

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(In millions, except per share amounts)

	Three months ended		
	April 30, 2019	January 31, 2019	April 30, 2018
Net revenue ^(a)	\$ 7,150	\$ 7,553	\$ 7,468
Costs and expenses:			
Cost of sales	4,845	5,207	5,210
Research and development	457	466	403
Selling, general and administrative	1,214	1,211	1,245
Amortization of intangible assets	69	72	72
Restructuring charges	—	—	10
Transformation costs	54	78	120
Disaster charges	(7)	—	—
Acquisition, disposition and other related charges	84	63	16
Separation costs	—	—	26
Total costs and expenses	6,716	7,097	7,102
Earnings from continuing operations	434	456	366
Interest and other, net	(18)	(51)	(78)
Tax indemnification adjustments ^(b)	4	219	(425)
Non-service net periodic benefit credit ^(c)	17	16	31
Earnings (loss) from equity interests	3	15	(10)
Earnings (loss) from continuing operations before taxes	440	655	(116)
(Provision) benefit for taxes ^(d)	(21)	(478)	966
Net earnings from continuing operations	419	177	850
Net loss from discontinued operations	—	—	(72)
Net earnings	\$ 419	\$ 177	\$ 778
Net earnings (loss) per share:			
Basic			
Continuing operations	\$ 0.31	\$ 0.13	\$ 0.55
Discontinued operations	—	—	(0.05)
Total basic net earnings per share	\$ 0.31	\$ 0.13	\$ 0.50
Diluted			
Continuing operations	\$ 0.30	\$ 0.13	\$ 0.54
Discontinued operations	—	—	(0.05)
Total diluted net earnings per share	\$ 0.30	\$ 0.13	\$ 0.49
Cash dividends declared per share	\$ 0.1125	\$ 0.1125	\$ 0.1125
Weighted-average shares used to compute net earnings per share:			
Basic	1,367	1,401	1,552
Diluted	1,382	1,412	1,582

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

	Six Months Ended April 30,	
	2019	2018
Net revenue ^(a)	\$ 14,703	\$ 15,142
Costs and expenses:		
Cost of sales	10,052	10,715
Research and development	923	792
Selling, general and administrative	2,425	2,463
Amortization of intangible assets	141	150
Restructuring charges	—	15
Transformation costs	132	365
Disaster charges	(7)	—
Acquisition, disposition and other related charges	147	46
Separation costs	—	2
Total costs and expenses	13,813	14,548
Earnings from continuing operations	890	594
Interest and other, net	(69)	(99)
Tax indemnification adjustments ^(b)	223	(1,344)
Non-service net periodic benefit credit ^(c)	33	64
Earnings from equity interests	18	12
Earnings (loss) from continuing operations before taxes	1,095	(773)
(Provision) benefit for taxes ^(d)	(499)	3,105
Net earnings from continuing operations	596	2,332
Net loss from discontinued operations	—	(118)
Net earnings	\$ 596	\$ 2,214
Net earnings (loss) per share:		
Basic		
Continuing operations	\$ 0.43	\$ 1.48
Discontinued operations	—	(0.07)
Total basic net earnings per share	\$ 0.43	\$ 1.41
Diluted		
Continuing operations	\$ 0.43	\$ 1.46
Discontinued operations	—	(0.08)
Total diluted net earnings per share	\$ 0.43	\$ 1.38
Cash dividends declared per share	\$ 0.2250	\$ 0.2625
Weighted-average shares used to compute net earnings per share:		
Basic	1,384	1,571
Diluted	1,397	1,601

