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

	Three months ended		
	July 31, 2018	**April 30, 2018**	**July 31, 2017**
Net revenue	$ 7,764	$ 7,468	$ 7,501
Costs and expenses:			
Cost of sales	5,384	5,196	5,306
Research and development	434	402	390
Selling, general and administrative	1,203	1,227	1,285
Amortization of intangible assets	72	72	97
Restructuring charges	2	9	152
Transformation costs[a]	131	123	31
Acquisition and other related charges	24	16	56
Separation costs	(2)	26	5
Defined benefit plan settlement charges and remeasurement (benefit)[b]	—	—	(22)
Total costs and expenses	7,248	7,071	7,300
Earnings from continuing operations	516	397	201
Interest and other, net	(64)	(78)	(87)
Tax indemnification adjustments[c]	2	(425)	10
Earnings (loss) from equity interests	11	(10)	1
Earnings (loss) from continuing operations before taxes	465	(116)	125
(Provision) benefit for taxes[d]	(13)	966	160
Net earnings from continuing operations	452	850	285
Net loss from discontinued operations	(1)	(72)	(120)
Net earnings	$ 451	$ 778	$ 165
Net earnings (loss) per share:			
Basic			
Continuing operations	$ 0.30	$ 0.55	$ 0.17
Discontinued operations	—	(0.05)	(0.07)
Total basic net earnings per share	$ 0.30	$ 0.50	$ 0.10
Diluted			
Continuing operations	$ 0.29	$ 0.54	$ 0.17
Discontinued operations	—	(0.05)	(0.07)
Total diluted net earnings per share	$ 0.29	$ 0.49	$ 0.10
Cash dividends declared per share	$ 0.1125	$ 0.1125	$ 0.0650
Weighted-average shares used to compute net earnings per share:			
Basic	1,513	1,552	1,641
Diluted	1,531	1,582	1,667

(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 software business, Seattle SpinCo, Inc., and the merger of Seattle

SpinCo, Inc. with Micro Focus International plc and 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 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, following the adoption of ASU 2016-09 in the first quarter of fiscal 2018.

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 in connection with the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc., and $28 million of excess tax benefits from stock-based compensation, partially offset by $140 million of tax expense as a result of U.S. tax reform.

In connection with the spin-off of the enterprise services business, Everett SpinCo, Inc., for the three months ended July 31, 2017, this amount includes a $189 million benefit primarily from income tax benefits on deferred losses.

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

	Nine Months Ended July 31,	
	2018	**2017**
Net revenue	$ 22,906	$ 21,211
Costs and expenses:		
Cost of sales	16,071	14,794
Research and development	1,224	1,122
Selling, general and administrative	3,632	3,718
Amortization of intangible assets	222	235
Restructuring charges	14	304
Transformation costs[(a)]	499	31
Acquisition and other related charges	70	150
Separation costs	—	46
Defined benefit plan settlement charges and remeasurement (benefit)[(b)]	—	(38)
Total costs and expenses	21,732	20,362
Earnings from continuing operations	1,174	849
Interest and other, net	(163)	(251)
Tax indemnification adjustments[(c)]	(1,342)	(1)
Earnings (loss) from equity interests	23	(24)
(Loss) earnings from continuing operations before taxes	(308)	573
Benefit (provision) for taxes[(d)]	3,092	(515)
Net earnings from continuing operations	2,784	58
Net loss from discontinued operations	(119)	(238)
Net earnings (loss)	$ 2,665	$ (180)
Net earnings (loss) per share:		
Basic		
Continuing operations	$ 1.79	$ 0.04
Discontinued operations	(0.07)	(0.15)
Total basic net earnings (loss) per share	$ 1.72	$ (0.11)
Diluted		
Continuing operations	$ 1.76	$ 0.03
Discontinued operations	(0.07)	(0.14)
Total diluted net earnings (loss) per share	$ 1.69	$ (0.11)
Cash dividends declared per share	$ 0.3750	$ 0.2600
Weighted-average shares used to compute net earnings (loss) per share:		
Basic	1,552	1,656
Diluted	1,578	1,683

(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 software business, Seattle SpinCo, Inc., and the merger of Seattle SpinCo, Inc. with Micro Focus International plc and 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 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, following the adoption of ASU 2016-09 in the first quarter of fiscal 2018.

