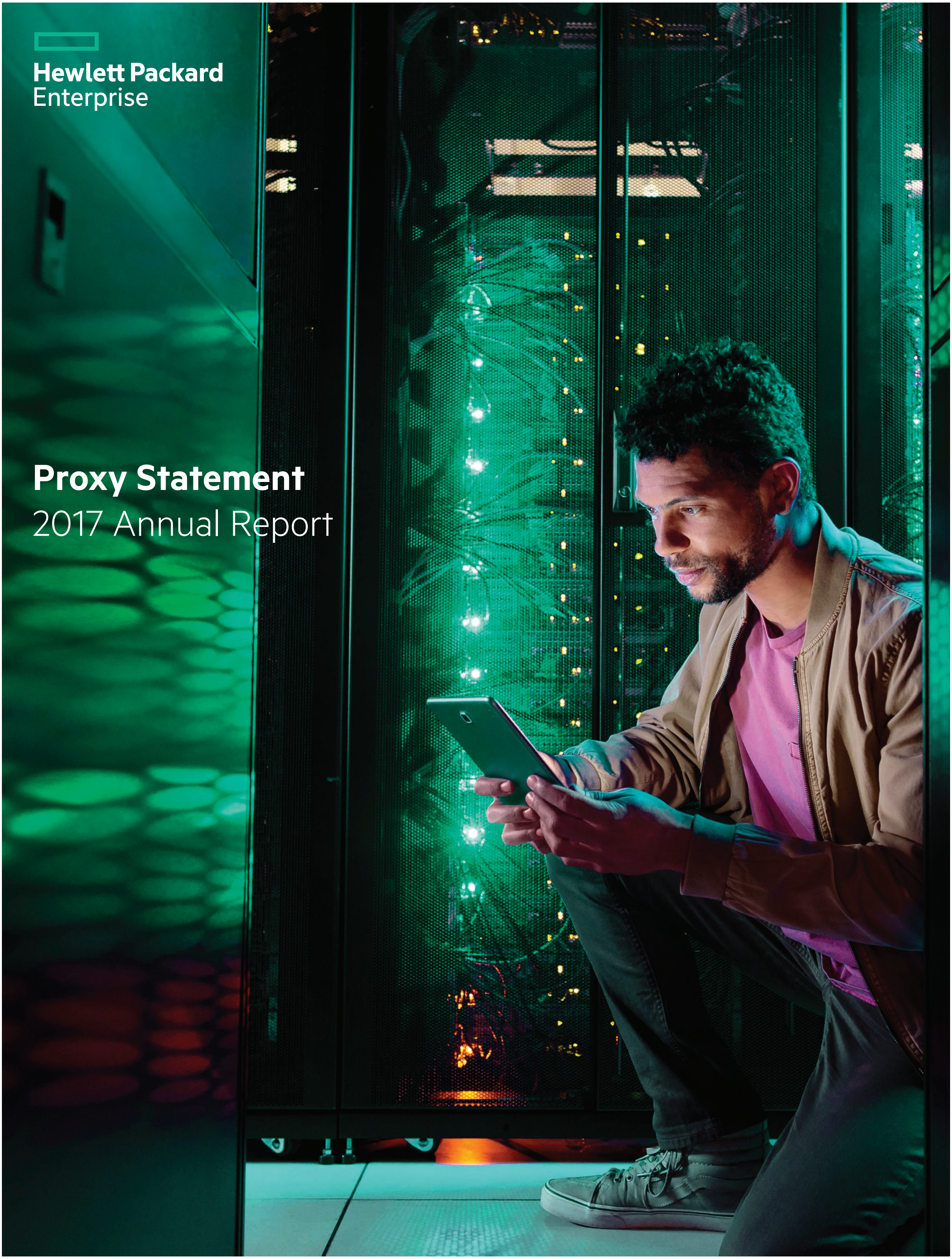
Hewlett Packard Enterprise

Proxy Statement

2017 Annual Report



Dear Stockholders,

I am honored to write my first letter to you as CEO of Hewlett Packard Enterprise. As a 22-year Hewlett Packard veteran, I have a lot of pride in our company and people. I fundamentally believe HPE's innovation will improve the world for our customers, partners, and employees.

Transformation of HPE

Our company's strong position today was made possible by the work we did during the last several years. That work was led by my predecessor, Meg Whitman, who set up HPE for great success by strengthening our leadership team, reinvigorating our culture, and reigniting our innovation. During this time, we created tremendous shareholder value and put our long-term strategy in place. Without Meg's vision and courage, HPE would not be where it is today—poised for a bright future.

In 2017, we accelerated our progress by completing a number of strategic actions, including the spin-mergers of our Enterprise Services business with CSC and our Software business with Micro Focus. These transactions created new industry-leading companies and delivered more than $20 billion of value to HPE. At the same time, we continued to strengthen our portfolio in key growth areas through acquisitions like these:

- SGI, bolstering our industry-leading high-performance compute business
- Nimble Storage, solidifying our leadership in all-flash storage
- SimpliVity, making us a leader in the fast growing hyper-converged market
- Cloud Technology Partners, making us a global leader in cloud services

Now, we have embarked on the next phase of our journey with a program we call HPE Next. This program will help us simplify the way we work, drive execution, and invest in innovation that will differentiate our solutions. Through HPE Next, we will create a purpose-built company for today and tomorrow's competitive environment that will continue to lead in our markets for years to come.

Our strategy and vision

I believe HPE has the strongest portfolio in the industry today. We enable our customers to harvest, analyze, and store the critical data that improves customer experiences, drives new business models, and increases productivity. These capabilities are creating a new breed of data-driven enterprises. Our strategy is laser focused on enabling this enterprise transformation by helping our customers connect their data from the core, to the cloud, to the edge through three strategic pillars.

First, as each customer embraces the unique mix of private and public cloud environments that best meet their needs, we are seeing an increasingly "hybrid" IT landscape—and we make Hybrid IT simple. We do that through offerings that help customers optimize their core IT environments with secure software-defined technologies that seamlessly integrate across traditional IT and multiple public and private clouds. Our solutions provide transparency and manageability for all of their applications and data, wherever they live.

We continue to launch ground-breaking innovation in support of this vision. For example, in December we introduced Infosight, which is our new predictive AI technology across our storage portfolio, enabling the systems to predict and prevent problems before they happen. Leveraging advanced machine learning, this technology is an important step toward our vision for an autonomous data center.

We also introduced OneSphere, a software management platform that lets customers deploy, operate, and optimize on-premises private cloud environments and public cloud capabilities through a simple, unified experience. I believe that no one else in the market can match the platform we have created.

The second pillar of our strategy is to power the Intelligent Edge. The "edge" is the world outside the data center. It is where enterprises interact with their customers, where employees congregate, and where companies manufacture their products. We are seeing a data-powered revolution happening at the edge as customers capture and analyze the unprecedented amount of data being created to drive their businesses.

With Aruba, we have highly differentiated offerings in this area that allow customers to securely connect edge environments and drive new experiences and new revenue streams. Our Edgeline converged systems bring storage and compute directly to the source of the data that needs to be analyzed in a form factor optimized for the edge environments. And, our Universal IoT software platform seamlessly integrates data from disparate IoT systems at massive scale.

These are all areas where we are well ahead of the market. And, the industry has taken notice. Late last year, Aruba was named a leader in Gartner's Magic Quadrant for wired and wireless networking, and placed first for vision. That was the first time Cisco was displaced from this position.

Third, services are more critical than ever. Increasingly, our business is driven by services expertise that helps customers navigate these incredible transformations, and our Pointnext services organization provides just that. We are also seeing growing interest in alternative consumption models that give customers financial flexibility through pay-per-use options. Our offering in this area, Flexible Capacity, is unique in the marketplace.

The time is now

I am confident in our future. I truly believe we have built the best portfolio in the industry. We are a more focused and nimble company. And we have momentum. With all this in place, I believe we will continue to deliver significant shareholder value.

It is such a great time to be a part of Hewlett Packard Enterprise. I could not be more proud and excited to lead this company.

Thank you for your continued support.

Best,

Board of Directors*

Dan Ammann
Marc L. Andreessen
Michael J. Angelakis
Leslie A. Brun
Pamela Carter
Raymond J. Lane
Ann M. Livermore
Antonio F. Neri
Raymond E. Ozzie
Gary M. Reiner
Patricia F. Russo
Lip-Bu Tan
Margaret C. Whitman
Mary Agnes Wilderotter

Executive Team*

Henry Gomez
Executive Vice President,
Chief Marketing and
Communications Officer

Alan R. May
Executive Vice President,
Human Resources

Antonio F. Neri
President and
Chief Executive Officer

John F. Schultz
Executive Vice President,
Chief Legal and Administrative
Officer and Corporate Secretary

Timothy C. Stonesifer
Executive Vice President,
Chief Financial Officer

*Members of the Board and Executive Team as of February 1, 2018.

Patricia F. Russo
Chair of the Board

Hewlett Packard Enterprise Company
3000 Hanover Street
Palo Alto, CA 94304
www.hpe.com

To our fellow Stockholders:

This marks the end of an era and the beginning of the next for HPE. Nearly seven years ago, Meg Whitman joined Hewlett-Packard Company with a bold, innovative turnaround plan designed to create a company with a clear vision and the right assets through portfolio optimization and enterprise transformation. This fiscal year, under the oversight of this Board of Directors, Meg led HPE through the culminating steps of that plan. Now, HPE stands on the horizon of the next era with a crystal clear, long-term oriented strategy, an agile corporate structure, a streamlined portfolio, and the challenge tested leadership of Antonio Neri. I am humbled to serve as Board Chair through HPE's transition from the era of transformation into our next chapter.

This journey has not been without its trying moments, but I can speak for every member of HPE's Board of Directors when I say that it has been exciting and fulfilling. We have deliberately and successfully established a board that is optimally designed to deliver guidance tailored to HPE while maintaining a diversity of experience and thought that is vital to our success. This Board is experienced. This Board is vigilant. This Board is committed. Throughout this era of transformation, this Board has expanded its depth of oversight far beyond traditional meetings and the traditional boardroom setting into active oversight, including one-on-one and small group sessions with members of management, panel conversations at employee meetings, stockholder engagement participation, continued education, and appearances at customer events. We have been and we remain committed and excited to provide oversight and guidance to HPE's management on the execution of our strategy.

Sustainability and corporate citizenship are core values with Board level oversight at HPE and I want to take this moment to note that, as HPE has undergone its era of transformation, society has faced an ever-changing geopolitical landscape, a volatile economic framework, and an uncertain future. Now, more than ever, corporations must adhere to sound corporate governance and maintain values that responsibly create stockholder value. Our Board and our management team have maintained a best in class governance profile and remain committed to applying the innovation engine of HPE to corporate governance and citizenship.

The annual meeting is a time for us to reflect on where we have been and where we are going. We are pleased and excited to invite you to attend the third annual meeting of stockholders of HPE on Wednesday, April 4, 2018 at 9:00 a.m., Pacific Time. This year's annual meeting will again be a completely virtual meeting of stockholders, conducted via live webcast. We are pleased to provide access to our proxy materials over the Internet under the U.S. Securities and Exchange Commission's "notice and access" rules. As a result, we are mailing to many of our stockholders a notice of Internet availability instead of a paper copy of this proxy statement and our 2017 Annual Report. The notice contains instructions on how to access those documents over the Internet as well as how to receive a paper copy of our proxy materials. All stockholders who do not receive a notice will receive a paper copy by mail unless they have previously requested delivery of proxy materials electronically. Continuing to employ this distribution process will conserve natural resources and reduce the costs of printing and distributing our proxy materials. Your vote is important to us and I do hope you will vote as soon as possible.

In closing, I would like to convey sincere appreciation. First, to HPE's employees: this company's most important capital truly is its human capital. On behalf of the entire Board of Directors, we recognize and celebrate the dedication and ingenuity required to deliver this transformation. Second, to our customers, our valued partners who are the reason driving everything we do. And finally, to you, our stockholders, we truly appreciate your confidence and investment in HPE. As we accelerate into the next era, we are honored and delighted that you have chosen to join us.

Sincerely,

Patricia F. Russo

Patricia F. Russo
Chair of the Board

HEWLETT PACKARD ENTERPRISE COMPANY

3000 Hanover Street
Palo Alto, California 94304
(650) 687-5817

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date	9:00 a.m., Pacific Time, on Wednesday, April 4, 2018
Place	Online at **HPE.onlineshareholdermeeting.com**
Items of Business	(1) To elect the 13 directors named in this proxy statement (2) To ratify the appointment of the independent registered public accounting firm for the fiscal year ending October 31, 2018 (3) To approve, on an advisory basis, the company's executive compensation (4) To consider and vote upon one stockholder proposal, if properly presented (5) To consider such other business as may properly come before the meeting
Adjournments and Postponements	Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.
Record Date	You are entitled to vote only if you were a Hewlett Packard Enterprise Company stockholder as of the close of business on February 5, 2018.
Virtual Meeting Admission	Stockholders of record as of February 5, 2018, will be able to participate in the annual meeting by visiting **HPE.onlineshareholdermeeting.com**. To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials. The annual meeting will begin promptly at 9:00 a.m., Pacific Time.
Pre-Meeting	The online format for the annual meeting also allows us to communicate more effectively with you via **www.proxyvote.com** for beneficial owners and **proxyvote.com/hpe** for registered stockholders and you can submit questions in advance of the annual meeting, and also access copies of our proxy statement and annual report.
Voting	**Your vote is very important to us. Regardless of whether you plan to participate in the annual meeting, we hope you will vote as soon as possible. You may vote your shares over the Internet or via a toll-free telephone number. If you received a paper copy of a proxy or voting instruction card by mail, you may submit your proxy or voting instruction card for the annual meeting by completing, signing, dating and returning your proxy or voting instruction card in the pre-addressed envelope provided. Stockholders of record and beneficial owners will be able to vote their shares electronically at the annual meeting (other than shares held through the Hewlett Packard Enterprise Company 401(k) Plan, which must be voted prior to the meeting). For specific instructions on how to vote your shares, please refer to the section entitled *Questions and Answers—Voting Information* beginning on page 87 of the proxy statement.**

By order of the Board of Directors,

JOHN F. SCHULTZ
Executive Vice President, Chief Legal and Administrative Officer and Corporate Secretary

This notice of annual meeting and proxy statement and form of proxy are being distributed and made available on or about February 13, 2018.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on April 4, 2018. This proxy statement and Hewlett Packard Enterprise Company's 2017 Annual Report are available electronically at www.hpe.com/investor/stockholdermeeting2018 and with your 16-digit control number by visiting www.proxyvote.com for beneficial owners and proxyvote.com/hpe for registered stockholders.

TABLE OF CONTENTS

Proxy Statement Executive Summary

The following is a summary of proposals to be voted on at the annual meeting. This is only a summary, and it may not contain all of the information that is important to you. For more complete information, please review the proxy statement as well as our 2017 Annual Report, which includes our Annual Report on Form 10-K for the fiscal year ended October 31, 2017. References to ''Hewlett Packard Enterprise,'' ''HPE,'' ''the Company,'' ''we,'' ''us'' or ''our'' refer to Hewlett Packard Enterprise Company.

On November 1, 2015, HP Inc., formerly known as Hewlett-Packard Company (referred to in this proxy statement as ''HP'', ''HPI'', ''HP Inc.'', ''HP Co.'', ''Parent'', or ''our former parent'') spun-off Hewlett Packard Enterprise Company, pursuant to a separation and distribution agreement. To effect the spin-off, HP Inc. distributed all of the shares of Hewlett Packard Enterprise common stock owned by HP Inc. to its stockholders on November 1, 2015. Holders of HP Inc. common stock received one share of Hewlett Packard Enterprise common stock for every share of HP Inc. stock held as of the record date. As a result of the spin-off, we now operate as an independent, publicly-traded company.

ANNUAL MEETING OF STOCKHOLDERS

Time and Date	9:00 a.m., Pacific Time, on Wednesday, April 4, 2018
Place	Online at **HPE.onlineshareholdermeeting.com**
Record Date	February 5, 2018

PROPOSALS TO BE VOTED ON AND BOARD VOTING RECOMMENDATIONS

Proposal 1
Election of Directors

The Nominating, Governance and Social Responsibility Committee has nominated 13 directors for re-election at the annual meeting to hold office until the 2019 annual meeting. Information regarding the skills and qualifications of each nominee can be found on page 28.

Recommendation: Our Board recommends a vote **FOR** the election to the Board of each of the 13 nominees.

Proposal 2
Ratification of Independent Registered Public Accounting Firm

The Audit Committee has appointed, and is asking stockholders to ratify, Ernst & Young LLP (''EY'') as the independent registered public accounting firm for fiscal 2018. Information regarding fees paid to and services rendered by EY can be found on page 41.

Recommendation: Our Board recommends a vote **FOR** the ratification of the appointment.

Proposal 3
Advisory Vote to Approve Executive Compensation

Our Board of Directors and HR and Compensation Committee of the Board are committed to excellence in corporate governance and to executive compensation programs that align the interests of our executives with those of our stockholders. Information regarding our programs can be found on page 42.

Recommendation: Our Board recommends a vote **FOR** the approval of the compensation of our named executive officers.

Proposal 4
Stockholder Proposal Related to Action by Written Consent of Stockholders

We received a stockholder proposal seeking to have us amend HPE's Bylaws to enable stockholder action by written consent and, if properly presented, the proposal will be voted on at the annual meeting. Information can be found on page 44.

Recommendation: Our Board recommends a vote **AGAINST** a stockholder proposal seeking to have us amend HPE's Bylaws to enable stockholder action by written consent.

Corporate Governance

Our Board of Directors (the ''Board'') is committed to excellence in corporate governance. We know that our long-standing tradition of principled, ethical governance benefits you, our stockholders, as well as our customers, employees and communities, and we have developed and continue to maintain a governance profile that aligns with industry-leading standards. We believe that the high standards set by our governance structure have had and will continue to have a direct impact on the strength of our business. The following table presents a brief summary of highlights of our governance profile, followed by more in-depth descriptions of some of the key aspects of our governance structure.

Board Conduct and Oversight	Independence and Participation	Stockholder Rights
✓ Development and oversight of execution of Company strategy ✓ Rigorous stock ownership guidelines, including a 7x base salary requirement for the CEO ✓ Regular, conscientious risk assessment ✓ Standards of Business Conduct, applied to all directors, executive officers and employees ✓ Annual review of developments in best practices ✓ Significant time devoted to succession planning and leadership development efforts ✓ Annual evaluations of Board, committees, and individual directors	✓ Independent Chair ✓ 10 of 13 director nominees are independent by NYSE standards ✓ Executive sessions of non-management directors generally held at each Board and committee meeting ✓ Audit, HRC, and NGSR Committees are each made up entirely of independent directors ✓ Governance guidelines express preference for the separation of the Chair and CEO roles ✓ Participation in one-on-one meetings with management ✓ Expansive direct engagement with stockholders ✓ Frequent participation at customer events	✓ Proxy Access Right for eligible stockholders holding 3% or more of outstanding common stock for at least three years to nominate up to 20% of the Board ✓ Special Meeting Right for stockholders of an aggregate of 25% of voting stock ✓ All directors annually elected; no staggered Board ✓ Majority voting in uncontested director elections ✓ No ''poison pill'' ✓ No supermajority voting requirements to change organizational documents ✓ Expansive direct engagement with stockholders

STOCKHOLDER OUTREACH AND ENGAGEMENT

We maintain a dynamic, robust, and multi-faceted stockholder outreach program designed to provide continuous and meaningful stockholder engagement and participation across our broad base of stockholders, throughout the entire year. Rather than focusing on short term results, We maintain the goal of fostering strong stockholder relationships leading to mutual understanding of issues and approaches, ultimately giving the company insight into stockholder support as it designs and implements strategies for long-term growth.

The key elements of our stockholder outreach program are (i) the Securities Analyst Meeting, (ii) the Board Outreach Program, and (iii) the Annual Stockholders Meeting. Our comprehensive stockholder engagement program is supplemented by our year-round investor relations outreach program that includes post-earnings communications, roadshows, bus tours, one-on-one conferences, group meetings, technology webcasts, and general availability to respond to investor inquiries. The multi-faceted nature of this program allows us to maintain meaningful engagement with a broad audience including large institutional investors, smaller to mid-size institutions, pension funds, advisory firms, and individual investors.

We recognize that stockholders are the owners of the company and remain committed to stockholder outreach programs that are truly a dialogue. We use every element of the outreach program to provide stockholders with honest, candid information on relevant issues, sharing the rationale for our corporate strategy and the impact of the Board's oversight in key areas of the company, gathering stockholder views and feedback on each area, as well as on the outreach program itself.

Securities Analyst Meeting

We lauch our stockholder outreach program in the fall with our annual Securities Analyst Meeting (SAM). At SAM, our leadership team provides an update on strategy and the financial outlook, including detailed information for each business unit, for the upcoming fiscal year. Although the event itself is geared toward the analyst community, a primary purpose of SAM is to give stockholders direct insight into our business, strategy, and outlook, providing those who plan to participate in the off-season engagement an informed basis to formulate their views and questions. Accordingly, the entire event is publicly broadcast live, with the recorded videos and transcripts also available on our investor relations website following the event.

Board Outreach Program

On the heels of SAM comes a cornerstone of our stockholder outreach—our innovative Board Outreach Program. The program consists of focused, one-on-one meetings between stockholders and our directors over a three-month period that are designed to give institutional stockholders an opportunity to better understand the companies in which they invest. These meetings enable our stockholders to better fulfil their fiduciary duties toward their investors and voice any concerns they have about HPE to our directors. This season, we extended our extensive board outreach efforts to holders of nearly 47% of our stock, with holders of more than 42% of our stock electing to participate.

We maintain clear structural goals for these meetings:

Provide direct stockholder access to the Board.

We believe it is important for stockholders to hear directly from our Board, just as it is important for directors to hear stockholder's concerns and perspectives unfiltered. Directors participating in the meetings include the Board Chair, committee chairs, as well as other directors with whom stockholders may have a particular interest in meeting. A limited number of members of management are also present, for the primary purpose of facilitating the meetings as well as being available to answer more technical questions that may arise.

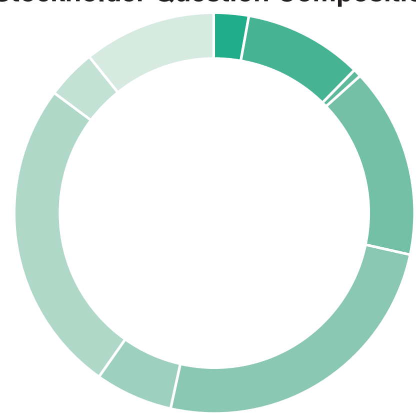
Achieve meaningful benefits.

In order to maximize the benefit of the engagement to both the investor and the company, we take the time to conduct extensive research to understand each institutional stockholder's voting policies and patterns, salient issues and other areas of concern, and goals of engagement. Similarly, we understand institutional governance teams work under time and resource constraints, and by inviting participants well in advance of the meeting, and providing detailed updates of the company's strategy and outlook during our Securities Analysts Meeting and other investor and analyst events, we ensure stockholder participants will have opportunity and information to prepare and engage in meaningful dialogue.

Comprehensive discussion.

We strive to ensure the stockholder meetings cover a comprehensive range of key topics including short- and long-term strategy, capital allocation targets, governance and board oversight, Mergers and Acquisitions activity, succession planning, and environmental and social concerns. Maintaining a disciplined approach to the discussions, and allowing adequate meeting times, ensures matters important to stockholders are not neglected in favor of addressing only current salient issues.

Virtual Stockholder Meeting



Our year-long stockholder outreach program culminates in our annual stockholder meeting, which is conducted virtually through a live webcast and online stockholder tools. We have created and implemented the virtual annual meeting format in order to facilitate stockholder attendance and participation by enabling stockholders to participate fully, and equally, from any location around the world, at no cost. We believe this is the right choice for a company with a global footprint; not only bringing cost savings to the company and stockholders, but also increasing the ability to engage with all stockholders, regardless of size, resources, or physical location. We remain very sensitive to concerns regarding virtual meetings generally from investor advisory groups and other stockholder rights advocates, who have voiced concerns that virtual meetings may diminish stockholder voice or reduce accountability. Accordingly, we have designed this virtual format to enhance, rather than constrain, stockholder access, participation and communication. For example, the online format allows stockholders to communicate with us in advance of, and during, the meeting so they can ask any questions of our Board or management. During the live Q&A session of the meeting, we answer questions as they come in and address those asked in advance, as time permits. We have committed to publishing and answering each question received following the meeting. In 2017, this resulted in more than 200 stockholder questions and comments communicated to, and answered by, our directors and management. Although the live webcast is available only to stockholders at the time of the meeting, a replay of the meeting is made publicly available on the company's investor relations site. In additional to strong participation from individual stockholders, we have continued to receive positive support from institutional stockholders who have indicated the virtual format is beneficial and appropriate in the context of our broader direct outreach program.

We have carefully designed our outreach program to provide continuous and meaningful stockholder engagement and participation. Our committed Board of Directors and management team value these interactions and invest meaningful time and resources to ensure that they have an open line of communication with stockholders. Stockholders and other stakeholders may directly communicate with our Board by contacting: Secretary to the Board of Directors, 3000 Hanover Street, MS 1050, Palo Alto, California 94304;
e-mail: bod-hpe@hpe.com.

CORPORATE CITIZENSHIP THROUGH LIVING PROGRESS

Sustainability and corporate citizenship are core values embedded in HPE at every level. To that end, we take a thoughtful approach to our global citizenship efforts through our Living Progress program. This program is overseen by the NGSR Committee which regularly reviews, assesses, reports and provides guidance to management and the Board regarding HPE's policies and programs relating to global citizenship and the impact of HPE's operations on employees, customers, suppliers, partners and communities worldwide. Our commitment to corporate citizenship has been rewarded, earning us the distinction of Industry Mover in the 2017 Dow Jones Sustainability Index (''DJSI''). HPE holds the highest industry score globally in six DJSI sections: Climate Strategy, Human Rights, Talent Attraction and Retention, Corporate Governance, Policy Influence, and Privacy Protection. HPE also achieved the highest possible ranking from the Carbon Disclosure Project for our carbon management and disclosure, ranking in the top 4% of companies evaluated. Detailed below are a few ways Living Progress creates sustainable solutions for our company, our customers, and our world.

Our company	Our customers	Our world
Uncompromising stance on human rights Sustainable, responsible supply chain Environmentally conscious operations	Innovating sustainable IT infrastructure Customers engaged on sustainability efforts	HPE Foundation disaster relief, employee donations, and community investment HPE technology applied to solve global challenges

More information regarding our award-winning Living Progress plan and our recent annual reports are available at https://www.hpe.com/us/en/living-progress.html.

HEWLETT PACKARD ENTERPRISE BOARD OF DIRECTORS

Board Composition

Our Board was thoughtfully structured after a global search targeting world-class directors with the diversity of skills, experience, ethnicity, and gender resulting in exceptional leadership for HPE.

The selection criteria for our directors included:

- high professional and personal ethics and values consistent with our longstanding values and standards;
- broad policy-making experience in business, government, education, technology or public service;
- sufficient time to devote to the Board and our company;
- diversity of background and experience, including: senior leadership and operating experience in a publicly listed company; board experience in a publicly listed company; financial, industrial/technical, brand marketing or international expertise; and
- experience as an investor with a commitment to enhancing stockholder value and representation of the interests across our stockholder base.

The following page includes a skills and qualifications matrix highlighting many of the key experiences and competencies our directors bring to Hewlett Packard Enterprise Company.