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, 2019	Diluted net earnings per share	Three months ended January 31, 2019	Diluted net earnings per share	Three months ended April 30, 2018	Diluted net earnings per share
GAAP net earnings from continuing operations	\$ 419	\$ 0.30	\$ 177	\$ 0.13	\$ 850	\$ 0.54
Non-GAAP adjustments:						
Amortization of intangible assets	69	0.05	72	0.05	72	0.05
Restructuring charges ^(c)	—	—	—	—	10	0.01
Transformation costs ^(c)	54	0.04	78	0.06	120	0.08
Disaster charges	(7)	(0.01)	—	—	—	—
Acquisition, disposition and other related charges	84	0.06	63	0.04	16	0.01
Separation costs ^(c)	—	—	—	—	26	0.02
Tax indemnification adjustments ^(b)	(4)	—	(219)	(0.16)	425	0.26
Non-service net periodic benefit credit ^(c)	(17)	(0.01)	(16)	(0.01)	(31)	(0.02)
Loss from equity interests ^(e)	38	0.03	38	0.03	38	0.02
Adjustments for taxes ^{(d)(f)}	(57)	(0.04)	397	0.28	(1,020)	(0.65)
Non-GAAP net earnings from continuing operations	<u>\$ 579</u>	<u>\$ 0.42</u>	<u>\$ 590</u>	<u>\$ 0.42</u>	<u>\$ 506</u>	<u>\$ 0.32</u>
GAAP earnings from continuing operations	\$ 434		\$ 456		\$ 366	
Non-GAAP adjustments related to continuing operations:						
Amortization of intangible assets	69		72		72	
Restructuring charges ^(c)	—		—		10	
Transformation costs ^(c)	54		78		120	
Disaster charges	(7)		—		—	
Acquisition, disposition and other related charges	84		63		16	
Separation costs ^(c)	—		—		26	
Non-GAAP earnings from continuing operations	<u>\$ 634</u>		<u>\$ 669</u>		<u>\$ 610</u>	
GAAP operating margin from continuing operations	6%		6%		5%	
Non-GAAP adjustments from continuing operations	3%		3%		3%	
Non-GAAP operating margin from continuing operations	<u>9%</u>		<u>9%</u>		<u>8%</u>	
GAAP net loss from discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ (72)	\$ (0.05)
Non-GAAP adjustments related to discontinued operations:						
Tax indemnification adjustments ^(b)	—	—	—	—	72	0.05

Non-GAAP net earnings from discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total GAAP net earnings	\$ 419	\$ 0.30	\$ 177	\$ 0.13	\$ 778	\$ 0.49
Total Non-GAAP net earnings	\$ 579	\$ 0.42	\$ 590	\$ 0.42	\$ 506	\$ 0.32

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, 2019	Diluted net earnings per share	Six months ended April 30, 2018	Diluted net earnings per share
GAAP net earnings from continuing operations	\$ 596	\$ 0.43	\$ 2,332	\$ 1.46
Non-GAAP adjustments:				
Amortization of intangible assets	141	0.11	150	0.09
Restructuring charges ^(c)	—	—	15	0.01
Transformation costs ^(c)	132	0.09	365	0.23
Disaster charges	(7)	(0.01)	—	—
Acquisition, disposition and other related charges	147	0.11	46	0.03
Separation costs ^(c)	—	—	2	—
Tax indemnification adjustments ^(b)	(223)	(0.16)	1,344	0.84
Non-service net periodic benefit credit ^(c)	(33)	(0.02)	(64)	(0.04)
Loss from equity interests ^(e)	76	0.05	75	0.05
Adjustments for taxes ^{(d)(f)}	340	0.24	(3,239)	(2.03)
Non-GAAP net earnings from continuing operations	<u>\$ 1,169</u>	<u>\$ 0.84</u>	<u>\$ 1,026</u>	<u>\$ 0.64</u>
GAAP earnings from continuing operations	\$ 890		\$ 594	
Non-GAAP adjustments related to continuing operations:				
Amortization of intangible assets	141		150	
Restructuring charges ^(c)	—		15	
Transformation costs ^(c)	132		365	
Disaster charges	(7)		—	
Acquisition, disposition and other related charges	147		46	
Separation costs ^(c)	—		2	
Non-GAAP earnings from continuing operations	<u>\$ 1,303</u>		<u>\$ 1,172</u>	
GAAP operating margin from continuing operations	6%		4%	
Non-GAAP adjustments from continuing operations	3%		4%	
Non-GAAP operating margin from continuing operations	<u>9%</u>		<u>8%</u>	
GAAP net loss from discontinued operations	\$ —	\$ —	\$ (118)	\$ (0.08)
Non-GAAP adjustments related to discontinued operations:				
Separation costs	—	—	51	0.03
Tax indemnification adjustments ^(b)	—	—	68	0.05
Adjustments for taxes	—	—	(1)	—
Non-GAAP net earnings from discontinued operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Total GAAP net earnings	<u>\$ 596</u>	<u>\$ 0.43</u>	<u>\$ 2,214</u>	<u>\$ 1.38</u>
Total Non-GAAP net earnings	<u>\$ 1,169</u>	<u>\$ 0.84</u>	<u>\$ 1,026</u>	<u>\$ 0.64</u>

