

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

	Three months ended		
	October 31, 2020	July 31, 2020	October 31, 2019
Net revenue	\$ 7,208	\$ 6,816	\$ 7,215
Costs and expenses:			
Cost of sales	5,002	4,749	4,822
Research and development	484	455	438
Selling, general and administrative	1,166	1,131	1,229
Amortization of intangible assets	80	95	68
Transformation costs	304	357	151
Disaster charges <sup>(a)</sup>	2	2	—
Acquisition, disposition and other related charges	25	15	47
Total costs and expenses	<u>7,063</u>	<u>6,804</u>	<u>6,755</u>
Earnings from operations	145	12	460
Interest and other, net	(57)	(71)	(38)
Tax indemnification adjustments	(15)	(30)	288
Non-service net periodic benefit credit	35	28	14
Earnings (loss) from equity interests	17	27	(1)
Earnings (loss) before taxes	125	(34)	723
(Provision) benefit from taxes	32	43	(243)
Net earnings	<u>\$ 157</u>	<u>\$ 9</u>	<u>\$ 480</u>
Net earnings per share:			
Basic	\$ 0.12	\$ 0.01	\$ 0.37
Diluted <sup>(b)</sup>	\$ 0.12	\$ 0.01	\$ 0.36
Cash dividends declared per share	\$ 0.1200	\$ —	\$ 0.1200
Weighted-average shares used to compute net earnings per share:			
Basic	1,293	1,292	1,308
Diluted <sup>(b)</sup>	1,306	1,300	1,323

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**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
(Unaudited)  
(In millions, except per share amounts)

	Twelve months ended October 31,	
	2020	2019
Net revenue	\$ 26,982	\$ 29,135
Costs and expenses:		
Cost of sales	18,513	19,642
Research and development	1,874	1,842
Selling, general and administrative	4,624	4,907
Amortization of intangible assets	379	267
Impairment of goodwill <sup>(c)</sup>	865	—
Transformation costs	950	453
Disaster charges (recovery) <sup>(a)</sup>	26	(7)
Acquisition, disposition and other related charges	80	757
Total costs and expenses	<u>27,311</u>	<u>27,861</u>
Earnings (loss) from operations	(329)	1,274
Interest and other, net	(215)	(177)
Tax indemnification adjustments	(101)	377
Non-service net periodic benefit credit	136	59
Earnings from equity interests	67	20
Earnings (loss) before taxes	(442)	1,553
(Provision) benefit for taxes	120	(504)
Net earnings (loss)	<u>\$ (322)</u>	<u>\$ 1,049</u>
Net earnings (loss) per share:		
Basic	\$ (0.25)	\$ 0.78
Diluted <sup>(b)</sup>	\$ (0.25)	\$ 0.77
Cash dividends declared per share	\$ 0.3600	\$ 0.4575
Weighted-average shares used to compute net earnings (loss) per share:		
Basic	1,294	1,353
Diluted <sup>(b)</sup>	1,294	1,366

**HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
**(Unaudited)**  
**(In millions, except percentages and per share amounts)**

