1,582	1,619	1,658

(a) Represents amounts in connection with the HPE Next initiative and primarily includes costs related to labor and non-labor restructuring, program management and IT charges, partially offset by the gain on sale of real estate.

(b) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.

(c) Represents the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc.

(d) Includes tax amounts in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc. and the software business, Seattle SpinCo, Inc., tax amounts related to the recently enacted U.S. tax reform, tax amounts related to the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc. and excess tax benefits associated with stock-based compensation.

In connection with the spin-off of the enterprise services business, Everett SpinCo, Inc, for the three months ended January 31, 2018, this amount includes a $244 million benefit primarily from foreign tax credits and from the release of non U.S. valuation allowances on deferred taxes established in connection with the Everett Transaction, following changes in foreign tax laws. For the three months ended April 30, 2017, this amount primarily includes $593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes.

In connection with the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc, for the three months ended April 30, 2018, this amount primarily includes a $1.1 billion benefit following the closure of pre-separation Hewlett-Packard Company audits for fiscal years 2009 through 2012. For the three months ended January 31, 2018, this amount includes a $920 million benefit following the resolution of certain pre-separation Hewlett-Packard Company income tax liabilities.

As a result of the recently enacted U.S. tax reform, for the three months ended April 30, 2018, this amount includes $140 million of tax expense. For the three months ended January 31, 2018, this amount includes an estimated tax benefit of $1.8 billion from the provisional application of the new tax rules including a lower federal tax rate to deferred tax assets and liabilities, partially offset by a provisional estimate of $1.0 billion of transition tax expense on accumulated non U.S. earnings, and a $203 million benefit as a result of the liquidation of an insolvent non U.S. subsidiary.

During the first quarter of fiscal 2018, the Company adopted ASU 2016-09 on a prospective basis, except for the statement of cash flows for which it was retrospectively adopted for the prior comparative periods, which requires the excess tax benefits or tax deficiencies associated with stock-based compensation to be recognized as a component of the provision for income taxes in the Statement of Earnings rather than additional paid-in capital in the Balance Sheet. For the three months ended April 30, 2018 and January 31, 2018, this amount includes $28 million and $14 million, respectively, which represents the net excess tax benefits from stock-based compensation.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)
(In millions, except per share amounts)

	Six Months Ended April 30,	
	2018	**2017**
Net revenue	$ 15,142	$ 13,710
Costs and expenses:		
Cost of sales	10,687	9,488
Research and development	790	732
Selling, general and administrative	2,429	2,433
Amortization of intangible assets	150	138
Restructuring charges	12	152
Transformation costs[a]	368	—
Acquisition and other related charges	46	94
Separation costs	2	41
Defined benefit plan settlement charges and remeasurement (benefit)[b]	—	(16)
Total costs and expenses	14,484	13,062
Earnings from continuing operations	658	648
Interest and other, net	(99)	(164)
Tax indemnification adjustments[c]	(1,344)	(11)
Earnings (loss) from equity interests	12	(25)
(Loss) earnings from continuing operations before taxes	(773)	448
Benefit (provision) for taxes[d]	3,105	(675)
Net earnings (loss) from continuing operations	2,332	(227)
Net loss from discontinued operations	(118)	(118)
Net earnings (loss)	$ 2,214	$ (345)
Net earnings (loss) per share:		
Basic		
Continuing operations	$ 1.48	$ (0.14)
Discontinued operations	(0.07)	(0.07)
Total basic net earnings (loss) per share	$ 1.41	$ (0.21)
Diluted		
Continuing operations	$ 1.46	$ (0.14)
Discontinued operations	(0.08)	(0.07)
Total diluted net earnings (loss) per share	$ 1.38	$ (0.21)
Cash dividends declared per share	$ 0.2625	$ 0.1950
Weighted-average shares used to compute net earnings (loss) per share:		
Basic	1,571	1,664
Diluted	1,601	1,664

(a) Represents amounts in connection with the HPE Next initiative and primarily includes costs related to labor and non-labor restructuring, program management and IT charges, partially offset by the gain on sale of real estate.

(b) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.

(c) Represents the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc.

(d) Includes tax amounts in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc. and the software business, Seattle SpinCo, Inc., tax amounts related to the recently enacted U.S. tax reform, tax amounts related to the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc. and excess tax benefits associated with stock-based compensation.

In connection with the spin-off of the enterprise services business, Everett SpinCo, Inc, for the six months ended April 30, 2018, this amount includes a $239 million benefit primarily from foreign tax credits and from the release of non U.S. valuation allowances on deferred taxes established in connection with the Everett Transaction, following changes in foreign tax laws. For the six months ended April 30, 2017, this amount primarily includes $593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes.

In connection with the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc, for the six months ended April 30, 2018, this amount primarily includes a $2.0 billion benefit.