Hewlett Packard Enterprise Company Board of Directors Skills and Qualifications

	Daniel Ammann	Marc L. Andreessen	Michael J. Angelakis	Leslie A. Brun	Pamela L. Carter	Raymond J. Lane	Ann M. Livermore	Antonio F. Neri	Raymond E. Ozzie	Gary M. Reiner	Patricia F. Russo	Lip-Bu Tan	Margaret C. Whitman	Mary Agnes Wilderotter
Risk and Compliance Experience identifying, mitigating, and managing risk in enterprise operations helps our directors effectively oversee our Enterprise Risk Management program, which is vital to customer and stockholder protection.	●		●	●	●		●	●			●		●	●
Financial and Audit Experience in accounting and audit functions and the ability to analyze financial statements and oversee budgets is key to supporting the Board's oversight of our financial reporting and functions.	●		●	●	●			●			●		●	●
Business Development and Strategy Experience in setting and executing long-term corporate strategy is critical to the successful planning and execution of our long-term vision.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Investment Experience in venture and investment capital underlies our capital allocation decisions and ensures that the investors' view of our business is incorporated in board discussions.	●	●	●	●		●		●		●		●	●	
Executive Level Leadership Experience in executive positions within enterprise businesses is key to the effective oversight of management.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Business Ethics Experience in and continued dedication to the highest levels of ethics and integrity within the enterprise context underpins the holistic commitment of HPE to operate with integrity.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Extensive Industry Leadership Experience at the executive level in the technology sector enhances our Board's ability to oversee management in a constantly changing industry.	●	●	●		●	●	●	●	●	●	●	●	●	●
Legal, Regulatory and Public Policy Experience in setting and analyzing public policy supports Board oversight of our business in heavily regulated sectors.					●	●							●	●
Corporate Governance Experience on other public company boards provides insight into developing practices consistent with our commitment to excellence in corporate governance.		●	●	●	●	●	●	●		●	●	●	●	●
International Experience operating in a global context by managing international enterprises, residence abroad, and studying other cultures enables oversight of how HPE navigates a global marketplace.	●		●		●	●		●			●	●	●	
Cyber Security Experience in understanding the cyber security threat landscape is increasingly important in our own business and that of our customers.		●						●	●	●	●	●	●	●

Director Candidate Selection and Evaluation

Stockholder Recommendations

The policy of the NGSR Committee is to consider properly submitted stockholder recommendations of candidates for membership on the Board as described below under ''Identifying and Evaluating Candidates for Directors.'' In evaluating such recommendations, the NGSR Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth on page 28 under ''Proposals to be Voted on—Proposal No. 1 Election of Directors—Director Nominee Experience and Qualifications.'' Any stockholder recommendations submitted for consideration by the NGSR Committee should include verification of the stockholder status of the person submitting the recommendation and the recommended candidate's name and qualifications for Board membership and should be addressed to:

Corporate Secretary
Hewlett Packard Enterprise Company
3000 Hanover Street MS 1050
Palo Alto, California 94304
Email: bod-hpe@hpe.com

Stockholder Nominations

In addition, our Bylaws permit stockholders to nominate directors for consideration at an annual stockholder meeting and, under certain circumstances, to include their nominees in the Hewlett Packard Enterprise proxy statement. For a description of the process for nominating directors in accordance with our Bylaws, see ''Questions and Answers—Stockholder Proposals, Director Nominations and Related Bylaw Provisions—How may I recommend individuals to serve as directors and what are the deadlines for a director nomination?'' on page 92.

Identifying and Evaluating Candidates for Directors

The NGSR Committee, in consultation with the Chair, assesses the appropriate size of the Board, as well as the alignment of director skills with company strategy, and whether any vacancies on the Board are expected due to retirement or otherwise, or whether the Board would benefit from the addition of a director with a specific skillset. The NGSR Committee also considers board refreshment in its annual evaluation of the Board. We balance our respect for historical knowledge of our company with our regard for fresh perspectives by considering director tenure on a case-by-case basis, rather than imposing arbitrary term limits.

The NGSR Committee uses a variety of methods for identifying and evaluating nominees for director. Candidates may come to the attention of the NGSR Committee through current Board members, professional search firms, stockholders or other persons. Identified candidates are evaluated at regular or special meetings of the NGSR Committee and may be considered at any point during the year. As described above, the NGSR Committee considers properly submitted stockholder recommendations of candidates for the Board to be included in our proxy statement. Following verification of the stockholder status of individuals proposing candidates, recommendations are considered collectively by the NGSR Committee at a regularly scheduled meeting. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials are forwarded to the NGSR Committee. The NGSR Committee also reviews materials provided by professional search firms and other parties in connection with a nominee who is not proposed by a stockholder. In evaluating such nominations, the NGSR Committee seeks to achieve a balance of knowledge, experience and capability on the Board that will enable the Board to effectively oversee the business. The NGSR Committee evaluates nominees recommended by stockholders using the same criteria as it uses to evaluate all other candidates.

We engage a professional search firm on an ongoing basis to identify and assist the NGSR Committee in identifying, evaluating and conducting due diligence on potential director nominees. In each instance, the NGSR Committee considers the totality of the circumstances of each individual candidate.

Board and Committee Meetings and Attendance

Our Board has regularly scheduled meetings and an annual meeting of stockholders each year, in addition to special meetings scheduled as appropriate. During fiscal 2017, our Board held 13 meetings. In addition, our five committees held a total of 32 meetings, with the Audit Committee meeting nine times, the HRC Committee meeting five times, and the NGSR Committee meeting three times. Each of the five regularly scheduled Board meetings held during fiscal 2017 included an executive session, consisting of only non-management directors, and one included a private session consisting of only independent directors. The Board expects that its members will rigorously prepare for, attend and participate in all Board and applicable Committee meetings and each annual meeting of stockholders. When directors are unable to attend a meeting, it is our practice to provide all meeting materials to the director, and the Chair or the relevant committee chair consults with and apprises the director of the meeting's subject matter. In addition to participation at Board and committee meetings, our directors discharged their responsibilities throughout the year through frequent one-on-one meetings and other communications with our Chair, our Chief Executive Officer (''CEO'') and other members of senior management regarding matters of interest.

Each of our incumbent directors who was a director during fiscal 2017 attended at least 75% of the total number of meetings of the Board of Directors and the total number of meetings held by all committees of the Board of Directors on which each such director served, during the period for which each such director served.

Directors are also encouraged to attend our annual meeting of stockholders. Last year, each of our directors was in attendance.

Board Leadership Structure

The Board is currently led by an independent director, Patricia F. Russo, Chair of the Board. Our Bylaws and Corporate Governance Guidelines permit the roles of Chair of the Board and Chief Executive Officer to be filled by the same or different individuals, although the Corporate Governance Guidelines express a preference for the separation of the two roles. This flexibility allows the Board to determine whether the two roles should be combined or separated based upon our needs and the Board's assessment of its leadership from time to time. The Board believes that our stockholders are best served at this time by having an independent director serve as Chair of the Board. Our Board believes this leadership structure effectively allocates authority, responsibility, and oversight between management and the independent members of our Board. It gives primary responsibility for the operational leadership and strategic direction of the Company to our CEO, while the Chair facilitates our Board's independent oversight of management, promotes communication between senior management and our Board about issues such as management development and succession planning, executive compensation, and company performance, engages with stockholders, and leads our Board's consideration of key governance matters.

The Chair	• presides at all meetings of the Board, including executive sessions of the independent directors, • oversees the planning of the annual Board calendar, schedules and sets the agenda for meetings of the Board in consultation with the other directors, and leads the discussion at such meetings, • chairs the annual meeting of stockholders, • is available in appropriate circumstances to speak on behalf of the Board, and • performs such other functions and responsibilities as set forth in our Corporate Governance Guidelines or as requested by the Board from time to time.

Corporate Governance (continued)

Board Structure and Committee Composition

As of the date of this proxy statement, the Board has 14 directors and the following five standing committees: (1) Audit Committee; (2) Finance and Investment Committee; (3) HR and Compensation Committee (the ''HRC Committee'' or ''HR and Compensation Committee''); (4) Nominating, Governance and Social Responsibility Committee (the ''NGSR Committee''); and (5) Technology Committee. The current committee membership and the function of each of these standing committees are described below. Each of the standing committees operates under a written charter adopted by the Board. All of the committee charters are available on our website at investors.hpe.com/governance#committee-charters. Each committee reviews and reassesses the adequacy of their charter annually, conducts annual evaluations of their performance with respect to their duties and responsibilities as laid out in the charter, and reports regularly to the Board with respect to the committees' activities. Additionally, the Board and each of the committees has the authority to retain, terminate and receive appropriate funding for outside advisors as the Board and/or each committee deems necessary.

The composition of each standing committee is as follows:

Independent Directors	Audit	FIC	HRC	NGSRC	Tech
Daniel Ammann		●			
Marc L. Andreessen		●			●
Michael J. Angelakis	●	C			
Leslie A. Brun	●		C		
Pamela L. Carter	●		●		
Raymond J. Lane		●			●
Raymond E. Ozzie		●			C
Gary M. Reiner		●		C	●
Patricia F. Russo				●	
Lip-Bu Tan				●	●
Mary Agnes Wilderotter	C		●		
Other Directors					
Ann M. Livermore		●			
Antonio F. Neri(1)					
Margaret C. Whitman		●			●

(1) As sitting CEO, Antonio Neri facilitates the satisfaction of each committee's responsibilities and guides management's support to the board.

Audit Committee

For financial reporting process and audit

Members
Michael J. Angelakis
Leslie A. Brun
Pamela L. Carter
Mary Agnes Wilderotter, Chair

Skills and Experiences
✓ Financial Statement Review
✓ Audit
✓ Compliance
✓ Risk Management

Risk Oversight Role and Primary Responsibilities:

Audit

- Oversee the performance of our internal audit function
- Review the qualifications, independence, work product and performance of the independent registered public accounting firm and evaluate and determine the firm's compensation

Compliance Processes

- Oversee our compliance with legal and regulatory requirements
- Conduct investigations into complaints concerning federal securities laws
- Review results of significant investigations, and management's response to investigations

Financial Reporting

- Oversee financial reporting process
- Review and discuss earnings press releases
- Review the audit and integrity of our financial statements

Risk Management

- Review identified risks to HPE
- Review risk assessment and management policies

Required Qualifications:

Each director on the Audit Committee must be independent within the meaning of the New York Stock Exchange (''NYSE'') standards of independence for directors and audit committee members, and must meet applicable NYSE financial literacy requirements, each as the Board determines. The Board determined that each of the Audit Committee members is independent within the meaning of applicable laws and listing standards. Finally, at least one director on the Audit Committee must be an ''audit committee financial expert,'' as determined by the Board in accordance with SEC rules. The Board determined that each of Ms. Wilderotter, Chair of the Audit Committee, Mr. Angelakis and Mr. Brun, is an audit committee financial expert.

Finance and Investment Committee

For significant treasury matters, strategic transactions, and capital allocation reviews

Members
Daniel Ammann
Marc L. Andreessen
Michael J. Angelakis, Chair
Raymond J. Lane
Ann M. Livermore
Raymond E. Ozzie
Gary M. Reiner
Margaret C. Whitman

Skills and Experiences
✓ Capital Structure and Strategy
✓ Captive Finance
✓ Venture Capital
✓ Enterprise Information Technology

Risk Oversight Role and Primary Responsibilities:

Finance

- Oversee significant treasury matters such as capital structure and allocation strategy, global liquidity, borrowings, currency exposure, dividend policy, share issuances and repurchases, and capital spending
- Oversee our loans and loan guarantees of third parties
- Review capitalization of our Financial Services business

Investment

- Review derivative policy
- Review and approve certain swaps and other derivative transactions
- Oversee fixed income investments

Mergers & Acquisitions

- Evaluate and revise our mergers and acquisitions approval policies
- Assist the Board in evaluating investment, acquisition, certain long-term commercial, joint venture and divestiture transactions
- Evaluate the execution, financial results and integration of completed transactions

Required Qualifications:

A majority of the directors on the Finance and Investment Committee must be independent within the meaning of applicable laws and listing standards, as the Board determines.

HR and Compensation Committee

For executive compensation structure and strategy

Members
Leslie A. Brun, Chair
Pamela L. Carter
Mary Agnes Wilderotter

Skills and Experiences
✓ Operations
✓ Legal and Regulatory Compliance
✓ Executive Compensation

Risk Oversight Role and Primary Responsibilities:

Compensation Structure & Strategy

- Discharge the Board's responsibilities relating to the compensation of our executives and directors
- Annually review and evaluate management's performance and compensation
- Oversee and provide risk management of our compensation structure, including our equity and benefits programs
- Review and discuss the Compensation Discussion and Analysis and additional disclosures in compliance with SEC or listing standards

Human Resources & Workforce Management

- Generally oversee our human resources and workforce management programs

Required Qualifications:

Each director on the HRC Committee must be independent within the meaning of applicable laws and listing standards, as the Board determines. In addition, members of the HRC Committee must qualify as ''non-employee directors'' for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the ''1934 Act''), and as ''outside directors'' for purposes of Section 162(m) of the Internal Revenue Code. The

Board determined that each of Mr. Brun, Chair of the HRC Committee, and the HRC Committee members, Ms. Carter, and Ms. Wilderotter, is independent within the meaning of the NYSE standards of independence for directors and compensation committee members, and qualifies as ‘‘non-employee directors’’ and ‘‘outside directors’’ for purposes of Rule 16b-3 under the 1934 Act and Section 162(m) of the Internal Revenue Code, respectively.

Compensation Committee Interlocks and Insider Participation:

None of our executive officers served as a member of the compensation committee of another company, or as a director of another company, whose executive officers also served on our compensation committee or as one of our directors.

Nominating, Governance and Social Responsibility Committee

For board evaluation, director nomination, and corporate citizenship

Members	Skills and Experiences
Gary M. Reiner, Chair	✓ Corporate Governance
Patricia F. Russo	✓ Operations
Lip-Bu Tan	✓ Executive and Director Level Leadership Experience

Risk Oversight Role and Primary Responsibilities:

Corporate Governance

- Develop and review regularly our Corporate Governance Guidelines
- Identify and monitor social, political, and environmental trends and provide guidance relating to public policy matters and global citizenship
- Review proposed changes to our Certificate of Incorporation, Bylaws and Board committee charters
- Ensure proper attention is given and effective responses are made to stockholder concerns
- Design and execute annual evaluations of the Board, committees, and individual directors
- Oversee the HRC Committee’s evaluation of senior management

Board Composition

- Identify, recruit and recommend candidates to be nominated for election as directors
- Develop and recommend Board criteria for identifying director candidates
- Oversee the organization and leadership structure of the Board to discharge its duties and responsibilities properly and efficiently
- Evaluate director independence and financial literacy and expertise

Required Qualifications:

Each director on the NGSR Committee must be independent within the meaning of applicable laws and listing standards, as the Board determines. The Board determined that each of the NGSR Committee members is independent within the meaning of applicable laws and listing standards.

Technology Committee

For technology and intellectual property portfolio strategy

Members
Marc L. Andreessen
Raymond J. Lane
Raymond E. Ozzie, Chair
Gary M. Reiner
Lip-Bu Tan
Margaret C. Whitman

Skills and Experiences

✓ Entrepreneurship
✓ Research and Development
✓ Venture Capital
✓ Enterprise Information Technology

Risk Oversight Role and Primary Responsibilities:

Impact of investment and other actions upon the strength of our intellectual property and technology strategies

- Make recommendations to the Board concerning our technology strategies
- Assess the health and oversee the execution of our technology strategies
- Assess the scope and quality of our intellectual property
- Provide guidance on technology as it may pertain to market entry and exit, investments, mergers, acquisitions and divestitures, research and development investments, and key competitor and partnership strategies

Required Qualifications:

Each director on the Technology Committee will have such qualifications as the Board determines.

Board Risk Oversight

Given today's ever-changing economic, social, and political landscape, structured, conscientious risk management is more important than ever for every public company. Our Board, with the assistance of its committees as discussed below, reviews and oversees our enterprise risk management ("ERM") program, which is an enterprise-wide program designed to enable effective and efficient identification of, and management visibility into, critical enterprise risks and to facilitate the incorporation of risk considerations into decision making. The ERM program was established to clearly define risk management roles and responsibilities, bring together senior management to discuss risk, promote visibility and constructive dialogue around risk at the senior management and Board levels and facilitate appropriate risk response strategies.

Management
Develops holistic portfolio of our enterprise risk

Senior Management
Owns risks identified by management

Board Committees
Oversee management's response to risks in speciliazed areas

Board of Directors
Oversees escalated risks and inclusion of risk considerations in strategy decisions

Under the ERM program, management develops a holistic portfolio of our enterprise risks by facilitating business and function risk assessments, performing targeted risk assessments and incorporating information regarding specific categories of risk gathered from various internal Hewlett Packard Enterprise organizations. Management then develops risk response plans for risks categorized as needing management focus and response and monitors other identified risk focus areas. Management provides reports on the risk portfolio and risk response efforts to senior management and to the Audit Committee.

The Board oversees management's implementation of the ERM program, including reviewing our enterprise risk portfolio and evaluating management's approach to addressing identified risks. Various Board committees also have responsibilities for oversight of risk management that supplement the ERM program. For example, the HRC Committee considers the risks associated with our compensation policies and practices as discussed below, the Finance and Investment Committee is responsible for overseeing financial risks, and the NGSR Committee oversees risks associated with our governance structure and processes. This structure allows specialized attention to and oversight over key risk areas by aligning our carefully crafted committees with risk oversight in their individual areas of expertise. The Board is kept informed of its committees' risk oversight and related activities primarily through reports of the committee chairs to the full Board. In addition, the Audit Committee escalates issues relating to risk oversight to the full Board as appropriate to keep the Board appropriately informed of developments that could affect our risk profile or other aspects of our business. The Board also considers specific risk topics in connection with strategic planning and other matters.

Compensation Risk Assessment

During fiscal 2017, we undertook an annual review of our material compensation processes, policies and programs for all employees and determined that our compensation programs and practices are not reasonably likely to have material adverse effect on Hewlett Packard Enterprise. In conducting this assessment, we reviewed our compensation risk infrastructure, including our material plans, our risk control systems and governance structure, the design and oversight of our compensation programs and the developments, improvements and other changes made to those programs, and we presented a summary of the findings to the HRC Committee. Overall, we believe that our programs contain an appropriate balance of fixed and variable features and short- and long-term incentives, as well as complementary metrics and reasonable, performance-based goals with linear payout curves under most plans. We believe that these factors, combined with effective Board and management oversight, operate to mitigate risk and reduce the likelihood of employees engaging in excessive risk-taking behavior with respect to the compensation-related aspects of their jobs.

Succession Planning

Among the HRC Committee's responsibilities described in its charter is to oversee succession planning and leadership development. On an ongoing basis, the Board reviews succession plans for the CEO and other senior executive positions. These reviews occur with input from the CEO and EVP, Human Resources and the Board also reviews succession plans in executive session, with no members of management present. Succession reviews for key executive roles, including the CEO position, consist of an assessment of internal candidates as well as the review of external talent as identified by an executive search firm employed by the Board.

In its deliberations around CEO succession that led to the appointment of Antonio Neri, the Board identified several critical experiences, leadership attributes and business performance criteria essential for a successful CEO at Hewlett Packard Enterprise. The Board was assisted in the process by engaging a leading executive assessment firm over the course of several months. In addition, a separate executive search firm provided potential external candidates for consideration based on the success criteria articulated by the Board. These criteria and the assessment of both internal and external candidates led to a unanimous determination by the Board to promote an internal candidate, Antonio Neri into the role. The Board determined that Mr. Neri had the deep technical depth, strong customer and partner relationships, trusted leadership attributes and track record of superior business performance to execute and realize the strategic vision of HPE.

In fiscal 2017, with the spin-off and merger of our Enterprise Services and Software segments, we engaged in two robust organization design and talent selection processes to staff both companies, through which management reviewed selection recommendations below the senior leadership level, considering skill sets, performance, potential and diversity. Where the organizational changes altered our pre-existing succession plans, new successors were identified and relevant talent development plans were implemented.

Director Evaluations

Our Board maintains a regular and robust evaluation process designed to continually assess its effectiveness. The Board annually conducts a formal evaluation of the Board, each committee, and individual directors. The process involves the NGSR Committee, working with the Board Chair, designing each year's evaluation process, selecting from a variety of elements including external evaluators, written evaluations, and group discussions, based on the current dynamics of the Board and of the Company as well as the method of previous annual evaluations. This year, evaluations were completed through individual interviews conducted by the Board Chair, and were intended to gauge effectiveness in board composition and conduct, meeting structure, materials, committee composition and effectiveness; strategic and succession planning; culture and exercise of oversight as well as continued education and access to management.

Limits on Director Service on Other Public Company Boards

We have a highly effective and engaged Board, and we believe that our directors' outside directorships enable them to contribute valuable knowledge and experience to the HPE Board. Nonetheless, the Board is sensitive to the external obligations of its directors and the potential for overboarding to compromise the ability of these directors to effectively serve on the Board. HPE's Corporate Governance Guidelines limit each director's service on other boards of public companies to a number that permits them, given their individual circumstances, to perform responsibly all director duties and, in all events, this service may not exceed four other public company boards. Further, the ability of each director to devote sufficient time and attention to director duties is expressly considered as part of the annual board self-evaluation process, which aims to evaluate the effectiveness and engagement of HPE's directors, including in the context of their external commitments.

While the Board considers its directors' outside directorships during this evaluation process, the Board recognizes that this is one of many outside obligations which could potentially impair a director's capacity to dedicate sufficient time and focus to their service on the HPE Board. As such, the Board evaluates many factors when assessing the effectiveness and active involvement of each director. Such other factors include:

- ✓ The director's attendance at Board and committee meetings.
- ✓ The director's participation and level of engagement during these meetings.
- ✓ The role played by the director on the Board of HPE, as well as on his or her outside boards, including committee membership and chairmanship.
- ✓ The experience and expertise of the director, including both relevant industry experience and service on other (related) public company boards, which enables the director to serve on multiple boards effectively.

We schedule our board and committee meetings up to two years in advance, to ensure director availability and maximum participation. Directors serve for one-year terms; accordingly, there is an opportunity to evaluate annually each director's ability to serve.

Director Independence

Our Corporate Governance Guidelines provide that a substantial majority of the Board will consist of independent directors and that the Board can include no more than three directors who are not independent directors. These standards are available on our website at http://investors.hpe.com/governance/guidelines. Our director independence standards generally reflect the NYSE corporate governance listing standards. In addition, each member of the Audit Committee and the HRC Committee meets the heightened independence standards required for such committee members under the applicable listing standards.

Under our Corporate Governance Guidelines, a director will not be considered independent in the following circumstances:

(1) The director is, or has been within the last three years, an employee of Hewlett Packard Enterprise, or an immediate family member of the director is, or has been within the last three years, an executive officer of Hewlett Packard Enterprise.

(2) The director has been employed as an executive officer of Hewlett Packard Enterprise, its subsidiaries or affiliates within the last five years.

(3) The director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than $120,000 in direct compensation from Hewlett Packard Enterprise, other than compensation for Board service, compensation received by a director's immediate family member for service as a non-executive employee of Hewlett Packard Enterprise, or pension or other forms of deferred compensation for prior service with Hewlett Packard Enterprise that is not contingent on continued service.

(4) (A) The director or an immediate family member is a current partner of the firm that is our internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on our audit within that time.

(5) The director or an immediate family member is, or has been in the past three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or has served on that company's compensation committee.

(6) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Hewlett Packard Enterprise for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues.

(7) The director is affiliated with a charitable organization that receives significant contributions from Hewlett Packard Enterprise.

(8) The director has a personal services contract with Hewlett Packard Enterprise or an executive officer of Hewlett Packard Enterprise.

For these purposes, an ''immediate family member'' includes a director's spouse, parents, step-parents, children, step-children, siblings, mother-in-law, father-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law, and any person (other than tenants or employees) who shares the director's home.

In determining independence, the Board reviews whether directors have any material relationship with Hewlett Packard Enterprise. An independent director must not have any material relationship with Hewlett Packard Enterprise, either directly or as a partner, stockholder or officer of an organization that has a relationship with Hewlett Packard Enterprise, nor any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In assessing the materiality of a director's relationship to Hewlett Packard Enterprise, the Board considers all relevant facts and circumstances, including consideration of the issues from the director's standpoint and from the perspective of the persons or organizations with which the director has an affiliation, and is guided by the standards set forth above.

Corporate Governance (continued)

In making its independence determinations, the Board considered transactions occurring since the beginning of fiscal 2015 between Hewlett Packard Enterprise, and/or its former parent HP Inc., as applicable, and entities associated with the independent directors or their immediate family members. The Board's independence determinations included consideration of the following transactions:

- Mr. Ammann is the President of General Motors Company. HP Inc. and/or Hewlett Packard Enterprise have entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with General Motors Company. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to General Motors Company, and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from General Motors Company, did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of General Motors Company's consolidated gross revenues.

- Mr. Angelakis is a senior advisor to the executive management committee of Comcast Corporation and until July 2015 served as Vice Chairman and Chief Financial Officer of Comcast Corporation. HP Inc. and/or Hewlett Packard Enterprise have entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Comcast Corporation. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Comcast Corporation, and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Comcast Corporation, did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Comcast Corporation's consolidated gross revenues. Mr. Angelakis is also the Chairman and Chief Executive Officer of Atairos Group, Inc. HP Inc. and/or Hewlett Packard Enterprise have entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Atairos Group, Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Atairos Group, Inc., and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Atairos Group, Inc., did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Atairos Group, Inc.'s consolidated gross revenues.

- Ms. Carter served as a Vice President of Cummins Inc. until April 2015. HP Inc. and/or Hewlett Packard Enterprise have entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Cummins Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Cummins Inc., and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Cummins Inc., did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Cummins Inc.'s consolidated gross revenues. Ms. Carter's husband is the sole owner of MAC, Inc. and a partner of Pinnacle, Inc. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with MAC, Inc. and Pinnacle, Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to MAC, Inc. and Pinnacle, Inc. and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from MAC, Inc. and Pinnacle, Inc. did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of consolidated gross revenues of MAC, Inc. and Pinnacle, Inc., as applicable.

- Mr. Kleinfeld served as Chairman and Chief Executive Officer of Arconic Inc., formerly Alcoa Inc. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Arconic Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Arconic Inc., and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Arconic Inc., did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Arconic Inc.'s consolidated gross revenues.

- Mr. Ozzie is a partner at Accel. HP Inc. and/or Hewlett Packard Enterprise have entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Accel. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Accel, and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Accel, did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Accel's consolidated gross revenues.

- Mr. Tan is the President and Chief Executive Officer of Cadence Design Systems, Inc. HP Inc. and/or Hewlett Packard Enterprise have entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Cadence Design Systems, Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Cadence Design Systems, Inc., and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Cadence Design Systems, Inc., did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Cadence Design Systems, Inc.'s consolidated gross revenues.

- Mrs. Wilderotter's sister, Denise M. Morrison, is the President and Chief Executive Officer of Campbell Soup Company. Ms. Morrison also serves as a director of the Board of Campbell Soup Company. HP Inc. and/or Hewlett Packard Enterprise have entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Campbell Soup Company. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Campbell Soup Company, and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Campbell Soup Company, did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Campbell Soup Company's consolidated gross revenues.

