

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(In millions, except per share amounts)

| | Three months ended | | |
|--|---------------------|------------------|---------------------|
| | October 31, 2019 | July 31, 2019 | October 31, 2018 |
| Net revenue ^(a) | \$ 7,215 | \$ 7,217 | \$ 7,946 |
| Costs and expenses: | | | |
| Cost of sales | 4,822 | 4,768 | 5,507 |
| Research and development | 438 | 481 | 440 |
| Selling, general and administrative | 1,229 | 1,253 | 1,237 |
| Amortization of intangible assets | 68 | 58 | 72 |
| Impairment of goodwill | — | — | 88 |
| Restructuring charges | — | — | 5 |
| Transformation costs | 151 | 170 | (77) |
| Acquisition, disposition and other related charges ^(b) | 47 | 563 | 12 |
| Separation costs | — | — | 9 |
| Total costs and expenses | 6,755 | 7,293 | 7,293 |
| Earnings (loss) from continuing operations | 460 | (76) | 653 |
| Interest and other, net | (38) | (70) | (111) |
| Tax indemnification adjustments ^(c) | 288 | (134) | (12) |
| Non-service net periodic benefit credit ^(d) | 14 | 12 | 31 |
| (Loss) earnings from equity interests | (1) | 3 | 15 |
| Earnings (loss) from continuing operations before taxes | 723 | (265) | 576 |
| (Provision) benefit for taxes ^(e) | (243) | 238 | (1,348) |
| Net earnings (loss) from continuing operations | 480 | (27) | (772) |
| Net earnings from discontinued operations | — | — | 15 |
| Net earnings (loss) | \$ 480 | \$ (27) | \$ (757) |
| Net earnings (loss) per share: | | | |
| Basic | | | |
| Continuing operations | \$ 0.37 | \$ (0.02) | \$ (0.53) |
| Discontinued operations | — | — | 0.01 |
| Total basic net earnings (loss) per share | \$ 0.37 | \$ (0.02) | \$ (0.52) |
| Diluted | | | |
| Continuing operations | \$ 0.36 | \$ (0.02) | \$ (0.53) |
| Discontinued operations | — | — | 0.01 |
| Total diluted net earnings (loss) per share | \$ 0.36 | \$ (0.02) | \$ (0.52) |
| Cash dividends declared per share | \$ 0.1200 | \$ 0.1125 | \$ 0.1125 |
| Weighted-average shares used to compute net earnings (loss) per share: | | | |
| Basic | 1,308 | 1,334 | 1,459 |
| Diluted ^(m) | 1,323 | 1,334 | 1,459 |

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

| | Twelve months ended October 31, | |
|--|---------------------------------|-----------------|
| | 2019 | 2018 |
| Net revenue ^(a) | \$ 29,135 | \$ 30,852 |
| Costs and expenses: | | |
| Cost of sales | 19,642 | 21,621 |
| Research and development | 1,842 | 1,667 |
| Selling, general and administrative | 4,907 | 4,921 |
| Amortization of intangible assets | 267 | 294 |
| Impairment of goodwill | — | 88 |
| Restructuring charges | — | 19 |
| Transformation costs | 453 | 414 |
| Disaster charges | (7) | — |
| Acquisition, disposition and other related charges ^(b) | 757 | 82 |
| Separation costs | — | 9 |
| Total costs and expenses | <u>27,861</u> | <u>29,115</u> |
| Earnings from continuing operations | 1,274 | 1,737 |
| Interest and other, net | (177) | (274) |
| Tax indemnification adjustments ^(c) | 377 | (1,354) |
| Non-service net periodic benefit credit ^(d) | 59 | 121 |
| Earnings from equity interests | 20 | 38 |
| Earnings from continuing operations before taxes | <u>1,553</u> | <u>268</u> |
| (Provision) benefit for taxes ^(e) | (504) | 1,744 |
| Net earnings from continuing operations | <u>1,049</u> | <u>2,012</u> |
| Net loss from discontinued operations | — | (104) |
| Net earnings | <u>\$ 1,049</u> | <u>\$ 1,908</u> |
| Net earnings (loss) per share: | | |
| Basic | | |
| Continuing operations | \$ 0.78 | \$ 1.32 |
| Discontinued operations | — | (0.07) |
| Total basic net earnings per share | <u>\$ 0.78</u> | <u>\$ 1.25</u> |
| Diluted | | |
| Continuing operations | \$ 0.77 | \$ 1.30 |
| Discontinued operations | — | (0.07) |
| Total diluted net earnings per share | <u>\$ 0.77</u> | <u>\$ 1.23</u> |
| Cash dividends declared per share | \$ 0.4575 | \$ 0.4875 |
| Weighted-average shares used to compute net earnings (loss) per share: | | |
| Basic | 1,353 | 1,529 |
| Diluted | 1,366 | 1,553 |