As a result of the recently enacted U.S. tax reform, for the six months ended April 30, 2018, this amount includes an estimated tax benefit of $1.8 billion from the provisional application of the new tax rules including a lower federal tax rate to deferred tax assets and liabilities, partially offset by a provisional estimate of $1.1 billion of transition tax expense on accumulated non U.S. earnings, and a $203 million benefit as a result of the liquidation of an insolvent non U.S. subsidiary.

During the first quarter of fiscal 2018, the Company adopted ASU 2016-09 on a prospective basis, except for the statement of cash flows for which it was retrospectively adopted for the prior comparative periods, which requires the excess tax benefits or tax deficiencies associated with stock-based compensation to be recognized as a component of the provision for income taxes in the Statement of Earnings rather than additional paid-in capital in the Balance Sheet. For the six months ended April 30, 2018, this amount includes $42 million, which represents the net excess tax benefits from stock-based compensation.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS, OPERATING MARGIN AND DILUTED NET EARNINGS PER SHARE
(Unaudited)
(In millions, except percentages and per share amounts)

	Three months ended April 30, 2018	Diluted net earnings per share	Three months ended January 31, 2018	Diluted net earnings per share	Three months ended April 30, 2017	Diluted net earnings per share
GAAP net earnings (loss) from continuing operations	$ 850	$ 0.54	$ 1,482	$ 0.92	$ (478)	$ (0.29)
Non-GAAP adjustments:						
Amortization of intangible assets	72	0.05	78	0.05	72	0.04
Restructuring charges	9	0.01	3	—	69	0.04
Transformation costs[(a)]	123	0.08	245	0.15	—	—
Acquisition and other related charges	16	0.01	30	0.02	50	0.03
Separation costs	26	0.02	(24)	(0.01)	30	0.02
Defined benefit plan settlement charges and remeasurement (benefit)[(b)]	—	—	—	—	(12)	(0.01)
Tax indemnification adjustments[(c)]	425	0.27	919	0.57	(7)	—
Loss from equity interests[(d)]	38	0.02	37	0.02	38	0.02
Adjustments for taxes[(e)]	(1,023)	(0.66)	(2,223)	(1.38)	525	0.32
Non-GAAP net earnings from continuing operations	$ 536	$ 0.34	$ 547	$ 0.34	$ 287	$ 0.17
GAAP earnings from continuing operations	$ 397		$ 261		$ 195	
Non-GAAP adjustments related to continuing operations:						
Amortization of intangible assets	72		78		72	
Restructuring charges	9		3		69	
Transformation costs[(a)]	123		245		—	
Acquisition and other related charges	16		30		50	
Separation costs	26		(24)		30	
Defined benefit plan settlement charges and remeasurement (benefit)[(b)]	—		—		(12)	
Non-GAAP earnings from continuing operations	$ 643		$ 593		$ 404	
GAAP operating margin from continuing operations	5%		3%		3%	
Non-GAAP adjustments from continuing operations	4%		5%		3%	
Non-GAAP operating margin from continuing operations	9%		8%		6%	
GAAP net loss from discontinued operations	$ (72)	$ (0.05)	$ (46)	$ (0.03)	$ (134)	$ (0.08)
Non-GAAP adjustments related to discontinued operations:						
Amortization of intangible assets	—	—	—	—	36	0.02
Restructuring charges	—	—	—	—	146	0.09
Acquisition and other related charges	—	—	—	—	1	—

Separation costs	—	—	51	0.03	448	0.27
Defined benefit plan settlement charges and remeasurement (benefit)[(b)]	—	—	—	—	(4)	—
Tax indemnification adjustments[(c)]	72	0.05	(4)	—	—	—
Adjustments for taxes	—	—	(1)	—	(193)	(0.12)
Non-GAAP net earnings from discontinued operations	$ —	$ —	$ —	$ —	$ 300	$ 0.18
Total GAAP net earnings (loss)	$ 778	$ 0.49	$ 1,436	$ 0.89	$ (612)	$ (0.37)
Total Non-GAAP net earnings	$ 536	$ 0.34	$ 547	$ 0.34	$ 587	$ 0.35

(a) Represents amounts in connection with the HPE Next initiative and primarily includes costs related to labor and non-labor restructuring, program management and IT charges, partially offset by the gain on sale of real estate.

(b) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.

(c) Represents the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc.

(d) Represents the amortization of basis difference adjustments related to the H3C divestiture.

(e) Includes tax amounts in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc. and the software business, Seattle SpinCo, Inc., tax amounts related to the recently enacted U.S. tax reform, tax amounts related to the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc. and excess tax benefits associated with stock-based compensation.

In connection with the spin-off of the enterprise services business, Everett SpinCo, Inc, for the three months ended January 31, 2018, this amount includes a $244 million benefit primarily from foreign tax credits and from the release of non U.S. valuation allowances on deferred taxes established in connection with the Everett Transaction, following changes in foreign tax laws. For the three months ended April 30, 2017, this amount primarily includes $593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes.