- Each of Mr. Ammann, Mr. Angelakis, Mr. Brun, Ms. Carter, Mr. Lane, Ms. Livermore, Mr. Ozzie, Mr. Reiner, Ms. Russo, Mr. Tan, Ms. Whitman and Mrs. Wilderotter, or one of their immediate family members, is a non-employee director, trustee or advisory board member of another company that did business with HP Inc. or Hewlett Packard Enterprise at some time during the past three fiscal years. These business relationships were as a supplier or purchaser of goods or services in the ordinary course of business.

As a result of this review, the Board has determined the transactions and relationships described above would not interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. The Board has also determined that, with the exception of Mr. Lane, Ms. Livermore, and Ms. Whitman, each non-employee director during fiscal 2017, including Mr. Ammann, Mr. Andreessen, Mr. Angelakis, Mr. Brun, Ms. Carter, Mr. Kleinfeld, Mr. Ozzie, Mr. Reiner, Ms. Russo, Mr. Tan, Mrs. Wilderotter and each of the members of the Audit Committee, the HRC Committee and the NGSR Committee, had, and, with respect to current directors, has, no material relationship with Hewlett Packard Enterprise (either directly or as a partner, stockholder or officer of an organization that has a relationship with Hewlett Packard Enterprise) and is independent within the meaning of both our and NYSE director independence standards. The Board has determined that (i) Mr. Lane is independent within the meaning of NYSE director independence standards and will be considered independent within the meaning of our more stringent director independence standards as of April 4, 2018, (ii) Ms. Livermore is not independent under either standard because she was an employee of Hewlett Packard Enterprise through October 31, 2016 and was an executive officer of our former parent within the last five fiscal years, (iii) Mr. Neri is not independent under either standard because of his status as our current President and CEO, and (iv) Ms. Whitman is not independent because she was an executive officer of Hewlett Packard Enterprise through February 1, 2018.

Director Compensation and Stock Ownership Guidelines

Non-employee director compensation is determined by the independent members of our Board, acting on the recommendation of the HRC Committee. On an annual basis when determining compensation, the HRC Committee considers market data for our peer group, which is the same peer group used for HPE's executive compensation benchmarking (see ''Fiscal 2017 Peer Companies'' in the Compensation Discussion and Analysis section) and input from Frederic W. Cook & Co., Inc. (''FW Cook''), the third-party compensation consultant retained by the HRC Committee regarding market practices for director compensation. Directors who are employees of the Company or its affiliates do not receive separate compensation for their board activities.

The HRC Committee intends to set director compensation levels at or near the market median relative to directors at companies of comparable size, industry, and scope of operations in order to ensure directors are paid competitively for their time commitment and responsibilities. Providing a competitive compensation package is important because it enables us to attract and retain highly qualified directors who are critical to our long-term success. As noted above, during fiscal 2017, FW Cook conducted a review of director compensation levels relative to our peer group. Results of their review indicated that, as a result of an increase to the median total director compensation relative to last year's study, the value of HPE's then-current program was below our peer-group median. To continue to align with HPE's practice of setting director compensation levels at or near the market median, the HRC Committee recommended, and the full Board approved, an annual increase of $40,000 delivered in the form of an increased annual equity retainer. The HRC Committee intends to continue to conduct director compensation reviews annually.

During fiscal 2017, non-employee directors were compensated for their service as shown in the chart below:

PAY COMPONENT	DIRECTOR COMPENSATION	ADDITIONAL INFORMATION[(1)]
Annual Cash Retainer	• $100,000[(2)]	• May elect to receive up to 100% in HPE stock[(3)], which may be deferred[(4)]
Annual Equity Retainer	• $215,000 granted in restricted stock units (''RSUs'')[(5)]	• May defer up to 100%[(4)]
Meeting Fees	• $2,000 for each board meeting in excess of ten • $2,000 for each committee meeting in excess of ten (per committee)	• Paid in cash • May elect to receive up to 100% in HPE stock[(3)], which may be deferred[(4)]
Chairman of the Board Fee	• $200,000	• May elect to receive up to 100% in HPE stock[(3)], which may be deferred[(4)]
Committee Chair Fees	• Lead independent director: $35,000 • Audit committee: $25,000 • HRC committee: $20,000 • All others: $15,000	• May elect to receive up to 100% in HPE stock[(3)], which may be deferred[(4)]
Stock Ownership Guidelines	• 5x annual cash retainer (i.e., $500,000)	• Shares held by the director, directly or indirectly, and deferred vested RSUs are included in the stock ownership calculation • Must be met within five years of election to the Board

(1) For purposes of determining director compensation, we use a compensation year that generally commences with the month in which the Annual Stockholders' Meeting is held, and ends one day prior to the following year's Annual Stockholder Meeting date. However, this does not coincide with our November through October fiscal year. Therefore, the pay components for the director compensation program for fiscal 2017 reflect program guidelines during both the 2016 and 2017 board years. The 2016 board year began in March 2016 and ended March 2017. The 2017 board year began in March 2017 and will continue until April 2018.

(2) Annual cash retainer is paid in quarterly installments.

(3) Annual cash retainer and chairman or committee chair fees received in shares of HPE stock in lieu of cash, are delivered quarterly in four equal grants. Meeting fees received in shares of HPE stock are delivered at the end of the board year.

(4) Deferral elections are made in December, and effective for the following calendar year. For calendar year 2017, directors were permitted to elect to defer all or a portion of any compensation received in the form of RSUs or shares of HPE stock.

(5) RSUs generally vest on the earlier of the date of the Annual Stockholder Meeting in the following year, or after one year from the date of grant. Directors receive dividend equivalent units with respect to RSUs.

Non-employee directors are reimbursed for their expenses in connection with attending board meetings (including expenses related to spouses when spouses are invited to attend board events), and non-employee directors may use company aircraft for travel to and from board meetings and other company events, provided that the aircraft are not otherwise needed for direct business-related activities.

Fiscal 2017 Director Compensation

The following table provides information regarding compensation for directors who served during fiscal 2017:

Name	Fees Earned or Paid in Cash[1] ($)	Stock Awards[2][3][4] ($)	All Other Compensation ($)	Total ($)
Patricia F. Russo	174,667	348,449	—	523,116
Daniel Ammann	108,000	215,116	—	323,116
Marc L. Andreessen	5,556	317,560	—	323,116
Michael J. Angelakis	125,000	215,116	—	340,116
Leslie A. Brun	120,000	225,116	—	345,116
Pamela L. Carter	110,000	215,116	—	325,116
Klaus Kleinfeld	19,667	249,851	—	269,518
Raymond J. Lane	—	327,116	—	327,116
Ann M. Livermore	109,543	215,116	—	324,659
Raymond E. Ozzie	123,000	215,116	—	338,116
Gary M. Reiner	—	340,116	—	340,116
Lip-Bu Tan	—	321,116	—	321,116
Margaret C. Whitman[5]	—	—	—	—
Mary Agnes Wilderotter	133,000	215,116	—	348,116

(1) Cash amounts included in the table above represent the cash portion of the annual retainers, committee chair fees, lead independent director fees, if applicable, chairman of the board fees, and additional meeting fees earned with respect to service during fiscal 2017. See ''Additional Information about Fees Earned or Paid in Cash in Fiscal 2017'' below. Any amounts elected to be received as HPE stock in lieu of cash are reflected in the Stock Awards column.

(2) The amounts in this column reflect the grant date fair value of the annual equity retainer in the amount of $215,116, granted in the form of RSUs in fiscal 2017, as well as the following compensation voluntarily elected to be received in shares of HPE stock in lieu of cash during fiscal 2017: Ms. Russo received $133,293, Mr. Andreessen received $102,417, Mr. Brun received $9,997, Mr. Kleinfeld received $34,707, Mr. Lane received $111,969, Mr. Reiner received $124,944, and Mr. Tan received $105,974 in shares of HPE stock. The number of shares of HPE stock granted in lieu of cash is determined using the closing stock price on the last day of the board quarter (rounded down to the nearest share). All or a portion of the stock awards may have been deferred based on the director's compensation election.

(3) Represents the grant date fair value of the annual equity retainer granted in fiscal 2017, calculated in accordance with applicable accounting standards relating to share-based payment awards. For awards of RSUs, that amount is calculated by multiplying the closing price of HPE's stock on the date of grant by the number of units awarded. For information on the assumptions used to calculate the value of the stock awards, refer to Note 7 to our ''Consolidated and Combined Financial Statements'' in our Annual Report on Form 10-K for the fiscal year ended October 31, 2017, as filed with the SEC on December 15, 2017. See ''Additional Information about Non-Employee Director Equity Awards'' below.

(4) Mr. Kleinfeld forfeited his full unvested RSU equity retainer upon resignation from the Board effective April 24, 2017.

(5) Ms. Whitman served as CEO of HPE throughout fiscal 2017. Accordingly, she did not receive any compensation for her board service. Please see the ''Executive Compensation'' section for details regarding Ms. Whitman's fiscal 2017 compensation.

Additional Information about Fees Earned or Paid in Cash in Fiscal 2017

The following table provides additional information regarding fees earned or paid in cash to non-employee directors in fiscal 2017:

Name	Annual Retainers(1) ($)	Committee Chair/ Chairman Fees(2) ($)	Additional Meeting Fees(3) ($)	Total(4) ($)
Patricia F. Russo	55,556	111,111	8,000	174,667
Daniel Ammann	100,000	—	8,000	108,000
Marc L. Andreessen	5,556	—	—	5,556
Michael J. Angelakis	100,000	15,000	10,000	125,000
Leslie A. Brun	100,000	20,000	—	120,000
Pamela L. Carter	100,000	—	10,000	110,000
Klaus Kleinfeld	16,667	—	3,000	19,667
Raymond J. Lane	—	—	—	—
Ann M. Livermore	99,543	—	10,000	109,543
Raymond E. Ozzie	100,000	15,000	8,000	123,000
Gary M. Reiner	—	—	—	—
Lip-Bu Tan	—	—	—	—
Margaret C. Whitman(5)	—	—	—	—
Mary Agnes Wilderotter	100,000	25,000	8,000	133,000

(1) The dollar amounts shown include annual cash retainers earned during fiscal 2017. This includes amounts earned for the last four months of the 2016 board compensation year, and the first eight months of the 2017 board compensation year. The amount reflected for Mr. Kleinfeld is prorated due to his resignation from the Board effective April 24, 2017. Ms. Livermore became a non-employee director effective November 1, 2016 (mid-third quarter of board year 2016), and therefore her quarterly cash retainer was prorated.

(2) Committee chair fees are calculated based on service during each board compensation year. The dollar amounts shown include such fees earned in the last four months of the 2016 board compensation year, and the first eight months of the 2017 board compensation year.

(3) Additional meeting fees are calculated based on the number of designated board meetings and committee meetings attended during each board compensation year. The dollar amounts shown include additional meeting fees earned in fiscal 2017 for meetings attended during the 2016 board compensation year. As of the end of fiscal 2017, no additional meeting fees for meetings attended during the first eight months of the 2017 board compensation year had been earned.

(4) Total excludes compensation voluntarily elected to be received in shares of HPE stock in lieu of cash during fiscal 2017 as described in footnote three in the ''Fiscal 2017 Director Compensation'' table above.

(5) Ms. Whitman served as CEO of HPE throughout fiscal 2017. Accordingly, she did not receive any compensation for her board service. Please see the ''Executive Compensation'' section for details regarding Ms. Whitman's fiscal 2017 compensation.

Additional Information about Non-Employee Director Equity Awards

The following table provides additional information regarding non-employee director equity awards, including the stock awards made to non-employee directors during fiscal 2017, the grant date fair value of each of those awards, and the number of stock awards and option awards outstanding as of the end of fiscal 2017:

Name	Stock Awards Granted During Fiscal 2017[1] (#)	Grant Date Fair Value of Stock Awards Granted During Fiscal 2017[2][3] ($)	Stock Awards Outstanding at Fiscal Year End[1][4] (#)	Option Awards Outstanding at Fiscal Year End[1] (#)
Patricia F. Russo	23,034	348,449	102,768	—
Daniel Ammann	15,149	215,116	15,274	—
Marc L. Andreessen	21,095	317,560	175,380	—
Michael J. Angelakis	15,149	215,116	15,274	—
Leslie A. Brun	15,700	225,116	15,274	—
Pamela L. Carter	15,149	215,116	32,729	—
Klaus Kleinfeld	16,837	249,851	—	59,197
Raymond J. Lane	21,549	327,116	15,274	605,339
Ann M. Livermore	15,149	215,116	15,274	
Raymond E. Ozzie	15,149	215,116	15,274	—
Gary M. Reiner	22,298	340,116	15,274	314,423
Lip-Bu Tan	21,218	321,116	15,274	—
Margaret C. Whitman[5]	—	—	—	—
Mary Agnes Wilderotter	15,149	215,116	15,274	—

(1) In connection with both the Enterprise Services and Software spin-merge transactions, outstanding HPE equity awards were converted using ratios that preserved the intrinsic value of the awards as of the conversion dates.

(2) Represents the grant date fair value of stock awards granted in fiscal 2017 calculated in accordance with applicable accounting standards. For awards of RSUs, that number is calculated by multiplying the closing price of HPE's stock on the date of grant by the number of units awarded. For information on the assumptions used to calculate the fair value of the awards, refer to Note 7 to our ''Consolidated and Combined Financial Statements'' in our Annual Report on Form 10-K for the fiscal year ended October 31, 2017, as filed with the SEC on December 15, 2017.

(3) Mr. Kleinfeld forfeited his full unvested RSU equity retainer upon resignation from the Board effective April 24, 2017.

(4) Includes dividend equivalent units accrued with respect to outstanding awards of RSUs during fiscal 2017.

(5) Ms. Whitman served as CEO of HPE throughout fiscal 2017. Accordingly, she did not receive any compensation for her board service. Please see the ''Executive Compensation'' section for details regarding Ms. Whitman's fiscal 2017 compensation.

Non-employee Director Stock Ownership Guidelines

Under our stock ownership guidelines, non-employee directors are required to accumulate, within five years of their election to the Board, shares of Hewlett Packard Enterprise stock equal in value to at least five times the amount of their annual cash retainer. Service on the HP Co. Board of Directors immediately prior to the separation of HPE from HP Co. on November 1, 2015, is recognized for purposes of such five-year period. Shares counted toward these guidelines include any shares held by the director directly or indirectly, including deferred vested awards.

All non-employee directors with more than five years of service have met our stock ownership guidelines and all non-employee directors with less than five years of service have either met, or are on track to meet, our stock ownership guidelines within the required time based on the trading price of HPE's stock as of October 31, 2017.

Anti-hedging/Pledging Policy

HPE has a policy prohibiting directors from engaging in any form of hedging transaction (derivatives, equity swaps, forwards, etc.) in HPE stock, including, among other things, short sales and transactions involving publicly traded options. In addition, with limited exceptions, HPE's directors are prohibited from holding HPE stock in margin accounts and from pledging HPE stock as collateral for loans. We believe that these policies further align directors' interests with those of our stockholders.

STOCK OWNERSHIP INFORMATION

Common Stock Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of December 31, 2017 concerning beneficial ownership by:

- holders of more than 5% of Hewlett Packard Enterprise's outstanding shares of common stock;
- our directors and nominees;
- each of the named executive officers listed in the Summary Compensation Table on page 67; and
- all of our directors and executive officers as a group.

The information provided in the table is based on our records, information filed with the SEC and information provided to Hewlett Packard Enterprise, except where otherwise noted.

The number of shares beneficially owned by each entity or individual is determined under SEC rules, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the entity or individual has sole or shared voting or investment power and also any shares that the entity or individual has the right to acquire as of March 1, 2018 (60 days after December 31, 2017) through the exercise of any stock options, through the vesting and settlement of RSUs payable in shares, or upon the exercise of other rights. Beneficial ownership excludes options or other rights vesting after March 1, 2018 and any RSUs vesting or settling on or before March 1, 2018 that may be payable in cash or shares at Hewlett Packard Enterprise's election. Unless otherwise indicated, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table.

Beneficial Ownership Table

NAME OF BENEFICIAL OWNER	SHARES OF COMMON STOCK BENEFICIALLY OWNED	PERCENT OF COMMON STOCK OUTSTANDING
BlackRock(1)	97,991,786	6.1%
Dodge & Cox(2)	208,800,172	12.5%
PRIMECAP Management Co(3)	90,353,807	5.58%
The Vanguard Group(4)	110,380,627	6.92%
Daniel Ammann	17,627	*
Marc L. Andreessen(5)	177,558	*
Michael J. Angelakis(6)	51,627	*
Leslie A. Brun	18,619	*
Pamela L. Carter(7)	21,583	*
Raymond J. Lane(8)	789,662	*
Ann M. Livermore(9)	74,932	*
Raymond E. Ozzie	32,941	*
Gary M. Reiner(10)	367,952	*
Patricia F. Russo(11)	105,500	*
Lip-Bu Tan	27,620	*
Margaret C. Whitman(12)	11,521,724	*
Mary A. Wilderotter	13,499	*
Henry Gomez(13)	899,263	*
Christopher P. Hsu(14)	212,663	*
Antonio F. Neri(15)	1,815,715	*
John F. Schultz(16)	971,564	*
Timothy C. Stonesifer(17)	865,403	*
All current executive officers and directors as a group (20 persons)(18)	18,801,030	*

* Represents holdings of less than 1% based on 1,587,697,131 outstanding shares of common stock as of December 29, 2017.

(1) Based on the most recently available Schedule 13G/A filed with the SEC on January 25, 2018 by BlackRock, Inc. According to its Schedule 13G/A, BlackRock, Inc. reported having sole voting power over 83,597,297 shares, shared voting power over no shares, sole dispositive power over 97,991,787 shares and shared dispositive power over no shares beneficially owned. The Schedule 13G/A contained information as of December 31, 2017 and may not reflect current holdings of HPE's stock. The address for BlackRock, Inc. is 55 East 52nd Street, New York, New York 10055.

(2) Based on the most recently available Schedule 13G/A filed with the SEC on March 20, 2017 by Dodge & Cox. According to its Schedule 13G/A, Dodge & Cox reported having sole voting power over 200,778,540 shares, shared voting power over no shares, sole dispositive power over 208,800,172 shares and shared dispositive power over no shares. The securities reported on the Schedule 13G/A are beneficially owned by clients of Dodge & Cox, which clients may include investment companies registered under the Investment Company Act of 1940 and other managed accounts, and which clients have the right to receive or the power to direct the receipt of dividends from, and the proceeds from the sale of, HPE's stock. The Schedule 13G/A contained information as of December 31, 2016 and may not reflect current holdings of HPE's stock. The address for Dodge & Cox is Dodge & Cox, 555 California Street, 40th Floor, San Francisco, California 94104.

(3) Based on the most recently available Schedule 13G filed with the SEC on October 6, 2017 by PRIMECAP Management Company ("PRIMECAP"). According to its Schedule 13G, PRIMECAP reported having sole voting power over 31,537,461 shares, shared voting power over no shares, sole dispositive power over 90,353,807 shares and shared dispositive power over no shares beneficially owned. The Schedule 13G contained information as of September 30, 2017 and may not reflect current holdings of HPE's stock. The address for PRIMECAP is PRIMECAP Management Company, 177 E. Colorado Blvd., 11th Floor, Pasadena, CA 91105.

(4) Based on the most recently available Schedule 13G filed with the SEC on February 9, 2018 by The Vanguard Group, Inc. ("Vanguard"). According to its Schedule 13G/A, Vanguard reported having sole voting power over 2,265,331 shares, shared voting power over 367,082 shares, sole dispositive power over 107,809,785 shares and shared dispositive power over 2,570,842 shares.

The Schedule 13G/A contained information as of December 31, 2017 and may not reflect current holdings of HPE's stock. The address for Vanguard is The Vanguard Group, 100 Vanguard Blvd., Malvern, PA 19355.

(5) Includes 161,898 shares that Mr. Andreessen elected to defer receipt of until the termination of his service as a member of the Board.

(6) Represents 51,627 shares that Mr. Angelakis holds indirectly with his spouse.

(7) Includes 17,455 shares that Ms. Carter has elected to defer receipt of until the termination of her service as a member of the Board.

(8) Includes 605,339 shares that Mr. Lane has the right to acquire by exercise of stock options.

(9) Includes 61,215 shares that Ms. Livermore holds indirectly through a trust with her spouse.

(10) Includes 314,423 shares that Mr. Reiner has the right to acquire by exercise of stock options.

(11) Includes 90,182 shares that Ms. Russo elected to defer receipt of until the termination of her service as a member of the Board.

(12) Includes 66 shares held by Ms. Whitman indirectly through a trust and 9,670,870 shares that Ms. Whitman has the right to acquire by exercise of stock options.

(13) Includes 805,214 shares that Mr. Gomez has the right to acquire by exercise of stock options.

(14) Includes 121,981 shares that Mr. Hsu has the right to acquire by exercise of stock options.

(15) Includes 1,429,852 shares that Mr. Neri has the right to acquire by exercise of stock options.

(16) Includes 683,210 shares that Mr. Schultz has the right to acquire by exercise of stock options.

(17) Includes 582,575 shares that Mr. Stonesifer has the right to acquire by exercise of stock options.

(18) Includes 14,951,246 shares that current executive officers and directors have the right to acquire.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, requires our directors, executive officers and holders of more than 10% of Hewlett Packard Enterprise's stock to file reports with the SEC regarding their ownership and changes in ownership of our securities. Based upon our examination of the copies of Forms 3, 4, and 5, and amendments thereto furnished to us and the written representations of our directors, executive officers and 10% stockholders, we believe that, during fiscal 2017, our directors, executive officers and 10% stockholders complied with all Section 16(a) filing requirements.

RELATED PERSONS TRANSACTIONS POLICIES AND PROCEDURES

We have adopted a written policy for approval of transactions between us and our directors, director nominees, executive officers, beneficial owners of more than five percent (5%) of Hewlett Packard Enterprise's stock, and their respective immediate family members where the amount involved in the transaction exceeds or is expected to exceed $120,000 in a single 12-month period and such ''related persons'' have or will have a direct or indirect material interest (other than solely as a result of being a director or a less than ten percent (10%) beneficial owner of another entity).

The policy provides that the NGSR Committee reviews certain transactions subject to the policy and decides whether or not to approve or ratify those transactions. In doing so, the NGSR Committee determines whether the transaction is in the best interests of Hewlett Packard Enterprise. In making that determination, the NGSR Committee takes into account, among other factors it deems appropriate:

- the extent of the related person's interest in the transaction;
- whether the transaction is on terms generally available to an unaffiliated third party under the same or similar circumstances;
- the benefits to Hewlett Packard Enterprise;
- the impact or potential impact on a director's independence in the event the related party is a director, an immediate family member of a director or an entity in which a director is a partner, 10% stockholder or executive officer;

- the availability of other sources for comparable products or services; and
- the terms of the transaction.

The NGSR Committee has delegated authority to the chair of the NGSR Committee to pre-approve or ratify transactions where the aggregate amount involved is expected to be less than $1 million. A summary of any new transactions pre-approved by the chair is provided to the full NGSR Committee for its review at each of the NGSR Committee's regularly scheduled meetings.

The NGSR Committee has adopted standing pre-approvals under the policy for limited transactions with related persons.

Pre-approved transactions include:

1. compensation of executive officers that is excluded from reporting under SEC rules where the HRC Committee approved (or recommended that the Board approve) such compensation;
2. director compensation;
3. transactions with another company with a value that does not exceed the greater of $1 million or 2% of the other company's annual revenues, where the related person has an interest only as an employee (other than executive officer), director or beneficial holder of less than 10% of the other company's shares;
4. contributions to a charity in an amount that does not exceed $1 million or 2% of the charity's annual receipts, where the related person has an interest only as an employee (other than executive officer) or director; and
5. transactions where all stockholders receive proportional benefits.

A summary of new transactions covered by the standing pre-approvals described in paragraphs 3 and 4 above is provided to the NGSR Committee for its review in connection with that committee's regularly scheduled meetings.

Fiscal 2017 Related Person Transactions

We enter into commercial transactions with many entities for which our executive officers or directors serve as directors and/or executive officers in the ordinary course of our business. All of those transactions were pre-approved transactions as defined above or were approved or ratified by the NGSR Committee or our Former Parent's NGSR Committee. Hewlett Packard Enterprise considers all pre-approved or ratified transactions to have been at arm's-length and does not believe that any of our executive officers or directors had a material direct or indirect interest in any of such commercial transactions. In addition, during a portion of fiscal 2017, Mr. Lane's daughter, Kristi Rawlinson, served as a non-executive employee of Hewlett Packard Enterprise. Prior to becoming an employee in 2013, Ms. Rawlinson previously served as a consultant to ArcSight Inc. and, subsequently, HP Inc. (and thereafter HPE), following its acquisition of ArcSight. Following the sale of HPE's Software business to Micro Focus in September 2017, Ms. Rawlinson joined Micro Focus and her employment with HPE terminated. The amount received by Ms. Rawlinson in her role at Hewlett Packard Enterprise totaled approximately $142,284 in fiscal 2017.

GOVERNANCE DOCUMENTS

We maintain a code of business conduct and ethics for directors, officers and employees known as our Standards of Business Conduct. We also have adopted Corporate Governance Guidelines, which, in conjunction with our Certificate of Incorporation, Bylaws and respective charters of the Board committees, form the framework for our governance. All of these documents are available at investors.hpe.com/governance for review, downloading and printing. We will post on this website any amendments to the Standards of Business Conduct or waivers of the Standards of Business Conduct for directors and executive officers. Stockholders may request free printed copies of our Certificate of Incorporation, Bylaws, Standards of Business Conduct, Corporate Governance Guidelines and charters of the committees of the Board by contacting: Hewlett Packard Enterprise Company, Attention: Investor Relations, 3000 Hanover Street, Palo Alto, California 94304, www.investors.hpe.com/.

COMMUNICATIONS WITH THE BOARD

Individuals may communicate with the Board by contacting: Secretary to the Board of Directors, 3000 Hanover Street, MS 1050, Palo Alto, California 94304, e-mail: bod-hpe@hpe.com.

All directors have access to this correspondence. In accordance with instructions from the Board, the Secretary to the Board reviews all correspondence, organizes the communications for review by the Board and posts communications to the full Board or to individual directors, as appropriate. Our independent directors have requested that certain items that are unrelated to the Board's duties, such as spam, junk mail, mass mailings, solicitations, resumes and job inquiries, not be posted.

Communications that are intended specifically for the Chair of the Board, independent directors or the non-employee directors should be sent to the e-mail address or street address noted above, to the attention of the Chair of the Board.

Proposals To Be Voted On

Proposal No. 1: Election of Directors

On the recommendation of the NGSR Committee, the Board has nominated the 13 persons named below for election as directors this year, each to serve for a one-year term or until the director's successor is elected and qualified.

DIRECTOR NOMINEE EXPERIENCE AND QUALIFICATIONS

The Board annually reviews the appropriate skills and characteristics required of directors in the context of the current composition of the Board, our operating requirements, and the long-term interests of our stockholders. The Board believes that its members should possess a variety of skills, professional experience and backgrounds in order to effectively oversee our business. In addition, the Board believes that each director should possess certain attributes, as reflected in the Board membership criteria described below.

Our Corporate Governance Guidelines contain the current Board membership criteria that apply to nominees recommended for a position on the Board. Under those criteria, members of the Board should have the highest professional and personal ethics and values, consistent with our long-standing values and standards. They should have broad experience at the policy-making level in business, government, education, technology or public service. They should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. In addition, the NGSR Committee takes into account a potential director's ability to contribute to the diversity of background and experience represented on the Board, and it reviews its effectiveness in balancing these considerations when assessing the composition of the Board. Directors' service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of all of our stockholders. Although the Board uses these and other criteria as appropriate to evaluate potential nominees, it has no stated minimum criteria for nominees.