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

	As of	
	April 30, 2019	October 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,585	\$ 4,880
Accounts receivable	3,143	3,263
Financing receivables	3,453	3,396
Inventory	2,182	2,447
Assets held for sale	1	6
Other current assets ^(g)	2,636	3,280
Total current assets	15,000	17,272
Property, plant and equipment	6,138	6,138
Long-term financing receivables and other assets	9,317	11,359
Investments in equity interests	2,421	2,398
Goodwill and intangible assets	18,264	18,326
Total assets	\$ 51,140	\$ 55,493
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	\$ 2,114	\$ 2,005
Accounts payable	5,483	6,092
Employee compensation and benefits	1,263	1,412
Taxes on earnings	236	378
Deferred revenue	3,141	3,177
Accrued restructuring	192	294
Other accrued liabilities	3,648	3,840
Total current liabilities	16,077	17,198
Long-term debt	10,332	10,136
Other non-current liabilities	6,490	6,885
Stockholders' equity		
HPE stockholders' equity:		
Preferred stock, \$0.01 par value (300 shares authorized; none issued and outstanding at April 30, 2019)	—	—
Common stock, \$0.01 par value (9,600 shares authorized; 1,346 and 1,423 shares issued and outstanding at April 30, 2019 and October 31, 2018, respectively)	13	14
Additional paid-in capital	29,130	30,342
Accumulated deficit ⁽ⁱ⁾	(7,765)	(5,899)
Accumulated other comprehensive loss	(3,180)	(3,218)
Total HPE stockholders' equity	18,198	21,239
Non-controlling interests	43	35
Total stockholders' equity	18,241	21,274
Total liabilities and stockholders' equity	\$ 51,140	\$ 55,493

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

	Three months ended April 30, 2019	Six months ended April 30, 2019
Cash flows from operating activities:		
Net earnings	\$ 419	\$ 596
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	648	1,287
Stock-based compensation expense	74	149
Provision for doubtful accounts and inventory	76	118
Restructuring charges	19	52
Deferred taxes on earnings	(26)	344
Earnings from equity interests	(3)	(18)
Other, net	(1)	45
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	30	143
Financing receivables	124	(32)
Inventory	54	153
Accounts payable	(309)	(565)
Taxes on earnings	(78)	(185)
Restructuring	(88)	(198)
Other assets and liabilities	48	(520)
Net cash provided by operating activities	987	1,369
Cash flows from investing activities:		
Investment in property, plant and equipment	(799)	(1,528)
Proceeds from sale of property, plant and equipment	214	371
Purchases of available-for-sale securities and other investments	(20)	(25)
Maturities and sales of available-for-sale securities and other investments	1	2
Financial collateral posted	(70)	(315)
Financial collateral returned	226	507
Payments made in connection with business acquisitions, net of cash acquired	—	(76)
Net cash used in investing activities	(448)	(1,064)
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	37	25
Proceeds from debt, net of issuance costs	236	625
Payment of debt	(226)	(560)
Net proceeds related to stock-based award activities	26	9
Repurchase of common stock	(574)	(1,388)
Cash dividends paid	(154)	(311)
Net cash used in financing activities	(655)	(1,600)
Decrease in cash, cash equivalents and restricted cash ^(g)	(116)	(1,295)
Cash, cash equivalents and restricted cash at beginning of period ^(g)	3,905	5,084
Cash, cash equivalents and restricted cash at end of period ^(g)	\$ 3,789	\$ 3,789