In connection with the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc, for the three months ended April 30, 2018, this amount primarily includes a $1.1 billion benefit following the closure of pre-separation Hewlett-Packard Company audits for fiscal years 2009 through 2012. For the three months ended January 31, 2018, this amount includes a $920 million benefit following the resolution of certain pre-separation Hewlett-Packard Company income tax liabilities.

As a result of the recently enacted U.S. tax reform, for the three months ended April 30, 2018, this amount includes $140 million of tax expense. For the three months ended January 31, 2018, this amount includes an estimated tax benefit of $1.8 billion from the provisional application of the new tax rules including a lower federal tax rate to deferred tax assets and liabilities, partially offset by a provisional estimate of $1.0 billion of transition tax expense on accumulated non U.S. earnings, and a $203 million benefit as a result of the liquidation of an insolvent non U.S. subsidiary.

During the first quarter of fiscal 2018, the Company adopted ASU 2016-09 on a prospective basis, except for the statement of cash flows for which it was retrospectively adopted for the prior comparative periods, which requires the excess tax benefits or tax deficiencies associated with stock-based compensation to be recognized as a component of the provision for income taxes in the Statement of Earnings rather than additional paid-in capital in the Balance Sheet. For the three months ended April 30, 2018 and January 31, 2018, this amount includes $28 million and $14 million, respectively, which represents the net excess tax benefits from stock-based compensation.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS, OPERATING MARGIN AND DILUTED NET EARNINGS PER SHARE
(Unaudited)
(In millions, except percentages and per share amounts)

	Six months ended April 30, 2018	Diluted net earnings per share	Six months ended April 30, 2017	Diluted net earnings per share
GAAP net earnings (loss) from continuing operations	$ 2,332	$ 1.46	$ (227)	$ (0.14)
Non-GAAP adjustments:				
Amortization of intangible assets	150	0.09	138	0.08
Restructuring charges	12	0.01	152	0.09
Transformation costs[a]	368	0.23	—	—
Acquisition and other related charges	46	0.03	94	0.06
Separation costs	2	—	41	0.02
Defined benefit plan settlement charges and remeasurement (benefit)[b]	—	—	(16)	(0.01)
Tax indemnification adjustments[c]	1,344	0.84	11	0.01
Loss from equity interests[d]	75	0.05	73	0.04
Adjustments for taxes[e]	(3,246)	(2.03)	494	0.30
Non-GAAP net earnings from continuing operations	$ 1,083	$ 0.68	$ 760	$ 0.45
GAAP earnings from continuing operations	$ 658		$ 648	
Non-GAAP adjustments related to continuing operations:				
Amortization of intangible assets	150		138	
Restructuring charges	12		152	
Transformation costs[a]	368		—	
Acquisition and other related charges	46		94	
Separation costs	2		41	
Defined benefit plan settlement charges and remeasurement (benefit)[b]	—		(16)	
Non-GAAP earnings from continuing operations	$ 1,236		$ 1,057	
GAAP operating margin from continuing operations	4%		5%	
Non-GAAP adjustments from continuing operations	4%		3%	
Non-GAAP operating margin from continuing operations	8%		8%	
GAAP net loss from discontinued operations	$ (118)	$ (0.08)	$ (118)	$ (0.07)
Non-GAAP adjustments related to discontinued operations:				
Amortization of intangible assets	—	—	71	0.04
Restructuring charges	—	—	240	0.14
Acquisition and other related charges	—	—	1	—
Separation costs	51	0.03	713	0.43
Defined benefit plan settlement charges and remeasurement (benefit)[b]	—	—	(6)	—
Tax indemnification adjustments[c]	68	0.05	—	—
Adjustments for taxes	(1)	—	(302)	(0.19)
Non-GAAP net earnings from discontinued operations	$ —	$ —	$ 599	$ 0.35
Total GAAP net earnings (loss)	$ 2,214	$ 1.38	$ (345)	$ (0.21)
Total Non-GAAP net earnings	$ 1,083	$ 0.68	$ 1,359	$ 0.80

(a) Represents amounts in connection with the HPE Next initiative and primarily includes costs related to labor and non-labor restructuring, program management and IT charges, partially offset by the gain on sale of real estate.

(b) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.

(c) Represents the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc.

(d) Represents the amortization of basis difference adjustments related to the H3C divestiture.

(e) Includes tax amounts in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc. and the software business, Seattle SpinCo, Inc., tax amounts related to the recently enacted U.S. tax reform, tax amounts related to the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc. and excess tax benefits associated with stock-based compensation.

In connection with the spin-off of the enterprise services business, Everett SpinCo, Inc, for the six months ended April 30, 2018, this amount includes a $239 million benefit primarily from foreign tax credits and from the release of non U.S. valuation allowances on deferred taxes established in connection with the Everett Transaction, following changes in foreign tax laws. For the six months ended April 30, 2017, this amount primarily includes $593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes.

In connection with the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc, for the six months ended April 30, 2018, this amount primarily includes a $2.0 billion benefit.