The Board believes that all the nominees named below are highly qualified and have the skills and experience required for effective service on the Board. The nominees' individual biographies below contain information about their experience, qualifications and skills that led the Board to nominate them.

All of the nominees have indicated to us that they will be available to serve as directors. In the event that any nominee should become unavailable, the proxy holders, Antonio F. Neri, Timothy C. Stonesifer and Rishi Varma, will vote for a nominee or nominees designated by the Board, or the Board may decrease the size of the Board.

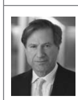
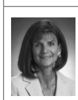
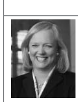
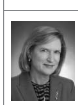
There are no family relationships among our executive officers and directors.

RECOMMENDATION OF THE BOARD OF DIRECTORS

✓ **Our Board recommends a vote FOR the election to the Board of each of the following nominees.**

Proposals To Be Voted On (continued)

Hewlett Packard Enterprise Company 2018 Board of Directors Nominees

NAME	AGE	HPE DIRECTOR SINCE	NOTEWORTHY EXPERIENCE	NYSE INDEPENDENT	OTHER CURRENT PUBLIC COMPANY BOARDS
 **Daniel Ammann**	45	2015	President, General Motors Company	Yes	
 **Michael J. Angelakis**	53	2015	Chairman and Chief Executive Officer of Atairos Management; Senior Advisor to the Executive Management Committee, Comcast Corporation; former Vice Chairman and Chief Financial Officer, Comcast Corporation	Yes	Groupon, Inc. TriNet Group, Inc.
 **Leslie A. Brun**	65	2015	Chairman and Chief Executive Officer, Sarr Group, LLC; former Managing Director and Head of Investor Relations for CCMP Capital Advisors, LLC; Founder and former Chairman and Chief Executive Officer for Hamilton Lane Advisors	Yes	CDK Global, Inc. Broadridge Financial Solutions Merck & Co., Inc.
 **Pamela L. Carter**	68	2015	Former Vice President of Cummins Inc.; former President of the Cummins Distribution business unit	Yes	Enbridge CSX Corp. Broadridge Financial Solutions
 **Raymond J. Lane**	71	2015	Partner Emeritus, Kleiner Perkins Caufield & Byers Managing Partner, GreatPoint Ventures	Yes	
 **Ann M. Livermore**	59	2015	Former Executive Vice President, Enterprise Business, Hewlett-Packard Company	No	United Parcel Service, Inc. Qualcomm
 **Antonio F. Neri**	50	2018	President and Chief Executive Officer, Hewlett Packard Enterprise Company	No	Anthem, Inc.
 **Raymond E. Ozzie**	62	2015	Former Chief Executive Officer, Talko, Inc.; former Chief Software Architect, Microsoft Corporation	Yes	
 **Gary M. Reiner**	63	2015	Operating Partner, General Atlantic; former Senior Vice President and Chief Information Officer, General Electric Company	Yes	Citigroup Inc. Box, Inc.
 **Patricia F. Russo**	65	2015	Former Chief Executive Officer, Alcatel-Lucent	Yes	Arconic Inc. General Motors Company Merck & Co., Inc. KKR Management LLC
 **Lip-Bu Tan**	58	2015	President and Chief Executive Officer, Cadence Design Systems; Founder and Chairman, Walden International	Yes	Cadence Design Systems Aquantina Corp Semiconductor Manufacturing International Corp† Quantenna Communication, Inc.†
 **Margaret C. Whitman**	61	2015	Former President and Chief Executive Officer, Hewlett Packard Enterprise Company; former Chairman, President and Chief Executive Officer, Hewlett-Packard Company	No	The Procter & Gamble Company
 **Mary Agnes Wilderotter**	63	2016	Former Executive Chairman and Retired Chief Executive Officer, Frontier Communications Corporation	Yes	Costco Wholesale Corporation Juno Therapeutics Inc. Cadence Design Systems

† ***Mr. Tan does not intend to seek re-election to the boards of directors of Semiconductor Manufacturing International Corp. or Quantenna Communications, Inc. at their 2018 annual stockholders' meetings.***

Thirteen directors have been nominated for re-election at the Annual Meeting to hold office until the 2019 Annual Meeting. Our employees and our Board are a reflection of the world in which we do business, bringing together great minds of all backgrounds to provide the best for HPE. The following provides a snapshot of the diversity, skills and experience of our director nominees, followed by summary information about each individual nominee. Each of our thirteen director nominees has been an HPE director since 2015, except for Mary Agnes Wilderotter who was elected in 2016 and Antonio F. Neri who was elected in 2018.

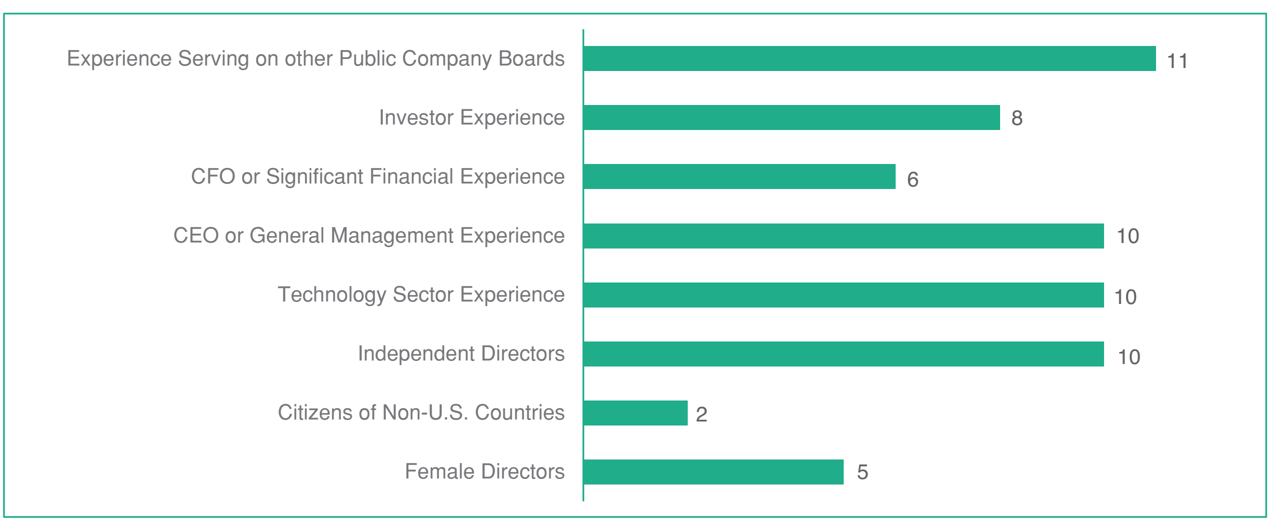
Board Diversity & Nominee Skills and Experience

Core qualifications possessed by all of our director nominees

- ✓ High professional and personal ethics, consistent with our longstanding values and standards
- ✓ Sound business judgement
- ✓ Commitment to enhancing stockholder value
- ✓ Sufficient time to carry out their duties and provide insight and practical wisdom based on experience
- ✓ Leadership experience
- ✓ Broad experience at the policy-making level in business, government, education, technology or public service

Unique skills and experiences of our director nominees

- ✓ Operations and business transformations
- ✓ Sales and marketing
- ✓ Legal, regulatory, and public policy
- ✓ Business development and strategic planning
- ✓ 3 Audit Committee financial experts
- ✓ Cyber Security



Daniel Ammann

Recent Career

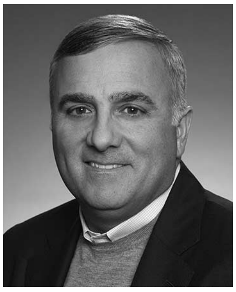
Mr. Ammann has served as the President of General Motors Company, an automotive company, since January 2014. From April 2011 to January 2014, Mr. Ammann served as Chief Financial Officer and Executive Vice President of General Motors. Mr. Ammann joined General Motors in May 2010 as Vice President of Finance and Treasurer, a role he served in until April 2011.

Committee Membership: Finance and Investment

Public Directorships	Key Skills and Qualifications
None	• significant operational experience in global consumer, manufacturing and financial industries • valuable insight into customer financial services gained through his leadership over the rebuilding of the captive finance company of General Motors Company • executive experience helping lead an international, multibillion dollar company through a financial transformation including an initial public offering • in-depth knowledge of financial statements, instruments, and strategy from roles as Treasurer and CFO at General Motors Company

Michael J. Angelakis

Recent Career



Mr. Angelakis has served as Chairman and Chief Executive Officer of Atairos Group, a global investment firm, since January 2016. Additionally, Mr. Angelakis serves as a Senior Advisor to the executive management committee of Comcast Corporation, a media and technology company. Previously, Mr. Angelakis served from November 2011 to July 2015 as Vice Chairman of Comcast and from March 2007 to July 2015 as Chief Financial Officer of Comcast. From 1999 to 2007, Mr. Angelakis was a Managing Director at Providence Equity Partners, LLC, a media and communications investment firm.

Committee Membership: Audit; Finance and Investment (Chair)

Public Directorships *	Key Skills and Qualifications
Current Service • Groupon, Inc. • TriNet Group, Inc. **Former Service** • Duke Energy	• decades of investment, financial and managerial experience in the media and telecommunications industries • repeatedly recognized as one of America's best CFOs • extensive understanding of the financial, operational and technological concerns important to a complex global operation

* *Groupon is an e-commerce company, TriNet Group, Inc. is a provider of human resource solutions, and Duke Energy is an energy company.*

Proposals To Be Voted On (continued)

Leslie A. Brun

Recent Career

Mr. Brun has served as the Chairman and Chief Executive Officer of Sarr Group, LLC, an investment holding company, since March 2006. He is also a Senior Advisor of G100 Companies as of 2016. From August 2011 to December 2013, Mr. Brun was managing director and head of investor relations for CCMP Capital Advisors, LLC, a private equity firm. Previously, from January 1991 to May 2005, Mr. Brun served as founder, Chairman and Chief Executive Officer for Hamilton Lane Advisors, a private markets investment firm, and from April 1988 to September 1990 as co-founder and managing director of investment banking at Fidelity Bank in Philadelphia.

Committee Membership: Audit; HR and Compensation (Chair)

Public Directorships *

Current Service
- CDK Global, Inc. (Chair)
- Broadridge Financial Solutions, Inc. (Chair)
- Merck & Co., Inc.

Former Service
- Automatic Data Processing, Inc.

Key Skills and Qualifications

- robust business experience from a long career as an investment banker and CEO
- advisory experience and knowledge of corporate governance from his service as a chairman and director on various public company boards
- valuable financial, management, investor relations, and operational advice and expertise

* ***CDK Global, Inc. is a technology solutions company, Broadridge Financial Solutions is a financial industry servicing company, Merck & Co., Inc. is a pharmaceuticals company, and Automatic Data Processing, Inc. is a business outsourcing services company.***

Pamela L. Carter

Recent Career

Ms. Carter has served as President of Cummins Distribution Business, a multi-billion dollar global division of Cummins Inc., a global manufacturer of diesel engines and related technologies. She held this position from 2008 until her retirement in 2015. She served as Vice President and then President of Cummins Filtration, and as Vice President for EMEA, as an expatriate living in Belgium from 2000-2007. Prior to that, Ms. Carter served as Vice President, General Counsel, and Corporate Secretary from 1997 to 2000.

Before joining Cummins Inc., Ms. Carter was elected Attorney General of the State of Indiana from 1993 to 1997. She is the first female African American to be elected to this position in the United States. She practiced law and was partner, litigator and corporate lawyer for over a decade before joining Cummins.

Committee Membership: Audit; HR and Compensation

Public Directorships *

Current Service
- Enbridge Inc.
- CSX Corporation
- Broadridge Financial Solutions, Inc.

Former Service
- Spectra Energy Corp

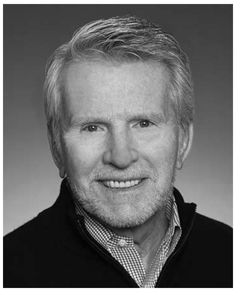
Key Skills and Qualifications

- global, strategic, operational and transformational leadership capability and expertise
- extensive knowledge of corporate governance from her board roles including her service as Corporate Governance Chairwoman and member of the Compensation Committee at Spectra Energy Corp, and of finance from her current role as Chair of the Finance Committee at CSX Corp.

* ***Enbridge Inc. is a global energy infrastructure company, CSX Corporation, is a rail-based freight transportation company, Broadridge Financial Solutions, Inc. is a financial industry servicing company, and Spectra Energy Corp was a natural gas company merged with Enbridge.***

Raymond J. Lane

Recent Career



Mr. Lane currently serves as Managing Partner of GreatPoint Ventures, a fund focused on using resources more efficiently, living longer and healthier lives, and increasing productivity. Mr. Lane served as executive Chairman of Hewlett-Packard Company from September 2011 to April 2013 and as non-executive Chairman of Hewlett-Packard Company from November 2010 to September 2011. Since April 2013, Mr. Lane has served as Partner Emeritus of Kleiner Perkins Caufield & Byers, a private equity firm, after having previously served as one of its Managing Partners from 2000 to 2013. Prior to joining Kleiner Perkins, Mr. Lane was President and Chief Operating Officer and a director of Oracle Corporation, a software company. Before joining Oracle in 1992, Mr. Lane was a senior partner of Booz Allen Hamilton, a consulting company. Prior to Booz Allen Hamilton, Mr. Lane served as a division vice president with Electronic Data Systems Corporation, an IT services company that Hewlett-Packard Company acquired in August 2008. He was with IBM Corporation from 1970 to 1977. Mr. Lane served as Chairman of the Board of Trustees of Carnegie Mellon University from July 2009 to July 2015. He also serves as Vice Chairman of Special Olympics International.

Committee Membership: Finance and Investment; Technology

Public Directorships *	Key Skills and Qualifications
Former Service • Quest Software, Inc. • Hewlett-Packard Company	• significant experience as an early stage venture capital investor, principally in the information technology industry • valuable insight into worldwide operations, management and the development of corporate strategy • corporate governance experience from his service on other public company boards

* *Quest Software, Inc. was a software company before its acquisition by Dell Inc., a computer technology company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Ann M. Livermore

Recent Career

Ms. Livermore served as Executive Vice President of the former HP Enterprise Business from 2004 until June 2011, and served as an Executive Advisor to our Chief Executive Officer between then and 2016. Prior to that, Ms. Livermore served in various other positions with Hewlett-Packard Company in marketing, sales, research and development, and business management since joining the company in 1982.

Committee Membership: Finance and Investment

Public Directorships *

Current Service

- United Parcel Service, Inc.
- Qualcomm

Former Service

- Hewlett-Packard Company

Key Skills and Qualifications

- extensive experience in senior leadership positions from nearly 35 years at Hewlett-Packard Company
- vast knowledge and experience in the areas of technology, marketing, sales, research and development and business management
- knowledge of enterprise customers and their IT needs
- corporate governance experience from her service on other public company boards

* ***United Parcel Service, Inc. is a package delivery and logistics company, Qualcomm is a semiconductor and telecommunications equipment company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.***

Antonio F. Neri

Recent Career

Mr. Neri has served as President and CEO of Hewlett Packard Enterprise since February 2018. He served as President of HPE from May 2017 to February 2018. Prior to his service as President, Mr. Neri served as Senior Vice President and General Manager, Enterprise Group at HP Co., and subsequently HPE, since October 2014. Previously, he served as Senior Vice President and General Manager of the HP Servers business from September 2013 to October 2014 and concurrently as Senior Vice President and General Manager of the HP Networking business unit from May 2014 to October 2014. Prior to that, Mr. Neri served as Senior Vice President and General Manager of the HP Technology Services business unit from August 2011 to September 2013 and as Senior Vice President, Customer Services for the HP Personal Systems Group from 2008 until August 2011.

Committee Membership: None

Public Directorships *	Key Skills and Qualifications
Current Service • Anthem, Inc.	• extensive deep technology experience • extensive experience in senior leadership positions from nearly 23 years at Hewlett-Packard Company and later HPE • robust understanding of business development, operations and strategic planning

* *Anthem, Inc. is a healthcare insurance company.*

Raymond E. Ozzie

Recent Career

Mr. Ozzie is a software entrepreneur who early in his career created a pioneering product for communications and productivity, Lotus Notes. He most recently served as Chief Executive Officer of Talko Inc., a company delivering mobile communications applications and services for business, acquired by Microsoft Corporation in December 2015. Previously, Mr. Ozzie served as Chief Software Architect of Microsoft Corporation from 2006 until December 2010, after having served as Chief Technical Officer of Microsoft from 2005 to 2006. Mr. Ozzie joined Microsoft in 2005 after Microsoft acquired Groove Networks, Inc., a collaboration software company he founded in 1997.

Committee Membership: Finance and Investment; Technology (Chair)

Public Directorships *	Key Skills and Qualifications
Former Service • Hewlett-Packard Company	• recognized software industry executive and entrepreneur with significant experience in the software industry • extensive leadership and technical expertise from positions at IBM, Microsoft, Talko, and Groove Networks

* *Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Gary M. Reiner

Recent Career

Mr. Reiner has served as Operating Partner at General Atlantic LLC, a private equity firm, since November 2011. Previously, Mr. Reiner served as Special Advisor to General Atlantic LLC from September 2010 to November 2011. Prior to that, Mr. Reiner served as Senior Vice President and Chief Information Officer at General Electric Company, a technology, media and financial services company, from 1996 until March 2010. Mr. Reiner previously held other executive positions with General Electric since joining the company in 1991. Earlier in his career, Mr. Reiner was a partner at Boston Consulting Group, a consulting company, where he focused on strategic and process issues for technology businesses.

Committee Membership: Finance and Investment; Nominating, Governance and Social Responsibility (Chair); Technology

Public Directorships *

Current Service

- Box, Inc.
- Citigroup Inc.

Former Service

- Hewlett-Packard Company

Key Skills and Qualifications

- deep insight into how IT can help global companies succeed through his many years of experience as Chief Information Officer at General Electric
- decades of experience driving corporate strategy, information technology and best practices across complex organizations
- experience in private equity investing, with a particular focus on the IT industry

* ***CitiGroup Inc. is an investment banking and financial services corporation, Genpact Limited is an outsourcing and information technology services company, Box, Inc. is a software company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.***

Patricia F. Russo

Recent Career

Ms. Russo has served as the Chair of our Board of Directors since November 2015. Previously, Ms. Russo served as the Lead Independent Director of Hewlett-Packard Company from July 2014 to November 2015. Ms. Russo served as Chief Executive Officer of Alcatel-Lucent, a communications company, from 2006 to 2008. Previously, Ms. Russo served as Chairman of Lucent Technologies Inc., a communications company, from 2003 to 2006 and Chief Executive Officer and President of Lucent from 2002 to 2006.

Committee Membership: Nominating, Governance and Social Responsibility

Public Directorships *

Current Service

- Arconic Inc.
- General Motors Company
- Merck & Co., Inc.
- KKR Management LLC

Former Service

- Alcoa Inc.
- Hewlett-Packard Company

Key Skills and Qualifications

- extensive global business experience
- broad understanding of the technology industry
- strong management skills and operational expertise
- executive experience with a wide range of issues including mergers and acquisitions and business restructurings as she led Lucent's recovery through a severe industry downturn and later a merger with Alcatel
- strong leadership and corporate governance experience from robust service on other public company boards

* ***Arconic Inc. is an engineering and manufacturing company, General Motors Company is an automotive company, Merck & Co., Inc. is a pharmaceuticals company, KKR Management LLC is the managing partner of KKR & Co., L.P., an investment firm, Alcoa Inc. is a metals and manufacturing company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.***

Lip-Bu Tan

Recent Career

Mr. Tan has served as the President and Chief Executive Officer of Cadence Design Systems, an electronic design automation company, since 2009. Mr. Tan has also served as Founder and Chairman of Walden International, a venture capital firm, since 1987.

Committee Membership: Nominating, Governance and Social Responsibility; Technology

Public Directorships *

Current Service

- Cadence Design Systems, Inc.
- Aquantia Corporation
- Semiconductor Manufacturing International Corporation. (does not intend to seek re-election for upcoming board year) †
- Quantenna Communications, Inc. (does not intend to seek re-election for upcoming board year) †

Former Service

- SINA Corp
- Ambarella, Inc.
- United Overseas Bank in Singapore

Key Skills and Qualifications

- decades of experience pioneering venture capital investment in technology in the Asia-Pacific region
- corporate governance experience from service on numerous public and private boards of technology companies
- robust understanding of the electronic design and semiconductor industries
- extensive experience analyzing investments, managing companies and leading developments in the global technology industry

* *Cadence Design Systems, Inc. is an electronic design automation company, Ambarella Inc. is a video compression and image processing company, Aquantia Corporation is supplier of high-speed connectivity silicon, Semiconductor Manufacturing International Corporation. is a semiconductor company, Quantenna Communications, Inc. is a WiFi fabless semiconductor company, SINA is a media company, Ambarella, Inc. is a video compression and image processing company, and United Overseas Bank in Singapore is a bank.*

† *Mr. Tan does not intend to seek re-election to the boards of directors of Semiconductor Manufacturing International Corp. or Quantenna Communications, Inc. at their 2018 annual stockholders' meetings.*

Margaret C. Whitman

Recent Career

Ms. Whitman served as Chief Executive Officer of Hewlett Packard Enterprise from May 2017 to February 2018, and as President and Chief Executive Officer of Hewlett Packard Enterprise from November 2015 to May 2017. Prior to that, Ms. Whitman served as President, Chief Executive Officer, and Chair of Hewlett-Packard Company from July 2014 to November 2015 and President and Chief Executive Officer of Hewlett-Packard Company from September 2011 to November 2015. From March 2011 to September 2011, Ms. Whitman served as a part-time strategic advisor to Kleiner Perkins Caufield & Byers, a private equity firm. Previously, Ms. Whitman served as President and Chief Executive Officer of eBay Inc., an online marketplace, from 1998 to 2008. Prior to joining eBay, Ms. Whitman held executive-level positions at Hasbro Inc., a toy company, FTD, Inc., a floral products company, The Stride Rite Corporation, a footwear company, The Walt Disney Company, an entertainment company, and Bain & Company, a consulting company.

Committee Membership: Finance and Investment, Technology

Public Directorships *

Current Service
- The Procter & Gamble Company

Former Service
- Zipcar, Inc.
- HP Inc.
- DXC Technology

Key Skills and Qualifications

- unique experience in developing transformative business models, building global brands and driving sustained growth and expansion
- strong operational and strategic expertise built during executive positions at Hewlett-Packard Company, HPE, and eBay
- public company governance experience from service on various public boards

* *The Procter & Gamble Company is a consumer goods company, Zipcar, Inc. is a car sharing service HP Inc. is a technology company and the former parent of Hewlett Packard Enterprise, and DXC Technology is an IT services and solutions company.*

Mary Agnes Wilderotter	
	Recent Career
	Ms. Wilderotter has served as Executive Chairman of Frontier Communications Corporation, a telecommunications company, from April 2015 to April 2016. Previously, Ms. Wilderotter served as Chairman and Chief Executive Officer of Frontier from January 2006 to April 2015. From 2004 to 2006, Ms. Wilderotter served as President, Chief Executive Officer, and a Director of Frontier. Prior to joining Frontier, Ms. Wilderotter served in executive and managerial roles at Wink Communications and Microsoft Corporation, both software companies and AT&T Wireless Services Inc., a telecommunications company.
	Committee Membership: Audit (Chair); HR and Compensation

Public Directorships *	Key Skills and Qualifications
Current Service • Costco Wholesale Corporation • Juno Therapeutics Inc. • Cadence Design Systems **Former Service** • Frontier Communications Corporation • Dreamworks Animation SKG, Inc. • Xerox Corporation • The Procter & Gamble Company	• expertise leading and managing companies in the telecommunications and technology industries • in-depth understanding of financial statements and public company audit from her role as CEO of Frontier Communications, Chair of the Audit Committee of Juno Therapeutics, member of the Audit Committee of Procter & Gamble, and Chair of the Finance Committee of Xerox • strong leadership and corporate governance experience from robust service on other public company boards • valuable insight into the financial, operational, cyber security and strategic questions addressed by the Board

* ***Costco Wholesale Corporation is a retail company, Juno Therapeutics Inc. is a biopharmaceuticals company, Cadence Design Systems is an electronic design automation company, Frontier Communications Corporation is a telecommunications company, DreamWorks Animation SKG, Inc. was a content and animation company, Xerox Corporation is a technology company, and The Procter & Gamble Company is a consumer goods company.***

VOTE REQUIRED

Each director nominee who receives more ‘‘FOR’’ votes than ‘‘AGAINST’’ votes representing shares of Hewlett Packard Enterprise common stock present in person or represented by proxy and entitled to be voted at the annual meeting will be elected.

If you sign your proxy or voting instruction card but do not give instructions with respect to voting for directors, your shares will be voted by Antonio F. Neri, Timothy C. Stonesifer, and Rishi Varma as proxy holders. If you wish to give specific instructions with respect to voting for directors, you may do so by indicating your instructions on your proxy or voting instruction card.

DIRECTOR ELECTION VOTING STANDARD AND RESIGNATION POLICY

Our Bylaws provide for a majority vote standard in the uncontested election of directors, meaning that, for a nominee to be elected, the number of shares voted ‘‘for’’ the nominee must exceed the votes cast ‘‘against’’ the nominee’s election. Stockholders are not permitted to cumulate their votes in favor of one or more director nominees. In addition, we have adopted a policy whereby any incumbent director nominee who receives a greater number of votes ‘‘against’’ his or her election than votes ‘‘for’’ such election will tender his or her resignation for consideration by the NGSR Committee. The NGSR Committee will recommend to the Board the action to be taken with respect to such offer of resignation.

Proposal No. 2: Ratification of Independent Registered Public Accounting Firm

The Audit Committee of the Board has appointed, and as a matter of good corporate governance, is requesting ratification by the stockholders of, Ernst & Young LLP as the independent registered public accounting firm to audit our consolidated and combined financial statements for the fiscal year ending October 31, 2018. During fiscal 2017, Ernst & Young LLP served as our independent registered public accounting firm and also provided certain other audit-related and tax services. See ''Principal Accounting Fees and Services'' on page 81 and ''Report of the Audit Committee of the Board of Directors'' on page 83. Representatives of Ernst & Young LLP are expected to participate in the annual meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

VOTE REQUIRED

Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2018 fiscal year requires the affirmative vote of a majority of the shares of Hewlett Packard Enterprise common stock present in person or represented by proxy and entitled to be voted at the annual meeting. If the appointment is not ratified, the Board will consider whether it should select another independent registered public accounting firm.

RECOMMENDATION OF THE BOARD OF DIRECTORS

✓ **Our Board recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2018 fiscal year.**

Proposal No. 3: Advisory Vote to Approve Executive Compensation

Our Board and HRC Committee are committed to excellence in corporate governance and to executive compensation programs that align the interests of our executives with those of our stockholders. To fulfill this mission, we have a pay-for-performance philosophy that forms the foundation for all decisions regarding compensation. Our compensation programs have been structured to balance near-term results with long-term success, and enable us to attract, retain, focus, and reward our executive team for delivering stockholder value. Below is a summary of key elements of our fiscal compensation programs relative to this philosophy.