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, 2019 | Diluted net earnings per share | Three months ended July 31, 2019 | Diluted net earnings per share | Three months ended October 31, 2018 | Diluted net earnings per share |
|--|---|--------------------------------------|--|--------------------------------------|---|--------------------------------------|
| GAAP net earnings (loss) from continuing operations | \$ 480 | \$ 0.36 | \$ (27) | \$ (0.02) | \$ (772) | \$ (0.53) |
| Non-GAAP adjustments: | | | | | | |
| Amortization of intangible assets | 68 | 0.05 | 58 | 0.04 | 72 | 0.05 |
| Impairment of goodwill | — | — | — | — | 88 | 0.06 |
| Restructuring charges | — | — | — | — | 5 | — |
| Transformation costs ^(f) | 151 | 0.11 | 170 | 0.13 | (57) | (0.04) |
| Acquisition, disposition and other related charges ^{(b)(g)} | 54 | 0.04 | 563 | 0.42 | 12 | 0.01 |
| Separation costs | — | — | — | — | 9 | 0.01 |
| Tax indemnification adjustments ^(c) | (288) | (0.22) | 134 | 0.10 | 12 | 0.01 |
| Non-service net periodic benefit credit ^(d) | (14) | (0.01) | (12) | (0.01) | (31) | (0.02) |
| Loss from equity interests ^(h) | 38 | 0.03 | 38 | 0.03 | 38 | 0.03 |
| Adjustments for taxes ^{(e)(i)} | 155 | 0.13 | (321) | (0.24) | 1,257 | 0.85 |
| Non-GAAP net earnings from continuing operations | <u>\$ 644</u> | <u>\$ 0.49</u> | <u>\$ 603</u> | <u>\$ 0.45</u> | <u>\$ 633</u> | <u>\$ 0.43</u> |
| GAAP earnings (loss) from continuing operations | \$ 460 | | \$ (76) | | \$ 653 | |
| Non-GAAP adjustments related to continuing operations: | | | | | | |
| Amortization of intangible assets | 68 | | 58 | | 72 | |
| Impairment of goodwill | — | | — | | 88 | |
| Restructuring charges | — | | — | | 5 | |
| Transformation costs | 151 | | 170 | | (77) | |
| Acquisition, disposition and other related charges ^{(b)(g)} | 54 | | 563 | | 12 | |
| Separation costs | — | | — | | 9 | |
| Non-GAAP earnings from continuing operations | <u>\$ 733</u> | | <u>\$ 715</u> | | <u>\$ 762</u> | |
| GAAP operating margin from continuing operations | 6% | | (1)% | | 8% | |
| Non-GAAP adjustments from continuing operations | 4% | | 11 % | | 2% | |
| Non-GAAP operating margin from continuing operations | <u>10%</u> | | <u>10 %</u> | | <u>10%</u> | |
| GAAP net earnings from discontinued operations | \$ — | \$ — | \$ — | \$ — | \$ 15 | \$ 0.01 |
| Non-GAAP adjustments related to discontinued operations: | | | | | | |
| Tax indemnification adjustments | — | — | — | — | (11) | (0.01) |
| Adjustments for taxes | — | — | — | — | (4) | — |
| Non-GAAP net earnings from discontinued operations | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |
| Total GAAP net earnings (loss) | <u>\$ 480</u> | <u>\$ 0.36</u> | <u>\$ (27)</u> | <u>\$ (0.02)</u> | <u>\$ (757)</u> | <u>\$ (0.52)</u> |
| Total Non-GAAP net earnings | <u>\$ 644</u> | <u>\$ 0.49</u> | <u>\$ 603</u> | <u>\$ 0.45</u> | <u>\$ 633</u> | <u>\$ 0.43</u> |