In connection with the spin-off of the enterprise services business, Everett SpinCo, Inc., for the nine months ended July 31, 2018, this amount includes a $228 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 nine months ended July 31, 2017, this amount primarily includes $404 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes.

For the nine months ended July 31, 2018, the amount includes $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. It also 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, as a result of U.S. tax reform. The nine months ended July 31, 2018 also includes $68 million of 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 July 31, 2018	Diluted net earnings per share	Three months ended April 30, 2018	Diluted net earnings per share	Three months ended July 31, 2017	Diluted net earnings per share
GAAP net earnings from continuing operations	$ 452	$ 0.29	$ 850	$ 0.54	$ 285	$ 0.17
Non-GAAP adjustments:						
Amortization of intangible assets	72	0.05	72	0.05	97	0.06
Restructuring charges	2	—	9	0.01	152	0.09
Transformation costs[a]	131	0.09	123	0.08	31	0.02
Acquisition and other related charges	24	0.02	16	0.01	56	0.03
Separation costs	(2)	—	26	0.02	5	—
Defined benefit plan settlement charges and remeasurement (benefit)[b]	—	—	—	—	(22)	(0.01)
Tax indemnification adjustments[c]	(2)	—	425	0.27	(10)	(0.01)
Loss from equity interests[d]	38	0.02	38	0.02	39	0.02
Adjustments for taxes[e]	(45)	(0.03)	(1,023)	(0.66)	(258)	(0.15)
Non-GAAP net earnings from continuing operations	$ 670	$ 0.44	$ 536	$ 0.34	$ 375	$ 0.22
GAAP earnings from continuing operations	$ 516		$ 397		$ 201	
Non-GAAP adjustments related to continuing operations:						
Amortization of intangible assets	72		72		97	
Restructuring charges	2		9		152	
Transformation costs[a]	131		123		31	
Acquisition and other related charges	24		16		56	
Separation costs	(2)		26		5	
Defined benefit plan settlement charges and remeasurement (benefit)[b]	—		—		(22)	
Non-GAAP earnings from continuing operations	$ 743		$ 643		$ 520	
GAAP operating margin from continuing operations	7%		5%		3%	
Non-GAAP adjustments from continuing operations	3%		4%		4%	
Non-GAAP operating margin from continuing operations	10%		9%		7%	
GAAP net loss from discontinued operations	$ (1)	$ —	$ (72)	$ (0.05)	$ (120)	$ (0.07)
Non-GAAP adjustments related to discontinued operations:						
Amortization of intangible assets	—	—	—	—	35	0.02
Restructuring charges	—	—	—	—	13	0.01
Separation costs	—	—	—	—	254	0.15

Defined benefit plan settlement charges and remeasurement (benefit)[(b)]	—	—	—	—	(2)	—
Interest expense on Seattle debt	—	—	—	—	11	0.01
Tax indemnification adjustments[(c)]	—	—	72	0.05	—	—
Adjustments for taxes	1	—	—	—	(69)	(0.04)
Non-GAAP net earnings from discontinued operations	$ —	$ —	$ —	$ —	$ 122	$ 0.08
Total GAAP net earnings	$ 451	$ 0.29	$ 778	$ 0.49	$ 165	$ 0.10
Total Non-GAAP net earnings	$ 670	$ 0.44	$ 536	$ 0.34	$ 497	$ 0.30

(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 software business, Seattle SpinCo, Inc., and the merger of Seattle SpinCo, Inc. with Micro Focus International plc and 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 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, following the adoption of ASU 2016-09 in the first quarter of fiscal 2018.

