

**HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**

(Unaudited)

(In millions, except per share amounts)

	Three months ended		
	October 31, 2018	July 31, 2018	October 31, 2017
Net revenue	\$ 7,946	\$ 7,764	\$ 7,660
Costs and expenses:			
Cost of sales	5,489	5,384	5,383
Research and development	439	434	364
Selling, general and administrative	1,219	1,203	1,288
Amortization of intangible assets	72	72	86
Impairment of goodwill	88	—	—
Restructuring charges	5	2	113
Transformation costs	(74)	131	328
Disaster Charges	—	—	93
Acquisition and other related charges	12	24	53
Separation costs	12	(2)	202
Defined benefit plan settlement charges and rereasurement (benefit)	—	—	(26)
Total costs and expenses	<u>7,262</u>	<u>7,248</u>	<u>7,884</u>
Earnings (loss) from continuing operations	684	516	(224)
Interest and other, net	(111)	(64)	(76)
Tax indemnification adjustments <sup>(a)</sup>	(12)	2	(2)
Earnings from equity interests	15	11	1
Earnings (loss) from continuing operations before taxes	<u>576</u>	<u>465</u>	<u>(301)</u>
(Provision) benefit for taxes <sup>(b)</sup>	(1,348)	(13)	679
Net (loss) earnings from continuing operations	<u>(772)</u>	<u>452</u>	<u>378</u>
Net earnings (loss) from discontinued operations	15	(1)	146
Net (loss) earnings	<u>\$ (757)</u>	<u>\$ 451</u>	<u>\$ 524</u>
Net (loss) earnings per share:			
Basic			
Continuing operations	\$ (0.53)	\$ 0.30	\$ 0.23
Discontinued operations	0.01	—	0.09
Total basic net (loss) earnings per share	<u>\$ (0.52)</u>	<u>\$ 0.30</u>	<u>\$ 0.32</u>
Diluted			
Continuing operations	\$ (0.53)	\$ 0.29	\$ 0.23
Discontinued operations	0.01	—	0.09
Total diluted net (loss) earnings per share	<u>\$ (0.52)</u>	<u>\$ 0.29</u>	<u>\$ 0.32</u>
Cash dividends declared per share	<u>\$ 0.1125</u>	<u>\$ 0.1125</u>	<u>\$ —</u>
Weighted-average shares used to compute net (loss) earnings per share:			
Basic	1,459	1,513	1,618
Diluted	1,459	1,531	1,647

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

(b) For the three months ended October 31, 2018, this amount primarily includes \$1.3 billion expense as a result of the impact of U.S. tax reform.

For the three months ended October 31, 2017, this amount primarily includes the income tax benefit related to U.S. foreign tax credits generated in connection with the spin-off of the enterprise services business, Everett SpinCo Inc. ("Everett Transaction") and the software business, Seattle SpinCo, Inc. ("Seattle Transaction").

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

	Twelve months ended October 31,	
	2018	2017
Net revenue	\$ 30,852	\$ 28,871
Costs and expenses:		
Cost of sales	21,560	20,177
Research and development	1,663	1,486
Selling, general and administrative	4,851	5,006
Amortization of intangible assets	294	321
Impairment of goodwill	88	—
Restructuring charges	19	417
Transformation costs	425	359
Disaster Charges	—	93
Acquisition and other related charges	82	203
Separation costs	12	248
Defined benefit plan settlement charges and rereasurement (benefit)	—	(64)
Total costs and expenses	<u>28,994</u>	<u>28,246</u>
Earnings from continuing operations	1,858	625
Interest and other, net	(274)	(327)
Tax indemnification adjustments <sup>(a)</sup>	(1,354)	(3)
Earnings (loss) from equity interests	38	(23)
Earnings from continuing operations before taxes	268	272
Benefit for taxes <sup>(b)</sup>	1,744	164
Net earnings from continuing operations	2,012	436
Net loss from discontinued operations	(104)	(92)
Net earnings	<u>\$ 1,908</u>	<u>\$ 344</u>
Net earnings (loss) per share:		
Basic		
Continuing operations	\$ 1.32	\$ 0.26
Discontinued operations	(0.07)	(0.05)
Total basic net earnings per share	<u>\$ 1.25</u>	<u>\$ 0.21</u>
Diluted		
Continuing operations	\$ 1.30	\$ 0.26
Discontinued operations	(0.07)	(0.05)
Total diluted net earnings per share	<u>\$ 1.23</u>	<u>\$ 0.21</u>
Cash dividends declared per share	\$ 0.4875	\$ 0.2600
Weighted-average shares used to compute net earnings (loss) per share:		
Basic	1,529	1,646
Diluted	1,553	1,674