PAY-FOR-PERFORMANCE

- The ***majority*** of compensation for executives is ***performance based*** and delivered in the form of equity, in order ***to align management and stockholder interests***
- Total direct compensation is generally ***targeted*** within a competitive range of the market ***median,*** with differentiation by executive, as appropriate, based on individual factors such as tenure, criticality of the role and proficiency in the role, sustained performance over time, and importance to our leadership succession plans
- ***Actual realized*** total direct compensation is designed to fluctuate with, and be ***commensurate with, actual annual and long-term performance,*** and changes in stockholder value over time
- ***Incentive awards*** are heavily dependent upon achievement of critical operating goals and our stock performance, and are primarily measured against ***objective metrics*** that we believe ***link directly to the creation of sustainable value*** for our stockholders
- We balance growth objectives, top and bottom line objectives, and short- and long-term objectives to ***reward for overall performance*** that creates balance and does not overemphasize a singular focus
- A significant portion of our long-term incentives are delivered in the form of ***performance-based equity,*** which measures internal and external metrics, ultimately aimed at driving stockholder value
- We validate our ***pay-for-performance*** relationship annually, through an analysis conducted for the HRC Committee by its independent compensation consultant

CORPORATE GOVERNANCE

What We Do	What We Don't Do
✓ Design compensation programs that do not encourage excessive risk-taking ✓ Maintain stock ownership guidelines for executive officers, including a rigorous 7x base salary requirement for the CEO ✓ Provide limited executive perquisites ✓ Prohibit hedging or pledging of Company stock by our executive officers ✓ Maintain a clawback policy that permits the Company to recover annual and long-term incentives ✓ Maintain a severance policy that provides for "double-trigger" change in control equity vesting ✓ Engage an independent compensation consultant for the HRC Committee that does no other work for the Company	✘ Enter into individual executive compensation agreements ✘ Provide tax gross-ups for executive perquisites ✘ Pay share-dividend equivalents in our long-term incentive program before vesting of the underlying shares occurs ✘ Provide supplemental defined benefit pension plans (except in the case of international transfers)

The Executive Compensation portion of this proxy statement contains a detailed description of our compensation philosophy and programs, the compensation decisions made under those programs with regard to our named executive officers ("NEOs"), and the factors considered by the HRC Committee in making those decisions for fiscal 2017. We believe that we maintain a compensation program deserving of stockholder support. Accordingly, the Board of Directors recommends stockholder approval of the compensation of our NEOs as disclosed in this proxy statement.

RECOMMENDATION OF THE BOARD OF DIRECTORS

✓ **Our Board recommends a vote FOR the approval of the compensation of our named executive officers, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion following such compensation tables, and the other related disclosures in this proxy statement.**

As an advisory vote, this proposal is not binding on HPE, the Board, or the HRC Committee. However, the HRC Committee and the Board value the opinions expressed by stockholders in their votes on this proposal and will consider the outcome of the vote when making future compensation decisions regarding named executive officers.

Proposal No. 4: Stockholder Proposal Related to Action by Written Consent of Stockholders

We received a stockholder proposal from John Chevedden. The proponent has requested we include the proposal and supporting statement in this proxy statement, and, if properly presented, the proposal will be voted on at the annual meeting. We will provide the proponent's address and the number of shares that he beneficially owns upon oral or written request of any stockholder. This Proposal and supporting statement are quoted verbatim in italics below.

The Board opposes adoption of the Proposal and asks stockholders to review the Board's response, which follows the proponent's Proposal.

STOCKHOLDER PROPOSAL

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THE FOLLOWING STOCKHOLDER PROPOSAL

Proposal [4]—Right to Act by Written Consent

Resolved, Shareholders request that our board of directors undertake such steps as may be necessary to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. This written consent is to be consistent with applicable law and consistent with giving shareholders the fullest power to act by written consent with applicable law. This includes shareholder ability to initiate any topic for written consent consistent with applicable law.

Hundreds of major companies enable shareholder action by written consent. Taking action by written consent in lieu of a meeting is a means shareholders can use to raise important matters outside the normal annual meeting cycle.

Dozens of Fortune 500 companies provide for both shareholder rights—to act by written consent and to call a special meeting. Our higher 25% threshold for shareholders to call a special meeting is one more reason that we should have the right to act by written consent.

It is especially important to gain a shareholder right, such as written consent, to make up for our management abruptly taking away an important shareholder right—the right to an in-person annual meeting. For decades shareholders had a once-a-year opportunity to ask our $10 million CEO and directors questions in person. Now our directors can casually flip their phones to mute during the annual shareholder meeting.

This includes Lip-Bu Tan, a distracted director (serving on 5 boards), who got 37% in negative voted and Marc Andreessen who got 18% in negative votes. Plus the distracted Mr. Tan is one of only 2 directors on our Nomination Committee.

Our management is now free to run a make-believe meeting with Investor Relations devising softball questions in advance while tossing out other questions. Then our $10 million CEO can simply read the scripted IR answers to a camera—no opportunity for audience feedback.

The lack of an in-person annual meeting means that a board meeting can be scheduled months after the virtual meeting—by which time any serious issues successfully raised by shareholders under these onerous conditions will be long forgotten by the directors. Plus a virtual meeting guarantees that there will be no media coverage for the benefit of shareholders.

A virtual meeting is an evil disincentive plan for our directors and top management. Top management has no incentive to avoid making mistakes for 365 days of the year out of concern that there will be an in-person account at the annual meeting.

Please vote to give us a shareholder right to help make up for our top management stripping away one of our important rights:

Right to Act by Written Consent—Proposal [4]

Board of Directors' Statement in Opposition

The Board has carefully considered the proposal for stockholders to act by written consent without a meeting (the ''Proposal'') and, for the reasons outlined below, the Board believes that it is not in the best interests of HPE and its stockholders. Therefore, the Board unanimously recommends that stockholders vote ''AGAINST'' this Proposal.

Stockholder meetings offer important protections and advantages that are absent from the written consent process under this Proposal

The Board is committed to robust corporate governance and believes in maintaining policies and practices that serve the interests of all stockholders. The Board understands that corporate governance is not static—and continually monitors trends and developments in corporate governance and compares and evaluates them against our current practices. The Board recognizes that some stockholders may view the ability to act by written consent as an important right. However, the Board believes that HPE's existing Bylaw provision that provides stockholders with the right to call special meetings offers a more transparent and equitable mechanism for stockholders to raise matters for consideration by the Company.

HPE's stockholders have the right to call a special meeting at a 25% threshold, which is the most common threshold among S&P 500 companies that provide their stockholders with that right. This right to call a special meeting, along with our established stockholder communication and engagement practices, provides stockholders with opportunities to raise important matters and propose actions for stockholder consideration outside the annual meeting process. The protections and advantages of stockholder meetings include:

- The meeting and the stockholder vote take place in a transparent manner on a specified date that is publicly announced well in advance, giving all interested stockholders a chance to express their views and cast their votes.

- The meeting provides stockholders with a forum for open discussion and consideration of the proposed stockholder action.

- Accurate and complete information about the proposed stockholder action is widely distributed in a proxy statement before the meeting, which promotes a well-informed discussion and consideration of the merits of the proposed action.

- All communications with respect to the proposed stockholder action are governed by SEC rules that require fair disclosure to all stockholders through amendments to a proxy statement and/or public releases of all solicitation material.

- The Board is able to analyze and provide a recommendation with respect to actions proposed to be taken at a stockholder meeting.

In contrast, the written consent process does not promote transparent decision making and could disenfranchise stockholders

The Board recommends that stockholders vote against this Proposal because it believes the transparency and fairness of the annual or special meeting process better serve stockholder's interests. Proposing action by written consent deprives stockholders of a forum for discussion or opportunity to have a meaningful and structured exchange of views with the Board and other stockholders before acting. For example, in an attempt at persuasion, the proponent of this Proposal has included several factually incorrect statements (such as the number of directors on our Nominating, Governance and Social Responsibility Committee). Unlike written consents, taking action at annual or special meetings allows for accurate and complete information about the proposed stockholder action to be widely distributed, ensuring well-informed discussion and consideration of the merits of the proposed action.

Matters that are so important as to require stockholder approval should be communicated in advance so they can be properly considered and voted upon by all stockholders. In contrast, this Proposal would allow holders of a bare majority of shares to approve critical actions on their own, without notice to other stockholders or to the Company and without an opportunity for discussion at a stockholder meeting. This Proposal, if adopted, could therefore disenfranchise many stockholders and may deprive them of these rights, while enabling a small group of stockholders (including special interest investors and those who accumulate a short-term voting position through the borrowing of shares), with no fiduciary duties to the other stockholders, to approve their own proposed actions. Accordingly, stockholder action by written consent could be used by a group of stockholders—no matter how small of an ownership position they represent—to pursue individual agendas or significant corporate actions that are not in the best interests of all stockholders.

Additionally, the written consent process has the potential to create confusion because multiple groups of stockholders would be able to solicit written consents at any time and as frequently as they choose on a range of issues, some of which may be duplicative or conflicting. Addressing such actions could impose significant administrative and financial burdens on the Company with no corresponding benefit to stockholders. The Board believes that these possible outcomes are contrary to principles of stockholder democracy, fair and accurate disclosure, and good corporate governance.

HPE's stockholder-friendly corporate governance practices empower stockholders and promote Board accountability

The Board believes the Company's existing strong corporate governance practices make adoption of this Proposal unnecessary. In addition to the right of stockholders to call special meetings at a 25% threshold as mentioned above, the following corporate governance provisions empower stockholders to express their views or take action and enhance Board accountability:

- *Annual Election of Board of Directors*—All HPE directors are elected annually by the stockholders, and stockholders can remove directors with or without cause.
- *Majority Voting for Election of Board of Directors*—HPE has adopted a majority voting standard for the election of directors in uncontested elections.
- *Proxy Access for Director Nominations*—HPE has adopted a proxy access Bylaw provision that allows an eligible stockholder or group of stockholders to nominate candidates for election to the Board that are included in HPE's proxy statement and ballot.
- *Majority Voting for Charter and Bylaw Amendments*—HPE's charter and Bylaw provisions do not have supermajority voting provisions—stockholders can approve binding charter and Bylaw amendments with a majority vote.
- *No Stockholder Rights Plan*—HPE does not have a stockholder rights plan (also known as a ''poison pill'').
- *Independent Board Leadership*—HPE has separated the roles of Chair of the Board and CEO. The Chairman of the Board is an independent director—as are all of the chairs of the committees of the Board.
- *Stockholder Engagement*—Stockholders can communicate directly with the Board and/or individual directors. In addition, management and members of the Board regularly engage with stockholders to solicit their views on important issues such as executive compensation and corporate governance.

Summary

The Board believes that the implementation of this Proposal is not in the best interests of stockholders or the Company and is unnecessary, given the ability of stockholders to call special meetings and the Company's strong corporate governance practices and policies. This Proposal would circumvent the protections, procedural safeguards and advantages provided to all stockholders by stockholder meetings. Accordingly, the Board recommends that you vote AGAINST this Proposal.

VOTE REQUIRED

Approval of this Proposal requires the affirmative vote of a majority of the shares of HPE common stock present in person or represented by proxy and entitled to be voted on the Proposal at the annual meeting.

RECOMMENDATION OF THE BOARD OF DIRECTORS

✘ **Our Board recommends a vote AGAINST the stockholder proposal related to action by written consent of stockholders.**

Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

HPE is an industry-leading technology company. Our technology and services help customers around the world deliver business outcomes due to our deep and comprehensive portfolio, spanning the cloud to the data center to the intelligent edge. Our legacy dates back to a partnership founded in 1939 by William R. Hewlett and David Packard, and we strive every day to uphold and enhance that legacy through our dedication to providing innovative technological solutions to our customers.

On November 1, 2015, HPE became an independent, publicly traded company through a pro rata stock distribution by HP Inc., formerly known as HP. The separation has allowed HPE to focus on, and more effectively pursue, our own distinct operating priorities and strategies. This has led to greater flexibility to invest capital in our own businesses, a more simplified organizational structure, enhanced efficiency in our operations, and most importantly, improved focus on the unique needs of our customers.

During fiscal 2017, we continued to execute our long-term strategy to become a more nimble and focused organization. On April 1, 2017, we completed the separation and merger of our Enterprise Services (''ES'') business with Computer Sciences Corporation (''CSC'') to form DXC Technology Company (''DXC''). Also, on September 1, 2017, we completed the separation and merger of our Software (''SW'') business segment with Micro Focus International plc (''Micro Focus'').

We made a number of strategic acquisitions in fiscal 2017 to strengthen our portfolio including, SimpliVity, Silicon Graphics International Corp. (''SGI''), Nimble Storage, Inc. (''Nimble Storage''), Niara, Inc. (''Niara''), Cloud Cruiser, and Cloud Technology Partners. We believe each of these additions are highly complementary to our core business and operate in high-growth markets with strong margins. HPE also continues to invest organically in introducing exciting new products, such as Synergy, the industry's first composable infrastructure, and new service offerings, like our Flex Capacity.

During the third quarter of fiscal 2017, we launched HPE Next, an initiative to improve our ability to compete in the rapidly evolving technology industry. Through this initiative, which is expected to be implemented through fiscal 2020, we will simplify our operating model, streamline our offerings and business processes to improve our execution, and more importantly, continue to shift our investments in innovation toward high growth and higher margin solutions and services. In addition to the reshaping of our business portfolio, the HPE Next initiative is expected to achieve annual run-rate net cost savings of approximately $800 million exiting fiscal 2020.

On February 1, 2018, Ms. Whitman, retired as CEO, and remains a director on HPE's Board. Mr. Neri, a 22-year veteran of the Company, who most recently served as the President of HPE and former Executive Vice President of the Enterprise Group business, is Ms. Whitman's successor. Ms. Whitman and the rest of the Board are confident that Mr. Neri is the right leader to continue to execute HPE's strategy and deliver value for our stockholders due to his deep understanding of technology, our products and service offerings along with their applications, as well as his experience, and his passion for our customers, partners, employees, and culture.

All of these efforts, initiatives, and changes help to position HPE to successfully deliver on our vision and the three key pillars of our strategy:

- Make Hybrid IT simple through secure, software-defined offerings that enable customers to move data seamlessly across their on-premises data centers, private cloud, managed cloud, and public cloud environments;
- Power the intelligent edge that runs campus, branch, and Internet of Things (IoT) applications; and
- Provide world-class expertise and flexible consumption models to help customers transform their IT environments.

Below is a summary of HPE's financial and strategic highlights, as well as their corresponding impact to compensation for fiscal 2017.

	Summary of Fiscal 2017 Business Highlights(1)	Fiscal 2017 Compensation Impact
FINANCIAL HIGHLIGHTS	• **Net revenue** of **$28.9 billion**, down 5% from the prior year and up 1% when adjusted for divestitures and currency. • **GAAP diluted net earnings per share** of **$0.21**, above the previously provided investor guidance of ($0.11) to ($0.07) per share, but below initial fiscal 2017 guidance. • **Non-GAAP diluted net earnings per share** of **$1.41**, above the previously provided investor guidance of $1.36 to $1.40 per share, but below initial fiscal 2017 guidance. • **Cash flow from operations** of **$0.9 billion**, down from $5.0 billion in the prior year driven by our spin-merge transactions and lower net earnings. • Returned **$3.0 billion to stockholders** in the form of share repurchases and dividends.	• The calculated **Annual Incentive achievement** as a percent of target for corporate NEOs, ranged between 54% and 76%, and between 44% and 100% for Business Leader NEOs. However, due to the underperformance of HPE's overall financial achievement, and **to align with HPE's pay-for performance philosophy**, the HR and Compensation Committee of our Board of Directors (the "HRC Committee") exercised its authority to apply **negative discretion** and determined that **no annual incentive awards would be paid to the NEOs or other Section 16 Officers** for fiscal 2017 (see details in the "Fiscal 2017 PfR Program Annual Incentive Payout" table). • Fiscal **2015 Performance-contingent Stock Options** ("PCSOs"), granted on December 10, 2014, were **forfeited because the associated stock price performance goals were not met** by December 10, 2017.
STRATEGIC HIGHLIGHTS	**Portfolio Optimization** • **Completed the ES/CSC spin-merge**, creating DXC, a pure-play, global IT service market leader; delivering approximately **$13.5 billion in value to HPE and our stockholders,** which included an equity stake in DXC valued at approximately $9.5 billion, a $3.0 billion cash dividend to HPE, and DXC's assumption of certain HPE debt and other liabilities. • **Completed the SW/Micro Focus spin-merge**, creating one of the world's largest pure-play software companies; delivering approximately **$8.8 billion in value to HPE and our stockholders,** which included a cash payment of $2.5 billion to HPE and an equity stake in Micro Focus valued at approximately $6.3 billion. **Targeted Acquisitions** • **Hybrid IT** – **SimpliVity** - a leading provider of software-defined, hyper-converged infrastructure – **SGI** - a global leader in high performance solutions for compute, data analytics and data management – **Nimble Storage** - a provider of predictive all-flash and hybrid-flash storage solutions – **Cloud Cruiser** - a leading provider of cloud consumption analytics software that enables customers to manage and optimize public, private, and hybrid cloud usage and spend – **Cloud Technology Partners** - a leading advisory company focused on cloud migration and cloud app development • **Intelligent Edge** – **Niara** - a leader in the emerging User and Entity Behavior Analytics (UEBA) security market segment	**Long-term Incentive Program** • We designed the fiscal 2017 LTI program to include time-vested RSUs, and PCSOs with vesting tied to achievement of specified stock price targets and continued employment. We used this approach due to the difficulty in forecasting multi-year financial performance in light of the spin-merge transactions, as well as the uncertainty that these portfolio restructuring activities would have on our operating results. • Following the completion of the portfolio restructuring activities in fiscal 2017, and our ability to better forecast multi-year financial performance, **Performance-adjusted Restricted Stock Units** ("PARSUs") **have been reintroduced for fiscal 2018**. The fiscal 2018 PARSU design vests based on two- and three-year performance periods, and **measures Corporate Net Income and relative Total Stockholder Return ("TSR") performance.** **Annual Incentive Program** • We designed annual incentive goals to ensure that HPE and ES/SW leadership teams were held accountable for business performance prior to the closing of the spin-merge transactions. • To account for the impact of the SGI and Nimble Storage acquisitions, annual incentive performance goals were adjusted in a precise and formulaic manner according to the pre-determined adjustment guidelines set by the HRC Committee at the beginning of the performance period.

(1) Financial results, including the GAAP to non-GAAP reconciliation, are reflected as reported in HPE's fourth quarter fiscal 2017 earnings press release.

Executive Compensation Pay-For-Performance Philosophy

Our executive compensation program, practices, and policies have been structured to reflect our commitment to reward short- and long-term performance that aligns with, and drives, stockholder value. The tables below summarize the key elements of the compensation programs applicable to our NEOs in fiscal 2017 relative to HPE's pay-for-performance philosophy.

PAY-FOR-PERFORMANCE
• The ***majority*** of compensation for executives is ***performance based*** and delivered in the form of equity, in order ***to align management and stockholder interests***
• Total direct compensation is generally ***targeted*** within a competitive range of the market ***median,*** with differentiation by executive, as appropriate, based on individual factors such as tenure, criticality of the role and proficiency in the role, sustained performance over time, and importance to our leadership succession plans
• ***Actual realized*** total direct compensation is designed to fluctuate with, and be ***commensurate with, actual annual and long-term performance,*** and changes in stockholder value over time
• ***Incentive awards*** are heavily dependent upon achievement of critical operating goals and our stock performance, and are primarily measured against ***objective metrics*** that we believe ***link directly to the creation of sustainable value*** for our stockholders
• We balance growth objectives, top and bottom line objectives, and short- and long-term objectives to ***reward for overall performance*** that creates balance and does not overemphasize a singular focus
• A significant portion of our long-term incentives are delivered in the form of ***performance-based equity,*** which measures internal and external metrics, ultimately aimed at driving stockholder value
• We validate our ***pay-for-performance*** relationship annually, through an analysis conducted for the HRC Committee by its independent compensation consultant

In addition, the Company has adopted a number of policies and practices, listed below, to support its compensation philosophy and drive performance that aligns executives' and stockholders' interests.

What We Do	What We Don't Do
✓ Design compensation programs that do not encourage excessive risk-taking	✘ Enter into individual executive compensation agreements
✓ Maintain stock ownership guidelines for executive officers, including a rigorous 7x base salary requirement for the CEO	✘ Provide tax gross-ups for executive perquisites
✓ Provide limited executive perquisites	✘ Pay share-dividend equivalents in our long-term incentive program before vesting of the underlying shares occurs
✓ Prohibit hedging or pledging of Company stock by our executive officers	✘ Provide supplemental defined benefit pension plans (except in the case of international transfers)
✓ Maintain a clawback policy that permits the Company to recover annual and long-term incentives	
✓ Maintain a severance policy that provides for "double-trigger" change in control equity vesting	
✓ Engage an independent compensation consultant for the HRC Committee that does no other work for the Company	

Oversight and Authority Over Executive Compensation

ROLE OF THE HRC COMMITTEE AND ITS ADVISORS

The HRC Committee oversees and provides strategic direction to management regarding all aspects of HPE's pay program for senior executives. It makes recommendations regarding the compensation of the CEO to the independent members of the Board for approval, and it reviews and approves the compensation of the remaining Section 16 Officers. Each HRC Committee member is an independent non-employee director with significant experience in executive compensation matters. Our independent Chair of the Board also attends most HRC Committee meetings in a non-voting, advisory role. The HRC Committee engages its own independent compensation consultant as well as its own independent legal counsel.

The HRC Committee continued to retain FW Cook as its independent compensation consultant in fiscal 2017. The HRC Committee continued to retain Dentons US LLP (''Dentons'') as its independent legal counsel through July 2017, and then later, upon the retirement of Dentons' lead attorney, the HRC Committee engaged Vedder Price, P.C. (''Vedder Price'') as its independent legal counsel.

FW Cook provided analyses, market comparator benchmarking, and recommendations that informed the HRC Committee's decisions. All modifications to the compensation programs were assessed by FW Cook on behalf of the HRC Committee, and were discussed and approved by the HRC Committee. Pursuant to SEC rules, the HRC Committee assessed the independence of all its advisors, and concluded each is independent and that no conflict of interest exists that would prevent FW Cook, Dentons, or Vedder Price from independently providing service to the HRC Committee.

Neither FW Cook nor Vedder Price performs other services for the Company, and neither will do so without the prior consent of the HRC Committee chair. Both Vedder Price and FW Cook meet with the HRC Committee chair and the HRC Committee outside the presence of management.

The HRC Committee met five times in fiscal 2017. The HRC Committee's independent advisors participated in most of the meetings, as well as preparatory meetings and executive sessions.

ROLE OF MANAGEMENT AND THE CEO IN SETTING EXECUTIVE COMPENSATION

Management leads the development of our compensation programs and considers market competitiveness, business results, experience, and individual performance in evaluating NEO and other Section 16 Officer compensation. The Executive Vice President of Human Resources and other members of our human resources organization, together with members of our finance and legal organizations, work with the CEO to design and develop compensation programs and implement the decisions of the HRC Committee. Management also recommends changes to existing plans and programs applicable to NEOs and other senior executives, as well as financial and other targets to be achieved under those programs, and prepares analyses of financial data, peer comparisons, and other briefing materials to assist the HRC Committee in making its decisions. During fiscal 2017, management continued to engage Meridian Compensation Partners, LLC (''Meridian'') as its compensation consultant. Because Meridian is engaged by management, the HRC Committee has determined that they are not independent. This was taken into consideration when any information or analyses were provided by Meridian, all of which were also reviewed by FW Cook on behalf of the HRC Committee.

For fiscal 2017, Ms. Whitman provided input to the HRC Committee regarding performance metrics and the setting of appropriate Company-wide and business-specific performance targets. Ms. Whitman also recommended target qualitative goals (Management by Objectives, or ''MBOs'') for the NEOs and the other senior executives who reported directly to her. Ms. Whitman was not involved in deliberations regarding her own compensation. She was subject to the same financial performance goals as the executives who led global functions, and Ms. Whitman's MBOs and compensation were approved by the independent members of the Board upon the recommendation of the HRC Committee, which was determined in executive session.

Detailed Compensation Discussion and Analysis

The Compensation Discussion and Analysis or ''CD&A'' describes the material elements of compensation for the fiscal 2017 NEOs, who are listed below:

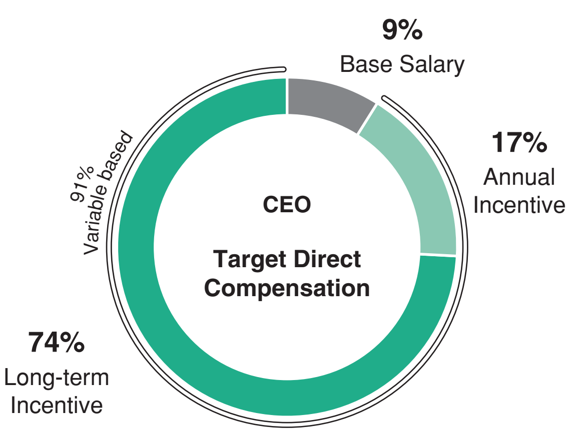
Name	Title
Margaret C. Whitman	Chief Executive Officer (through February 1, 2018)
Timothy C. Stonesifer	Executive Vice President and Chief Financial Officer
Antonio F. Neri	President (CEO and President, effective February 1, 2018)
John F. Schultz(1)	Executive Vice President, General Counsel and Secretary
Henry Gomez	Executive Vice President, Chief Marketing and Communications Officer
Christopher P. Hsu(2)	Former Executive Vice President, Chief Operating Officer, and General Manager, Software

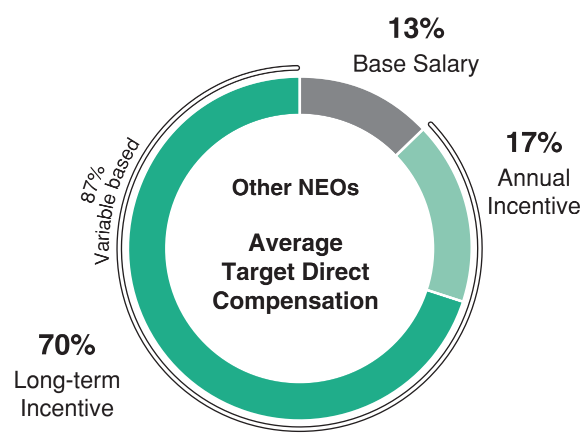
(1) Effective November 29, 2017, Mr. Schultz's title was changed to Executive Vice President, Chief Legal and Administrative Officer and Secretary to reflect his additional responsibilities.

(2) Effective August 31, 2017, Mr. Hsu separated from his role at HPE to become the CEO of the newly combined Software and Micro Focus Company. However, since his compensation exceeded that of the next most highly compensated executive officer, he is reported as an NEO in this proxy statement.

COMPONENTS AND MIX OF COMPENSATION

Our primary focus in compensating executives is on the longer-term and performance-based elements of target compensation. The chart below reflects HPE's three main executive compensation components. Under the executive compensation program, over 90% of Ms. Whitman's fiscal 2017 target total direct compensation was variable, and on average, 87% was variable for other NEOs.





The table below describes HPE's pay components, along with the role and factors for determining each pay component applicable to our NEOs in fiscal 2017.