	Three months ended October 31, 2020	Diluted net earnings per share	Three months ended July 31, 2020	Diluted net earnings per share	Three months ended October 31, 2019	Diluted net earnings per share
<b>GAAP net earnings</b>	\$ 157	\$ 0.12	\$ 9	\$ 0.01	\$ 480	\$ 0.36
Non-GAAP adjustments:						
Amortization of initial direct costs	1	—	3	—	—	—
Amortization of intangible assets	80	0.06	95	0.07	68	0.05
Transformation costs	304	0.23	357	0.27	151	0.11
Disaster charges <sup>(a)</sup>	2	—	2	—	—	—
Acquisition, disposition and other related charges	25	0.02	15	0.01	54	0.04
Tax indemnification adjustments	15	0.02	30	0.03	(288)	(0.22)
Non-service net periodic benefit credit	(35)	(0.03)	(28)	(0.02)	(14)	(0.01)
Earnings from equity interests <sup>(d)</sup>	35	0.03	36	0.03	38	0.03
Adjustments for taxes	\$ (98)	(0.08)	\$ (100)	(0.08)	\$ 155	0.13
<b>Non-GAAP net earnings</b>	<u>\$ 486</u>	<u>\$ 0.37</u>	<u>\$ 419</u>	<u>\$ 0.32</u>	<u>\$ 644</u>	<u>\$ 0.49</u>
<b>GAAP earnings from operations</b>						
	\$ 145		\$ 12		\$ 460	
Non-GAAP adjustments						
Amortization of initial direct costs	1		3		—	
Amortization of intangible assets	80		95		68	
Transformation costs	304		357		151	
Disaster charges <sup>(a)</sup>	2		2		—	
Acquisition, disposition and other related charges	25		15		54	
<b>Non-GAAP earnings from operations</b>	<u>\$ 557</u>		<u>\$ 484</u>		<u>\$ 733</u>	
<b>GAAP operating profit margin</b>						
	2.0 %		0.2 %		6.4 %	
Non-GAAP adjustments	5.7 %		6.9 %		3.8 %	
<b>Non-GAAP operating profit margin</b>	<u>7.7 %</u>		<u>7.1 %</u>		<u>10.2 %</u>	

**HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
**(Unaudited)**  
**(In millions, except percentages and per share amounts)**

	Three months ended October 31, 2020	Three months ended July 31, 2020	Three months ended October 31, 2019
GAAP net revenue	\$ 7,208	\$ 6,816	\$ 7,215
GAAP cost of sales	5,002	4,749	4,822
<b>GAAP gross profit</b>	<b>\$ 2,206</b>	<b>\$ 2,067</b>	<b>\$ 2,393</b>
<b>Non-GAAP adjustments</b>			
Amortization of initial direct costs	\$ 1	\$ 3	\$ —
Acquisition, disposition and other related charges <sup>(e)</sup>	—	—	7
<b>Non-GAAP gross profit</b>	<b>\$ 2,207</b>	<b>\$ 2,070</b>	<b>\$ 2,400</b>
<b>GAAP gross profit margin</b>	<b>30.6 %</b>	<b>30.3 %</b>	<b>33.2 %</b>
Non-GAAP adjustments	— %	0.1 %	0.1 %
<b>Non-GAAP gross profit margin</b>	<b>30.6 %</b>	<b>30.4 %</b>	<b>33.3 %</b>
<b>Net cash provided by operating activities</b>	<b>\$ 747</b>	<b>\$ 1,472</b>	<b>\$ 1,432</b>
Investment in property, plant and equipment	(604)	(620)	(703)
Proceeds from sale of property, plant and equipment	80	72	149
<b>Free cash flow</b>	<b>\$ 223</b>	<b>\$ 924</b>	<b>\$ 878</b>

**HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
**(Unaudited)**  
**(In millions, except percentages and per share amounts)**

	Twelve months ended October 31, 2020	Diluted net earnings per share	Twelve months ended October 31, 2019	Diluted net earnings per share
GAAP net earnings (loss)	\$ (322)	\$ (0.25)	\$ 1,049	\$ 0.77
Non-GAAP adjustments:				
Amortization of initial direct costs	10	0.01	—	—
Amortization of intangible assets	379	0.29	267	0.20
Impairment of goodwill <sup>(c)</sup>	865	0.67	—	—
Transformation costs	950	0.74	453	0.33
Disaster charges (recovery) <sup>(a)</sup>	26	0.02	(7)	(0.01)
Acquisition, disposition and other related charges	107	0.08	764	0.56
Tax indemnification adjustments	101	0.08	(377)	(0.28)
Non-service net periodic benefit credit	(136)	(0.11)	(59)	(0.04)
Earnings from equity interests <sup>(d)</sup>	145	0.11	152	0.11
Adjustments for taxes	\$ (360)	(0.29)	\$ 174	0.13
<b>Non-GAAP net earnings</b>	<b>\$ 1,765</b>	<b>\$ 1.35</b>	<b>\$ 2,416</b>	<b>\$ 1.77</b>
<b>GAAP (loss) earnings from operations</b>	<b>\$ (329)</b>		<b>\$ 1,274</b>	
Non-GAAP adjustments				
Amortization of initial direct costs	10		—	
Amortization of intangible assets	379		267	
Impairment of goodwill <sup>(c)</sup>	865		—	
Transformation costs	950		453	
Disaster charges (recovery) <sup>(a)</sup>	26		(7)	
Acquisition, disposition and other related charges	107		764	
<b>Non-GAAP earnings from operations</b>	<b>\$ 2,008</b>		<b>\$ 2,751</b>	
<b>GAAP operating profit margin</b>	<b>(1.2%)</b>		<b>4.4 %</b>	
Non-GAAP adjustments	8.6 %		5.0 %	
<b>Non-GAAP operating profit margin</b>	<b>7.4 %</b>		<b>9.4 %</b>	

**HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP MEASURES**  
(Unaudited)  
(In millions, except percentages and per share amounts)

	Twelve months ended October 31, 2020	Twelve months ended October 31, 2019
GAAP net revenue	\$ 26,982	\$ 29,135
GAAP cost of sales	18,513	19,642
<b>GAAP gross profit</b>	<b>\$ 8,469</b>	<b>\$ 9,493</b>
Non-GAAP adjustments		
Amortization of initial direct costs	\$ 10	\$ —
Acquisition, disposition and other related charges <sup>(e)</sup>	27	7
<b>Non-GAAP gross profit</b>	<b>\$ 8,506</b>	<b>\$ 9,500</b>
<b>GAAP gross profit margin</b>	<b>31.4 %</b>	<b>32.6 %</b>
Non-GAAP adjustments	0.1 %	— %
<b>Non-GAAP gross profit margin</b>	<b>31.5 %</b>	<b>32.6 %</b>
<b>Net cash provided by operating activities</b>	<b>\$ 2,240</b>	<b>\$ 3,997</b>
Investment in property, plant and equipment	(2,383)	(2,856)
Proceeds from sale of property, plant and equipment	703	597
<b>Free cash flow</b>	<b>\$ 560</b>	<b>\$ 1,738</b>

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

	As of	
	October 31, 2020	October 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,233	\$ 3,753
Accounts receivable, net of allowance for doubtful accounts	3,386	2,957
Financing receivables, net of allowance for doubtful accounts	3,794	3,572
Inventory	2,674	2,387
Assets held for sale	77	46
Other current assets	2,392	2,428
Total current assets	<u>16,556</u>	<u>15,143</u>
Property, plant and equipment	5,625	6,054
Long-term financing receivables and other assets <sup>(f)</sup>	10,544	8,918
Investments in equity interests	2,170	2,254
Goodwill and intangible assets	19,120	19,434
Total assets	<u>\$ 54,015</u>	<u>\$ 51,803</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable and short-term borrowings	\$ 3,755	\$ 4,425
Accounts payable	5,383	5,595
Employee compensation and benefits	1,391	1,522
Taxes on earnings	148	186
Deferred revenue	3,430	3,234
Accrued restructuring	366	195
Other accrued liabilities <sup>(f)</sup>	4,265	4,002
Total current liabilities	<u>18,738</u>	<u>19,159</u>
Long-term debt	12,186	9,395
Other non-current liabilities <sup>(f)</sup>	6,995	6,100
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; 1,287 and 1,294 issued and outstanding at October 31, 2020 and October 31, 2019, respectively)	13	13
Additional paid-in capital	28,350	28,444
Accumulated deficit <sup>(g)</sup>	(8,375)	(7,632)
Accumulated other comprehensive loss <sup>(g)</sup>	(3,939)	(3,727)
Total HPE stockholders' equity	<u>16,049</u>	<u>17,098</u>
Non-controlling interests	47	51
Total stockholders' equity	<u>16,096</u>	<u>17,149</u>
Total liabilities and stockholders' equity	<u>\$ 54,015</u>	<u>\$ 51,803</u>