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

(b) For the twelve months ended October 31, 2018, the amount primarily 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. Further, as a result of the impact of U.S. Tax Reform, it also includes \$2.0 billion tax benefit from the 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 \$1.7 billion of transition tax expense on accumulated non U.S. earnings, and a provisional estimate of \$687 million of tax expense on valuation allowance on foreign tax credits. In connection with the Everett Transaction, for the twelve months ended October 31, 2018, this amount also includes \$208 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 twelve months ended October 31, 2017, the amount primarily includes the income tax benefit related to the U.S. foreign tax credits generated as a result of the Everett and Seattle Transactions, partially offset by income tax expense as a result of recording valuation allowance on certain U.S. deferred tax assets.

**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 October 31, 2018	Diluted net earnings per share	Three months ended July 31, 2018	Diluted net earnings per share	Three months ended October 31, 2017	Diluted net earnings per share
GAAP net (loss) earnings from continuing operations	\$ (772)	\$ (0.53)	\$ 452	\$ 0.29	\$ 378	\$ 0.23
Non-GAAP adjustments:						
Amortization of intangible assets	72	0.05	72	0.05	86	0.05
Impairment of goodwill	88	0.06	—	—	—	—
Restructuring charges	5	—	2	—	113	0.07
Transformation costs <sup>(a)</sup>	(54)	(0.04)	131	0.09	328	0.20
Disaster Charges	—	—	—	—	93	0.06
Acquisition and other related charges	12	0.01	24	0.02	53	0.03
Separation costs	12	0.01	(2)	—	202	0.12
Defined benefit plan settlement charges and remeasurement (benefit)	—	—	—	—	(26)	(0.02)
Tax indemnification adjustments <sup>(b)</sup>	12	0.01	(2)	—	2	—
Loss from equity interests <sup>(c)</sup>	38	0.03	38	0.02	43	0.03
Adjustments for taxes <sup>(d)</sup>	1,252	0.85	(45)	(0.03)	(799)	(0.48)
Non-GAAP net earnings from continuing operations	<u>\$ 665</u>	<u>\$ 0.45</u>	<u>\$ 670</u>	<u>\$ 0.44</u>	<u>\$ 473</u>	<u>\$ 0.29</u>
GAAP earnings (loss) from continuing operations	\$ 684		\$ 516		\$ (224)	
Non-GAAP adjustments related to continuing operations:						
Amortization of intangible assets	72		72		86	
Impairment of goodwill	88		—		—	
Restructuring charges	5		2		113	
Transformation costs	(74)		131		328	
Disaster Charges	—		—		93	
Acquisition and other related charges	12		24		53	
Separation costs	12		(2)		202	
Defined benefit plan settlement charges and remeasurement (benefit)	—		—		(26)	
Non-GAAP earnings from continuing operations	<u>\$ 799</u>		<u>\$ 743</u>		<u>\$ 625</u>	
GAAP operating margin from continuing operations	9%		7%		(3)%	
Non-GAAP adjustments from continuing operations	1%		3%		11%	
Non-GAAP operating margin from continuing operations	<u>10%</u>		<u>10%</u>		<u>8%</u>	
GAAP net earnings (loss) from discontinued operations	\$ 15	\$ 0.01	\$ (1)	\$ —	\$ 146	\$ 0.09

Non-GAAP adjustments related to discontinued operations:

Amortization of intangible assets	—	—	—	—	10	0.01
Restructuring charges	—	—	—	—	(2)	—
Separation costs	—	—	—	—	70	0.04
Defined benefit plan settlement charges and remeasurement (benefit)	—	—	—	—	(1)	—
Interest expense on Seattle debt	—	—	—	—	8	—
Tax indemnification adjustments	(11)	(0.01)	—	—	15	0.01
Adjustments for taxes <sup>(e)</sup>	(4)	—	1	—	(216)	(0.13)
Non-GAAP net earnings from discontinued operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 30</u>	<u>\$ 0.02</u>
Total GAAP net (loss) earnings	<u>\$ (757)</u>	<u>\$ (0.52)</u>	<u>\$ 451</u>	<u>\$ 0.29</u>	<u>\$ 524</u>	<u>\$ 0.32</u>
Total Non-GAAP net earnings	<u>\$ 665</u>	<u>\$ 0.45</u>	<u>\$ 670</u>	<u>\$ 0.44</u>	<u>\$ 503</u>	<u>\$ 0.31</u>

- (a) Includes transformation costs of \$20 million related to cumulative translation adjustments resulting from country exits associated with the HPE Next initiative, which was recorded within Interest and other, net.
- (b) Represents the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc.
- (c) Represents the amortization of basis difference adjustments related to the H3C divestiture.
- (d) Includes tax amounts in connection with the Everett and Seattle Transactions, 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. For the three months ended October 31, 2018, this amount primarily includes \$1.3 billion expense as a result of U.S. tax reform. For the three months ended October 31, 2017, this amount primarily includes the income tax benefit related to U.S. foreign tax credits generated in connection with the Everett and Seattle Transactions.
- (e) For the three months ended October 31, 2017, this amount primarily includes the income tax benefit related to U.S. foreign tax credits generated as a result of the Everett and Seattle Transactions included in discontinued operations.

**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)**

	Twelve months ended October 31, 2018	Diluted net earnings per share	Twelve months ended October 31, 2017	Diluted net earnings per share
GAAP net earnings from continuing operations	\$ 2,012	\$ 1.30	\$ 436	\$ 0.26
Non-GAAP adjustments:				
Amortization of intangible assets	294	0.19	321	0.19
Impairment of goodwill	88	0.06	—	—
Restructuring charges	19	0.01	417	0.25
Transformation costs <sup>(a)</sup>	445	0.29	359	0.21
Disaster Charges	—	—	93	0.06
Acquisition and other related charges	82	0.05	203	0.12
Separation costs	12	0.01	248	0.15
Defined benefit plan settlement charges and remeasurement (benefit)	—	—	(64)	(0.04)
Tax indemnification adjustments <sup>(b)</sup>	1,354	0.87	3	—
Loss from equity interests <sup>(c)</sup>	151	0.10	155	0.09
Adjustments for taxes <sup>(d)</sup>	(2,039)	(1.32)	(563)	(0.33)
Non-GAAP net earnings from continuing operations	<u>\$ 2,418</u>	<u>\$ 1.56</u>	<u>\$ 1,608</u>	<u>\$ 0.96</u>
GAAP earnings from continuing operations	\$ 1,858		\$ 625	
Non-GAAP adjustments related to continuing operations:				
Amortization of intangible assets	294		321	
Impairment of goodwill	88		—	
Restructuring charges	19		417	
Transformation costs	425		359	
Disaster Charges	—		93	
Acquisition and other related charges	82		203	
Separation costs	12		248	
Defined benefit plan settlement charges and remeasurement (benefit)	—		(64)	
Non-GAAP earnings from continuing operations	<u>\$ 2,778</u>		<u>\$ 2,202</u>	
GAAP operating margin from continuing operations	6%		2%	
Non-GAAP adjustments from continuing operations	3%		6%	
Non-GAAP operating margin from continuing operations	<u>9%</u>		<u>8%</u>	
GAAP net loss from discontinued operations	\$ (104)	\$ (0.07)	\$ (92)	\$ (0.05)
Non-GAAP adjustments related to discontinued operations:				
Amortization of intangible assets	—	—	116	0.07
Restructuring charges	—	—	251	0.15
Acquisition and other related charges	—	—	1	—
Separation costs	51	0.03	1,037	0.62