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, 2019 | Diluted net earnings per share | Twelve months ended October 31, 2018 | Diluted net earnings per share |
|--|--|--------------------------------------|--|--------------------------------------|
| GAAP net earnings from continuing operations | \$ 1,049 | \$ 0.77 | \$ 2,012 | \$ 1.30 |
| Non-GAAP adjustments: | | | | |
| Amortization of intangible assets | 267 | 0.20 | 294 | 0.19 |
| Impairment of goodwill | — | — | 88 | 0.06 |
| Restructuring charges | — | — | 19 | 0.01 |
| Transformation costs ^(f) | 453 | 0.33 | 434 | 0.28 |
| Disaster charges | (7) | (0.01) | — | — |
| Acquisition, disposition and other related charges ^{(b)(g)} | 764 | 0.56 | 82 | 0.05 |
| Separation costs | — | — | 9 | 0.01 |
| Tax indemnification adjustments ^(c) | (377) | (0.28) | 1,354 | 0.87 |
| Non-service net periodic benefit credit ^(d) | (59) | (0.04) | (121) | (0.08) |
| Loss from equity interests ^(h) | 152 | 0.11 | 151 | 0.10 |
| Adjustments for taxes ^{(e)(i)} | 174 | 0.13 | (2,024) | (1.31) |
| Non-GAAP net earnings from continuing operations | <u>\$ 2,416</u> | <u>\$ 1.77</u> | <u>\$ 2,298</u> | <u>\$ 1.48</u> |
| GAAP earnings from continuing operations | \$ 1,274 | | \$ 1,737 | |
| Non-GAAP adjustments related to continuing operations: | | | | |
| Amortization of intangible assets | 267 | | 294 | |
| Impairment of goodwill | — | | 88 | |
| Restructuring charges | — | | 19 | |
| Transformation costs | 453 | | 414 | |
| Disaster charges | (7) | | — | |
| Acquisition, disposition and other related charges ^{(b)(g)} | 764 | | 82 | |
| Separation costs | — | | 9 | |
| Non-GAAP earnings from continuing operations | <u>\$ 2,751</u> | | <u>\$ 2,643</u> | |
| GAAP operating margin from continuing operations | 4% | | 6% | |
| Non-GAAP adjustments from continuing operations | 5% | | 3% | |
| Non-GAAP operating margin from continuing operations | <u>9%</u> | | <u>9%</u> | |
| GAAP net loss from discontinued operations | \$ — | \$ — | \$ (104) | \$ (0.07) |
| Non-GAAP adjustments related to discontinued operations: | | | | |
| Separation costs | — | — | 51 | 0.03 |
| Tax indemnification adjustments | — | — | 58 | 0.04 |
| Adjustments for taxes | — | — | (5) | — |
| Non-GAAP net earnings from discontinued operations | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |
| Total GAAP net earnings | <u>\$ 1,049</u> | <u>\$ 0.77</u> | <u>\$ 1,908</u> | <u>\$ 1.23</u> |
| Total Non-GAAP net earnings | <u>\$ 2,416</u> | <u>\$ 1.77</u> | <u>\$ 2,298</u> | <u>\$ 1.48</u> |

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

| | As of | |
|---|------------------|------------------|
| | October 31, 2019 | October 31, 2018 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,753 | \$ 4,880 |
| Accounts receivable, net of allowance for doubtful accounts | 2,957 | 3,263 |
| Financing receivables | 3,572 | 3,396 |
| Inventory | 2,387 | 2,447 |
| Assets held for sale | 46 | 6 |
| Other current assets ⁽ⁱ⁾ | 2,428 | 3,280 |
| Total current assets | 15,143 | 17,272 |
| Property, plant and equipment | 6,054 | 6,138 |
| Long-term financing receivables and other assets | 8,918 | 11,359 |
| Investments in equity interests | 2,254 | 2,398 |
| Goodwill and intangible assets | 19,434 | 18,326 |
| Total assets | \$ 51,803 | \$ 55,493 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Notes payable and short-term borrowings | \$ 4,425 | \$ 2,005 |
| Accounts payable | 5,595 | 6,092 |
| Employee compensation and benefits | 1,522 | 1,412 |
| Taxes on earnings | 186 | 378 |
| Deferred revenue | 3,234 | 3,177 |
| Accrued restructuring | 195 | 294 |
| Other accrued liabilities | 4,002 | 3,840 |
| Total current liabilities | 19,159 | 17,198 |
| Long-term debt | 9,395 | 10,136 |
| Other non-current liabilities | 6,100 | 6,885 |
| Stockholders' equity | | |
| HPE stockholders' equity: | | |
| Preferred stock, \$0.01 par value (300 shares authorized; none issued) | — | — |
| Common stock, \$0.01 par value (9,600 shares authorized; 1,294 and 1,423 issued and outstanding at October 31, 2019 and October 31, 2018, respectively) | 13 | 14 |
| Additional paid-in capital | 28,444 | 30,342 |
| Accumulated deficit ^(l) | (7,632) | (5,899) |
| Accumulated other comprehensive loss | (3,727) | (3,218) |
| Total HPE stockholders' equity | 17,098 | 21,239 |
| Non-controlling interests | 51 | 35 |
| Total stockholders' equity | 17,149 | 21,274 |
| Total liabilities and stockholders' equity | \$ 51,803 | \$ 55,493 |