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

	Three months ended		
	April 30, 2019	January 31, 2019	April 30, 2018
Net revenue: ^{(a)(h)}			
Hybrid IT	\$ 5,636	\$ 5,970	\$ 5,893
Intelligent Edge	666	686	706
Financial Services	896	919	916
Corporate Investments	125	118	134
Total segment net revenue	7,323	7,693	7,649
Elimination of intersegment net revenue and other	(173)	(140)	(181)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 7,150</u>	<u>\$ 7,553</u>	<u>\$ 7,468</u>
Earnings from continuing operations before taxes: ^{(c)(h)}			
Hybrid IT	\$ 645	\$ 675	\$ 591
Intelligent Edge	20	9	56
Financial Services	77	77	72
Corporate Investments	(29)	(28)	(28)
Total segment earnings from operations	713	733	691
Unallocated corporate costs and eliminations ^(c)	(64)	(50)	(61)
Unallocated stock-based compensation expense	(15)	(14)	(20)
Amortization of intangible assets	(69)	(72)	(72)
Restructuring charges ^(c)	—	—	(10)
Transformation costs ^(c)	(54)	(78)	(120)
Disaster charges	7	—	—
Acquisition, disposition and other related charges	(84)	(63)	(16)
Separation costs ^(c)	—	—	(26)
Interest and other, net	(18)	(51)	(78)
Tax indemnification adjustments ^(b)	4	219	(425)
Non-service net periodic benefit credit ^(c)	17	16	31
Earnings (loss) from equity interests	3	15	(10)
Total Hewlett Packard Enterprise consolidated earnings (loss) from continuing operations before taxes	<u>\$ 440</u>	<u>\$ 655</u>	<u>\$ (116)</u>

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

	Six Months Ended April 30,	
	2019	2018
Net revenue: ^{(a)(h)}		
Hybrid IT	\$ 11,606	\$ 12,051
Intelligent Edge	1,352	1,362
Financial Services	1,815	1,804
Corporate Investments	243	270
Total segment net revenue	<u>15,016</u>	<u>15,487</u>
Elimination of intersegment net revenue and other	(313)	(345)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 14,703</u>	<u>\$ 15,142</u>
Earnings from continuing operations before taxes: ^{(c)(h)}		
Hybrid IT	\$ 1,320	\$ 1,163
Intelligent Edge	29	90
Financial Services	154	143
Corporate Investments	(57)	(54)
Total segment earnings from operations	<u>1,446</u>	<u>1,342</u>
Unallocated corporate costs and eliminations ^(c)	(114)	(120)
Unallocated stock-based compensation expense	(29)	(50)
Amortization of intangible assets	(141)	(150)
Restructuring charges ^(c)	—	(15)
Transformation costs ^(c)	(132)	(365)
Disaster charges	7	—
Acquisition, disposition and other related charges	(147)	(46)
Separation costs	—	(2)
Interest and other, net	(69)	(99)
Tax indemnification adjustments ^(b)	223	(1,344)
Non-service net periodic benefit credit ^(c)	33	64
Earnings from equity interests	<u>18</u>	<u>12</u>
Total Hewlett Packard Enterprise consolidated earnings (loss) from continuing operations before taxes	<u>\$ 1,095</u>	<u>\$ (773)</u>

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

	Three months ended			Change (%)	
	April 30, 2019	January 31, 2019	April 30, 2018	Q/Q	Y/Y
Net revenue: ^{(a)(h)}					
Hybrid IT					
Hybrid IT Product					
Compute	\$ 3,093	\$ 3,402	\$ 3,263	(9%)	(5%)
Storage	942	975	912	(3%)	3%
Total Hybrid IT Product	4,035	4,377	4,175	(8%)	(3%)
HPE Pointnext	1,601	1,593	1,718	1%	(7%)
Total Hybrid IT	5,636	5,970	5,893	(6%)	(4%)
Intelligent Edge					
HPE Aruba Product	577	597	629	(3%)	(8%)
HPE Aruba Services	89	89	77	—%	16%
Total Intelligent Edge	666	686	706	(3%)	(6%)
Financial Services	896	919	916	(3%)	(2%)
Corporate Investments	125	118	134	6%	(7%)
Total segment net revenue	7,323	7,693	7,649	(5%)	(4%)
Elimination of intersegment net revenue and other	(173)	(140)	(181)	24%	(4%)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 7,150</u>	<u>\$ 7,553</u>	<u>\$ 7,468</u>	(5%)	(4%)