Defined benefit plan settlement charges and remeasurement (benefit) <sup>(a)</sup>	—	—	(9)	(0.01)
Interest expense on Seattle debt	—	—	19	0.01
Tax indemnification adjustments	58	0.04	15	0.01
Adjustments for taxes <sup>(e)</sup>	(5)	—	(587)	(0.35)
Non-GAAP net earnings from discontinued operations	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 751</u>	<u>\$ 0.45</u>
Total GAAP net earnings	<u>\$ 1,908</u>	<u>\$ 1.23</u>	<u>\$ 344</u>	<u>\$ 0.21</u>
Total Non-GAAP net earnings	<u>\$ 2,418</u>	<u>\$ 1.56</u>	<u>\$ 2,359</u>	<u>\$ 1.41</u>

- (a) Includes transformation costs of \$20 million related to cumulative translation adjustments resulting from country exits associated with the HPE Next initiative, which was recorded within Interest and other, net.
- (b) Represents the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities indemnified through the Tax Matters Agreement with HP Inc.
- (c) Represents the amortization of basis difference adjustments related to the H3C divestiture.
- (d) Includes tax amounts in connection with the Everett and Seattle Transactions, 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.

For the twelve months ended October 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. Further, as a result of the impact of U.S. Tax Reform, it also includes \$2.0 billion tax benefit from the 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 \$1.7 billion of transition tax expense on accumulated non U.S. earnings, and a provisional estimate of \$687 million of tax expense on valuation allowance on foreign tax credits. In connection with the Everett Transaction, for the twelve months ended October 31, 2018, this amount also includes \$208 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 twelve months ended October 31, 2017, the amount primarily includes the income tax benefit related to the U.S. foreign tax credits generated as a result of the Everett and Seattle Transactions, partially offset by income tax expense as a result of recording valuation allowance on certain U.S. deferred tax assets.

- (e) For the three months ended October 31, 2017, this amount primarily includes the income tax benefit related to U.S. foreign tax credits generated as a result of the Everett and Seattle Transactions included in discontinued operations.

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

	As of	
	October 31, 2018	October 31, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,880	\$ 9,579
Accounts receivable	3,263	3,073
Financing receivables	3,396	3,378
Inventory	2,447	2,315
Assets held for sale	6	14
Other current assets	3,280	3,085
Total current assets	17,272	21,444
Property, plant and equipment	6,138	6,269
Long-term financing receivables and other assets	11,359	12,600
Investments in equity interests	2,398	2,535
Goodwill and intangible assets	18,326	18,558
Total assets	\$ 55,493	\$ 61,406
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable and short-term borrowings	\$ 2,005	\$ 3,850
Accounts payable	6,092	6,072
Employee compensation and benefits	1,412	1,156
Taxes on earnings	378	429
Deferred revenue	3,177	3,128
Accrued restructuring	294	445
Other accrued liabilities	3,840	3,844
Total current liabilities	17,198	18,924
Long-term debt	10,136	10,182
Other non-current liabilities	6,885	8,795
Stockholders' equity		
HPE stockholders' equity:		
Preferred stock, \$0.01 par value (300 shares authorized; none issued and outstanding at October 31, 2018)	—	—
Common stock, \$0.01 par value (9,600 shares authorized; 1,423 and 1,595 issued and outstanding at October 31, 2018 and October 31, 2017, respectively)	14	16
Additional paid-in capital	30,342	33,583
Accumulated deficit	(5,899)	(7,238)
Accumulated other comprehensive loss	(3,218)	(2,895)
Total HPE stockholders' equity	21,239	23,466
Non-controlling interests	35	39
Total stockholders' equity	21,274	23,505
Total liabilities and stockholders' equity	\$ 55,493	\$ 61,406

