

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(In millions, except per share amounts)

	Three months ended		
	July 31, 2019	April 30, 2019	July 31, 2018
Net revenue ^(a)	\$ 7,217	\$ 7,150	\$ 7,764
Costs and expenses:			
Cost of sales	4,768	4,845	5,399
Research and development	481	457	435
Selling, general and administrative	1,253	1,214	1,221
Amortization of intangible assets	58	69	72
Restructuring charges	—	—	(1)
Transformation costs	170	54	126
Disaster charges	—	(7)	—
Acquisition, disposition and other related charges ^(b)	563	84	24
Separation costs	—	—	(2)
Total costs and expenses	<u>7,293</u>	<u>6,716</u>	<u>7,274</u>
(Loss) earnings from continuing operations	(76)	434	490
Interest and other, net	(70)	(18)	(64)
Tax indemnification adjustments ^(c)	(134)	4	2
Non-service net periodic benefit credit ^(d)	12	17	26
Earnings from equity interests	3	3	11
(Loss) earnings from continuing operations before taxes	<u>(265)</u>	<u>440</u>	<u>465</u>
Benefit (provision) for taxes ^(e)	238	(21)	(13)
Net (loss) earnings from continuing operations	(27)	419	452
Net loss from discontinued operations	—	—	(1)
Net (loss) earnings	<u>\$ (27)</u>	<u>\$ 419</u>	<u>\$ 451</u>
Net (loss) earnings per share:			
Basic			
Continuing operations	\$ (0.02)	\$ 0.31	\$ 0.30
Discontinued operations	—	—	—
Total basic net (loss) earnings per share	<u>\$ (0.02)</u>	<u>\$ 0.31</u>	<u>\$ 0.30</u>
Diluted			
Continuing operations	\$ (0.02)	\$ 0.30	\$ 0.29
Discontinued operations	—	—	—
Total diluted net (loss) earnings per share	<u>\$ (0.02)</u>	<u>\$ 0.30</u>	<u>\$ 0.29</u>
Cash dividends declared per share	\$ 0.1125	\$ 0.1125	\$ 0.1125
Weighted-average shares used to compute net earnings per share:			
Basic	1,334	1,367	1,513
Diluted	1,334	1,382	1,531

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

	Nine months ended July 31,	
	2019	2018
Net revenue ^(a)	\$ 21,920	\$ 22,906
Costs and expenses:		
Cost of sales	14,820	16,114
Research and development	1,404	1,227
Selling, general and administrative	3,678	3,684
Amortization of intangible assets	199	222
Restructuring charges	—	14
Transformation costs	302	491
Disaster charges	(7)	—
Acquisition, disposition and other related charges ^(b)	710	70
Total costs and expenses	<u>21,106</u>	<u>21,822</u>
Earnings from continuing operations	814	1,084
Interest and other, net	(139)	(163)
Tax indemnification adjustments ^(c)	89	(1,342)
Non-service net periodic benefit credit ^(d)	45	90
Earnings from equity interests	21	23
Earnings (loss) from continuing operations before taxes	830	(308)
(Provision) benefit for taxes ^(e)	(261)	3,092
Net earnings from continuing operations	569	2,784
Net loss from discontinued operations	—	(119)
Net earnings	<u>\$ 569</u>	<u>\$ 2,665</u>
Net earnings (loss) per share:		
Basic		
Continuing operations	\$ 0.42	\$ 1.79
Discontinued operations	—	(0.07)
Total basic net earnings per share	<u>\$ 0.42</u>	<u>\$ 1.72</u>
Diluted		
Continuing operations	\$ 0.41	\$ 1.76
Discontinued operations	—	(0.07)
Total diluted net earnings per share	<u>\$ 0.41</u>	<u>\$ 1.69</u>
Cash dividends declared per share	<u>\$ 0.3375</u>	<u>\$ 0.3750</u>
Weighted-average shares used to compute net earnings per share:		
Basic	1,367	1,552
Diluted	1,380	1,578