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

	<b>Three months ended October 31, 2020</b>	<b>Twelve months ended October 31, 2020</b>
<b>Cash flows from operating activities:</b>		
Net earnings (loss)	\$ 157	\$ (322)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	652	2,625
Impairment of goodwill	—	865
Stock-based compensation expense	59	274
Provision for doubtful accounts and inventory	100	308
Restructuring charges	216	769
Deferred taxes on earnings	(80)	(294)
Earnings from equity interests	(17)	(67)
Dividends received from equity investees	130	165
Other, net	48	163
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(530)	(461)
Financing receivables	(76)	(487)
Inventory	726	(527)
Accounts payable	(656)	(225)
Taxes on earnings	(37)	(122)
Restructuring	(128)	(478)
Other assets and liabilities	183	54
Net cash provided by operating activities	<u>747</u>	<u>2,240</u>
<b>Cash flows from investing activities:</b>		
Investment in property, plant and equipment	(604)	(2,383)
Proceeds from sale of property, plant and equipment	80	703
Purchases of available-for-sale securities and other investments	(23)	(101)
Maturities and sales of available-for-sale securities and other investments	19	48
Financial collateral posted	(71)	(644)
Financial collateral received	28	665
Payments made in connection with business acquisitions, net of cash acquired	(853)	(866)
Net cash used in investing activities	<u>(1,424)</u>	<u>(2,578)</u>
<b>Cash flows from financing activities:</b>		
Short-term borrowings with original maturities less than 90 days, net	(45)	(9)
Proceeds from debt, net of issuance costs	262	7,007
Payment of debt	(3,700)	(5,099)
Net payments related to stock-based award activities	(2)	(36)
Repurchase of common stock	—	(355)
Cash dividends paid to non-controlling interests, net of contributions	—	(7)
Cash dividends paid	(154)	(618)
Net cash provided by (used in) financing activities	<u>(3,639)</u>	<u>883</u>
Increase (decrease) in cash, cash equivalents and restricted cash	(4,316)	545
Cash, cash equivalents and restricted cash at beginning of period	8,937	4,076
Cash, cash equivalents and restricted cash at end of period	<u>\$ 4,621</u>	<u>\$ 4,621</u>



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

	Three months ended		
	October 31, 2020	July 31, 2020	October 31, 2019
Net revenue: <sup>(h)</sup>			
Compute	\$ 3,175	\$ 3,389	\$ 3,349
HPC & MCS	975	649	777
Storage	1,217	1,128	1,256
A & PS	245	226	269
Intelligent Edge	786	684	742
Financial Services	849	811	878
Corporate Investments	126	119	134
Total segment net revenue	<u>7,373</u>	<u>7,006</u>	<u>7,405</u>
Elimination of intersegment net revenue	(165)	(190)	(190)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 7,208</u>	<u>\$ 6,816</u>	<u>\$ 7,215</u>
Earnings before taxes: <sup>(h)</sup>			
Compute	\$ 194	\$ 288	\$ 464
HPC & MCS	119	36	79
Storage	203	145	219
A & PS	(1)	(4)	1
Intelligent Edge	79	59	46
Financial Services	65	65	74
Corporate Investments	(18)	(27)	(26)
Total segment earnings from operations	<u>641</u>	<u>562</u>	<u>857</u>
Unallocated corporate costs and eliminations	(73)	(65)	(107)
Unallocated stock-based compensation expense	(11)	(13)	(17)
Amortization of initial direct costs	(1)	(3)	—
Amortization of intangible assets	(80)	(95)	(68)
Transformation costs	(304)	(357)	(151)
Disaster charges <sup>(a)</sup>	(2)	(2)	—
Acquisition, disposition and other related charges	(25)	(15)	(54)
Interest and other, net	(57)	(71)	(38)
Tax indemnification adjustments	(15)	(30)	288
Non-service net periodic benefit credit	35	28	14
Earnings (loss) from equity interests	17	27	(1)
Total Hewlett Packard Enterprise consolidated earnings (loss) before taxes	<u>\$ 125</u>	<u>\$ (34)</u>	<u>\$ 723</u>