As a result of the recently enacted U.S. tax reform, for the six months ended April 30, 2018, this amount includes an estimated tax benefit of $1.8 billion from the provisional application of the new tax rules including a lower federal tax rate to deferred tax assets and liabilities, partially offset by a provisional estimate of $1.1 billion of transition tax expense on accumulated non U.S. earnings, and a $203 million benefit as a result of the liquidation of an insolvent non U.S. subsidiary.

During the first quarter of fiscal 2018, the Company adopted ASU 2016-09 on a prospective basis, except for the statement of cash flows for which it was retrospectively adopted for the prior comparative periods, which requires the excess tax benefits or tax deficiencies associated with stock-based compensation to be recognized as a component of the provision for income taxes in the Statement of Earnings rather than additional paid-in capital in the Balance Sheet. For the six months ended April 30, 2018, this amount includes $42 million, which represents the net excess tax benefits from stock-based compensation.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions, except par value)

	As of	
	April 30, 2018	**October 31, 2017**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,986	$ 9,579
Accounts receivable, net of allowance for doubtful accounts	3,099	3,073
Financing receivables	3,503	3,378
Inventory	2,848	2,315
Assets held for sale[a]	31	14
Other current assets	3,325	3,085
Total current assets	19,792	21,444
Property, plant and equipment	6,208	6,269
Long-term financing receivables and other assets	12,915	12,600
Investments in equity interests	2,517	2,535
Goodwill and intangible assets	18,444	18,558
Total assets	$ 59,876	$ 61,406
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	$ 3,855	$ 3,850
Accounts payable	6,242	6,072
Employee compensation and benefits	1,191	1,156
Taxes on earnings	437	429
Deferred revenue	3,163	3,128
Accrued restructuring	286	445
Other accrued liabilities	3,910	3,844
Total current liabilities	19,084	18,924
Long-term debt	9,970	10,182
Other non-current liabilities	6,856	8,795
Stockholders' equity		
HPE stockholders' equity:		
Preferred stock, $0.01 par value (300 shares authorized; none issued and outstanding at April 30, 2018)	—	—
Common stock, $0.01 par value (9,600 shares authorized; 1,527 and 1,595 shares issued and outstanding at April 30, 2018 and October 31, 2017, respectively)	15	16
Additional paid-in capital	32,205	33,583
Accumulated deficit	(5,306)	(7,238)
Accumulated other comprehensive loss	(2,982)	(2,895)
Total HPE stockholders' equity	23,932	23,466
Non-controlling interests	34	39
Total stockholders' equity	23,966	23,505
Total liabilities and stockholders' equity	$ 59,876	$ 61,406

(a) In connection with the HPE Next initiative, the Company determined that certain properties within its real estate portfolio met the criteria to be classified as Assets held for sale. The Company expects these properties to be sold within the next twelve months.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Three months ended April 30, 2018	Six months ended April 30, 2018
Cash flows from operating activities:		
Net earnings	$ 778	$ 2,214
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	655	1,290
Stock-based compensation expense	83	186
Provision for doubtful accounts and inventory	40	81
Restructuring charges	94	268
Deferred taxes on earnings	171	(1,164)
Loss (earnings) from equity interests	10	(12)
Dividends received from equity investees	47	47
Other, net	(5)	97
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(8)	(42)
Financing receivables	15	(272)
Inventory	(441)	(587)
Accounts payable	284	177
Taxes on earnings	(1,208)	(2,217)
Restructuring	(188)	(414)
Other assets and liabilities	(80)	737
Net cash provided by operating activities	247	389
Cash flows from investing activities:		
Investment in property, plant and equipment	(693)	(1,362)
Proceeds from sale of property, plant and equipment	177	292
Purchases of available-for-sale securities and other investments	(5)	(8)
Maturities and sales of available-for-sale securities and other investments	85	85
Financial collateral posted	(485)	(1,191)
Financial collateral returned	787	931
Payments made in connection with business acquisitions, net of cash acquired	(29)	(29)
Proceeds from business divestitures, net	13	13
Net cash used in investing activities	(150)	(1,269)
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	(22)	(25)
Proceeds from debt, net of issuance costs	341	611
Payment of debt	(357)	(610)
Net proceeds related to stock-based award activities[a]	72	89
Repurchase of common stock	(907)	(1,649)
Net transfer of cash and cash equivalents to Everett	(13)	(41)
Net transfer of cash and cash equivalents to Seattle	226	156
Cash dividends paid to non-controlling interests	(8)	(8)
Cash dividends paid	(116)	(236)

Net cash used in financing activities	(784)	(1,713)
Decrease in cash and cash equivalents	(687)	(2,593)
Cash and cash equivalents at beginning of period	7,673	9,579
Cash and cash equivalents at end of period	$ 6,986	$ 6,986