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

	Six Months Ended April 30,		
	2019	2018	Y/Y
Net revenue: ^{(a)(h)}			
Hybrid IT			
Hybrid IT Product			
Compute	\$ 6,495	\$ 6,781	(4%)
Storage	1,917	1,860	3%
Total Hybrid IT Product	8,412	8,641	(3%)
HPE Pointnext	3,194	3,410	(6%)
Total Hybrid IT	11,606	12,051	(4%)
Intelligent Edge			
HPE Aruba Product	1,174	1,211	(3%)
HPE Aruba Services	178	151	18%
Total Intelligent Edge	1,352	1,362	(1%)
Financial Services	1,815	1,804	1%
Corporate Investments	243	270	(10%)
Total segment net revenue	15,016	15,487	(3%)
Elimination of intersegment net revenue and other	(313)	(345)	(9%)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 14,703	\$ 15,142	(3%)

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

	Three months ended	Change in Operating Margin (pts)	
	April 30, 2019	Q/Q	Y/Y
Segment operating margin. ^{(e)(h)}			
Hybrid IT	11.4 %	0.1 pts	1.4 pts
Intelligent Edge	3.0 %	1.7 pts	(4.9) pts
Financial Services	8.6 %	0.2 pts	0.7 pts
Corporate Investments	(23.2)%	0.5 pts	(2.3) pts
Total segment operating margin	9.7 %	0.2 pts	0.7 pts

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, 2019	January 31, 2019	April 30, 2018
Numerator:			
GAAP net earnings from continuing operations	\$ 419	\$ 177	\$ 850
GAAP net loss from discontinued operations	\$ —	\$ —	\$ (72)
Non-GAAP net earnings from continuing operations	\$ 579	\$ 590	\$ 506
Non-GAAP net earnings from discontinued operations	\$ —	\$ —	\$ —
Denominator:			
Weighted-average shares used to compute basic net earnings per share	1,367	1,401	1,552
Dilutive effect of employee stock plans ⁽ⁱ⁾	15	11	30
Weighted-average shares used to compute diluted net earnings per share	1,382	1,412	1,582
GAAP net earnings per share from continuing operations			
Basic	\$ 0.31	\$ 0.13	\$ 0.55
Diluted ⁽ⁱ⁾	\$ 0.30	\$ 0.13	\$ 0.54
GAAP net loss per share from discontinued operations⁽ⁱ⁾			
Basic	\$ —	\$ —	\$ (0.05)
Diluted ⁽ⁱ⁾	\$ —	\$ —	\$ (0.05)
Non-GAAP net earnings per share from continuing operations			
Basic	\$ 0.42	\$ 0.42	\$ 0.33
Diluted ^(k)	\$ 0.42	\$ 0.42	\$ 0.32
Non-GAAP net earnings per share from discontinued operations			
Basic	\$ —	\$ —	\$ —
Diluted	\$ —	\$ —	\$ —
Total Hewlett Packard Enterprise GAAP basic net earnings per share			
	\$ 0.31	\$ 0.13	\$ 0.50
Total Hewlett Packard Enterprise GAAP diluted net earnings per share			
	\$ 0.30	\$ 0.13	\$ 0.49
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share			
	\$ 0.42	\$ 0.42	\$ 0.33
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share			
	\$ 0.42	\$ 0.42	\$ 0.32

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,	
	2019	2018
Numerator:		
GAAP net earnings from continuing operations	\$ 596	\$ 2,332
GAAP net loss from discontinued operations	\$ —	\$ (118)
Non-GAAP net earnings from continuing operations	\$ 1,169	\$ 1,026
Non-GAAP net earnings from discontinued operations	\$ —	\$ —
Denominator:		
Weighted-average shares used to compute basic net earnings per share	1,384	1,571
Dilutive effect of employee stock plans ⁽ⁱ⁾	13	30
Weighted-average shares used to compute diluted net earnings per share	1,397	1,601
GAAP net earnings per share from continuing operations		
Basic	\$ 0.43	\$ 1.48
Diluted ⁽ⁱ⁾	\$ 0.43	\$ 1.46
GAAP net loss per share from discontinued operations ⁽ⁱ⁾		
Basic	\$ —	\$ (0.07)
Diluted ⁽ⁱ⁾	\$ —	\$ (0.08)
Non-GAAP net earnings per share from continuing operations		
Basic	\$ 0.84	\$ 0.65
Diluted ^(k)	\$ 0.84	\$ 0.64
Non-GAAP net earnings per share from discontinued operations		
Basic	\$ —	\$ —
Diluted	\$ —	\$ —
Total Hewlett Packard Enterprise GAAP basic net earnings per share	\$ 0.43	\$ 1.41
Total Hewlett Packard Enterprise GAAP diluted net earnings per share	\$ 0.43	\$ 1.38
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	\$ 0.84	\$ 0.65
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	\$ 0.84	\$ 0.64

- (a) The Company adopted the new revenue recognition accounting standard (ASC 606) on a modified retrospective basis effective the first quarter of fiscal 2019. Fiscal 2019 results are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported under the prior revenue recognition accounting standard (ASC 605).
- (b) For the three months ended January 31, 2019 and the six months ended April 30, 2019, this amount primarily includes the effects of U.S. tax reform on tax attributes related to fiscal periods prior to the Separation with HP Inc.