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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)

	Nine months ended July 31, 2018	Diluted net earnings per share	Nine months ended July 31, 2017	Diluted net earnings per share
GAAP net earnings from continuing operations	$ 2,784	$ 1.76	$ 58	$ 0.03
Non-GAAP adjustments:				
Amortization of intangible assets	222	0.14	235	0.14
Restructuring charges	14	0.01	304	0.18
Transformation costs[(a)]	499	0.32	31	0.02
Acquisition and other related charges	70	0.04	150	0.09
Separation costs	—	—	46	0.03
Defined benefit plan settlement charges and remeasurement (benefit)[(b)]	—	—	(38)	(0.02)
Tax indemnification adjustments[(c)]	1,342	0.85	1	—
Loss from equity interests[(d)]	113	0.07	112	0.07
Adjustments for taxes[(e)]	(3,291)	(2.08)	236	0.13
Non-GAAP net earnings from continuing operations	$ 1,753	$ 1.11	$ 1,135	$ 0.67
GAAP earnings from continuing operations	$ 1,174		$ 849	
Non-GAAP adjustments related to continuing operations:				
Amortization of intangible assets	222		235	
Restructuring charges	14		304	
Transformation costs[(a)]	499		31	
Acquisition and other related charges	70		150	
Separation costs	—		46	
Defined benefit plan settlement charges and remeasurement (benefit)[(b)]	—		(38)	
Non-GAAP earnings from continuing operations	$ 1,979		$ 1,577	
GAAP operating margin from continuing operations	5%		4%	
Non-GAAP adjustments from continuing operations	4%		3%	
Non-GAAP operating margin from continuing operations	9%		7%	
GAAP net loss from discontinued operations	$ (119)	$ (0.07)	$ (238)	$ (0.14)
Non-GAAP adjustments related to discontinued operations:				
Amortization of intangible assets	—	—	106	0.06
Restructuring charges	—	—	253	0.15
Acquisition and other related charges	—	—	1	—
Separation costs	51	0.03	967	0.57
Defined benefit plan settlement charges and remeasurement (benefit)[(b)]	—	—	(8)	—
Interest expense on Seattle debt	—	—	11	0.01
Tax indemnification adjustments[(c)]	68	0.04	—	—
Adjustments for taxes	—	—	(371)	(0.22)
Non-GAAP net earnings from discontinued operations	$ —	$ —	$ 721	$ 0.43
Total GAAP net earnings (loss)	$ 2,665	$ 1.69	$ (180)	$ (0.11)

Total Non-GAAP net earnings	$ 1,753	$ 1.11	$ 1,856	$ 1.10

(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.