(a) During the first quarter of fiscal 2018, the Company adopted ASU 2016-09, as a result of which, excess tax benefits from stock-based compensation is presented as an operating activity, rather than as a financing activity, and the payment of withholding taxes is presented as a financing activity, rather than as an operating activity. The Company adopted the standard retrospectively for the prior comparative periods. As such, prior period amounts have been reclassified to conform to the current presentation.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
SEGMENT INFORMATION
(Unaudited)
(In millions)

	Three months ended		
	April 30, 2018	**January 31, 2018**	**April 30, 2017**
Net revenue:[(a)]			
Hybrid IT	$ 6,023	$ 6,331	$ 5,637
Intelligent Edge	710	620	606
Financial Services	916	888	872
Corporate Investments	—	(1)	—
Total segment net revenue	7,649	7,838	7,115
Elimination of intersegment net revenue and other	(181)	(164)	(307)
Total Hewlett Packard Enterprise consolidated net revenue	$ 7,468	$ 7,674	$ 6,808
Earnings from continuing operations before taxes:[(a) (b)]			
Hybrid IT	$ 621	$ 608	$ 457
Intelligent Edge	46	18	46
Financial Services	72	72	77
Corporate Investments	(22)	(21)	(28)
Total segment earnings from operations	717	677	552
Unallocated corporate costs and eliminations[(b)]	(54)	(54)	(124)
Unallocated stock-based compensation expense[(b)]	(20)	(30)	(24)
Amortization of intangible assets	(72)	(78)	(72)
Restructuring charges	(9)	(3)	(69)
Transformation costs[(c)]	(123)	(245)	—
Acquisition and other related charges	(16)	(30)	(50)
Separation costs	(26)	24	(30)
Defined benefit plan settlement charges and remeasurement (benefit)[(d)]	—	—	12
Interest and other, net	(78)	(21)	(86)
Tax indemnification adjustments[(e)]	(425)	(919)	7
(Loss) earnings from equity interests	(10)	22	(3)
Total Hewlett Packard Enterprise consolidated (loss) earnings from continuing operations before taxes [(b)]	$ (116)	$ (657)	$ 113

(a) Effective at the beginning of the first quarter of fiscal 2018, the Company implemented organizational changes to align its segment financial reporting more closely with its current business structure. These organizational changes primarily include: (i) the transfer of the former Servers and Storage business units, the Pointnext and Communications and Media Solutions ("CMS") businesses within the former Technology Services business unit, and the data center networking business within the former Networking business unit, all of which were previously reported within the former Enterprise Group ("EG") segment, to the newly formed Hybrid IT segment; (ii) the transfer of the remaining networking products businesses, which include wireless LAN, campus and branch switching and edge compute within the former Networking business unit, and Aruba services within the former Technology Services business unit, all of which were previously reported within the former EG segment, to the newly formed Intelligent Edge segment; and (iii) the transfer of cloud-related activities previously reported within Corporate Investments to the Hybrid IT segment.

The Company reflected these changes to its segment information retrospectively to the earliest period presented, which primarily resulted in: (i) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the former Servers and Storage business units, the Pointnext and CMS businesses within the former Technology Services business unit and the data center networking business within the former Networking business unit, all of which were previously reported within the former EG segment, to the Hybrid IT segment; (ii) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the remaining networking products businesses within the former Networking business unit, and Aruba services within the former Technology Services business unit, all of which were previously reported within the former EG segment, to the Intelligent Edge segment; and (iii) the transfer of the operating loss from cloud-related activities previously reported within Corporate Investments to the Hybrid IT segment.

These changes had no impact on Hewlett Packard Enterprise's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share.

(b) Effective at the beginning of the first quarter of fiscal 2018, the Company implemented certain changes to its allocation methodology for stock-based compensation expense and certain corporate costs, which align to its segment financial reporting and are consistent with the manner in which the operating segments will be evaluated for performance on a prospective basis.

The Company reflected these changes retrospectively to the earliest period presented, which resulted in: (i) the transfer of a portion of stock-based compensation expense, which under the prior allocation methodology was not allocated to the segments, to the Hybrid IT, Intelligent Edge and Financial Services segments; and (ii) the transfer of certain corporate function costs previously allocated to the segments to unallocated corporate costs.

These changes had no impact on Hewlett Packard Enterprise's previously reported consolidated and combined earnings from operations, net earnings or net earnings per share.

(c) Represents amounts in connection with the HPE Next initiative and primarily includes costs related to labor and non-labor restructuring, program management and IT charges, partially offset by the gain on sale of real estate.

(d) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.