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

	<b>Three months ended October 31, 2018</b>	<b>Twelve months ended October 31, 2018</b>
Cash flows from operating activities:		
Net (loss) earnings	\$ (757)	\$ 1,908
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:		
Depreciation and amortization	645	2,576
Impairment of goodwill	88	88
Stock-based compensation expense	44	286
Provision for doubtful accounts and inventory	61	198
Restructuring charges	151	550
Deferred taxes on earnings	3,444	2,229
(Earnings) loss from equity interests	(15)	(38)
Dividends received from equity investees	117	164
Other, net	(213)	(158)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(357)	(220)
Financing receivables	(138)	(366)
Inventory	285	(260)
Accounts payable	(99)	(27)
Taxes on earnings	(2,245)	(4,516)
Restructuring	(107)	(647)
Other assets and liabilities	422	1,197
Net cash provided by operating activities	<u>1,326</u>	<u>2,964</u>
Cash flows from investing activities:		
Investment in property, plant and equipment	(827)	(2,956)
Proceeds from sale of property, plant and equipment	533	1,094
Purchases of available-for-sale securities and other investments	(1)	(33)
Maturities and sales of available-for-sale securities and other investments	2	98
Financial collateral posted	(229)	(1,547)
Financial collateral returned	134	1,467
Payments made in connection with business acquisitions, net of cash acquired	—	(207)
Proceeds from business divestitures, net	—	13
Net cash used in investing activities	<u>(388)</u>	<u>(2,071)</u>
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	(79)	5
Proceeds from debt, net of issuance costs	1,563	2,457
Payment of debt	(1,600)	(4,138)
Net proceeds related to stock-based award activities	12	116
Repurchase of common stock	(983)	(3,568)
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	—	(9)

Cash dividends paid	(164)	(570)
Net cash used in financing activities	(1,251)	(5,592)
Decrease in cash and cash equivalents	(313)	(4,699)
Cash and cash equivalents at beginning of period	5,193	9,579
Cash and cash equivalents at end of period	<u>\$ 4,880</u>	<u>\$ 4,880</u>

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

	Three months ended		
	October 31, 2018	July 31, 2018	October 31, 2017
Net revenue: <sup>(a)</sup>			
Hybrid IT	\$ 6,436	\$ 6,243	\$ 6,155
Intelligent Edge	814	785	697
Financial Services	939	928	1,010
Corporate Investments	—	—	3
Total segment net revenue	8,189	7,956	7,865
Elimination of intersegment net revenue and other	(243)	(192)	(205)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 7,946</u>	<u>\$ 7,764</u>	<u>\$ 7,660</u>
Earnings from continuing operations before taxes: <sup>(a)(b)</sup>			
Hybrid IT	\$ 764	\$ 661	\$ 602
Intelligent Edge	82	91	87
Financial Services	73	73	77
Corporate Investments	(23)	(24)	(21)
Total segment earnings from operations	896	801	745
Unallocated corporate costs and eliminations <sup>(b)</sup>	(88)	(44)	(100)
Unallocated stock-based compensation expense <sup>(b)</sup>	(9)	(14)	(20)
Amortization of intangible assets	(72)	(72)	(86)
Impairment of goodwill	(88)	—	—
Restructuring charges	(5)	(2)	(113)
Transformation costs	74	(131)	(328)
Disaster charges	—	—	(93)
Acquisition and other related charges	(12)	(24)	(53)
Separation costs	(12)	2	(202)
Defined benefit plan settlement charges and rereasurement (benefit)	—	—	26
Interest and other, net	(111)	(64)	(76)
Tax indemnification adjustments	(12)	2	(2)
Earnings from equity interests	15	11	1
Total Hewlett Packard Enterprise consolidated earnings (loss) from continuing operations before taxes	<u>\$ 576</u>	<u>\$ 465</u>	<u>\$ (301)</u>

- (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. As a result, prior period numbers have been restated to conform with current period presentation.
- (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. As a result, prior period numbers have been restated to conform with current period presentation.