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For the nine months ended July 31, 2018, the amount includes $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. It also 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, as a result of U.S. tax reform. The nine months ended July 31, 2018 also includes $68 million of 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	
	July 31, 2018	**October 31, 2017**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,193	$ 9,579
Accounts receivable, net of allowance for doubtful accounts	2,906	3,073
Financing receivables	3,435	3,378
Inventory	2,771	2,315
Assets held for sale[(a)]	6	14
Other current assets	3,156	3,085
Total current assets	17,467	21,444
Property, plant and equipment	6,184	6,269
Long-term financing receivables and other assets	12,863	12,600
Investments in equity interests	2,513	2,535
Goodwill and intangible assets	18,486	18,558
Total assets	$ 57,513	$ 61,406
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	$ 2,326	$ 3,850
Accounts payable	6,143	6,072
Employee compensation and benefits	1,187	1,156
Taxes on earnings	484	429
Deferred revenue	3,168	3,128
Accrued restructuring	256	445
Other accrued liabilities	3,843	3,844
Total current liabilities	17,407	18,924
Long-term debt	9,963	10,182
Other non-current liabilities	6,681	8,795
Stockholders' equity		
HPE stockholders' equity:		
Preferred stock, $0.01 par value (300 shares authorized; none issued and outstanding at July 31, 2018)	—	—
Common stock, $0.01 par value (9,600 shares authorized; 1,482 and 1,595 shares issued and outstanding at July 31, 2018 and October 31, 2017, respectively)	15	16
Additional paid-in capital	31,338	33,583
Accumulated deficit	(5,021)	(7,238)
Accumulated other comprehensive loss	(2,906)	(2,895)
Total HPE stockholders' equity	23,426	23,466
Non-controlling interests	36	39
Total stockholders' equity	23,462	23,505
Total liabilities and stockholders' equity	$ 57,513	$ 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 July 31, 2018	Nine months ended July 31, 2018
Cash flows from operating activities:		
Net earnings	$ 451	$ 2,665
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	641	1,931
Stock-based compensation expense	56	242
Provision for doubtful accounts and inventory	56	137
Restructuring charges	131	399
Deferred taxes on earnings	(51)	(1,215)
Earnings from equity interests	(11)	(23)
Dividends received from equity investees	—	47
Other, net	(42)	55
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	179	137
Financing receivables	44	(228)
Inventory	42	(545)
Accounts payable	(105)	72
Taxes on earnings	(54)	(2,271)
Restructuring	(126)	(540)
Other assets and liabilities	38	775
Net cash provided by operating activities	1,249	1,638
Cash flows from investing activities:		
Investment in property, plant and equipment	(767)	(2,129)
Proceeds from sale of property, plant and equipment	269	561
Purchases of available-for-sale securities and other investments	(24)	(32)
Maturities and sales of available-for-sale securities and other investments	11	96
Financial collateral posted	(127)	(1,318)
Financial collateral returned	402	1,333
Payments made in connection with business acquisitions, net of cash acquired	(178)	(207)
Proceeds from business divestitures, net	—	13
Net cash used in investing activities	(414)	(1,683)
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	109	84
Proceeds from debt, net of issuance costs	283	894
Payment of debt	(1,928)	(2,538)
Net proceeds related to stock-based award activities[a]	15	104
Repurchase of common stock	(936)	(2,585)
Net transfer of cash and cash equivalents to Everett	—	(41)
Net transfer of cash and cash equivalents from Seattle	—	156
Cash dividends paid to non-controlling interests	(1)	(9)
Cash dividends paid	(170)	(406)

Net cash used in financing activities		(2,628)		(4,341)
Decrease in cash and cash equivalents		(1,793)		(4,386)
Cash and cash equivalents at beginning of period		6,986		9,579
Cash and cash equivalents at end of period	$	5,193	$	5,193

(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		
	July 31, 2018	April 30, 2018	July 31, 2017
Net revenue:[a]			
Hybrid IT	$ 6,243	$ 6,023	$ 6,080
Intelligent Edge	785	710	711
Financial Services	928	916	897
Corporate Investments	—	—	—
Total segment net revenue	7,956	7,649	7,688
Elimination of intersegment net revenue and other	(192)	(181)	(187)
Total Hewlett Packard Enterprise consolidated net revenue	$ 7,764	$ 7,468	$ 7,501
Earnings from continuing operations before taxes:[a] [b]			
Hybrid IT	$ 661	$ 621	$ 482
Intelligent Edge	91	46	104
Financial Services	73	72	69
Corporate Investments	(24)	(22)	(24)
Total segment earnings from operations	801	717	631
Unallocated corporate costs and eliminations[b]	(44)	(54)	(88)
Unallocated stock-based compensation expense[b]	(14)	(20)	(23)
Amortization of intangible assets	(72)	(72)	(97)
Restructuring charges	(2)	(9)	(152)
Transformation costs[c]	(131)	(123)	(31)
Acquisition and other related charges	(24)	(16)	(56)
Separation costs	2	(26)	(5)
Defined benefit plan settlement charges and remeasurement (benefit)[d]	—	—	22
Interest and other, net	(64)	(78)	(87)
Tax indemnification adjustments[e]	2	(425)	10
Earnings (loss) from equity interests	11	(10)	1
Total Hewlett Packard Enterprise consolidated earnings (loss) from continuing operations before taxes	$ 465	$ (116)	$ 125