(e) Represents the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
SEGMENT INFORMATION
(Unaudited)
(In millions)

	Six Months Ended April 30,	
	2018	2017
Net revenue:[a]		
Hybrid IT	$ 12,354	$ 11,392
Intelligent Edge	1,330	1,176
Financial Services	1,804	1,695
Corporate Investments	(1)	—
Total segment net revenue	15,487	14,263
Elimination of intersegment net revenue and other	(345)	(553)
Total Hewlett Packard Enterprise consolidated net revenue	$ 15,142	$ 13,710
Earnings from continuing operations before taxes:[a] [b]		
Hybrid IT	$ 1,229	$ 1,190
Intelligent Edge	64	62
Financial Services	144	153
Corporate Investments	(43)	(61)
Total segment earnings from operations	1,394	1,344
Unallocated corporate costs and eliminations[b]	(108)	(220)
Unallocated stock-based compensation expense[b]	(50)	(67)
Amortization of intangible assets	(150)	(138)
Restructuring charges	(12)	(152)
Transformation costs[c]	(368)	—
Acquisition and other related charges	(46)	(94)
Separation costs	(2)	(41)
Defined benefit plan settlement charges and remeasurement (benefit)[d]	—	16
Interest and other, net	(99)	(164)
Tax indemnification adjustments[e]	(1,344)	(11)
Earnings (loss) from equity interests	12	(25)
Total Hewlett Packard Enterprise consolidated (loss) earnings from continuing operations before taxes [b]	$ (773)	$ 448

(a) Effective at the beginning of the first quarter of fiscal 2018, the Company implemented organizational changes to align its segment financial reporting more closely with its current business structure. These organizational changes primarily include: (i) the transfer of the former Servers and Storage business units, the Pointnext and Communications and Media Solutions ("CMS") businesses within the former Technology Services business unit, and the data center networking business within the former Networking business unit, all of which were previously reported within the former Enterprise Group ("EG") segment, to the newly formed Hybrid IT segment; (ii) the transfer of the remaining networking products businesses, which include wireless LAN, campus and branch switching and edge compute within the former Networking business unit, and Aruba services within the former Technology Services business unit, all of which were previously reported within the former EG segment, to the newly formed Intelligent Edge segment; and (iii) the transfer of cloud-related activities previously reported within Corporate Investments to the Hybrid IT segment.

The Company reflected these changes to its segment information retrospectively to the earliest period presented, which primarily resulted in: (i) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the former Servers and Storage business units, the Pointnext and CMS businesses within the former Technology

Services business unit and the data center networking business within the former Networking business unit, all of which were previously reported within the former EG segment, to the Hybrid IT segment; (ii) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the remaining networking products businesses within the former Networking business unit, and Aruba services within the former Technology Services business unit, all of which were previously reported within the former EG segment, to the Intelligent Edge segment; and (iii) the transfer of the operating loss from cloud-related activities previously reported within Corporate Investments to the Hybrid IT segment.

These changes had no impact on Hewlett Packard Enterprise's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share.

(b) Effective at the beginning of the first quarter of fiscal 2018, the Company implemented certain changes to its allocation methodology for stock-based compensation expense and certain corporate costs, which align to its segment financial reporting and are consistent with the manner in which the operating segments will be evaluated for performance on a prospective basis.

The Company reflected these changes retrospectively to the earliest period presented, which resulted in: (i) the transfer of a portion of stock-based compensation expense, which under the prior allocation methodology was not allocated to the segments, to the Hybrid IT, Intelligent Edge and Financial Services segments; and (ii) the transfer of certain corporate function costs previously allocated to the segments to unallocated corporate costs.

These changes had no impact on Hewlett Packard Enterprise's previously reported consolidated and combined earnings from operations, net earnings or net earnings per share.

(c) Represents amounts in connection with the HPE Next initiative and primarily includes costs related to labor and non-labor restructuring, program management and IT charges, partially offset by the gain on sale of real estate.

(d) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.

(e) Represents the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
SEGMENT/BUSINESS UNIT INFORMATION
(Unaudited)
(In millions, except percentages)

	Three months ended			Change (%)	
	April 30, 2018	January 31, 2018	April 30, 2017	Q/Q	Y/Y
Net revenue:[a]					
Hybrid IT					
Hybrid IT Product					
Compute	$ 3,213	$ 3,492	$ 3,033	(8%)	6%
Storage	912	948	734	(4%)	24%
DC Networking	46	62	45	(26%)	2%
Total Hybrid IT Product	4,171	4,502	3,812	(7%)	9%
Pointnext	1,852	1,829	1,825	1%	1%
Total Hybrid IT	6,023	6,331	5,637	(5%)	7%
Intelligent Edge					
HPE Aruba Product	635	549	538	16%	18%
HPE Aruba Services	75	71	68	6%	10%
Total Intelligent Edge	710	620	606	15%	17%
Financial Services	916	888	872	3%	5%
Corporate Investments	—	(1)	—	NM	NM
Total segment net revenue	7,649	7,838	7,115	(2%)	8%
Elimination of intersegment net revenue and other	(181)	(164)	(307)	10%	(41%)
Total Hewlett Packard Enterprise consolidated net revenue	$ 7,468	$ 7,674	$ 6,808	(3%)	10%

(a) Effective at the beginning of the first quarter of fiscal 2018, the Company implemented organizational changes to align its segment financial reporting more closely with its current business structure. These organizational changes primarily include: (i) the transfer of the former Servers and Storage business units, the Pointnext and CMS businesses within the former Technology Services business unit, and the data center networking business within the former Networking business unit, all of which were previously reported within the former EG segment, to the newly formed Hybrid IT segment; (ii) the transfer of the remaining networking products businesses, which include wireless LAN, campus and branch switching and edge compute within the former Networking business unit, and Aruba services within the former Technology Services business unit, all of which were previously reported within the former EG segment, to the newly formed Intelligent Edge segment; and (iii) the transfer of cloud-related activities previously reported within Corporate Investments to the Hybrid IT segment.