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, 2019	Diluted net earnings per share	Three months ended April 30, 2019	Diluted net earnings per share	Three months ended July 31, 2018	Diluted net earnings per share
GAAP net (loss) earnings from continuing operations	\$ (27)	\$ (0.02)	\$ 419	\$ 0.30	\$ 452	\$ 0.29
Non-GAAP adjustments:						
Amortization of intangible assets	58	0.04	69	0.05	72	0.05
Restructuring charges ^(d)	—	—	—	—	(1)	—
Transformation costs ^(d)	170	0.13	54	0.04	126	0.08
Disaster charges	—	—	(7)	(0.01)	—	—
Acquisition, disposition and other related charges ^(b)	563	0.42	84	0.06	24	0.02
Separation costs ^(d)	—	—	—	—	(2)	—
Tax indemnification adjustments ^(c)	134	0.10	(4)	—	(2)	—
Non-service net periodic benefit credit ^(d)	(12)	(0.01)	(17)	(0.01)	(26)	(0.02)
Loss from equity interests ^(f)	38	0.03	38	0.03	38	0.02
Adjustments for taxes ^{(e)(g)}	(321)	(0.24)	(57)	(0.04)	(42)	(0.02)
Non-GAAP net earnings from continuing operations	<u>\$ 603</u>	<u>\$ 0.45</u>	<u>\$ 579</u>	<u>\$ 0.42</u>	<u>\$ 639</u>	<u>\$ 0.42</u>
GAAP (loss) earnings from continuing operations	\$ (76)		\$ 434		\$ 490	
Non-GAAP adjustments related to continuing operations:						
Amortization of intangible assets	58		69		72	
Restructuring charges ^(d)	—		—		(1)	
Transformation costs ^(d)	170		54		126	
Disaster charges	—		(7)		—	
Acquisition, disposition and other related charges ^(b)	563		84		24	
Separation costs ^(d)	—		—		(2)	
Non-GAAP earnings from continuing operations	<u>\$ 715</u>		<u>\$ 634</u>		<u>\$ 709</u>	
GAAP operating margin from continuing operations	(1)%		6%		6%	
Non-GAAP adjustments from continuing operations	11 %		3%		3%	
Non-GAAP operating margin from continuing operations	<u>10 %</u>		<u>9%</u>		<u>9%</u>	
GAAP net loss from discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ (1)	\$ —
Non-GAAP adjustments related to discontinued operations:						
Adjustments for taxes	—	—	—	—	1	—

Non-GAAP net earnings from discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total GAAP net (loss) earnings	\$ (27)	\$ (0.02)	\$ 419	\$ 0.30	\$ 451	\$ 0.29
Total Non-GAAP net earnings	\$ 603	\$ 0.45	\$ 579	\$ 0.42	\$ 639	\$ 0.42