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

	Twelve months ended October 31,	
	2020	2019
Net revenue: <sup>(h)</sup>		
Compute	\$ 12,215	\$ 13,642
HPC & MCS	3,036	2,910
Storage	4,681	5,185
A & PS	951	1,012
Intelligent Edge	2,855	2,913
Financial Services	3,352	3,581
Corporate Investments	490	507
Total segment net revenue	<u>27,580</u>	<u>29,750</u>
Elimination of intersegment net revenue	(598)	(615)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 26,982</u>	<u>\$ 29,135</u>
Earnings before taxes: <sup>(h)</sup>		
Compute	\$ 893	\$ 1,550
HPC & MCS	237	320
Storage	719	924
A & PS	(5)	(54)
Intelligent Edge	281	159
Financial Services	278	305
Corporate Investments	(100)	(108)
Total segment earnings from operations	<u>2,303</u>	<u>3,096</u>
Unallocated corporate costs and eliminations	(238)	(286)
Unallocated stock-based compensation expense	(57)	(59)
Amortization of initial direct costs	(10)	—
Amortization of intangible assets	(379)	(267)
Impairment of goodwill <sup>(c)</sup>	(865)	—
Transformation costs	(950)	(453)
Disaster (charges) recoveries <sup>(a)</sup>	(26)	7
Acquisition, disposition and other related charges	(107)	(764)
Interest and other, net	(215)	(177)
Tax indemnification adjustments	(101)	377
Non-service net periodic benefit credit	136	59
Earnings from equity interests	67	20
Total Hewlett Packard Enterprise consolidated earnings (loss) before taxes	<u>\$ (442)</u>	<u>\$ 1,553</u>

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

	Three months ended			Change (%)	
	October 31, 2020	July 31 2020	October 31, 2019	Q/Q	Y/Y
Net revenue: <sup>(h)</sup>					
Compute	\$ 3,175	\$ 3,389	\$ 3,349	(6%)	(5%)
HPC & MCS	975	649	777	50%	25%
Storage	1,217	1,128	1,256	8%	(3%)
A & PS	245	226	269	8%	(9%)
Intelligent Edge	786	684	742	15%	6%
Financial Services	849	811	878	5%	(3%)
Corporate Investments	126	119	134	6%	(6%)
Total segment net revenue	7,373	7,006	7,405	5%	—%
Elimination of intersegment net revenue and other	(165)	(190)	(190)	(13%)	(13%)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 7,208	\$ 6,816	\$ 7,215	6%	—%

	Twelve months ended October 31,		
	2020	2019	Y/Y
Net revenue: <sup>(h)</sup>			
Compute	\$ 12,215	\$ 13,642	(10%)
HPC & MCS	3,036	2,910	4%
Storage	4,681	5,185	(10%)
A & PS	951	1,012	(6%)
Intelligent Edge	2,855	2,913	(2%)
Financial Services	3,352	3,581	(6%)
Corporate Investments	490	507	(3%)
Total segment net revenue	27,580	29,750	(7%)
Elimination of intersegment net revenue and other	(598)	(615)	(3%)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 26,982	\$ 29,135	(7%)

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

	Three months ended	Change in Operating Margin (pts)	
	October 31, 2020	Q/Q	Y/Y
Segment operating margin: <sup>(h)</sup>			
Compute	6.1%	-2.4	-7.8
HPC & MCS	12.2%	6.7	2.0
Storage	16.7%	3.8	-0.7
A & PS	(0.4%)	1.4	-0.8
Intelligent Edge	10.1%	1.5	3.9
Financial Services	7.7%	-0.3	-0.7
Corporate Investments	(14.3%)	8.4	5.1
Total segment operating margin	8.7%	0.7	-2.9

**HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES**  
**CALCULATION OF DILUTED NET EARNINGS (LOSS) PER SHARE**  
(Unaudited)  
(In millions, except per share amounts)