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

| | Three months ended October 31, 2019 | Twelve months ended October 31, 2019 |
|---|--|---|
| Cash flows from operating activities: | | |
| Net earnings | \$ 480 | \$ 1,049 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 616 | 2,535 |
| Stock-based compensation expense | 61 | 268 |
| Provision for doubtful accounts and inventory | 59 | 240 |
| Restructuring charges | 75 | 221 |
| Deferred taxes on earnings | 194 | 1,079 |
| Earnings from equity interests | 1 | (20) |
| Dividends received from equity investees | 85 | 156 |
| Other, net | 70 | 204 |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Accounts receivable | 59 | 374 |
| Financing receivables | (85) | (410) |
| Inventory | (20) | 46 |
| Accounts payable | 301 | (525) |
| Taxes on earnings | 28 | (1,093) |
| Restructuring | (70) | (331) |
| Other assets and liabilities | (422) | 204 |
| Net cash provided by operating activities | <u>1,432</u> | <u>3,997</u> |
| Cash flows from investing activities: | | |
| Investment in property, plant and equipment | (703) | (2,856) |
| Proceeds from sale of property, plant and equipment | 149 | 597 |
| Purchases of available-for-sale securities and other investments | (6) | (39) |
| Maturities and sales of available-for-sale securities and other investments | 14 | 26 |
| Financial collateral posted | (71) | (403) |
| Financial collateral received | 4 | 744 |
| Payments made in connection with business acquisitions, net of cash acquired | (1,445) | (1,526) |
| Net cash used in investing activities | <u>(2,058)</u> | <u>(3,457)</u> |
| Cash flows from financing activities: | | |
| Short-term borrowings with original maturities less than 90 days, net | (78) | (53) |
| Proceeds from debt, net of issuance costs | 2,507 | 3,517 |
| Payment of debt | (1,331) | (2,203) |
| Net proceeds related to stock-based award activities | 24 | 48 |
| Repurchase of common stock | (284) | (2,249) |
| Cash dividends paid | (147) | (608) |
| Net cash provided by (used in) financing activities | <u>691</u> | <u>(1,548)</u> |
| Increase (decrease) in cash, cash equivalents and restricted cash | 65 | (1,008) |
| Cash, cash equivalents and restricted cash at beginning of period | 4,011 | 5,084 |
| Cash, cash equivalents and restricted at end of period ⁽ⁱ⁾ | <u>\$ 4,076</u> | <u>\$ 4,076</u> |

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

| | Three months ended | | |
|---|---------------------|------------------|---------------------|
| | October 31, 2019 | July 31, 2019 | October 31, 2018 |
| Net revenue: ^{(a)(k)} | | | |
| Hybrid IT | \$ 5,670 | \$ 5,549 | \$ 6,338 |
| Intelligent Edge | 723 | 762 | 773 |
| Financial Services | 878 | 888 | 939 |
| Corporate Investments | 134 | 130 | 139 |
| Total segment net revenue | 7,405 | 7,329 | 8,189 |
| Elimination of intersegment net revenue and other | (190) | (112) | (243) |
| Total Hewlett Packard Enterprise consolidated net revenue | <u>\$ 7,215</u> | <u>\$ 7,217</u> | <u>\$ 7,946</u> |
| Earnings from continuing operations before taxes: ^(k) | | | |
| Hybrid IT | \$ 780 | \$ 704 | \$ 716 |
| Intelligent Edge | 29 | 37 | 86 |
| Financial Services | 74 | 77 | 71 |
| Corporate Investments | (26) | (25) | (12) |
| Total segment earnings from operations | 857 | 793 | 861 |
| Unallocated corporate costs and eliminations | (107) | (65) | (90) |
| Unallocated stock-based compensation expense | (17) | (13) | (9) |
| Amortization of intangible assets | (68) | (58) | (72) |
| Impairment of goodwill | — | — | (88) |
| Restructuring charges | — | — | (5) |
| Transformation costs | (151) | (170) | 77 |
| Acquisition, disposition and other related charges ^{(b)(g)} | (54) | (563) | (12) |
| Separation costs | — | — | (9) |
| Interest and other, net | (38) | (70) | (111) |
| Tax indemnification adjustments ^(c) | 288 | (134) | (12) |
| Non-service net periodic benefit credit ^(d) | 14 | 12 | 31 |
| (Loss) earnings from equity interests | (1) | 3 | 15 |
| Total Hewlett Packard Enterprise consolidated earnings (loss) from continuing operations before taxes | <u>\$ 723</u> | <u>\$ (265)</u> | <u>\$ 576</u> |