PAY COMPONENT	ROLE	DETERMINATION FACTORS
Base Salary	• Fixed portion of annual cash income	• Value of role in competitive marketplace • Criticality of the role to the Company • Skills, experience, and performance of individuals compared to the market as well as internal equity
Annual Incentive (i.e., Pay-for-Results)	• Variable portion of annual cash income • Focuses executives on annual objectives that support long-term strategy and value creation	• Target awards based on competitive marketplace, internal equity, and level of experience • Actual awards based on performance against annual goals at the corporate, business segment (where applicable), and individual levels
Long-term Incentives: • PCSOs • RSUs	• Reinforces need for long-term sustained performance • Aligns interests of executives and stockholders, reflecting the time horizon and risk to investors • Encourages equity ownership • Encourages retention	• Target awards based on competitive marketplace, level of executive, internal equity, and skills and performance of executive • Realized value relative to target based on actual performance against rigorous pre-established stock price performance goals
All Other: • Benefits • Perquisites • Severance Protection	• Supports the health and security of our executives, and their ability to save on a tax-deferred basis • Enhances executive productivity	• Competitive marketplace • Level of executive • Standards of good governance • Desire to emphasize performance-based pay

Process for Setting and Awarding Fiscal 2017 Executive Compensation

The Board and the HRC Committee regularly explore ways to improve our executive compensation program. Fiscal 2017 target compensation levels for HPE executives were determined by the HRC Committee. In making changes for fiscal 2017, the HRC Committee considered the evolution of HPE's business and business needs, as well as appropriate levels of compensation in comparison to HPE's post spin-merge peer companies. The objectives were to encourage strong performance, pay commensurately with performance, and align the interests of HPE's executives with those of HPE's stockholders.

The HRC Committee and the Board considered a broad range of facts and circumstances in setting our overall executive compensation levels. Among the factors considered for our executives generally, and for the NEOs in particular, were market competitiveness, internal equity, and individual performance. The weight given to each factor may differ from year to year, is not formulaic, and may differ among individual NEOs in any given year. For example, when we recruit externally, market competitiveness, experience, and the circumstances unique to a particular candidate may weigh more heavily when determining compensation levels. In contrast, when determining year-over-year compensation for current NEOs, internal equity and individual performance may weigh more heavily in the analysis.

Because such a large percentage of NEO pay is performance based, the HRC Committee spent significant time determining the appropriate metrics and goals for HPE's annual and long-term incentive pay plans. In general, for fiscal 2017 compensation, management made an initial recommendation of goals, which were assessed by FW Cook, and then were discussed and approved by the HRC Committee. Major factors considered in setting goals for each fiscal year include business results from the most recently completed fiscal year, business-specific strategic plans, macroeconomic factors, competitive performance results and goals, conditions or goals specific to a particular business, and strategic initiatives.

In addition, the HRC Committee considered feedback from our stockholders and the results of our most current Say on Pay vote. Our fiscal 2016 Say on Pay vote reflected 83.3% support from our stockholders. The HRC Committee believes this indicates that our stockholders support the philosophy, strategy, and objectives of our executive compensation programs.

In setting incentive compensation for the NEOs, the HRC Committee generally did not consider the effect of past changes in stock price, expected payouts, or earnings under other programs. In addition, incentive compensation decisions were made without regard to length of service or awards in prior years.

Following the close of fiscal 2017, the HRC Committee reviewed actual financial results and MBO performance against the goals under our incentive compensation programs for the year. Actual payouts were determined by reference to performance against the established goals, and the HRC Committee's authority to exercise negative discretion. In addition, the HRC Committee met in executive session without members of management present, to review the MBO results for Ms. Whitman, which were then approved by the independent members of the Board.

Determination of Fiscal 2017 Executive Compensation

FISCAL 2017 BASE SALARY

Consistent with a philosophy of linking pay to performance, our executives received a small percentage of their target total direct compensation in the form of base salary. The NEOs are paid an amount of base salary sufficient to attract qualified executive talent and maintain a stable management team. The HRC Committee targeted executive base salaries to be at or near the market median for comparable positions at our peer companies, and to generally comprise approximately 10% to 15% of the NEOs' overall target total direct compensation, which is consistent with the practice of peer-group companies.

For fiscal 2017, the Board maintained Ms. Whitman's salary at $1.5 million, unchanged since fiscal 2014. As part of HPE's annual compensation-management process, Ms. Whitman recommended, and the HRC Committee reviewed and approved, the following fiscal 2017 base salary increases to more closely align other NEOs with similar executives of HPE peer companies. In addition, the HRC Committee approved a 10% salary increase for Mr. Neri as a result of his promotion to President of HPE in June 2017.

	Annual Base Salary		
Named Executive Officer	**Fiscal 2016**	**Fiscal 2017**	**Increase %(1)**
Margaret C. Whitman	$1,500,000	$1,500,000	0%
Timothy C. Stonesifer	$ 675,000	$ 725,000	7%
Antonio F. Neri	$ 725,000	$ 800,000	10%
John F. Schultz(2)	N/A	$ 725,000	N/A
Henry Gomez(2)	N/A	$ 700,000	N/A
Christopher P. Hsu	$ 675,000	$ 700,000	4%

(1) Increase percentages may be rounded

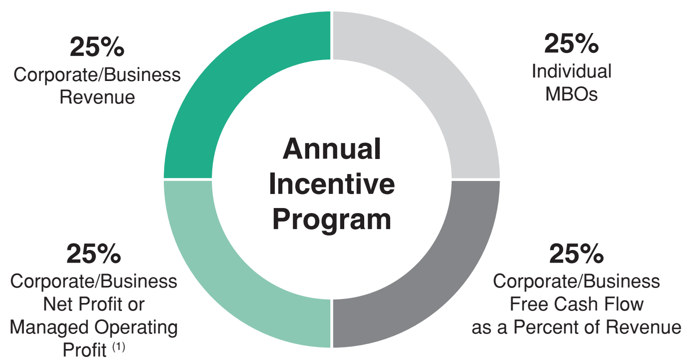
(2) Prior to fiscal 2017, Messrs. Schultz and Gomez were not identified as NEOs, and therefore compensation prior to fiscal 2017 is not disclosed

FISCAL 2017 ANNUAL INCENTIVES

Pay-for-Results ("PfR") Program Design

The NEOs are eligible to earn an annual incentive under our 2015 Stock Incentive Plan. The target annual incentive awards for fiscal 2017 were set at 200% of salary for Ms. Whitman, and 125% of salary for the other NEOs.

The performance metrics approved by the HRC Committee aligned with HPE's intention to focus business leaders more directly on the financial performance of their own business segments. The fiscal 2017 annual incentive program consisted of three core financial metrics: net revenue, net/operating profit, free cash flow as a percentage of revenue ("FCF") and, as a fourth metric, individual MBOs. With the exception of NEOs aligned with the Software business, each metric was weighted equally at 25% of the target award value. The applicable net revenue, net profit, and FCF targets for business leaders relate to their respective business segments. For others, those metrics relate to overall corporate performance.



- ✓ Individual metrics have a potential to earn up to 250% of target, while maximum total annual incentive payout for each executive is capped at 200% of target
- ✓ Free cash flow payout is capped at 150% of target if net profit is below target, and is capped at 100% of target if net profit is below threshold
- ✓ Revenue payout is capped at 100% of target; to the extent both revenue and profit performance are above target, the profit metric becomes weighted 50%, and the revenue metric becomes weighted 0%

(1) Annual incentive design for Software was based on 25% revenue, 50% managed operating profit, and 25% MBOs

The specific metrics, their linkage to corporate or business results, as applicable, and the weighting that was placed on each, were chosen because the HRC Committee believed:

- performance against these metrics enhances value for stockholders, capturing both the top and bottom line, as well as cash and capital efficiency;
- requiring both revenue and profitability to be above target in order to achieve an above-target payout on these two measures encourages the pursuit of profitable revenue;
- a linkage to business-segment results for business leaders strengthens line of sight and drives accountability;
- a balanced weighting and various caps limit the likelihood of rewarding executives for taking excessive risk;
- using different measures avoids paying for the same performance twice; and
- individual MBOs enhance focus on business objectives, such as operational objectives, strategic initiatives, succession planning, and talent development, which are important to the long-term success of the Company.

These financial performance metrics are defined and explained in greater detail below:

Fiscal 2017 PfR		
Financial Performance Metrics	**Definition[(1)]**	**Rationale for Metric**
Corporate Revenue	Net revenue as reported in HPE's Annual Report on Form 10-K for fiscal 2017	Reflects top line financial performance, which is a strong indicator of our long-term ability to drive stockholder value
Business Revenue	Business-segment net revenue as reported in HPE's Annual Report on Form 10-K for fiscal 2017	
Corporate Net Profit	Non-GAAP net earnings, as defined and reported in HPE's fourth quarter fiscal 2017 earnings press release, excluding bonus net of income tax[(2)]	Reflects bottom line financial performance, which is directly tied to stockholder value on a short-term basis
Business Net Profit	Business-segment net profit, excluding bonus net of income tax	
Managed Operating Profit	Business-segment operating profit before bonus, defined as net revenue less business owned cost of sales, OPEX (e.g. WW owned costs, corporate business owned costs) and associated global functions allocations	Reflects efficiency of business segment management, including both overall demand for products and cost management. Additionally reflects key focus on one of the most critical measures for a successful spin-merge transaction of the Software business
Corporate Free Cash Flow as a Percent of Revenue	Cash flow from operations less net capital expenditures (gross purchases less retirements) divided by net revenue (expressed as a percentage of revenue)	Reflects efficiency of cash management practices, including working capital and capital expenditures
Business Free Cash Flow as a Percent of Revenue	Business-segment cash flow from operations less net capital expenditures (gross purchases less retirements) divided by business segment revenue (expressed as a percentage of revenue)	Reflects efficiency of business-specific cash management practices, including working capital and capital expenditures

(1) While financial results are reported in accordance with generally accepted accounting principles (“GAAP”), financial performance targets and results under incentive plans were sometimes based on non-GAAP financial measures. The financial results, whether GAAP or non-GAAP, may be further adjusted as permitted by those plans and approved by the HRC Committee. The HRC Committee reviewed GAAP to non-GAAP adjustments and any other adjustments to ensure performance took into account the way the goals were set and executive accountability for performance. These metrics and the related performance targets are relevant only to HPE's executive compensation program and should not be used or applied in other contexts.

(2) Fiscal 2017 non-GAAP net earnings exclude after-tax costs related to the amortization of intangible assets, restructuring charges, acquisition and other-related charges, separation costs, transformation costs, disaster charges, defined benefit plan settlement charges and remeasurement benefit, an adjustment to loss from equity interests, tax indemnification adjustments and valuation allowances, net and separation taxes. HPE's management used non-GAAP net earnings to evaluate and forecast HPE's performance before gains, losses, or other charges that were considered by HPE's management to be outside of HPE's core business segment operating results. We believe that presenting non-GAAP net earnings provides investors with greater visibility to the information used by HPE's management in its financial and operational decision making. We further believe that providing this additional non-GAAP information helps management to evaluate and measure performance. This additional non-GAAP information is not intended to be considered in isolation or as a substitute for GAAP net earnings.

In consideration of HPE's continued business transformation and the considerable impact of foreign exchange rates, the HRC Committee approved plan mechanics in the beginning of the performance period to non-discretionarily revise any internal financial goals for business transformation transactions that have a material impact to HPE's revenue, and to limit foreign exchange impact on actual performance results to no more than +/− 5%. The HRC Committee continues to have negative discretion to the extent it decides against revising the performance goals, and can review and approve adjustments below the initially set guidelines in special cases.

Design Changes for Fiscal 2017

The terms of the fiscal 2017 annual incentive program remained largely consistent with those of the program from the prior year, but there were two changes made to better align executives' interests to the interests of our stockholders:

- For business-segment level NEOs, the capital management financial metric was changed from ''HPE FCF as a percentage of revenue'' to ''Business FCF as a percentage of revenue,'' to better hold the leaders of each business accountable for their results.
- The profit metric for the leader of the Software business segment was changed from ''business net profit'' to ''managed operating profit,'' to better hold the leader accountable for results that they control and influence, including global function allocations and the unallocated corporate items directly managed by them.

Fiscal 2017 Financial Results

Shortly after the completion of the fiscal year, the HRC Committee reviewed and determined performance against the corporate financial metrics as follows:

Fiscal 2017 PfR Program—Corporate Performance Against Financial Metrics(1)

Metric	Weight	Target(2)(3) ($ in billions)	Result(4) ($ in billions)	Percentage of Target Annual Incentive Funded
Revenue	25.0%	39.1	37.4	13.19%
Net Profit	25.0%	2.8	2.4	7.22%
Free Cash Flow (as % of revenue)	25.0%	1.41%	1.26%	8.99%
Total	**75.0%**	—	—	**29.40%**

(1) Corporate targeted performance and final results included ES/SW performance to ensure that HPE and ES/SW leadership teams were held accountable for business performance prior to the closing of the spin-merge transactions.

(2) Corporate targets are only disclosed after the end of the performance period. The Company does not disclose the targets pertaining to its business segments because this information is not otherwise publicly disclosed by the Company, and the Company believes it would cause competitive harm to do so in this proxy statement. Consistent with financial targets that are communicated to stockholders, business-segment targets were set at levels necessary to drive stockholder value.

(3) Consistent with the HRC Committee's guidance previously described, financial metric goals were revised due to the SGI and Nimble Storage acquisitions, each of which were greater than the pre-determined threshold set at the beginning of the performance period.

(4) Consistent with the HRC Committee's guidance previously described, corporate free cash flow results have been adjusted to reduce the impact of foreign currency fluctuations based on pre-determined levels approved at the time the initial program performance goals were set.

DETAILED DISCUSSION OF MBOs

With respect to performance against the MBOs, the independent members of the Board evaluated Ms. Whitman's performance during an executive session held shortly following the end of the fiscal year. The evaluation included an analysis of Ms. Whitman's performance against all of her individual MBOs, which included, but were not limited to: ensuring the successful and timely closure of both the ES/CSC and SW/Micro Focus spin-merge transactions, delivering on HPE's strategy and improving growth and operating margins for the remaining HPE portfolio, and regaining revenue growth momentum by even greater direct engagement with customers, partners, and large scale service providers/integrators.

After conducting a thorough review of Ms. Whitman's performance, the independent members of the HPE Board determined that Ms. Whitman's MBO performance had been achieved above target. Ms. Whitman's accomplishments included:

- successfully executing the ES/CSC and SW/Micro Focus spin-merge transactions, in a timely manner and under budget, while unlocking $13.5 billion and $8.8 billion in stockholder value, respectively;

- executing HPE's business strategy by leading a high level of M&A activity, including the acquisitions of SimpliVity, SGI, Nimble Storage, Niara, Cloud Cruiser, and Cloud Technology Partners, most of which were performing at or better than financially planned as of fiscal year-end;
- generating significant business by resetting HPE's relationship with key customers, and achieving a number of high profile sales wins; and
- engineering HPE Next, a transformative set of initiatives to optimize HPE's current portfolio into a higher performing business model that will create improved stockholder returns over the next three years and beyond.

As the former CEO, Ms. Whitman evaluated the performance of other Section 16 Officers and presented her recommendations based on those evaluations to the HRC Committee shortly following the end of the fiscal year. The evaluations included an analysis of each officer's performance against their individual MBOs, which are intended to be differentiated performance metrics. After discussion, the HRC Committee determined the degree of attainment of the MBOs. The results of these evaluations and selected MBOs for the other NEOs are summarized below:

Mr. Stonesifer. The HRC Committee determined that Mr. Stonesifer's MBO performance had been achieved at target. HPE achieved earnings per share in line with expectations at year-end, and also delivered on its commitments of share repurchases and dividends. Mr. Stonesifer's oversight of complex spin-merge agreements, acquisition integration, and financial performance following the transactions were noteworthy in ensuring HPE met or exceeded investment plans.

Mr. Neri. The HRC Committee determined that Mr. Neri's MBO performance had been achieved above target. While the Enterprise Group business underperformed in a highly challenging year due to intense pricing actions by scale competitors and commodity inflation, Mr. Neri played a key role in strengthening HPE's portfolio though several successful acquisitions, most of which performed at or better than financially planned as of the end of fiscal 2017. In addition, Mr. Neri's performance excelled as he pivoted from his prior role as Executive Vice President of the Enterprise Group to a more strategic role as President of HPE. He successfully collaborated with Ms. Whitman and the Board to craft the go-forward HPE strategy and financial architecture and ultimately assumed leadership of HPE Next, the primary planning and operational vehicle for a highly transformative set of strategic shifts in product positioning, go-to-market focus, and business process improvements designed to deliver the 2018-20 business plan.

Mr. Schultz. The HRC Committee determined that Mr. Schultz's MBO performance had been achieved above target. He continues to be a leader among corporate General Counsels and he drove a significant increase in productivity across the Office of the General Counsel. Through his intensive personal effort and deep expertise, both highly complex spin-merge transactions closed on time and under budget. Mr. Schultz continued to excel, not only in his traditional role as General Counsel, but also as a driving force for a number of key strategic HPE initiatives.

Mr. Gomez. The HRC Committee determined that Mr. Gomez's MBO performance had been achieved above target. He delivered world class marketing and communications support across the organization in fiscal 2017, despite significant changes in the product portfolio due to complex spin-merge activity, six acquisitions, and considerable external market headwinds. His leadership helped improve HPE sales performance and maintain brand relevance. In addition, Mr. Gomez made significant contributions to the HPE Next initiative, including extensive and complex communications efforts.

Mr. Hsu. The HRC Committee determined that Mr. Hsu's MBO performance had been achieved above target. He successfully executed the on-time and under-budget closure of both the ES/CSC and SW/ Micro Focus spin-merge transactions, generating significant stockholder value. Mr. Hsu simultaneously drove a major turnaround in the Software business, resulting in substantial operating profit improvement year-over-year. Following the closure of the Software spin-merge transaction, Mr. Hsu transitioned to CEO of Micro Focus.

Based on the findings of these performance evaluations, the HRC Committee (and, in the case of Ms. Whitman, the independent members of the Board) evaluated performance against the non-financial metrics for the NEOs to determine the overall level of achievement in the table below. HPE does not disclose detailed MBO goals for each NEO out of concern for competitive harm.

Fiscal 2017 PfR Program Performance Against Non-Financial Metrics (MBOs)

Named Executive Officer	Actual Performance as a Percentage of Target (%)	Weight (%)	Percentage of Target Annual Incentive Funded (%)
Margaret C. Whitman	185	25	46.25
Timothy C. Stonesifer	100	25	25.00
Antonio F. Neri	150	25	37.50
John F. Schultz	175	25	43.75
Henry Gomez	125	25	31.25
Christopher P. Hsu	150	25	37.50

Based on the fiscal 2017 financial and non-financial level of performance described above, the calculated annual incentive results for the NEOs under the PfR program ranged between 44% and 100% of target. However, due to the underachievement of HPE's financial performance overall, the HRC Committee (and the independent members of the Board, in the case of Ms. Whitman) applied negative discretion and determined that no annual incentive awards would be paid to the NEOs, or other Section 16 Officers for fiscal 2017. The calculated annual incentive awards prior to the HRC Committee's application of negative discretion are reflected in the table below.

Annual Base Salary × **Target Annual Incentive %** × **Corporate/BU Performance %** (weighted 75%) + **MBO %** (weighted 25%) = **Annual Incentive Payout ($)**

Fiscal 2017 PfR Program Annual Incentive Payout

			Percentage of Target Annual Incentive Funded			Total Annual Incentive Payout	
Named Executive Officer	Annual Salary(1) ($)	Annual Incentive Target (%)	Financial Metrics (%)	Non-Financial Metrics (%)	As % of Target Annual Incentive (%)	Calculated Results Prior to Discretion(2) ($)	Actual Payout After Discretion(2) ($)
Margaret C. Whitman	1,500,000	200	29.40	46.25	75.65	2,269,618	—
Timothy C. Stonesifer	725,000	125	29.40	25.00	54.40	493,036	—
Antonio F. Neri	752,403	125	6.26	37.50	43.76	411,603	—
John F. Schultz	725,000	125	29.40	43.75	73.15	662,958	—
Henry Gomez	700,000	125	29.40	31.25	60.65	530,722	—
Christopher P. Hsu	583,333	125	62.52	37.50	100.02	729,292	—

(1) Mr. Neri's salary and target annual incentive amounts have been prorated based on a salary increase effective June 21, 2017. Mr. Hsu's salary and target annual incentive amounts have been prorated based on his 10 months of fiscal 2017 HPE employment.

(2) Due to HPE's financial achievement overall, and to align with HPE's pay-for-performance philosophy, the HRC Committee exercised its authority to apply negative discretion and did not approve any annual incentive payouts for fiscal 2017.

Within the first 90 days of fiscal 2017, the HRC Committee established an "umbrella" pool under which a maximum bonus was determined in order to permit awards to be eligible to be considered qualified performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). Under the umbrella formula, each Section 16 Officer was allocated a pro rata share of 1.0% of net earnings based on his or her target annual incentive award, subject to a maximum bonus of 200% of each NEO's target bonus, and the maximum $10 million cap under the PfR program. After certifying the size of the pool and the individual allocations, which were each in excess of the maximum potential bonus for the Covered Officers, the HRC Committee determined actual payouts through the exercise of negative discretion based upon financial metrics and MBOs established by the HRC Committee for Section 16 Officers and by the independent members of the Board for Ms. Whitman, as described above.

LONG-TERM INCENTIVES

Fiscal 2017 Award Mix

The HRC Committee established a streamlined LTI design for our NEOs that consisted of two vehicles in preparation for the ES/CSC and SW/Micro Focus spin-merge transactions completed in fiscal 2017. The equity award types and value-based mix were considered appropriate for fiscal 2017 given the difficulty in forecasting multi-year financial performance in light of the spin-merge transactions.

The fiscal 2017 LTI award value-based vehicle mix for the NEOs is shown in the following chart:

- **PCSOs** support stockholder alignment as these options only create value for the recipient to the extent that our stock achieves rigorous pre-established stock price performance goals. As a result, we believe performance-contingent stock options encourage executives to focus on driving stock price appreciation and stockholder value. This grant vests ratably over three years to the extent performance conditions are achieved.

- **RSUs** support retention and are linked to stockholder value and ownership, which are also important goals of HPE's executive compensation program. This grant vests ratably over three years from the date of grant.

Fiscal 2017 LTI Grant Values

The HRC Committee, and in the case of Ms. Whitman, the independent members of the Board, approved the value of fiscal 2017 annual LTI awards for the NEOs based on factors such as: competitive market data, internal equity, individual performance, and the executives' potential future contributions.

Fiscal 2017 Annual LTI Award Values			
Named Executive Officer	PCSOs (50%)	RSUs (50%)	Total LTI Value (100%)
M. Whitman	$6,500,000	$6,500,000	$13,000,000
T. Stonesifer	$2,000,000	$2,000,000	$ 4,000,000
A. Neri	$2,250,000	$2,250,000	$ 4,500,000
J. Schultz	$1,375,000	$1,375,000	$ 2,750,000
H. Gomez	$1,375,000	$1,375,000	$ 2,750,000
C. Hsu	$2,000,000	$2,000,000	$ 4,000,000

These values represent the target dollar value of awards granted. Actual grant date fair value may vary slightly. In addition, these values do not include the impact of one-time accounting costs resulting from the conversion of equity awards following the close of the ES/CSC spin-merge transaction.

For more information on NEO grants of PCSOs and RSUs during fiscal 2017, see "Grants of Plan-Based Awards in Fiscal 2017" table.

Fiscal 2017 PCSOs

The PCSOs were structured to have both ratable time-based vesting requirements and performance conditions in the form of pre-established stock price performance goals. Each of the three vesting tranches risk forfeiture unless the stock price performance goals are met within two, four, and five years respectively. In setting the stock price performance goals required for the PCSOs to vest, the HRC Committee considered not only the stock price itself, but also the underlying compound annual growth rate required both to achieve vesting in the targeted three years, as well as to avoid forfeiture by meeting stock price performance goals in later years.

The annual PCSOs were granted to the NEOs on December 7, 2016, with a grant price of $14.67. As of the end of fiscal 2017, each of the three stock price performance goals were unmet.

Additional details regarding the fiscal 2017 PCSO design are described in the table below.

Fiscal 2017 PCSO Design

Tranche	Time-vesting Requirement	Minimum Stock Price Performance Goal Required For Vesting(1)(2)	Forfeiture Date If Stock Price Performance Goal Is Not Met	Minimum Compound Annual Growth Rate: For Ratable Vesting Over Three Years	Minimum Compound Annual Growth Rate: For Vesting Prior To Tranche Forfeiture Date
Tranche One	December 7, 2017	$16.87 (115% of the grant price)	December 7, 2018	**15.0%**	7.2%
Tranche Two	December 7, 2018	$18.33 (125% of the grant price)	December 7, 2020	**11.8%**	5.7%
Tranche Three	December 7, 2019	$19.80 (135% of the grant price)	December 7, 2021	**10.5%**	6.2%

(1) The 20-day moving average of HPE's closing stock price must be at or above the specific stock price performance goal (at any point during the performance period) to satisfy the performance-based vesting requirement

(2) The grant price and stock price performance goals have been formulaically converted due to the Enterprise Services and Software spin-merge transactions based on the conversion ratio determined by dividing the close price immediately prior to each transaction by the opening price immediately following each transaction

Design Changes for Fiscal 2017

Management recommended, and the HRC Committee approved, certain changes to the equity vehicle weighting for our fiscal 2017 grant. The fiscal 2017 annual equity awards were granted fifty percent in PCSOs and fifty percent in RSUs to acknowledge the goal-setting challenges in fiscal 2017 due to the expected spin-merge transactions and to further support stability and stockholder alignment. As noted previously, given the difficulty in forecasting multi-year financial performance in light of the spin-merge transactions, this value-based equity mix was considered appropriate for fiscal 2017. PARSUs have been reintroduced in fiscal 2018 which is further discussed in the ''Fiscal 2018 Compensation Program'' section.

	Annual LTI Vehicle Mix				
	PARSUs	**RSUs**	**Stock Options**	**PCSOs**	**Total**
Fiscal 2017	N/A	50%	N/A	50%	100%
Fiscal 2016	50%	25%	25%	N/A	100%

BENEFITS

Our NEOs receive health and welfare benefits (including retiree medical benefits if eligibility conditions are met) under the same programs and subject to the same eligibility requirements that apply to our U.S. employees generally. We do not provide our executives, including the NEOs, with special or supplemental U.S. defined benefit pension or health benefits.

The NEOs, along with other executives who earn base pay or annual incentives in excess of certain limits under the Code, were eligible in fiscal 2017 to participate in the HPE Executive Deferred Compensation Plan (the ''EDCP''). This plan was maintained to permit executives to defer a portion of their compensation and related taxation on such amounts. This is a standard benefit plan also offered by the majority of our peer-group companies, and is more fully described in the ''Narrative to the Fiscal 2017 Non-Qualified Deferred Compensation Table'' section. Amounts deferred or matched under the EDCP are credited with notional investment earnings based on investment options selected by the participant from among mutual and proprietary funds available to employees under the HPE 401(k) Plan. No amounts in EDCP earn above-market returns.

PERQUISITES

Consistent with the practices of our peer-group companies, we provide a limited number of perquisites to our senior executives, including the NEOs, as discussed below.

We provide our NEOs with financial counseling services to assist them in obtaining professional financial advice, which is a common benefit among our peer-group companies. This helps increase the understanding and effectiveness of our executive compensation program, and also increase productivity by limiting distractions from Company responsibilities to attend to personal financial matters. The value of these services is taxable to our executives.