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, 2019	Diluted net earnings per share	Nine months ended July 31, 2018	Diluted net earnings per share
GAAP net earnings from continuing operations	\$ 569	\$ 0.41	\$ 2,784	\$ 1.76
Non-GAAP adjustments:				
Amortization of intangible assets	199	0.14	222	0.14
Restructuring charges ^(d)	—	—	14	0.01
Transformation costs ^(d)	302	0.22	491	0.31
Disaster charges	(7)	(0.01)	—	—
Acquisition, disposition and other related charges ^(b)	710	0.51	70	0.04
Tax indemnification adjustments ^(c)	(89)	(0.06)	1,342	0.86
Non-service net periodic benefit credit ^(d)	(45)	(0.03)	(90)	(0.06)
Loss from equity interests ^(f)	114	0.08	113	0.07
Adjustments for taxes ^{(e)(g)}	19	0.02	(3,281)	(2.07)
Non-GAAP net earnings from continuing operations	<u>\$ 1,772</u>	<u>\$ 1.28</u>	<u>\$ 1,665</u>	<u>\$ 1.06</u>
GAAP earnings from continuing operations	\$ 814		\$ 1,084	
Non-GAAP adjustments related to continuing operations:				
Amortization of intangible assets	199		222	
Restructuring charges ^(d)	—		14	
Transformation costs ^(d)	302		491	
Disaster charges	(7)		—	
Acquisition, disposition and other related charges ^(b)	710		70	
Non-GAAP earnings from continuing operations	<u>\$ 2,018</u>		<u>\$ 1,881</u>	
GAAP operating margin from continuing operations	4%		5%	
Non-GAAP adjustments from continuing operations	5%		3%	
Non-GAAP operating margin from continuing operations	<u>9%</u>		<u>8%</u>	
GAAP net loss from discontinued operations	\$ —	\$ —	\$ (119)	\$ (0.07)
Non-GAAP adjustments related to discontinued operations:				
Separation costs	—	—	51	0.03
Tax indemnification adjustments ^(c)	—	—	68	0.04
Non-GAAP net earnings from discontinued operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Total GAAP net earnings	<u>\$ 569</u>	<u>\$ 0.41</u>	<u>\$ 2,665</u>	<u>\$ 1.69</u>
Total Non-GAAP net earnings	<u>\$ 1,772</u>	<u>\$ 1.28</u>	<u>\$ 1,665</u>	<u>\$ 1.06</u>

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

	As of	
	July 31, 2019	October 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,693	\$ 4,880
Accounts receivable	2,965	3,263
Financing receivables	3,567	3,396
Inventory	2,216	2,447
Assets held for sale	52	6
Other current assets ^(h)	2,624	3,280
Total current assets	15,117	17,272
Property, plant and equipment	6,000	6,138
Long-term financing receivables and other assets	9,092	11,359
Investments in equity interests	2,346	2,398
Goodwill and intangible assets	18,205	18,326
Total assets	\$ 50,760	\$ 55,493
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	\$ 2,207	\$ 2,005
Accounts payable	5,203	6,092
Employee compensation and benefits	1,454	1,412
Taxes on earnings	160	378
Deferred revenue	3,225	3,177
Accrued restructuring	223	294
Other accrued liabilities	4,686	3,840
Total current liabilities	17,158	17,198
Long-term debt	10,453	10,136
Other non-current liabilities	5,569	6,885
Stockholders' equity		
HPE stockholders' equity:		
Preferred stock, \$0.01 par value (300 shares authorized; none issued and outstanding at July 31, 2019)	—	—
Common stock, \$0.01 par value (9,600 shares authorized; 1,310 and 1,423 shares issued and outstanding at July 31, 2019 and October 31, 2018, respectively)	13	14
Additional paid-in capital	28,629	30,342
Accumulated deficit ⁽ⁱ⁾	(7,959)	(5,899)
Accumulated other comprehensive loss	(3,150)	(3,218)
Total HPE stockholders' equity	17,533	21,239
Non-controlling interests	47	35
Total stockholders' equity	17,580	21,274
Total liabilities and stockholders' equity	\$ 50,760	\$ 55,493