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

| | Twelve months ended October 31, | |
|--|--|------------------|
| | 2019 | 2018 |
| Net revenue: ^{(a)(k)} | | |
| Hybrid IT | \$ 22,825 | \$ 24,498 |
| Intelligent Edge | 2,837 | 2,920 |
| Financial Services | 3,581 | 3,671 |
| Corporate Investments | 507 | 543 |
| Total segment net revenue | 29,750 | 31,632 |
| Elimination of intersegment net revenue and other | (615) | (780) |
| Total Hewlett Packard Enterprise consolidated net revenue | <u>\$ 29,135</u> | <u>\$ 30,852</u> |
| Earnings from continuing operations before taxes: ^(k) | | |
| Hybrid IT | \$ 2,804 | \$ 2,503 |
| Intelligent Edge | 95 | 277 |
| Financial Services | 305 | 286 |
| Corporate Investments | (108) | (91) |
| Total segment earnings from operations | 3,096 | 2,975 |
| Unallocated corporate costs and eliminations | (286) | (259) |
| Unallocated stock-based compensation expense | (59) | (73) |
| Amortization of intangible assets | (267) | (294) |
| Impairment of goodwill | — | (88) |
| Restructuring charges | — | (19) |
| Transformation costs | (453) | (414) |
| Acquisition, disposition and other related charges ^{(b)(g)} | (764) | (82) |
| Separation costs | — | (9) |
| Disaster charges | 7 | — |
| Interest and other, net | (177) | (274) |
| Tax indemnification adjustments ^(c) | 377 | (1,354) |
| Non-service net periodic benefit credit ^(d) | 59 | 121 |
| Earnings from equity interests | 20 | 38 |
| Total Hewlett Packard Enterprise consolidated earnings from continuing operations before taxes | <u>\$ 1,553</u> | <u>\$ 268</u> |

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

| | Three months ended | | | Change (%) | |
|---|---------------------|-----------------|---------------------|------------|-------|
| | October 31, 2019 | July 31 2019 | October 31, 2018 | Q/Q | Y/Y |
| Net revenue: ^{(a)(k)} | | | | | |
| Hybrid IT | | | | | |
| Hybrid IT Product | | | | | |
| Compute | \$ 3,233 | \$ 3,151 | \$ 3,707 | 3% | (13%) |
| Storage | 848 | 844 | 959 | — | (12%) |
| Total Hybrid IT Product | 4,081 | 3,995 | 4,666 | 2% | (13%) |
| HPE Pointnext | 1,589 | 1,554 | 1,672 | 2% | (5%) |
| Total Hybrid IT | 5,670 | 5,549 | 6,338 | 2% | (11%) |
| Intelligent Edge | | | | | |
| HPE Aruba Product | 620 | 668 | 685 | (7%) | (9%) |
| HPE Aruba Services | 103 | 94 | 88 | 10% | 17% |
| Total Intelligent Edge | 723 | 762 | 773 | (5%) | (6%) |
| Financial Services | 878 | 888 | 939 | (1%) | (6%) |
| Corporate Investments | 134 | 130 | 139 | 3% | (4%) |
| Total segment net revenue | 7,405 | 7,329 | 8,189 | 1% | (10%) |
| Elimination of intersegment net revenue and other | (190) | (112) | (243) | 70% | (22%) |
| Total Hewlett Packard Enterprise consolidated net revenue | \$ 7,215 | \$ 7,217 | \$ 7,946 | — | (9%) |