The CEO may use company aircraft for personal purposes in their own discretion and, at times, is advised to use company aircraft for personal travel for security reasons. The other NEOs may use company aircraft for personal purposes under certain limited circumstances, if available and approved in advance by the CEO. The NEOs, including the CEO, are taxed on the value of this personal usage according to applicable tax rules. There is no tax gross-up paid on the income attributable to this value. In fiscal 2012, Ms. Whitman entered into a ''time-sharing'' agreement, which was renewed each year since and, under which she reimbursed the Company for costs incurred in connection with certain personal travel on corporate aircraft above a certain amount in a given fiscal year.

For details on perquisites received during fiscal 2017, see the ''Summary Compensation Table'' below.

Other Compensation-Related Matters

USE OF COMPARATIVE COMPENSATION DATA AND COMPENSATION PHILOSOPHY

The HRC Committee reviewed Section 16 Officer compensation and compared it to that of executives in similar positions with HPE's peer-group companies for purposes of benchmarking target pay levels. In light of the significance of the Enterprise Services business spin-merge transaction, the HRC Committee asked FW Cook to conduct a review of, and propose potential changes to, HPE's peer group to reflect its smaller size and scope of operations. As a result of that review, seven large companies were removed (Amazon, Apple, Caterpillar, General Electric, Google, Microsoft and United Technologies), and six companies were added (Cognizant, HP Inc., Micron Technology, Seagate Technology, Texas Instruments and Western Digital). The HRC Committee reviewed and approved the following peer group, which informed decision making for fiscal 2017 target pay levels:

Fiscal 2017 Peer Companies

Technology	• Accenture • ADP • Cisco Systems, Inc. • Cognizant • Computer Sciences Corporation • EMC Corporation • HP Inc. • IBM	• Intel Corporation • Micron Technology • Oracle Corporation • Qualcomm • Seagate Technology • Texas Instruments • Xerox • Western Digital
Non-technology	• Honeywell	• The Boeing Company

For fiscal 2017, FW Cook used the following screening criteria to develop a pool of potential peers:

- Industry—companies operating in similar or comparable industry space
- Size—companies within a range of 1/3rd to three times HPE's projected post-spin revenue and 1/5th to five times HPE's projected post-spin market capitalization

HPE is positioned in a reasonable range around peer median on several size characteristics (e.g., revenue, operating income, and total assets). The Company was around the 60^{th} percentile for revenue and around the 30^{th} percentile for market capitalization, despite the removal of several large companies from its prior peer group. FW Cook's industry- and size-based analysis did not identify additional suitable peers that would leave positioning on other important size elements at appropriate levels, while materially changing HPE's relative positioning on market capitalization.

In reviewing comparative pay data from these companies against pay for our Section 16 Officers, the HRC Committee evaluated data, using regression analysis where necessary, to adjust for size differences between HPE and the peer-group companies. Exclusions were made for particular data points of certain companies if they were anomalous and not representative of market practices. The HRC Committee continued to set target total direct compensation levels for fiscal 2017 that were generally at or near the market median, although in some cases higher for attraction and retention purposes.

The HRC Committee has and will continue to review HPE's peer group annually to assess the appropriateness for competitive benchmarking of executive pay and compensation design.

EXECUTIVE STOCK OWNERSHIP GUIDELINES

HPE has stock ownership guidelines designed to align executives' interests more closely with those of stockholders, and mitigate the potential for taking excessive risk that could affect the value of HPE stock. Under the guidelines, within five years of assuming a designated position, the CEO should attain and hold an investment position in our stock equal to seven times their base salary, and all other Section 16 EVPs should attain and hold an investment position equal to five times their respective base salaries. Shares counted toward these guidelines include any shares held by the executive directly or through a broker, shares held through the HPE 401(k) Plan, shares held as restricted stock, shares underlying time-vested RSUs, and shares underlying vested but unexercised stock options (fifty percent of the in-the-money value of such options is used for this calculation). All NEOs held the required investment position in HPE's stock as of the end of fiscal 2017.

ANTI-HEDGING/PLEDGING POLICY

We have a policy prohibiting HPE's executive officers from engaging in any form of hedging transaction (derivatives, equity swaps, forwards, etc.) in HPE stock, including, among other things, short sales and transactions involving publicly traded options. In addition, with limited exceptions, HPE's executive officers are prohibited from holding HPE stock in margin accounts and from pledging HPE stock as collateral for loans. We believe that these policies further align executives' interests with those of our stockholders.

POLICY ON RECOVERY IN EVENT OF FINANCIAL RESTATEMENT

HPE has adopted a "clawback" policy that permits the Company to recover certain annual and long-term incentives from senior executives whose fraud or misconduct resulted in a significant restatement of financial results. The policy allows for the recovery of incentives paid at or above target from those senior executives whose fraud or misconduct resulted in the restatement where the incentives would have been lower absent the fraud or misconduct, as determined by the Board. In addition, HPE's equity grant agreements clarify that awards are subject to the clawback policy.

FISCAL 2018 COMPENSATION PROGRAM

With HPE successfully completing its primary portfolio restructuring activities in fiscal 2017, and therefore, its improving ability to better forecast multi-year financial performance, the HRC Committee approved a fiscal 2018 compensation structure that aligns more closely with market best practice and continues to support stockholder interests.

- The long-term incentive program continues to be highly performance based, aligns our NEOs with stockholder interests, and strongly protects against undesirable attrition. The fiscal 2018 equity award was granted fifty percent in PARSUs and fifty percent in RSUs. The reintroduction of a PARSU design balances absolute and relative performance and focuses on both operating and stock price performance. The PARSU grant vests based on two- and three-year performance periods, measuring Corporate Net Income and relative TSR performance.

- The annual incentive PfR program performance metrics for Corporate-level Section 16 Officers will continue to be measured at the Corporate level, and the MBOs will become a modifier of financial results rather than an equally weighted measure.

In fiscal 2018, the HRC Committee will continue its ongoing evaluation of the overall compensation system to ensure that it strongly supports the Company's talent needs, rewards management for the successful execution of operating goals and the long-term vision associated with the recently completed portfolio restructuring, and aligns pay with stockholder interests and strong governance standards.

HPE'S FISCAL 2018 CEO TRANSITION

Ms. Whitman and the Board mutually agreed that her retirement date would be effective as of February 1, 2018, and that she would continue to be a director on HPE's Board. Ms. Whitman's fiscal 2018 base salary remained unchanged for the duration of her tenure as the CEO. Additionally, Ms. Whitman did not receive a fiscal 2018 annual equity grant, and will not be eligible for a prorated annual incentive for fiscal 2018.

In conjunction with the equity modifications that were approved in May 2016 by the independent members of the Board, all unvested, outstanding equity held by Ms. Whitman as of May 24, 2016, vested in full upon her retirement. Based on HPE's standard retirement treatment of equity awards, Ms. Whitman's RSUs granted after May 24, 2016, will continue to vest in full based on their original vesting schedule. Ms. Whitman's PCSOs granted after May 24, 2016 will receive pro rata vesting treatment only to the extent that performance conditions are met prior to the forfeiture dates as described in the "Fiscal 2017 PCSO Design" table. See the "Potential Payments Upon Termination or Change in Control" table for details.

Mr. Neri was appointed CEO effective February 1, 2018. His fiscal 2018 base salary and target annual incentive as President remained unchanged. Upon his appointment to President and CEO, Mr. Neri's base salary increased to $1,000,000 with a target annual incentive of 150%. Mr. Neri's fiscal 2018 annual equity award, in the amount of $9,000,000, reflected his appointment to President and CEO.

Mr. Gomez was granted a $1 million strategic retention award, which is subject to certain conditions including performance criteria and continued employment with the Company as of June 1, 2018, in order to ensure continuity of critical marketing and communications support for organizational and product portfolio transformations in connection with the HPE Next initiative.

CHANGES TO RETIREMENT PROVISIONS FOR EQUITY AWARDS IN FISCAL 2018

United States employees are eligible for favorable vesting treatment of equity awards held at the time of retirement, contingent on compliance with restrictive covenants. Retirement is defined as 55 years of age or more, with age plus years of service totaling at least 70 at the time of termination.

Under HPE's prior policy, an employee was entitled to full accelerated vesting of all unvested PARSUs upon termination following the attainment of retirement eligibility. To align with the retirement treatment of time-vested RSUs and options, effective for all PARSUs granted on or after December 7, 2017, the HRC Committee approved a change to the vesting treatment so that, upon retirement three months or more after the grant date, the awards will continue vesting on the original vesting schedule, subject to actual performance. To the extent that retirement occurs within three months after the grant date, the awards will be immediately forfeited.

ACCOUNTING AND TAX EFFECTS

The impact of accounting treatment is considered in developing and implementing our compensation programs, including the accounting treatment as it applies to amounts awarded or paid to our executives.

The impact of federal tax laws on our compensation programs is also considered, including the deductibility of compensation paid to the NEOs, as limited by Section 162(m) of the Code. Our compensation program is designed with the intention that compensation paid in various forms may be eligible to qualify for deductibility under Section 162(m) of the Code, but there have been and may be other exceptions for administrative or other reasons. In addition, the recent elimination of the performance-based compensation exception under Section 162(m) of the Code as a result of the recent enactment of the Tax Cuts and Jobs Act of 2017 will have an effect on our future compensation programs. However, based on the text of that law, HPE should have the benefit of the performance-based exception for fiscal 2018 compensation.

HRC COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The undersigned members of the HRC Committee of the Board of Directors of Hewlett Packard Enterprise Company have reviewed and discussed with management this Compensation Discussion and Analysis. Based on this review and discussion, we have recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and in the Annual Report on Form 10-K of Hewlett Packard Enterprise filed for the fiscal year ended October 31, 2017.

HRC Committee of the Board of Directors

Leslie A. Brun, Chair
Pamela L. Carter
Mary Agnes Wilderotter

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the compensation of our former CEO, our Chief Financial Officer, and our four other most highly compensated executive officers serving during fiscal 2017.

Name and Principal Position	Year	Salary[1] ($)	Bonus ($)	Stock Awards[2][3] ($)	Option Awards[3][4] ($)	Non-Equity Incentive Plan Compensation[5] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[6] ($)	All Other Compensation[7] ($)	Total ($)
Margaret C. Whitman Chief Executive Officer	2017	1,500,053	—	6,502,023	8,743,885	—	—	338,161	17,084,122
	2016	1,500,058	—	18,970,393	11,729,190	3,081,189	—	283,521	35,564,351
	2015	1,500,058	—	7,771,200	5,113,585	2,453,262	—	297,441	17,135,546
Timothy C. Stonesifer Executive Vice President and Chief Financial Officer	2017	725,026	—	2,000,607	2,427,935	—	—	59,996	5,213,564
	2016	675,026	—	3,386,593	1,785,860	813,850	—	67,521	6,728,850
Antonio F. Neri President	2017	753,152	—	2,250,686	2,898,454	—	—	51,407	5,953,699
	2016	725,028	—	6,579,914	4,359,346	665,943	29,477	82,705	12,442,413
	2015	725,028	1,500,000	1,999,993	1,264,048	831,709	8,338	262,489	6,591,605
John F. Schultz Executive Vice President and Chief Legal and Admin. Officer and Secretary	2017	725,026	—	1,375,415	1,849,721	—	—	99,286	4,049,448
Henry Gomez Executive Vice President and Chief Marketing and Communications Officer	2017	700,025	—	1,375,415	1,840,540	—	—	5,737	3,921,717
Christopher P. Hsu[8] Executive Vice President and General Manager, Software	2017	583,351	—	2,000,607	2,663,531	—	—	34,251	5,281,740
	2016	675,026	—	4,636,602	3,170,585	972,053	—	41,409	9,495,675

(1) Amounts shown represent base salary earned during the fiscal year, as described in the ''Fiscal 2017 Base Salary'' section.

(2) The grant date fair value of all stock awards has been calculated in accordance with applicable accounting standards. For information on the assumptions used to calculate the fair value of the awards, refer to Note 7 to our ''Consolidated and Combined Financial Statements'' in our Annual Report on Form 10-K for the fiscal year ended October 31, 2017, as filed with the SEC on December 15, 2017. In the case of RSUs, the value is determined by multiplying the number of units granted by the closing price of HPE's stock on the grant date.

(3) In connection with both the ES/CSC and SW/Micro Focus spin-merge transactions, outstanding HPE equity awards were converted using ratios that preserved the intrinsic value of the awards as of the conversion dates. One-time incremental accounting costs were incurred with respect to the ES/CSC spin-merge, and are included in the table below. Accounting costs for the SW/Micro Focus spin-merge were determined to be immaterial.

Name	ES/CSC Spin-Merge Transaction Incremental Accounting Cost ($)
Margaret C. Whitman	2,316,267
Timothy C. Stonesifer	450,208
Antonio F. Neri	673,506
John F. Schultz	490,038
Henry Gomez	480,857
Christopher P. Hsu	685,804

(4) The grant date fair value of PCSO awards is calculated using a combination of a Monte Carlo simulation model and a lattice model as these awards contain market conditions. For information on the assumptions used to calculate the fair value of the stock awards, refer to Note 7 to our ''Consolidated and Combined Financial Statements'' in our Annual Report on Form 10-K for the fiscal year ended October 31, 2017, as filed with the SEC on December 15, 2017.

(5) Amounts shown represent payouts under the PfR program. Such amounts were earned during the applicable fiscal year but paid after the end of that fiscal year.

(6) Amounts shown represent the increase in actuarial present value of NEO pension benefits during the applicable fiscal year, as described in more detail under "Narrative to the Fiscal 2017 Pension Benefits Table" below. Pension benefits have ceased accruing for all NEOs, and NEOs hired after the accrual cessation date for a pension plan are not eligible to participate in the plan. The amounts reported for the NEOs do not reflect additional accruals, but reflect the passage of one more year from the prior present value calculation and changes in other actuarial assumptions. In fiscal 2017, there was an increase to the discount rate that resulted in a decrease to the actuarial present value of Mr. Neri's pension benefit. The assumptions used in calculating the changes in pension benefits are described in footnote (3) to the "Fiscal 2017 Pension Benefits Table" below.

(7) The amounts shown are detailed in the "Fiscal 2017 All Other Compensation Table" below.

(8) Effective August 31, 2017, Mr. Hsu separated from HPE to become CEO of the newly combined Software and Micro Focus Company. However, since his compensation exceeded that of the next most highly compensated executive officer, he is reported as an NEO in this proxy statement.

Fiscal 2017 All Other Compensation Table

The following table provides additional information about the amounts that appear in the All Other Compensation column in the Summary Compensation Table above:

Name	401(k) Company Match(1) ($)	NQDC Company Match(2) ($)	Mobility Program(3) ($)	Security Services/ Systems(4) ($)	Personal Aircraft Usage(5) ($)	Miscellaneous(6) ($)	Total AOC ($)
Margaret C. Whitman	8,012	—	—	32,076	250,198	47,875	338,161
Timothy C. Stonesifer	7,429	—	28,348	—	—	24,219	59,996
Antonio F. Neri	7,429	—	43,338	—	640	—	51,407
John F. Schultz	7,792	1,767	—	—	51,727	38,000	99,286
Henry Gomez	5,400	—	—	—	337	—	5,737
Christopher P. Hsu	7,963	1,767	—	—	—	24,521	34,251

(1) Represents matching contributions made under the HPE 401(k) Plan based on each NEO's fiscal 2017 contributions.

(2) Represents matching contributions credited during fiscal 2017 under the HPE EDCP with respect to contributions made in November through December 2016. No NEO earned matching contributions beginning in January 2017.

(3) Represents benefits provided under our standard company relocation program.

(4) Represents home security services provided to Ms. Whitman. Consistent with SEC guidance, the expense is reported here as a perquisite because there is an incidental personal benefit.

(5) For purposes of reporting the value of such personal usage in this table, we use data provided by an outside firm to calculate the hourly cost of operating each type of aircraft. These costs include the cost of fuel, maintenance, landing and parking fees, crew, catering, and supplies. For trips by NEOs that involve mixed personal and business usage, we include the incremental cost of such personal usage (i.e., the excess of the cost of the actual trip over the cost of a hypothetical trip without the personal usage). Personal usage is imputed as income to the executives under the applicable tax rules and no tax gross-ups are provided for this imputed income. In addition, in fiscal 2017, Ms. Whitman entered into a renewal of a "time-sharing agreement," under which she reimbursed the Company for those costs permitted to be charged under federal regulations incurred in connection with certain personal travel on corporate aircraft above a certain amount. Ms. Whitman reimbursed the Company $112,906 related to her and her passengers' personal use of corporate aircraft during fiscal 2017 reported under the timeshare agreement.

(6) Includes amounts paid either directly to the executives or on their behalf for financial counseling, as follows: Ms. Whitman: $18,000; Mr. Schultz: $18,000; and Mr. Hsu: $16,521. In addition, values include an employer charitable donation match of $1,000 for Ms. Whitman, $20,500 for Mr. Stonesifer, $20,000 for Mr. Schultz, and $8,000 for Mr. Hsu. Also, includes $25,650 for Ms. Whitman and $3,719 for Mr. Stonesifer of imputed income with respect to attendance at HPE events by personal guests. Ms. Whitman's value also includes a benefits-excess credit in the amount of $3,225 for underutilization of HPE benefits.

NARRATIVE TO THE SUMMARY COMPENSATION TABLE

The amounts reported in the Summary Compensation Table, including base pay, annual incentive and LTI award amounts, and benefits and perquisites, are described more fully under the "Compensation Discussion and Analysis" section.

The amounts reported in the Non-Equity Incentive Plan Compensation column include amounts earned in fiscal 2017 by each of the NEOs under the PfR program. The narrative description of the remaining information in the Summary Compensation Table is provided in the narrative to the other compensation tables.

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2017

The following table provides information on estimated awards granted under the PfR program for fiscal 2017, and awards of RSUs and PCSOs granted as part of the fiscal 2017 long-term incentive compensation, all of which are provided under the HPE 2015 Stock Incentive Plan:

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)(5)			All Other Stock Awards: Number of Shares of Stock or Units(3)(4)(5)	All Other Option Awards: Number of Securities Underlying Options	All Other Option Awards: Exercise or Base Price of Option Awards(5)	Grant-Date Fair Value of Stock and Option Awards(6)
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**(#)**	**(#)**	**($)**	**($)**
Margaret C. Whitman											
PfR		750,000	3,000,000	6,000,000							
Annual RSU	12/7/2016							443,219			6,502,023
Annual PCSO	12/7/2016					1,585,761				14.67	6,427,618
ES/CSC NQ Acct. Cost	3/31/2017							7,965,893			213,512
ES/CSC PCSO Acct. Cost	3/31/2017							5,781,262			2,102,755
Timothy C. Stonesifer											
PfR		226,563	906,250	1,812,500							
Annual RSU	12/7/2016							136,374			2,000,607
Annual PCSO	12/7/2016					487,926				14.67	1,977,727
ES/CSC NQ Acct. Cost	3/31/2017							357,053			77,237
ES/CSC PCSO Acct. Cost	3/31/2017							665,976			372,971
Antonio F. Neri											
PfR		235,126	940,504	1,881,008							
Annual RSU	12/7/2016							153,421			2,250,686
Annual PCSO	12/7/2016					548,918				14.67	2,224,948
ES/CSC NQ Acct. Cost	3/31/2017							828,468			193,804
ES/CSC PCSO Acct. Cost	3/31/2017							1,140,035			479,702
John F. Schultz											
PfR		226,563	906,250	1,812,500							
Annual RSU	12/7/2016							93,757			1,375,415
Annual PCSO	12/7/2016					335,448				14.67	1,359,683
ES/CSC NQ Acct. Cost	3/31/2017							609,218			43,078
ES/CSC PCSO Acct. Cost	3/31/2017							1,199,277			446,960
Henry Gomez											
PfR		218,750	875,000	1,750,000							
Annual RSU	12/7/2016							93,757			1,375,415
Annual PCSO	12/7/2016					335,448				14.67	1,359,683
ES/CSC NQ Acct. Cost	3/31/2017							560,811			43,078
ES/CSC PCSO Acct. Cost	3/31/2017							1,171,361			437,779
Christopher P. Hsu											
PfR		182,292	729,167	1,458,333							
Annual RSU	12/7/2016							136,374			2,000,607
Annual PCSO	12/7/2016					487,926				14.67	1,977,727
ES/CSC NQ Acct. Cost	3/31/2017							844,316			271,888
ES/CSC PCSO Acct. Cost	3/31/2017							935,993			413,916

(1) Amounts represent the range of possible cash payouts for fiscal 2017 awards under the PfR program.

(2) Annual PCSO awards vest as follows: one third will vest upon one year of continued service and the 20-day moving average of HPE's closing stock price must be at least 15% above the grant date stock price within two years from the date of grant; one third will vest upon two years of continued service and the 20-day moving average of HPE's closing stock price must be at least 25% above the grant date stock price within four years from the date of grant; and the remaining one third will vest upon three years of continued service and the 20-day moving average of HPE's closing stock must be at least 35% above the grant date stock price within five years from the date of grant. All PCSO awards have an eight-year term.

(3) RSUs vest as to one third of the units on each of the first three anniversaries of the grant date, subject to continued service.

(4) The transaction accounting costs shown as ''ES/CSC'' NQ and PCSO *do not* represent new grants. Instead, the values represent the number of target units associated with the incremental compensation cost of transaction-related changes in the accounting value of outstanding options. In connection with the Enterprise Services spin-merge transaction, outstanding HPE equity awards were converted using a ratio that preserved the intrinsic value of the awards as of the conversion date. Accounting costs for the Software spin-merge were determined to be immaterial.

(5) The number of shares and option exercise prices (representing the fair market value of HPE stock on the grant date) were converted as a result of both the ES/CSC and SW/Micro Focus spin-merge transactions using ratios that preserved the intrinsic value of the award as of the conversion date.

(6) See footnotes two and four to the ''Summary Compensation Table'' for a description of the method used to determine the grant date fair value of stock awards. This value may differ from the value represented in the ''Summary Compensation Table'' due to rounding.

OUTSTANDING EQUITY AWARDS AT 2017 FISCAL YEAR-END

The following table provides information on stock and option awards held by the NEOs as of October 31, 2017.

		Option Awards[1]					Stock Awards[1]			
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Option Unexercisable[2] (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options[3] (#)	Option Exercise Price ($)	Option Expiration Date[4]	Number of Shares or Units of Stock That Have Not Vested[5][6] (#)	Market Value of Shares or Units of Stock That Have not Vested[7] ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Margaret C. Whitman	9/27/2011	3,139,238	—	—	7.81	9/27/2019	—	—	—	—
	12/14/2011	1,052,218	—	—	8.73	12/14/2019	—	—	—	—
	12/11/2013	1,247,226	—	—	8.92	12/11/2021	—	—	—	—
	12/10/2014	—	—	1,831,633	12.36	12/10/2022	110,379	1,536,476	—	—
	11/2/2015	908,197	1,816,396	—	8.62	11/2/2023	596,291	8,300,371	—	—
	12/9/2015	502,530	1,005,065	—	8.83	12/9/2023	696,721	9,698,356	—	—
	12/7/2016	—	—	1,585,761	14.67	12/7/2024	449,705	6,259,894	—	—
Timothy C. Stonesifer	3/14/2014	40,355	—	—	9.62	3/14/2022	—	—	—	—
	12/10/2014	45,398	22,700	—	12.36	12/10/2022	7,927	110,344	—	—
	5/27/2015	—	—	—	—	—	93,085	1,295,743	—	—
	11/2/2015	121,092	242,186	—	8.62	11/2/2023	79,505	1,106,710	—	—
	12/9/2015	115,968	231,938	—	8.83	12/9/2023	160,781	2,238,072	—	—
	12/7/2016	—	—	487,926	14.67	12/7/2024	138,370	1,926,110	—	—
Antonio F. Neri	9/27/2011	24,666	—	—	7.81	9/27/2019	—	—	—	—
	12/7/2011	24,969	—	—	9.39	12/7/2019	—	—	—	—
	12/6/2012	162,142	—	—	4.58	12/6/2020	—	—	—	—
	12/11/2013	88,136	—	—	8.92	12/11/2021	—	—	—	—
	12/10/2014	162,046	162,046	—	12.36	12/10/2022	56,605	787,942	—	—
	11/2/2015	181,639	726,558	—	8.62	11/2/2023	238,517	3,320,157	—	—
	12/9/2015	86,976	347,908	—	8.83	12/9/2023	241,173	3,357,128	—	—
	12/7/2016	—	—	548,918	14.67	12/7/2024	155,666	2,166,871	—	—
John F. Schultz	12/11/2013	137,597	—	—	8.92	12/11/2021	—	—	—	—
	12/10/2014	—	—	422,683	12.36	12/10/2022	25,470	354,542	—	—
	11/2/2015	166,502	333,006	—	8.62	11/2/2023	109,317	1,521,693	—	—
	12/9/2015	106,304	212,610	—	8.83	12/9/2023	147,381	2,051,544	—	—
	12/7/2016	—	—	335,448	14.67	12/7/2024	95,129	1,324,196	—	—
Henry Gomez	12/11/2013	229,327	—	—	8.92	12/11/2021	—	—	—	—
	12/10/2014	—	—	387,459	12.36	12/10/2022	23,348	325,004	—	—
	11/2/2015	181,639	363,279	—	8.62	11/2/2023	119,258	1,660,071	—	—
	12/9/2015	106,304	212,610	—	8.83	12/9/2023	147,381	2,051,544	—	—
	12/7/2016	—	—	335,448	14.67	12/7/2024	95,129	1,324,196	—	—
Christopher P. Hsu	7/17/2014	399,524	—	—	11.39	9/2/2018	—	—	—	—
	12/10/2014	232,821	—	—	12.36	9/2/2018	—	—	—	—
	11/2/2015	643,006	—	—	8.62	9/2/2018	—	—	—	—
	12/9/2015	273,688	—	—	8.83	9/2/2018	—	—	—	—
	12/7/2016	121,981	—	—	14.67	9/2/2018	—	—	—	—

(1) The number of shares and option exercise prices (representing the fair market value of HPE stock on the grant date) were previously converted in connection with the separation from HP Inc., and in fiscal 2017, were converted as a result of both the ES/CSC and SW/Micro Focus spin-merge transactions using ratios that preserved the intrinsic value of the award as of the conversion date.

(2) Option awards in this column vest with continued service on each of the first, second, and third anniversaries of the date of grant. In conjunction with equity award modifications approved in May 2016, the final tranche of the November 2, 2015, and December 9, 2015 option awards are expected to vest in June 2018.

(3) Option awards in this column vest upon satisfaction of certain stock price performance conditions and subject to continued service as to one third of the shares on each of the first, second, and third anniversaries of the date of grant, or upon later satisfaction of certain stock price performance conditions. The stock price performance goals for the fiscal 2015 PCSOs, granted on December 10, 2014, were not met by December 10, 2017, and therefore the shares were forfeited.

(4) All options have an eight-year term.

(5) Stock awards in this column include RSUs and underlying dividend equivalent units granted with respect to outstanding stock awards through October 31, 2017, and vest with continued service on each of the first, second, and third anniversaries of the date of grant. In conjunction with equity award modifications approved in May 2016, the final tranche of the November 2, 2015, and December 9, 2015 stock awards are expected to vest in June 2018.

(6) The amounts in this column also include fiscal 2016 PARSUs that reflect fiscal 2016 Return on Invested Capital and relative TSR performance. In conjunction with equity award modifications approved in May 2016, the final tranche of the fiscal 2016 PARSUs is expected to vest in June 2018.

(7) Value calculated based on the $13.92 closing price of HPE stock on October 31, 2017.