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

	<b>Twelve months ended October 31,</b>	
	<b>2018</b>	<b>2017</b>
Net revenue: <sup>(a)</sup>		
Hybrid IT	\$ 25,033	\$ 23,627
Intelligent Edge	2,929	2,584
Financial Services	3,671	3,602
Corporate Investments	(1)	3
Total segment net revenue	<u>31,632</u>	<u>29,816</u>
Elimination of intersegment net revenue and other	(780)	(945)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 30,852</u>	<u>\$ 28,871</u>
Earnings from continuing operations before taxes: <sup>(a)(b)</sup>		
Hybrid IT	\$ 2,654	\$ 2,274
Intelligent Edge	237	253
Financial Services	290	299
Corporate Investments	(90)	(106)
Total segment earnings from operations	<u>3,091</u>	<u>2,720</u>
Unallocated corporate costs and eliminations <sup>(b)</sup>	(240)	(408)
Unallocated stock-based compensation expense <sup>(b)</sup>	(73)	(110)
Amortization of intangible assets	(294)	(321)
Impairment of goodwill	(88)	—
Restructuring charges	(19)	(417)
Transformation costs	(425)	(359)
Disaster charges	—	(93)
Acquisition and other related charges	(82)	(203)
Separation costs	(12)	(248)
Defined benefit plan settlement charges and remeasurement (benefit)	—	64
Interest and other, net	(274)	(327)
Tax indemnification adjustments	(1,354)	(3)
Earnings (loss) from equity interests	<u>38</u>	<u>(23)</u>
Total Hewlett Packard Enterprise consolidated earnings from continuing operations before taxes	<u>\$ 268</u>	<u>\$ 272</u>

(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. As a result, prior period numbers have been restated to conform with current period presentation.

(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. As a result, prior period numbers have been restated to conform with current period presentation.

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

	Three months ended			Change (%)	
	October 31, 2018	July 31, 2018	October 31, 2017	Q/Q	Y/Y
Net revenue: <sup>(a)</sup>					
Hybrid IT					
Hybrid IT Product					
Compute	\$ 3,608	\$ 3,510	\$ 3,321	3%	9%
Storage	959	887	905	8%	6%
DC Networking	58	59	57	(2%)	2%
Total Hybrid IT Product	4,625	4,456	4,283	4%	8%
HPE Pointnext	1,811	1,787	1,872	1%	(3%)
Total Hybrid IT	6,436	6,243	6,155	3%	5%
Intelligent Edge					
HPE Aruba Product	729	706	624	3%	17%
HPE Aruba Services	85	79	73	8%	16%
Total Intelligent Edge	814	785	697	4%	17%
Financial Services	939	928	1,010	1%	(7%)
Corporate Investments	—	—	3	NM	(100%)
Total segment net revenue	8,189	7,956	7,865	3%	4%
Elimination of intersegment net revenue and other	(243)	(192)	(205)	27%	19%
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 7,946</u>	<u>\$ 7,764</u>	<u>\$ 7,660</u>	2%	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. As a result, prior period numbers have been restated to conform with current period presentation.

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

	Twelve months ended October 31,		
	2018	2017	Y/Y
Net revenue: <sup>(a)</sup>			
Hybrid IT			
Hybrid IT Product			
Compute	\$ 13,823	\$ 12,837	8%
Storage	3,706	3,280	13%
DC Networking	225	214	5%
Total Hybrid IT Product	17,754	16,331	9%
HPE Pointnext	7,279	7,296	—
Total Hybrid IT	25,033	23,627	6%
Intelligent Edge			
HPE Aruba Product	2,619	2,307	14%
HPE Aruba Services	310	277	12%
Total Intelligent Edge	2,929	2,584	13%
Financial Services	3,671	3,602	2%
Corporate Investments	(1)	3	(133%)
Total segment net revenue	31,632	29,816	6%
Elimination of intersegment net revenue and other	(780)	(945)	(17%)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 30,852	\$ 28,871	7%

(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. As a result, prior period numbers have been restated to conform with current period presentation.

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

	Three months ended	Change in Operating Margin (pts)	
	October 31, 2018	Q/Q	Y/Y
Segment operating margin: <sup>(a)</sup>			
Hybrid IT	11.9%	1.3 pts	2.1 pts
Intelligent Edge	10.1%	(1.5) pts	(2.4) pts
Financial Services	7.8%	(0.1) pts	0.2 pts
Corporate Investments <sup>(b)</sup>	NM	NM	NM
Total segment operating margin	10.9%	0.8 pts	1.4 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. As a result, prior period numbers have been restated to conform with current period presentation.