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

	Three months ended July 31, 2019	Nine months ended July 31, 2019
Cash flows from operating activities:		
Net earnings	\$ (27)	\$ 569
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	632	1,919
Stock-based compensation expense	58	207
Provision for doubtful accounts and inventory	63	181
Restructuring charges	94	146
Deferred taxes on earnings	541	885
Earnings from equity interests	(3)	(21)
Dividends received from equity investees	71	71
Other, net	89	134
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	172	315
Financing receivables	(293)	(325)
Inventory	(87)	66
Accounts payable	(261)	(826)
Taxes on earnings	(936)	(1,121)
Restructuring	(63)	(261)
Other assets and liabilities	1,146	626
Net cash provided by operating activities	<u>1,196</u>	<u>2,565</u>
Cash flows from investing activities:		
Investment in property, plant and equipment	(625)	(2,153)
Proceeds from sale of property, plant and equipment	77	448
Purchases of available-for-sale securities and other investments	(8)	(33)
Maturities and sales of available-for-sale securities and other investments	10	12
Financial collateral posted	(17)	(332)
Financial collateral returned	233	740
Payments made in connection with business acquisitions, net of cash acquired	(5)	(81)
Net cash used in investing activities	<u>(335)</u>	<u>(1,399)</u>
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	—	25
Proceeds from debt, net of issuance costs	385	1,010
Payment of debt	(312)	(872)
Net proceeds related to stock-based award activities	15	24
Repurchase of common stock	(577)	(1,965)
Cash dividends paid	(150)	(461)
Net cash used in financing activities	<u>(639)</u>	<u>(2,239)</u>
Increase (decrease) in cash, cash equivalents and restricted cash	222	(1,073)
Cash, cash equivalents and restricted cash at beginning of period	3,789	5,084
Cash, cash equivalents and restricted cash at end of period ^(h)	<u>\$ 4,011</u>	<u>\$ 4,011</u>

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

	Three months ended		
	July 31, 2019	April 30, 2019	July 31, 2018
Net revenue: ^{(a)(i)}			
Hybrid IT	\$ 5,549	\$ 5,636	\$ 6,109
Intelligent Edge	762	666	785
Financial Services	888	896	928
Corporate Investments	130	125	134
Total segment net revenue	7,329	7,323	7,956
Elimination of intersegment net revenue and other	(112)	(173)	(192)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 7,217</u>	<u>\$ 7,150</u>	<u>\$ 7,764</u>
Earnings from continuing operations before taxes: ^{(d)(i)}			
Hybrid IT	\$ 704	\$ 645	\$ 624
Intelligent Edge	37	20	101
Financial Services	77	77	72
Corporate Investments	(25)	(29)	(25)
Total segment earnings from operations	793	713	772
Unallocated corporate costs and eliminations ^(d)	(65)	(64)	(49)
Unallocated stock-based compensation expense	(13)	(15)	(14)
Amortization of intangible assets	(58)	(69)	(72)
Restructuring charges ^(d)	—	—	1
Transformation costs ^(d)	(170)	(54)	(126)
Disaster charges	—	7	—
Acquisition, disposition and other related charges ^(b)	(563)	(84)	(24)
Separation costs ^(d)	—	—	2
Interest and other, net	(70)	(18)	(64)
Tax indemnification adjustments ^(c)	(134)	4	2
Non-service net periodic benefit credit ^(d)	12	17	26
Earnings from equity interests	3	3	11
Total Hewlett Packard Enterprise consolidated (loss) earnings from continuing operations before taxes	<u>\$ (265)</u>	<u>\$ 440</u>	<u>\$ 465</u>

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

	Nine months ended July 31,	
	2019	2018
Net revenue: ^{(a)(i)}		
Hybrid IT	\$ 17,155	\$ 18,160
Intelligent Edge	2,114	2,147
Financial Services	2,703	2,732
Corporate Investments	373	404
Total segment net revenue	22,345	23,443
Elimination of intersegment net revenue and other	(425)	(537)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 21,920	\$ 22,906
Earnings from continuing operations before taxes: ^{(d)(i)}		
Hybrid IT	\$ 2,024	\$ 1,787
Intelligent Edge	66	191
Financial Services	231	215
Corporate Investments	(82)	(79)
Total segment earnings from operations	2,239	2,114
Unallocated corporate costs and eliminations ^(d)	(179)	(169)
Unallocated stock-based compensation expense	(42)	(64)
Amortization of intangible assets	(199)	(222)
Restructuring charges ^(d)	—	(14)
Transformation costs ^(d)	(302)	(491)
Disaster charges	7	—
Acquisition, disposition and other related charges ^(b)	(710)	(70)
Interest and other, net	(139)	(163)
Tax indemnification adjustments ^(c)	89	(1,342)
Non-service net periodic benefit credit ^(d)	45	90
Earnings from equity interests	21	23
Total Hewlett Packard Enterprise consolidated earnings (loss) from continuing operations before taxes	\$ 830	\$ (308)