The Company reflected these changes to its segment information retrospectively to the earliest period presented, which primarily resulted in: (i) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the former Servers and Storage business units, the Pointnext and CMS businesses within the former Technology Services business unit and the data center networking business within the former Networking business unit, all of which were previously reported within the former EG segment, to the Hybrid IT segment; (ii) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the remaining networking products businesses within the former Networking business unit, and Aruba services within the former Technology Services business unit, all of which were previously reported within the former EG segment, to the Intelligent Edge segment; and (iii) the transfer of the operating loss from cloud-related activities previously reported within Corporate Investments to the Hybrid IT segment.

These changes had no impact on Hewlett Packard Enterprise's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
SEGMENT/BUSINESS UNIT INFORMATION
(Unaudited)
(In millions, except percentages)

	Six Months Ended April 30,		
	2018	**2017**	**Y/Y**
Net revenue:[a]			
Hybrid IT			
Hybrid IT Product			
Compute	$ 6,705	$ 6,176	9%
Storage	1,860	1,498	24%
DC Networking	108	94	15%
Total Hybrid IT Product	8,673	7,768	12%
Pointnext	3,681	3,624	2%
Total Hybrid IT	12,354	11,392	8%
Intelligent Edge			
HPE Aruba Product	1,184	1,041	14%
HPE Aruba Services	146	135	8%
Total Intelligent Edge	1,330	1,176	13%
Financial Services	1,804	1,695	6%
Corporate Investments	(1)	—	NM
Total segment net revenue	15,487	14,263	9%
Elimination of intersegment net revenue and other	(345)	(553)	(38%)
Total Hewlett Packard Enterprise consolidated net revenue	$ 15,142	$ 13,710	10%

(a) Effective at the beginning of the first quarter of fiscal 2018, the Company implemented organizational changes to align its segment financial reporting more closely with its current business structure. These organizational changes primarily include: (i) the transfer of the former Servers and Storage business units, the Pointnext and CMS businesses within the former Technology Services business unit, and the data center networking business within the former Networking business unit, all of which were previously reported within the former EG segment, to the newly formed Hybrid IT segment; (ii) the transfer of the remaining networking products businesses, which include wireless LAN, campus and branch switching and edge compute within the former Networking business unit, and Aruba services within the former Technology Services business unit, all of which were previously reported within the former EG segment, to the newly formed Intelligent Edge segment; and (iii) the transfer of cloud-related activities previously reported within Corporate Investments to the Hybrid IT segment.

The Company reflected these changes to its segment information retrospectively to the earliest period presented, which primarily resulted in: (i) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the former Servers and Storage business units, the Pointnext and CMS businesses within the former Technology Services business unit and the data center networking business within the former Networking business unit, all of which were previously reported within the former EG segment, to the Hybrid IT segment; (ii) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the remaining networking products businesses within the former Networking business unit, and Aruba services within the former Technology Services business unit, all of which were previously reported within the former EG segment, to the Intelligent Edge segment; and (iii) the transfer of the operating loss from cloud-related activities previously reported within Corporate Investments to the Hybrid IT segment.

These changes had no impact on Hewlett Packard Enterprise's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
SEGMENT OPERATING MARGIN SUMMARY DATA
(Unaudited)

	Three months ended	Change in Operating Margin (pts)	
	April 30, 2018	Q/Q	Y/Y
Segment operating margin:[(a)]			
Hybrid IT	10.3%	0.7 pts	2.2 pts
Intelligent Edge	6.5%	3.6 pts	(1.1) pts
Financial Services	7.9%	(0.2) pts	(0.9) pts
Corporate Investments[(b)]	NM	NM	NM
Total segment operating margin	9.4%	0.8 pts	1.6 pts

(a) Effective at the beginning of the first quarter of fiscal 2018, the Company implemented organizational changes to align its segment financial reporting more closely with its current business structure. These organizational changes primarily include: (i) the transfer of the former Servers and Storage business units, the Pointnext and CMS businesses within the former Technology Services business unit, and the data center networking business within the former Networking business unit, all of which were previously reported within the former EG segment, to the newly formed Hybrid IT segment; (ii) the transfer of the remaining networking products businesses, which include wireless LAN, campus and branch switching and edge compute within the former Networking business unit, and Aruba services within the former Technology Services business unit, all of which were previously reported within the former EG segment, to the newly formed Intelligent Edge segment; and (iii) the transfer of cloud-related activities previously reported within Corporate Investments to the Hybrid IT segment.