(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		
	October 31, 2018	July 31, 2018	October 31, 2017
<b>Numerator:</b>			
GAAP net (loss) earnings from continuing operations	\$ (772)	\$ 452	\$ 378
GAAP net earnings (loss) from discontinued operations	\$ 15	\$ (1)	\$ 146
Non-GAAP net earnings from continuing operations	\$ 665	\$ 670	\$ 473
Non-GAAP net earnings from discontinued operations	\$ —	\$ —	\$ 30
<b>Denominator:</b>			
Weighted-average shares used to compute basic net (loss) earnings per share and diluted net earnings (loss) per share	1,459	1,513	1,618
Dilutive effect of employee stock plans <sup>(a)</sup>	17	18	29
Weighted-average shares used to compute diluted net earnings (loss) per share	1,476	1,531	1,647
<b>GAAP net (loss) earnings per share from continuing operations</b>			
Basic	\$ (0.53)	\$ 0.30	\$ 0.23
Diluted <sup>(a)</sup>	\$ (0.53)	\$ 0.29	\$ 0.23
<b>GAAP net earnings per share from discontinued operations</b>			
Basic	\$ 0.01	\$ —	\$ 0.09
Diluted <sup>(a)</sup>	\$ 0.01	\$ —	\$ 0.09
<b>Non-GAAP net earnings per share from continuing operations</b>			
Basic	\$ 0.46	\$ 0.44	\$ 0.29
Diluted <sup>(b)</sup>	\$ 0.45	\$ 0.44	\$ 0.29
<b>Non-GAAP net earnings per share from discontinued operations</b>			
Basic	\$ —	\$ —	\$ 0.02
Diluted <sup>(b)</sup>	\$ —	\$ —	\$ 0.02
Total Hewlett Packard Enterprise GAAP basic net (loss) earnings per share	\$ (0.52)	\$ 0.30	\$ 0.32
Total Hewlett Packard Enterprise GAAP diluted net (loss) earnings per share	\$ (0.52)	\$ 0.29	\$ 0.32
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	\$ 0.46	\$ 0.44	\$ 0.31
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	\$ 0.45	\$ 0.44	\$ 0.31

(a) 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 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)**

	Twelve months ended October 31,	
	2018	2017
<b>Numerator:</b>		
GAAP net earnings from continuing operations	\$ 2,012	\$ 436
GAAP net loss from discontinued operations	\$ (104)	\$ (92)
Non-GAAP net earnings from continuing operations	\$ 2,418	\$ 1,608
Non-GAAP net earnings from discontinued operations	\$ —	\$ 751
<b>Denominator:</b>		
Weighted-average shares used to compute basic net earnings (loss) per share and diluted net earnings (loss) per share	1,529	1,646
Dilutive effect of employee stock plans <sup>(a)</sup>	24	28
Weighted-average shares used to compute diluted net earnings (loss) per share	1,553	1,674
<b>GAAP net earnings per share from continuing operations</b>		
Basic	\$ 1.32	\$ 0.26
Diluted <sup>(a)</sup>	\$ 1.30	\$ 0.26
<b>GAAP net loss per share from discontinued operations</b>		
Basic	\$ (0.07)	\$ (0.05)
Diluted <sup>(a)</sup>	\$ (0.07)	\$ (0.05)
<b>Non-GAAP net earnings per share from continuing operations</b>		
Basic	\$ 1.58	\$ 0.98
Diluted <sup>(b)</sup>	\$ 1.56	\$ 0.96
<b>Non-GAAP net earnings per share from discontinued operations</b>		
Basic	\$ —	\$ 0.45
Diluted <sup>(b)</sup>	\$ —	\$ 0.45
Total Hewlett Packard Enterprise GAAP basic net earnings per share	\$ 1.25	\$ 0.21
Total Hewlett Packard Enterprise GAAP diluted net earnings per share	\$ 1.23	\$ 0.21
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	\$ 1.58	\$ 1.43
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	\$ 1.56	\$ 1.41

(a) 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 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.