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

	Three months ended			Change (%)	
	July 31, 2019	April 30, 2019	July 31, 2018	Q/Q	Y/Y
Net revenue: ^{(a)(i)}					
Hybrid IT					
Hybrid IT Product					
Compute	\$ 3,151	\$ 3,093	\$ 3,569	2%	(12%)
Storage	844	942	887	(10%)	(5%)
Total Hybrid IT Product	3,995	4,035	4,456	(1%)	(10%)
HPE Pointnext	1,554	1,601	1,653	(3%)	(6%)
Total Hybrid IT	5,549	5,636	6,109	(2%)	(9%)
Intelligent Edge					
HPE Aruba Product	668	577	703	16%	(5%)
HPE Aruba Services	94	89	82	6%	15%
Total Intelligent Edge	762	666	785	14%	(3%)
Financial Services	888	896	928	(1%)	(4%)
Corporate Investments	130	125	134	4%	(3%)
Total segment net revenue	7,329	7,323	7,956	—%	(8%)
Elimination of intersegment net revenue and other	(112)	(173)	(192)	(35%)	(42%)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 7,217</u>	<u>\$ 7,150</u>	<u>\$ 7,764</u>	1%	(7%)

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

	Nine months ended July 31,		
	2019	2018	Y/Y
Net revenue: ^{(a)(i)}			
Hybrid IT			
Hybrid IT Product			
Compute	\$ 9,646	\$ 10,350	(7%)
Storage	2,761	2,747	1%
Total Hybrid IT Product	12,407	13,097	(5%)
HPE Pointnext	4,748	5,063	(6%)
Total Hybrid IT	17,155	18,160	(6%)
Intelligent Edge			
HPE Aruba Product	1,842	1,914	(4%)
HPE Aruba Services	272	233	17%
Total Intelligent Edge	2,114	2,147	(2%)
Financial Services	2,703	2,732	(1%)
Corporate Investments	373	404	(8%)
Total segment net revenue	22,345	23,443	(5%)
Elimination of intersegment net revenue and other	(425)	(537)	(21%)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 21,920	\$ 22,906	(4%)

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

	Three months ended	Change in Operating Margin (pts)	
	July 31, 2019	Q/Q	Y/Y
Segment operating margin: ^{(d)(i)}			
Hybrid IT	12.7 %	1.3 pts	2.5 pts
Intelligent Edge	4.9 %	1.9 pts	(8.0) pts
Financial Services	8.7 %	0.1 pts	0.9 pts
Corporate Investments	(19.2)%	4.0 pts	(0.6) pts
Total segment operating margin	10.8 %	1.1 pts	1.1 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		
	July 31, 2019	April 30, 2019	July 31, 2018
Numerator:			
GAAP net (loss) earnings from continuing operations	\$ (27)	\$ 419	\$ 452
GAAP net loss from discontinued operations	\$ —	\$ —	\$ (1)
Non-GAAP net earnings from continuing operations	\$ 603	\$ 579	\$ 639
Non-GAAP net earnings from discontinued operations	\$ —	\$ —	\$ —
Denominator:			
Weighted-average shares used to compute basic net earnings per share	1,334	1,367	1,513
Dilutive effect of employee stock plans ^(k)	—	15	18
Weighted-average shares used to compute diluted net earnings per share	1,334	1,382	1,531
GAAP net (loss) earnings per share from continuing operations			
Basic	\$ (0.02)	\$ 0.31	\$ 0.30
Diluted ^(k)	\$ (0.02)	\$ 0.30	\$ 0.29
GAAP net loss per share from discontinued operations			
Basic	\$ —	\$ —	\$ —
Diluted	\$ —	\$ —	\$ —
Non-GAAP net earnings per share from continuing operations			
Basic	\$ 0.45	\$ 0.42	\$ 0.42
Diluted ^(l)	\$ 0.45	\$ 0.42	\$ 0.42
Non-GAAP net earnings per share from discontinued operations			
Basic	\$ —	\$ —	\$ —
Diluted	\$ —	\$ —	\$ —
Total Hewlett Packard Enterprise GAAP basic net (loss) earnings per share	\$ (0.02)	\$ 0.31	\$ 0.30
Total Hewlett Packard Enterprise GAAP diluted net (loss) earnings per share	\$ (0.02)	\$ 0.30	\$ 0.29
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	\$ 0.45	\$ 0.42	\$ 0.42
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	\$ 0.45	\$ 0.42	\$ 0.42