The Company reflected these changes to its segment information retrospectively to the earliest period presented, which primarily resulted in: (i) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the former Servers and Storage business units, the Pointnext and CMS businesses within the former Technology Services business unit and the data center networking business within the former Networking business unit, all of which were previously reported within the former EG segment, to the Hybrid IT segment; (ii) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the remaining networking products businesses within the former Networking business unit, and Aruba services within the former Technology Services business unit, all of which were previously reported within the former EG segment, to the Intelligent Edge segment; and (iii) the transfer of the operating loss from cloud-related activities previously reported within Corporate Investments to the Hybrid IT segment.

These changes had no impact on Hewlett Packard Enterprise's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share.

(b) “NM” represents not meaningful.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
CALCULATION OF DILUTED NET EARNINGS (LOSS) PER SHARE
(Unaudited)
(In millions, except per share amounts)

	Three months ended		
	April 30, 2018	January 31, 2018	April 30, 2017
Numerator:			
GAAP net earnings (loss) from continuing operations	$ 850	$ 1,482	$ (478)
GAAP net loss from discontinued operations	$ (72)	$ (46)	$ (134)
Non-GAAP net earnings from continuing operations	$ 536	$ 547	$ 287
Non-GAAP net earnings from discontinued operations	$ —	$ —	$ 300
Denominator:			
Weighted-average shares used to compute basic net earnings per share and diluted net earnings (loss) per share	1,552	1,591	1,658
Dilutive effect of employee stock plans[(a)]	30	28	27
Weighted-average shares used to compute diluted net earnings per share	1,582	1,619	1,685
GAAP net earnings (loss) per share from continuing operations			
Basic	$ 0.55	$ 0.93	$ (0.29)
Diluted[(a)]	$ 0.54	$ 0.92	$ (0.29)
GAAP net loss per share from discontinued operations			
Basic	$ (0.05)	$ (0.03)	$ (0.08)
Diluted[(a)]	$ (0.05)	$ (0.03)	$ (0.08)
Non-GAAP net earnings per share from continuing operations			
Basic	$ 0.35	$ 0.34	$ 0.17
Diluted[(b)]	$ 0.34	$ 0.34	$ 0.17
Non-GAAP net earnings per share from discontinued operations			
Basic	$ —	$ —	$ 0.18
Diluted[(b)]	$ —	$ —	$ 0.18
Total Hewlett Packard Enterprise GAAP basic net earnings (loss) per share	$ 0.50	$ 0.90	$ (0.37)
Total Hewlett Packard Enterprise GAAP diluted net earnings (loss) per share	$ 0.49	$ 0.89	$ (0.37)
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	$ 0.35	$ 0.34	$ 0.35
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	$ 0.34	$ 0.34	$ 0.35

(a) GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based stock awards, but the effect is excluded when there is a net (loss) from continuing operations and discontinued operations because it would be anti-dilutive.

(b) Non-GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based awards.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
CALCULATION OF DILUTED NET EARNINGS (LOSS) PER SHARE
(Unaudited)
(In millions, except per share amounts)

	Six Months Ended April 30,	
	2018	**2017**
Numerator:		
GAAP net earnings (loss) from continuing operations	$ 2,332	$ (227)
GAAP net loss from discontinued operations	$ (118)	$ (118)
Non-GAAP net earnings from continuing operations	$ 1,083	$ 760
Non-GAAP net earnings from discontinued operations	$ —	$ 599
Denominator:		
Weighted-average shares used to compute basic net earnings per share and diluted net earnings (loss) per share	1,571	1,664
Dilutive effect of employee stock plans[(a)]	30	28
Weighted-average shares used to compute diluted net earnings per share	1,601	1,692
GAAP net earnings (loss) per share from continuing operations		
Basic	$ 1.48	$ (0.14)
Diluted[(a)]	$ 1.46	$ (0.14)
GAAP net loss per share from discontinued operations		
Basic	$ (0.07)	$ (0.07)
Diluted[(a)]	$ (0.08)	$ (0.07)
Non-GAAP net earnings per share from continuing operations		
Basic	$ 0.69	$ 0.46
Diluted[(b)]	$ 0.68	$ 0.45
Non-GAAP net earnings per share from discontinued operations		
Basic	$ —	$ 0.36
Diluted[(b)]	$ —	$ 0.35
Total Hewlett Packard Enterprise GAAP basic net earnings (loss) per share	$ 1.41	$ (0.21)
Total Hewlett Packard Enterprise GAAP diluted net earnings (loss) per share	$ 1.38	$ (0.21)
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	$ 0.69	$ 0.82
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	$ 0.68	$ 0.80

(a) GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based stock awards, but the effect is excluded when there is a net (loss) from continuing operations and discontinued operations because it would be anti-dilutive.

(b) Non-GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based awards.