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

| | Twelve months ended October 31, | | |
|---|---------------------------------|-----------|-------|
| | 2019 | 2018 | Y/Y |
| Net revenue: ^{(a)(k)} | | | |
| Hybrid IT | | | |
| Hybrid IT Product | | | |
| Compute | \$ 12,879 | \$ 14,057 | (8%) |
| Storage | 3,609 | 3,706 | (3%) |
| Total Hybrid IT Product | 16,488 | 17,763 | (7%) |
| HPE Pointnext | 6,337 | 6,735 | (6%) |
| Total Hybrid IT | 22,825 | 24,498 | (7%) |
| Intelligent Edge | | | |
| HPE Aruba Product | 2,462 | 2,599 | (5%) |
| HPE Aruba Services | 375 | 321 | 17% |
| Total Intelligent Edge | 2,837 | 2,920 | (3%) |
| Financial Services | 3,581 | 3,671 | (2%) |
| Corporate Investments | 507 | 543 | (7%) |
| Total segment net revenue | 29,750 | 31,632 | (6%) |
| Elimination of intersegment net revenue and other | (615) | (780) | (21%) |
| Total Hewlett Packard Enterprise consolidated net revenue | \$ 29,135 | \$ 30,852 | (6%) |

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

| | Three months ended | Change in Operating Margin (pts) | |
|--|--------------------|----------------------------------|------------|
| | October 31, 2019 | Q/Q | Y/Y |
| Segment operating margin: ^(k) | | | |
| Hybrid IT | 13.8 % | 1.1 pts | 2.5 pts |
| Intelligent Edge | 4.0 % | (0.9) pts | (7.1) pts |
| Financial Services | 8.4 % | (0.3) pts | 0.8 pts |
| Corporate Investments | (19.4)% | (0.2) pts | (10.8) pts |
| Total segment operating margin | 11.6 % | 0.8 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 | | |
|---|---------------------|------------------|---------------------|
| | October 31, 2019 | July 31, 2019 | October 31, 2018 |
| Numerator: | | | |
| GAAP net earnings (loss) from continuing operations | \$ 480 | \$ (27) | \$ (772) |
| GAAP net earnings from discontinued operations | \$ — | \$ — | \$ 15 |
| Non-GAAP net earnings from continuing operations | \$ 644 | \$ 603 | \$ 633 |
| Non-GAAP net earnings from discontinued operations | \$ — | \$ — | \$ — |
| Denominator: | | | |
| Weighted-average shares used to compute basic net earnings per share | 1,308 | 1,334 | 1,459 |
| Dilutive effect of employee stock plans ^(m) | 15 | 13 | 17 |
| Weighted-average shares used to compute diluted net earnings per share | 1,323 | 1,347 | 1,476 |
| GAAP net earnings (loss) per share from continuing operations | | | |
| Basic | \$ 0.37 | \$ (0.02) | \$ (0.53) |
| Diluted ^(m) | \$ 0.36 | \$ (0.02) | \$ (0.53) |
| GAAP net earnings per share from discontinued operations | | | |
| Basic | \$ — | \$ — | \$ 0.01 |
| Diluted ^(m) | \$ — | \$ — | \$ 0.01 |
| Non-GAAP net earnings per share from continuing operations | | | |
| Basic | \$ 0.49 | \$ 0.45 | \$ 0.43 |
| Diluted ⁽ⁿ⁾ | \$ 0.49 | \$ 0.45 | \$ 0.43 |
| Non-GAAP net earnings per share from discontinued operations | | | |
| Basic | \$ — | \$ — | \$ — |
| Diluted | \$ — | \$ — | \$ — |
| Total Hewlett Packard Enterprise GAAP basic net earnings (loss) per share | \$ 0.37 | \$ (0.02) | \$ (0.52) |
| Total Hewlett Packard Enterprise GAAP diluted net earnings (loss) per share | \$ 0.36 | \$ (0.02) | \$ (0.52) |
| Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share | \$ 0.49 | \$ 0.45 | \$ 0.43 |
| Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share | \$ 0.49 | \$ 0.45 | \$ 0.43 |