For the three and six months ended April 30, 2018 this amount primarily represents the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc.

- (c) Effective at the beginning of the first quarter of fiscal 2019, subsequent to the adoption of the accounting standards update for retirement benefits (Topic 715), the Company reclassified its non-service net periodic benefit credit from operating expense to other income and expense in its Condensed Consolidated Statements of Earnings. The Company reflected these changes retrospectively, by transferring the non-service net periodic benefit credit, a portion of which was previously allocated to the segments, and the remainder of which was reported within Unallocated corporate costs and eliminations, Transformation costs, Restructuring charges and Separation costs, to Non-service net periodic benefit credit as other income and expense for periods in fiscal 2018.

These changes had no impact on Hewlett Packard Enterprise's previously reported condensed consolidated GAAP net earnings or GAAP net earnings per share.

- (d) For the three months ended January 31, 2019, and the six months ended April 30, 2019, the amounts primarily include \$419 million and \$398 million of tax expense, respectively, as a result of the impact of U.S. tax reform.

For the three months ended April 30, 2018 the amount primarily includes \$1.1 billion benefit following the closure of pre-separation Hewlett-Packard Company audits for fiscal years 2009 through 2012, partially offset by \$140 million of tax expense as a result of the U.S. tax reform.

For the six months ended April 30, 2018, this amount includes a \$2.0 billion benefit in connection with the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc., 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, a \$203 million benefit as a result of the liquidation of an insolvent non U.S. subsidiary, and 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.

In connection with the adoption of ASU 2016-09, 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, this amount includes \$28 million and \$42 million, for the three and six months ended April 30, 2018, respectively.

- (e) Represents the amortization of basis difference adjustments related to the H3C divestiture.
- (f) Effective the first quarter of fiscal 2019, the Company uses a structural tax rate based on long-term non-GAAP financial projections.
- (g) The Company adopted the guidance for the classification and presentation of restricted cash in the statement of cash flows in the first quarter of fiscal 2019, beginning November 1, 2018, using the retrospective method. As a result of the adoption of this accounting standard update, for the three and six months ended April 30, 2019, the restricted cash balance, included in cash, cash equivalents and restricted cash as disclosed in the Statements of Cash Flows above, was \$204 million and \$328 million respectively, which was included in Other current assets in the Condensed Consolidated Balance Sheets.
- (h) Effective at the beginning of the first quarter of fiscal 2019, 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 data center networking ("DC Networking") business, which was previously reported within the Hybrid IT Product business unit in the Hybrid IT segment, to the HPE Aruba Product and HPE Aruba Services business units within the Intelligent Edge segment; (ii) the transfer of the edge compute business, which was previously reported within the HPE Aruba Product business unit in the Intelligent Edge segment, to the Hybrid IT Product business unit within the

Hybrid IT segment; and (iii) the transfer of the Communications and Media Solutions ("CMS") business, which was previously reported within the HPE Pointnext business unit in the Hybrid IT segment, to the Corporate Investments segment.

The Company reflected these changes to its segment information retrospectively to the earliest period presented, which primarily resulted in the transfer of net revenue and operating profit for each of the businesses as described above.

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.

- (i) The Company adopted the accounting standard update for income taxes related to intra-entity transfers of assets other than inventory, using the modified retrospective method. As a result, the Company recognized \$2.3 billion of income taxes as an adjustment to retained earnings in the first quarter of fiscal 2019.
- (j) GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based awards, but the effect is excluded when calculating GAAP diluted net loss per share when it would be anti-dilutive.
- (k) Non-GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based awards.
- (l) Earnings per share for discontinued operations was calculated by deducting the earnings per share from continuing operations from the total earnings per share.