(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 HPE 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 HPE 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 software business, Seattle SpinCo, Inc., and the merger of Seattle SpinCo, Inc. with Micro Focus International plc and 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)

	Nine Months Ended July 31,	
	2018	**2017**
Net revenue:[a]		
Hybrid IT	$ 18,597	$ 17,472
Intelligent Edge	2,115	1,887
Financial Services	2,732	2,592
Corporate Investments	(1)	—
Total segment net revenue	23,443	21,951
Elimination of intersegment net revenue and other	(537)	(740)
Total Hewlett Packard Enterprise consolidated net revenue	$ 22,906	$ 21,211
Earnings from continuing operations before taxes:[a] [b]		
Hybrid IT	$ 1,890	$ 1,672
Intelligent Edge	155	166
Financial Services	217	222
Corporate Investments	(67)	(85)
Total segment earnings from operations	2,195	1,975
Unallocated corporate costs and eliminations[b]	(152)	(308)
Unallocated stock-based compensation expense[b]	(64)	(90)
Amortization of intangible assets	(222)	(235)
Restructuring charges	(14)	(304)
Transformation costs[c]	(499)	(31)
Acquisition and other related charges	(70)	(150)
Separation costs	—	(46)
Defined benefit plan settlement charges and remeasurement (benefit)[d]	—	38
Interest and other, net	(163)	(251)
Tax indemnification adjustments[e]	(1,342)	(1)
Earnings (loss) from equity interests	23	(24)
Total Hewlett Packard Enterprise consolidated (loss) earnings from continuing operations before taxes	$ (308)	$ 573

(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 HPE 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 HPE 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 software business, Seattle SpinCo, Inc., and the merger of Seattle SpinCo, Inc. with Micro Focus International plc and 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 (%)	
	July 31, 2018	**April 30, 2018**	**July 31, 2017**	**Q/Q**	**Y/Y**
Net revenue:[a]					
Hybrid IT					
Hybrid IT Product					
Compute	$ 3,510	$ 3,213	$ 3,340	9%	5%
Storage	887	912	877	(3%)	1%
DC Networking	59	46	63	28%	(6%)
Total Hybrid IT Product	4,456	4,171	4,280	7%	4%
HPE Pointnext	1,787	1,852	1,800	(4%)	(1%)
Total Hybrid IT	6,243	6,023	6,080	4%	3%
Intelligent Edge					
HPE Aruba Product	706	635	642	11%	10%
HPE Aruba Services	79	75	69	5%	14%
Total Intelligent Edge	785	710	711	11%	10%
Financial Services	928	916	897	1%	3%
Corporate Investments	—	—	—	NM	NM
Total segment net revenue	7,956	7,649	7,688	4%	3%
Elimination of intersegment net revenue and other	(192)	(181)	(187)	6%	3%
Total Hewlett Packard Enterprise consolidated net revenue	$ 7,764	$ 7,468	$ 7,501	4%	4%

(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 HPE 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 HPE 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)

	Nine Months Ended July 31,		
	2018	**2017**	**Y/Y**
Net revenue:[a]			
Hybrid IT			
Hybrid IT Product			
Compute	$ 10,215	$ 9,516	7%
Storage	2,747	2,375	16%
DC Networking	167	157	6%
Total Hybrid IT Product	13,129	12,048	9%
HPE Pointnext	5,468	5,424	1%
Total Hybrid IT	18,597	17,472	6%
Intelligent Edge			
HPE Aruba Product	1,890	1,683	12%
HPE Aruba Services	225	204	10%
Total Intelligent Edge	2,115	1,887	12%
Financial Services	2,732	2,592	5%
Corporate Investments	(1)	—	NM
Total segment net revenue	23,443	21,951	7%
Elimination of intersegment net revenue and other	(537)	(740)	(27%)
Total Hewlett Packard Enterprise consolidated net revenue	$ 22,906	$ 21,211	8%