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, | |
|---|---------------------------------|-----------|
| | 2019 | 2018 |
| Numerator: | | |
| GAAP net earnings from continuing operations | \$ 1,049 | \$ 2,012 |
| GAAP net loss from discontinued operations | \$ — | \$ (104) |
| Non-GAAP net earnings from continuing operations | \$ 2,416 | \$ 2,298 |
| Non-GAAP net earnings from discontinued operations | \$ — | \$ — |
| Denominator: | | |
| Weighted-average shares used to compute basic net earnings per share | 1,353 | 1,529 |
| Dilutive effect of employee stock plans ^(m) | 13 | 24 |
| Weighted-average shares used to compute diluted net earnings per share | 1,366 | 1,553 |
| GAAP net earnings per share from continuing operations | | |
| Basic | \$ 0.78 | \$ 1.32 |
| Diluted ^(m) | \$ 0.77 | \$ 1.30 |
| GAAP net loss per share from discontinued operations | | |
| Basic | \$ — | \$ (0.07) |
| Diluted ^(m) | \$ — | \$ (0.07) |
| Non-GAAP net earnings per share from continuing operations | | |
| Basic | \$ 1.79 | \$ 1.50 |
| Diluted ⁽ⁿ⁾ | \$ 1.77 | \$ 1.48 |
| Non-GAAP net earnings per share from discontinued operations | | |
| Basic | \$ — | \$ — |
| Diluted | \$ — | \$ — |
| Total Hewlett Packard Enterprise GAAP basic net earnings per share | | |
| | \$ 0.78 | \$ 1.25 |
| Total Hewlett Packard Enterprise GAAP diluted net earnings per share | | |
| | \$ 0.77 | \$ 1.23 |
| Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share | | |
| | \$ 1.79 | \$ 1.50 |
| Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share | | |
| | \$ 1.77 | \$ 1.48 |

- (a) The Company adopted the new revenue recognition accounting standard (ASC 606) on a modified retrospective basis effective the first quarter of fiscal 2019. Fiscal 2019 results are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported under the prior revenue recognition accounting standard (ASC 605).
- (b) For the three months ended July 31, 2019 and the twelve months ended October 31, 2019, this amount primarily included a charge related to a one-time arbitration settlement.
- (c) For the three and twelve months ended October 31, 2019, the amount was due primarily to the termination of the Tax Matters Agreement with HP Inc. The twelve month period ended October 31, 2019 also included the impact of the effective settlement of the U.S. federal income tax audit of fiscal years 2013 through 2015 for HP Inc. and the effects of U.S. tax reform attributes related to fiscal periods prior to the separation from HP Inc.

For the three and twelve months ended October 31, 2018 this amount 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.

While these changes had no impact on Hewlett Packard Enterprise's previously reported GAAP consolidated net earnings or GAAP net earnings per share, however, the company reflected the change resulting from the reclassification of its non-service net periodic benefit credit by restating its non-GAAP consolidated net earnings and non-GAAP net earnings per share for the previously reported period.

- (e) The three and twelve months ended October 31, 2019, include \$123 million and \$488 million of net income tax charges, respectively, related to changes in U.S. federal and state valuation allowances as a result of impacts of the Tax Act and a change in the Company's forecasts. The three months ended July 31, 2019 and the twelve months ended October 31, 2019 includes \$308 million and \$274 million, of income tax benefits, respectively, related to the change in pre- Separation tax liabilities for which the Company shared joint and several liability with HP Inc. and for which the Company was partially indemnified by HP Inc. under the Tax Matters Agreement and continues to be indemnified under the Termination and Mutual Release Agreement in limited circumstances..

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 twelve months ended October 31, 2018, this amount primarily 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 \$2.0 billion tax benefit, as the result of U.S. Tax Reform, from the application of the new tax rules including a lower federal tax rate to deferred tax assets and liabilities and a \$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, 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.

- (f) For the three and twelve months ended October 31, 2018, 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.
- (g) For the three and twelve months ended October 31, 2019, includes acquisition, disposition and other related charges of \$7 million related to a non-cash inventory fair value adjustment in connection with the acquisition of Cray, Inc., which was included in Cost of Sales.
- (h) Represents the amortization of basis difference adjustments related to the H3C divestiture.
- (i) Effective the first quarter of fiscal 2019, the Company uses a structural tax rate based on long-term non-GAAP financial projections.
- (j) 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 October 31, 2019 and October 31, 2018, the restricted cash balance included in cash, cash equivalents and restricted cash as disclosed in the Statements of Cash Flows above was \$323 million and \$204 million, respectively, which was included in Other current assets in the Condensed Consolidated Balance Sheets.

- (k) 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.

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