	<u>Three months ended</u>		
	<u>October 31, 2020</u>	<u>July 31, 2020</u>	<u>October 31, 2019</u>
<b>Numerator:</b>			
GAAP net earnings	\$ 157	\$ 9	\$ 480
Non-GAAP net earnings	\$ 486	\$ 419	\$ 644
<b>Denominator:</b>			
Weighted-average shares used to compute basic net earnings per share	1,293	1,292	1,308
Dilutive effect of employee stock plans <sup>(b)</sup>	13	8	15
Weighted-average shares used to compute diluted net earnings per share	<u>1,306</u>	<u>1,300</u>	<u>1,323</u>
<b>GAAP net earnings per share</b>			
Basic	\$ 0.12	\$ 0.01	\$ 0.37
Diluted <sup>(b)</sup>	\$ 0.12	\$ 0.01	\$ 0.36
<b>Non-GAAP net earnings per share</b>			
Basic	\$ 0.38	\$ 0.32	\$ 0.49
Diluted <sup>(b)</sup>	\$ 0.37	\$ 0.32	\$ 0.49

	<u>Twelve months ended October 31,</u>	
	<u>2020</u>	<u>2019</u>
<b>Numerator:</b>		
GAAP net earnings (loss)	\$ (322)	\$ 1,049
Non-GAAP net earnings	\$ 1,765	\$ 2,416
<b>Denominator:</b>		
Weighted-average shares used to compute basic net earnings (loss) per share and diluted net loss per share	1,294	1,353
Dilutive effect of employee stock plans <sup>(b)</sup>	11	13
Weighted-average shares used to compute diluted net earnings per share	<u>1,305</u>	<u>1,366</u>
<b>GAAP net earnings (loss) per share</b>		
Basic	\$ (0.25)	\$ 0.78
Diluted <sup>(b)</sup>	\$ (0.25)	\$ 0.77
<b>Non-GAAP net earnings per share</b>		
Basic	\$ 1.36	\$ 1.79
Diluted <sup>(b)</sup>	\$ 1.35	\$ 1.77

- (a) Disaster charges (recovery) for fiscal 2020 include direct costs resulting from COVID-19. For fiscal 2019, represents insurance recoveries in relation to damage to our facilities in Houston, Texas due to Hurricane Harvey in fiscal 2017.
- (b) 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.
- (c) The Company recorded \$865 million of partial goodwill impairment charge in the second quarter of fiscal 2020 as it was determined that the fair value of the HPC & MCS reporting unit was below the carrying value of its net assets.
- (d) Represents the amortization of basis difference adjustments related to the H3C divestiture.
- (e) For the periods presented, amounts represent Acquisition, disposition and other related charges related to a non-cash inventory fair value adjustment in connection with the acquisition of Cray, Inc., which was included in Cost of sales.
- (f) The Company adopted the new accounting standard for leases in the first quarter of fiscal 2020 which requires lessees to recognize a lease liability and a right-of-use ("ROU") asset for the lease term. The Company elected the modified retrospective transition method whereby prior comparative periods are not restated. Adoption of the new lease standard resulted in the recognition of \$1.0 billion of ROU assets and \$1.1 billion of lease liabilities on the Company's Condensed Consolidated Balance Sheet at November 1, 2019.
- (g) The Company adopted an accounting standard update in the first quarter of fiscal 2020 that allowed it to reclassify \$43 million of stranded tax effects resulting from U.S. tax reform from accumulated other comprehensive loss into accumulated deficit.
- (h) Effective at the beginning of the first quarter of fiscal 2020, Hewlett Packard Enterprise Company ("HPE") implemented certain organizational changes to align its segment financial reporting more closely with its current business structure. As a result of these organizational changes, HPE replaced the Hybrid IT reportable segment (and the Compute, Storage and HPE Pointnext business units within it) with four new financial reporting segments: Compute, High Performance Compute & Mission-Critical Systems ("HPC & MCS"), Storage, and Advisory and Professional Services ("A & PS").

In addition, the Intelligent Edge segment now includes the Data Center Networking ("DC Networking") operational services business that was previously a part of the Hybrid IT Segment. The DC Networking business, other than operational services, had been transferred to the Intelligent Edge segment in a prior realignment.

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, net earnings or net earnings per share ("EPS").