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,	
	2019	2018
Numerator:		
GAAP net earnings from continuing operations	\$ 569	\$ 2,784
GAAP net loss from discontinued operations	\$ —	\$ (119)
Non-GAAP net earnings from continuing operations	\$ 1,772	\$ 1,665
Non-GAAP net earnings from discontinued operations	\$ —	\$ —
Denominator:		
Weighted-average shares used to compute basic net earnings per share	1,367	1,552
Dilutive effect of employee stock plans ^(k)	13	26
Weighted-average shares used to compute diluted net earnings per share	1,380	1,578
GAAP net earnings per share from continuing operations		
Basic	\$ 0.42	\$ 1.79
Diluted ^(k)	\$ 0.41	\$ 1.76
GAAP net loss per share from discontinued operations ^(l)		
Basic	\$ —	\$ (0.07)
Diluted ^(m)	\$ —	\$ (0.07)
Non-GAAP net earnings per share from continuing operations		
Basic	\$ 1.30	\$ 1.07
Diluted ^(l)	\$ 1.28	\$ 1.06
Non-GAAP net earnings per share from discontinued operations		
Basic	\$ —	\$ —
Diluted	\$ —	\$ —
Total Hewlett Packard Enterprise GAAP basic net earnings per share	\$ 0.42	\$ 1.72
Total Hewlett Packard Enterprise GAAP diluted net earnings per share	\$ 0.41	\$ 1.69
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	\$ 1.30	\$ 1.07
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	\$ 1.28	\$ 1.06

- (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 and nine months ended July 31, 2019, this amount primarily included a charge related to a one-time arbitration settlement.
- (c) For the three and nine months ended July 31, 2019, the amount was due primarily from the effective settlement of the U.S. federal income tax audit of fiscal years 2013 through 2015 for HP Inc. The nine month period ended July 31, 2019 also included the effects of U.S. tax reform on tax attributes related to fiscal periods prior to the Separation.

For the nine months ended July 31, 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.

- (d) 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, non-GAAP net earnings, GAAP net earnings per share, or non-GAAP net earnings per share.

- (e) For the three and nine months ended July 31, 2019, the amounts included \$308 million and \$264 million, respectively, of income tax benefits related to the change in pre- Separation tax liabilities for which the Company shares joint and several liability with HP Inc. and for which the Company is partially indemnified by HP Inc. under the Tax Matters Agreement. The nine month period also included \$365 million of income tax charges, related to changes in U.S. federal and state valuation allowances as a result of impacts of the Tax Act and \$75 million of income tax benefits on transformation costs and acquisition, disposition and other related charges.

For the nine months ended July 31, 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 \$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, 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.

- (f) Represents the amortization of basis difference adjustments related to the H3C divestiture.
- (g) Effective the first quarter of fiscal 2019, the Company uses a structural tax rate based on long-term non-GAAP financial projections.
- (h) 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, as of July 31, 2019, the restricted cash balance included in cash, cash equivalents and restricted cash as disclosed in the Statements of Cash Flows above was \$318 million, which was included in Other current assets in the Condensed Consolidated Balance Sheets.
- (i) 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.

- (j) 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 accumulated deficit in the first quarter of fiscal 2019.
- (k) 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.
- (l) Non-GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based awards.
- (m) Earnings/loss per share for discontinued operations was calculated by deducting the earnings per share from continuing operations from the total earnings per share.