(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 HPE 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 HPE 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)	
	July 31, 2018	Q/Q	Y/Y
Segment operating margin:[(a)]			
Hybrid IT	10.6%	0.3 pts	2.7 pts
Intelligent Edge	11.6%	5.1 pts	(3.0) pts
Financial Services	7.9%	0 pts	0.2 pts
Corporate Investments[(b)]	NM	NM	NM
Total segment operating margin	10.1%	0.7 pts	1.9 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 HPE 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 HPE 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		
	July 31, 2018	**April 30, 2018**	**July 31, 2017**
Numerator:			
GAAP net earnings from continuing operations	$ 452	$ 850	$ 285
GAAP net loss from discontinued operations	$ (1)	$ (72)	$ (120)
Non-GAAP net earnings from continuing operations	$ 670	$ 536	$ 375
Non-GAAP net earnings from discontinued operations	$ —	$ —	$ 122
Denominator:			
Weighted-average shares used to compute basic net earnings per share and diluted net earnings (loss) per share	1,513	1,552	1,641
Dilutive effect of employee stock plans[(a)]	18	30	26
Weighted-average shares used to compute diluted net earnings (loss) per share	1,531	1,582	1,667
GAAP net earnings per share from continuing operations			
Basic	$ 0.30	$ 0.55	$ 0.17
Diluted[(a)]	$ 0.29	$ 0.54	$ 0.17
GAAP net loss per share from discontinued operations			
Basic	$ —	$ (0.05)	$ (0.07)
Diluted[(a)]	$ —	$ (0.05)	$ (0.07)
Non-GAAP net earnings per share from continuing operations			
Basic	$ 0.44	$ 0.35	$ 0.23
Diluted[(b)]	$ 0.44	$ 0.34	$ 0.22
Non-GAAP net earnings per share from discontinued operations			
Basic	$ —	$ —	$ 0.07
Diluted[(b)]	$ —	$ —	$ 0.08
Total Hewlett Packard Enterprise GAAP basic net earnings per share	$ 0.30	$ 0.50	$ 0.10
Total Hewlett Packard Enterprise GAAP diluted net earnings per share	$ 0.29	$ 0.49	$ 0.10
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	$ 0.44	$ 0.35	$ 0.30
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	$ 0.44	$ 0.34	$ 0.30

(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)

	Nine Months Ended July 31,	
	2018	**2017**
Numerator:		
GAAP net earnings from continuing operations	$ 2,784	$ 58
GAAP net loss from discontinued operations	$ (119)	$ (238)
Non-GAAP net earnings from continuing operations	$ 1,753	$ 1,135
Non-GAAP net earnings from discontinued operations	$ —	$ 721
Denominator:		
Weighted-average shares used to compute basic net earnings (loss) per share and diluted net earnings (loss) per share	1,552	1,656
Dilutive effect of employee stock plans[(a)]	26	27
Weighted-average shares used to compute diluted net earnings (loss) per share	1,578	1,683
GAAP net earnings per share from continuing operations		
Basic	$ 1.79	$ 0.04
Diluted[(a)]	$ 1.76	$ 0.03
GAAP net loss per share from discontinued operations		
Basic	$ (0.07)	$ (0.15)
Diluted[(a)]	$ (0.07)	$ (0.14)
Non-GAAP net earnings per share from continuing operations		
Basic	$ 1.13	$ 0.69
Diluted[(b)]	$ 1.11	$ 0.67
Non-GAAP net earnings per share from discontinued operations		
Basic	$ —	$ 0.43
Diluted[(b)]	$ —	$ 0.43
Total Hewlett Packard Enterprise GAAP basic net earnings (loss) per share	$ 1.72	$ (0.11)
Total Hewlett Packard Enterprise GAAP diluted net earnings (loss) per share	$ 1.69	$ (0.11)
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	$ 1.13	$ 1.12
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	$ 1.11	$ 1.10

(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.