OPTION EXERCISES AND STOCK VESTED IN FISCAL 2017

The following table provides information about options exercised and stock awards vested for the NEOs during fiscal 2017:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise[1] (#)	Value Realized on Exercise[2] ($)	Number of Shares Acquired on Vesting[1][3] (#)	Value Realized on Vesting[4] ($)
Margaret C. Whitman	3,940,513	40,615,302	1,300,021	24,066,818
Timothy C. Stonesifer	—	—	244,897	4,390,388
Antonio F. Neri	225,219	1,673,580	319,865	5,834,579
John F. Schultz	467,357	5,248,335	281,752	5,217,718
Henry Gomez	397,876	3,111,390	269,051	4,955,570
Christopher P. Hsu[5]	278,925	1,913,270	732,115	11,576,786

(1) Represents the number of shares acquired at the time of option exercise and stock vesting events. Amounts may represent shares prior to the equity conversions as a result of the ES/CSC and SW/Micro Focus spin-merge transactions described in footnote one in "Outstanding Equity Awards at 2017 Fiscal Year-End" above.

(2) Represents the amounts realized based on the difference between the exercise price and the market price of shares of HPE stock on the date of exercise.

(3) Includes PARSUs, RSUs, and accrued dividend equivalent shares.

(4) Represents the amounts realized based on the fair market value of HPE stock on the vesting date for PARSUs, RSUs, and accrued dividend equivalent shares. Fair market value is determined based on the closing price of HPE stock on the applicable vesting date.

(5) Mr. Hsu's stock awards include the shares vested as a result of his separation from HPE to become the CEO of the newly-combined Software and Micro Focus Company.

FISCAL 2017 PENSION BENEFITS TABLE

The following table provides information about the present value of accumulated pension benefits payable to each NEO:

Name(1)	Plan Name(2)	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit(3) ($)	Payments During Last Fiscal Year ($)
Margaret C. Whitman		—	—	—
Timothy C. Stonesifer		—	—	—
Antonio F. Neri	Nederland Plan IRG	3.2 21.5	$68,060 $92,718	— —
John F. Schultz		—	—	—
Henry Gomez		—	—	—
Christopher P. Hsu		—	—	—

(1) Ms. Whitman and Messrs. Stonesifer, Schultz, Gomez, and Hsu are not eligible to receive benefits under any HPE defined benefit pension plan because HPE did not retain sponsorship of the pension plan (if any) in which they participated, when it separated from HP.

(2) The ''Nederland Plan'' refers to the Stichting Pensioenfonds Hewlett Packard Nederland, a multiple employer pension under which HPE currently participates. The ''IRG'' refers to the International Retirement Guarantee.

(3) Because the change in the pension table amounts from those for the prior fiscal year determine the increase in pension value, both the current assumptions as of October 31, 2017 and for the prior fiscal year as of October 31, 2016 have been included in the following description. Mr. Neri participated in an HP pension plan while employed in the Netherlands. As of October 31, 2017, the present value for this plan benefit is based on a discount rate of 1.92% and mortality in accordance with the AG forecast table 2016. As of October 31, 2016, the assumptions included a discount rate of 1.50% and mortality in accordance with the AG forecast table 2016. The earliest unreduced retirement age in the Dutch pension plan is age 67. Due to his transfer from the Netherlands to the U.S. at the request of the Company, Mr. Neri is also covered under the IRG. As of October 31, 2017, the present value of IRG benefits is based on a discount rate of 3.34%, lump sum interest rates of 1.96% for the first five years, 3.58% for the next 15 years and 4.35% thereafter, and applicable mortality. As of October 31, 2016, the assumptions included a discount rate of 3.15%, lump sum interest rates of 1.47% for the first five years, 3.34% for the next 15 years and 4.30% thereafter, and applicable mortality. The earliest unreduced retirement age for the IRG based on Mr. Neri's employment history is age 65.

NARRATIVE TO THE FISCAL 2017 PENSION BENEFITS TABLE

HPE does not sponsor any qualified U.S. defined benefit pension plans and only participates in one nonqualified U.S. defined benefit retirement plan for selected international transfers. As a result, no NEO currently accrues a benefit under any U.S. qualified defined benefit pension plan. Benefits previously accrued by an NEO under non-U.S. HPE pension plans are payable to them following termination of employment, subject to the terms of the applicable plan. Mr. Neri who is a participant in the nonqualified U.S. plan for international transfers has the potential to accrue a benefit under the IRG, but only in the event that HPE requires him to change the country of his employment.

TERMS OF THE NETHERLANDS PENSION PROGRAM

Mr. Neri earned a pension benefit under a Netherlands pension program based on his final pay and years of service while employed by HP in the Netherlands. The pension plan considers a pensionable base which is salary less an offset; the offset reflects the Dutch social security benefits which do not vary with pay levels. The annual accrual that was provided when Mr. Neri participated was 1.75% of his final pensionable base. There is also a 70% spouse's benefit provided upon his death while receiving retirement payments. The benefit under the Dutch pension plan is subject to an annual conditional indexation. In 2014, with Dutch law changes to extend unreduced retirement ages, all previously accrued benefits were converted to a pension commencing at age 67.

TERMS OF THE INTERNATIONAL RETIREMENT GUARANTEE

Employees who transferred internationally at HP's request prior to 2000 were put into an international umbrella plan. This plan determines the country of guarantee which is generally the country in which an employee has spent the longest portion of his HP or HPE career. For Mr. Neri, the country of guarantee is currently the U.S. The IRG determines the present value of a full career benefit for Mr. Neri under the HP sponsored retirement benefit plans that applied to employees working in the US prior to separation of HPE from HP, and to the HPE 401(k) Plan after separation, and U.S. Social Security (since the U.S. is his country of guarantee) then offsets the present value of the retirement benefits from plans and social insurance systems in the countries in which he earned retirement benefits for his total period of HP and HPE employment. The net benefit value is payable as a single sum as soon as practicable after termination or retirement. This is a nonqualified retirement plan.

We do not sponsor any other supplemental defined benefit pension plans or special retiree medical benefit plans for executive officers.

FISCAL 2017 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The following table provides information about contributions, earnings, withdrawals, distributions, and balances under the EDCP:

Name	Executive Contributions in Last FY(1) ($)	Registrant Contributions in Last FY(2) ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at FY End(3) ($)
Margaret C. Whitman	—	—	—	—	—
Timothy C. Stonesifer	—	—	4,040	—	23,245
Antonio F. Neri	—	—	—	—	—
John F. Schultz	1,800	1,767	357,403	—	1,835,843
Henry Gomez	—	—	—	—	—
Christopher P. Hsu	151,808	1,767	55,364	—	—

(1) The amounts reported here as ''Executive Contributions'' and ''Registrant Contributions'' are reported as compensation to such NEO in the ''Summary Compensation Table'' above.

(2) The contributions reported here as ''Registrant Contributions'' were made in fiscal 2017 with respect to November and December 2016 participant base pay deferrals. Beginning January 2017, the NEOs did not participate in base pay deferral and did not earn matching contributions.

(3) Following the closure of the Software spin-merge, Mr. Hsu's deferred compensation balance of $400,271 was transferred to Micro Focus.

NARRATIVE TO THE FISCAL 2017 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The amounts reported in the Fiscal 2017 Non-qualified Deferred Compensation Table were provided under the EDCP, a non-qualified deferred compensation plan that permits eligible U.S. employees to defer base pay in excess of the amount taken into account under the qualified HPE 401(k) Plan and bonus amounts of up to 95% of the annual incentive bonus payable under the PfR program. In addition, a matching contribution is available under the plan to eligible employees. The matching contribution applies to base pay deferrals on compensation above the Code limit that applies to the qualified HPE 401(k) Plan up to a maximum of two times that compensation limit (for fiscal 2017 matching contributions were available on calendar year 2016 base pay from $265,000 to $530,000). Beginning in January 2017, the NEOs were eligible for a matching contribution up to 3% on base pay contributions in excess of the Code limit up to a maximum of two times that limit. In effect, the EDCP permits these executives and all eligible employees to receive a 401(k)-type matching contribution on a portion of base pay deferrals in excess of Code limits.

Upon becoming eligible for participation, employees must specify the amount of base pay and/or the percentage of annual incentives to be deferred, as well as the time and form of payment. If termination of employment occurs before retirement (defined under the EDCP as at least age 55 with 15 years of service), distribution is made in the form of a lump sum in January of the year following the year of termination, subject to any delay required under Section 409A of the Code. At retirement (or earlier, if properly elected), benefits are paid according to the distribution election made by the participant at the time of the deferral election subject to any delay required under Section 409A of the Code. No withdrawals are permitted prior to the previously elected distribution date, other than hardship withdrawals as permitted by applicable law.

Amounts deferred or credited under the EDCP are credited with notional investment earnings based on participant investment elections made from among the investment options available under the HPE 401(k) Plan. Accounts maintained for participants under the EDCP are not held in trust, and all such accounts are subject to the claims of general creditors of HPE. No amounts are credited with above-market earnings.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The amounts in the following table estimate potential payments that would have been due if an NEO had terminated employment with HPE effective October 31, 2017, under each of the circumstances specified below. These amounts are in addition to benefits generally available to U.S. employees upon termination of employment, such as distributions from the HPE 401(k) Plan and payment of accrued vacation where required.

				Long-Term Incentive Programs[3][4]		
Name	Termination Scenario	Total[1] ($)	Severance[2] ($)	Stock Options ($)	Restricted Stock ($)	PARSU ($)
Margaret C. Whitman	Voluntary/For Cause	—	—	—	—	—
	Disability	43,395,089	—	17,600,027	19,606,327	6,188,735
	Retirement[5]	—	—	—	—	—
	Death	43,395,089	—	17,600,027	19,606,327	6,188,735
	Not for Cause	44,065,194	5,017,226	17,600,027	15,259,206	6,188,735
	Change in Control	48,412,315	5,017,226	17,600,027	19,606,327	6,188,735
Timothy C. Stonesifer	Voluntary/For Cause	—	—	—	—	—
	Disability	9,176,494	—	2,499,562	5,248,754	1,428,178
	Retirement	—	—	—	—	—
	Death	9,176,494	—	2,499,562	5,248,754	1,428,178
	Not for Cause	9,825,701	1,986,773	2,499,562	3,911,188	1,428,178
	Change in Control	11,163,267	1,986,773	2,499,562	5,248,754	1,428,178
Antonio F. Neri	Voluntary/For Cause	—	—	—	—	—
	Disability	15,506,464	—	5,874,401	7,489,803	2,142,260
	Retirement	—	—	—	—	—
	Death	15,506,464	—	5,874,401	7,489,803	2,142,260
	Not for Cause	15,977,174	1,975,474	5,874,401	5,985,039	2,142,260
	Change in Control	17,481,938	1,975,474	5,874,401	7,489,803	2,142,260
John F. Schultz	Voluntary/For Cause	—	—	—	—	—
	Disability	8,758,465	—	3,506,502	3,942,801	1,309,162
	Retirement	—	—	—	—	—
	Death	8,758,465	—	3,506,502	3,942,801	1,309,162
	Not for Cause	9,760,215	1,921,317	3,506,502	3,023,234	1,309,162
	Change in Control	10,679,782	1,921,317	3,506,502	3,942,801	1,309,162
Henry Gomez	Voluntary/For Cause	—	—	—	—	—
	Disability	8,972,788	—	3,612,000	4,051,626	1,309,162
	Retirement	—	—	—	—	—
	Death	8,972,788	—	3,612,000	4,051,626	1,309,162
	Not for Cause	9,931,482	1,878,261	3,612,000	3,132,059	1,309,162
	Change in Control	10,851,049	1,878,261	3,612,000	4,051,626	1,309,162
Christopher P. Hsu[6]	Software Divestiture	11,908,743	—	4,369,159	4,640,179	2,899,405

(1) The total excludes amounts earned, or benefits accumulated, due to continued service by each NEO through October 31, 2017, including vested stock options, PCSOs, RSUs, PARSUs, accrued retirement benefits, and vested balances in the EDCP, as those amounts are detailed in the preceding tables. The total also excludes amounts each NEO was eligible to receive under the annual PfR program with respect to fiscal 2017 performance. For Mr. Neri, the total excludes amounts payable from the Netherlands pension programs in which he participates, as those are fully described in the ''Fiscal 2017 Pension Benefits Table'' above.

(2) For Ms. Whitman, the amounts reported represent the cash benefits payable under the SPEO (as defined below) pursuant to Ms. Whitman's employment offer letter, which provides that Ms. Whitman was entitled to receive severance benefits payable under the SPEO at the rate applicable to an EVP rather than the rate applicable to the CEO (i.e., using a 1.5x multiple of base pay plus the three-year average of annual incentive payments, rather than the 2.0x multiplier otherwise applicable to the CEO under the SPEO). For the other NEOs, the amounts reported are the cash benefits payable in the event of a qualifying termination under the SPEO.

(3) All outstanding equity held by HPE employees as of May 24, 2016 vest in full upon the termination of the employee's employment by the Company without cause (as defined in the SPEO). This includes termination due to disability, death, and change in control. PCSOs held as of May 24, 2016, will vest in full without regard to whether the stock price component or other performance-based requirements of the award have been met.

(4) Value calculated based on the $13.92 closing price of HPE stock on October 31, 2017.

(5) Early in fiscal 2018, Ms. Whitman and the Board mutually agreed upon a retirement date of February 1, 2018. In conjunction with certain equity modifications approved in May 2016 by the independent members of the Board, and as further described in the "HPE's Fiscal 2018 CEO Transition" section, the total estimated value of Ms. Whitman's unvested equity upon her retirement was $23,638,324 (based on the $13.92 closing price of HPE stock on October 31, 2017). This consisted of stock options in the amount of $7,371,342, RSUs in the amount of $10,078,247, and PARSUs in the amount of $6,188,735.

(6) Represents the value of Mr. Hsu's equity that vested as a result of his separation from HPE to become the CEO of the newly combined Software and Micro Focus Company. Value calculated based on the $14.13 opening price of HPE stock on September 1, 2017 following the Software spin-merge transaction.

NARRATIVE TO THE POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL TABLE

This narrative reflects plans and provisions in effect as of October 31, 2017. In fiscal 2017, Section 16 Officers (including all of the NEOs) were covered by our Severance and Long-Term Incentive Change in Control Plan for Executive Officers ("SPEO"), which was intended to protect HPE and its stockholders, and provide a level of transition assistance in the event of an involuntary termination of employment. Under the SPEO, participants who incur an involuntary termination, not for cause, and who execute a full release of claims following such termination, which release has not been revoked or attempted to be revoked, are eligible to receive severance benefits in an amount determined as a multiple of the sum of base pay and the average of the actual annual incentives paid for the preceding three years. In the case of the NEOs other than the CEO, the multiplier is 1.5. In the case of the CEO, the multiplier is 2.0, although Ms. Whitman elected to be eligible for the same multiplier as the other NEOs. In all cases, the SPEO benefit will not exceed 2.99 times the sum of the executive's base pay plus target annual incentive as in effect immediately prior to the termination of employment.

In addition to the cash benefit, the participants in the SPEO were eligible to receive (1) a pro rata annual incentive award for the year of termination based on actual performance results, (2) pro rata vesting of unvested equity awards if any applicable performance conditions have been satisfied, and (3) a lump-sum health-benefit stipend in an amount equal to 18 months' COBRA premiums for continued group medical coverage for the executive and his or her eligible dependents, to the extent those premiums exceed 18 times the monthly premiums for active employees in the same plan with the same level of coverage as of the date of termination.

VOLUNTARY OR FOR "CAUSE" TERMINATION

In general, an NEO who remained employed through October 31, 2017, (the last day of the fiscal year), but voluntarily terminated employment immediately thereafter, or was terminated immediately thereafter in a for "cause" termination, would be eligible to (1) receive his or her annual incentive amount earned for fiscal 2017 under the PfR program (subject to any discretionary downward adjustment or elimination by the HRC Committee prior to actual payment, and to any applicable clawback policy), (2) exercise his or her vested stock options up to three months following termination, (3) receive a distribution of vested amounts deferred or credited under the EDCP, and (4) receive a distribution of his or her vested benefits, if any, under the HPE 401(k) Plan (and Mr. Neri would also be entitled to his pensions that are payable under the IRG and the pension programs available in the Netherlands). An NEO who terminated employment before October 31, 2017, either voluntarily or in a for "cause" termination, would generally not have been eligible to receive any amount under the PfR program with respect to the fiscal year in which the termination occurred, except that the HRC Committee has the discretion to make payment of prorated bonus amounts to individuals on leave of absence or in non-pay status, as well as in connection with certain voluntary severance incentives, workforce reductions, and similar programs.

NOT FOR "CAUSE" TERMINATION

A not for "cause" termination of an NEO who remained employed through October 31, 2017 and was terminated immediately thereafter would qualify the NEO for the amounts described above under a "voluntary" termination in addition to benefits under the SPEO if the NEO signs the required release of claims in favor of HPE. In addition to the cash severance benefits and pro rata equity awards payable under the SPEO, the NEO would be eligible to exercise vested stock options up to one year after termination. The NEO's equity awards that were subject to modification on May 24, 2016, would also be subject to full accelerated vesting.

TERMINATION FOLLOWING A CHANGE IN CONTROL

The SPEO provides for full accelerated vesting of outstanding stock options, RSUs, and PCSOs upon involuntary termination not for cause or voluntary termination for good reason (as defined in the SPEO) within 24 months after a change in control in which HPE is the survivor or the survivor assumes or replaces the equity awards (''double trigger''), with PARSUs vesting based on target performance. In situations where HPE is not the survivor and equity awards are not assumed by the surviving corporation, vesting will be automatically accelerated upon the change in control, with PARSUs vesting based upon the greater of the number of PARSUs that would vest based on actual performance and the number of PARSUs that would vest pro rata based upon target performance. In addition, the equity awards granted to NEOs that were subject to modification on May 24, 2016, would be subject to full accelerated vesting.

DEATH OR DISABILITY TERMINATIONS

An NEO who continued employment through October 31, 2017 and whose employment was terminated immediately thereafter due to death or disability would be eligible to (1) receive his or her full annual incentive amount earned for fiscal 2017 determined by HPE in its sole discretion, (2) receive a distribution of vested amounts deferred or credited under the EDCP, and (3) receive a distribution of his or her vested benefits under the HPE 401(k) Plan and any HP Inc. pension plans.

Upon termination due to death or disability, stock options, RSUs, and PCSOs held by the NEO would vest in full without regard to the satisfaction of applicable performance conditions. PARSUs held by the NEO will vest in full at the target amount. If the termination was due to disability, stock options and PCSOs must be exercised within three years of termination or by the original expiration date, if earlier. If the termination was due to death, stock options and PCSOs must be exercised within one year of termination or by the original expiration date, if earlier.

HPE RETIREMENT ARRANGEMENTS

Upon retirement on or after age 55, with age plus years of service totaling at least 70 at the time of termination, HPE employees in the United States are entitled to the benefits described below. For equity awards granted prior to November 1, 2016, HPE employees in the United States receive full vesting of time-vested options and time-vested RSUs granted under our stock plans with a three-year post-termination exercise period in the case of options. PCSOs will receive prorated vesting if the stock price appreciation conditions are met and may vest on a prorated basis following termination until the end of the performance period, subject to satisfaction of stock price appreciation conditions and certain post-employment restrictions. For equity awards granted after November 1, 2016, if retirement occurs three months or more after the grant date, employees receive full vesting of time-vested options and time-vested RSUs. These awards will continue vesting on the original vesting schedule. To the extent that retirement occurs within three months after the grant date, such awards will be immediately forfeited. PCSOs are subject to pro rata vesting on retirement, subject to attaining the stock price performance goals. PARSUs (whether granted as units or stock), if any, are paid on a prorated basis to retired participants at the end of the performance period based on actual results, and bonuses, if any, under the annual incentive program may be paid in prorated amounts at the discretion of the HRC Committee based on actual results. If required in accordance with Section 409A of the Code, certain amounts payable upon retirement (or other termination of employment) of the NEOs and other key employees will not be paid out for at least six months following termination of employment.

The HPE-sponsored U.S. retiree medical program, for which our NEOs may be eligible, provides eligible retirees with access to coverage at group rates only, with no direct subsidy provided by HPE. All NEOs could be eligible for this program if they retire from HPE on or after age 55 with at least ten years of qualifying service or a combination of age plus years of service totaling at least 80. In addition, beginning at age 45, eligible U.S. employees may participate in the HPE Retirement Medical Savings Account Plan (the ‘‘RMSA’’), under which participants are eligible to receive HPE matching credits of up to $1,200 per year, beginning at age 45, and provided that the employee’s most recent hire date with HP was prior to August 1, 2008, up to a lifetime maximum of $12,000, which can be used to cover the cost of such retiree medical coverage (or other qualifying medical expenses) if the employee retires from HPE on or after age 55 with at least ten years of qualifying service or a combination of age plus years of service totaling at least 80. Mr. Neri is the only NEO currently eligible for the HPE matching credits under the RMSA. HPE continues to sponsor this program for its employees after the separation from HP.

Equity Compensation Plan Information

The following table summarizes our equity compensation plan information as of October 31, 2017:

Plan Category	Common shares to be issued upon exercise of outstanding options, warrants and rights[2]	Weighted-average exercise price of outstanding options, warrants and rights[3]	Common shares available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by HPE stockholders	87,641,781[1]	$9.96	193,804,267[4]
Equity compensation plans not approved by HPE stockholders	—	—	—
Total	87,641,781	$9.96	193,804,267

(1) Includes awards of options and restricted stock units outstanding under the Hewlett Packard Enterprise 2015 Stock Incentive Plan. Of this amount, 35,563,153 shares are attributable to the share adjustments required in connection with the spin-off and merger of our Enterprise Services and Software segments.

(2) This column does not reflect awards of options and restricted stock units assumed in acquisitions where the plans governing the awards were not available for future awards as of October 31, 2017. As of October 31, 2017 individual awards of options and restricted stock units to purchase a total of 9,715,481 shares were outstanding pursuant to awards assumed in connection with acquisitions and granted under such plans at a weighted-average exercise price of $7.23.

(3) This column does not reflect the exercise price of shares underlying the assumed options referred to in footnote (2) to this table or the purchase price of shares to be purchased pursuant to the ESPP plan. In addition, the weighted-average exercise price does not take into account the shares issuable upon vesting of outstanding awards of restricted stock units and PRUs, which have no exercise price.

(4) Includes 120,316,793 shares available for future issuance under the Amended and Restated Hewlett Packard Enterprise 2015 Stock Incentive Plan, of which amount, 48,821,971 shares are attributable to the share adjustments required in connection with the spin-off and merger of our Enterprise Services and Software segments; and 73,487,474 shares available for future issuance under the Hewlett Packard Enterprise ESPP, of which amount, 29,819,639 shares are attributable to the share adjustments required in connection with the spin-off and merger of our Enterprise Services and Software segments.

Audit-Related Matters

PRINCIPAL ACCOUNTING FEES AND SERVICES

The Audit Committee has appointed Ernst & Young LLP (''EY'') as our independent registered public accounting firm for the fiscal year ending October 31, 2018. Stockholders are being asked to ratify the appointment of EY at the annual meeting pursuant to Proposal No. 2. Representatives of EY are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

FEES INCURRED FOR ERNST & YOUNG LLP

The following table shows the fees paid or accrued by Hewlett Packard Enterprise for fiscal 2017 and 2016.

	2017	2016
	In millions	
Audit Fees(1)	$38.4	$37.5
Audit-Related Fees(2)	4.0	24.0
Tax Fees(3)	14.3	11.9
All Other Fees(4)	0.2	3.8
Total	$56.9	$77.2

In accordance with its written charter, the Audit Committee is responsible for the pre-approval of all audit and non-audit services performed by the independent registered public accounting firm.

The Audit Committee approved all of the fees above.

(1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements, the separation, the review of our quarterly financial statements, and audit services provided in connection with other statutory or regulatory filings.

(2) Audit-related fees consisted primarily of service organization control examinations and other attestation services of $3.0 million and $11.2 million for fiscal 2017 and fiscal 2016, respectively. For fiscal 2017 and fiscal 2016, audit-related fees also included employee benefit plan audits and merger and acquisition due diligence of $1.0 million and $3.3 million, respectively. For fiscal 2016, audit-related fees also included separation related activities of $9.5 million.

(3) Tax fees primarily included separation related tax activities and tax planning fees of $14.1 million and $10.8 million for fiscal 2017 and fiscal 2016, respectively. For fiscal 2017 and fiscal 2016, tax fees also included tax compliance fees of $0.2 million and $1.1 million, respectively.

(4) For fiscal 2017 and 2016, all other fees primarily included advisory service fees.

Audit Committee Composition

The Audit Committee of Hewlett Packard Enterprise is composed of four directors, Michael J. Angelakis, Leslie A. Brun, Pamela L. Carter, and Mary Agnes Wilderotter. Ms. Wilderotter serves as the Chair of the Audit Committee. Every member of the Audit Committee is independent and three, including the Chair, are audit experts.

Audit Committee Oversight

The purpose of the Audit Committee is to represent and assist the Board of Directors in fulfilling its responsibilities for generally overseeing our financial reporting process and financial statements, as well as compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, the performance of our internal audit function and independent registered public accounting firm, and risk assessment and risk management. The Audit Committee, in its discretion, may request a review of any issue it deems necessary to ensure the integrity of the Company's financial statements, adherence to regulatory requirements, or adherence with the Company's ERM program. The Audit Committee has the authority to obtain advice and assistance from outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties and receives appropriate funding, as determined by the Audit Committee, from Hewlett Packard Enterprise for such advice and assistance.

A more expansive listing of the Audit Committee's duties and responsibilities can be found in the Audit Committee Charter, which is reviewed annually by the NGSR Committee and available at: http://investors.hpe.com/~/media/Files/H/HP-Enterprise-IR/documents/committees/audit-committee-charter-october2015.pdf.

Selection and Oversight of External Auditor

The Audit Committee appoints, compensates, oversees, and manages Hewlett Packard Enterprise's relationship with its independent registered public accounting firm (which reports directly to the Audit Committee). Ernst & Young LLP, has served as Hewlett Packard Enterprise's independent registered public accounting firm since the company's inception in 2015.

In reviewing and approving audit and non-audit service fees, the Audit Committee considers a number of factors including scope and quality of work, as well as an assessment of impact on auditor independence of non-audit fees and services.

In selecting HPE's independent registered public accounting firm, the Audit Committee conducts an assessment of the firm's qualifications and performance; the quality and candor of their communications with the Audit Committee and the Company; and our auditor's independence, objectivity, and professionalism.

Committee Meetings

The Audit Committee disposes of its duties through a series of regularly-scheduled meetings, including dedicated meetings to review quarterly earnings releases and financial filings with the SEC, and regular communications from the Company on material risk oversight matters. At least six Audit Committee meetings are held each year. During fiscal 2017, the Audit Committee met a total of 9 times. The Audit Committee reviews and discusses a number of different topics and items of business in meetings including, but not limited to, annual risk management overviews, cyber security, internal audit matters, Sarbanes-Oxley 404 plan matters, ethics and compliance trends and matters, earnings releases, auditor updates, required disclosures, and business segment specific risk reviews. Management, internal audit, and EY are invited to attend committee meetings and present on these topics as well as internal and external audit plans and budget forecasts.

Audit-Related Matters (continued)

The Audit Committee regularly meets in separate executive sessions at which only members are present and in private sessions with each of management, the internal auditors, and the independent registered public accounting firm. During fiscal 2017, the Audit Committee held 6 executive sessions, 6 private sessions with management, 5 private sessions with the head of internal audit, and 5 private sessions with EY.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Hewlett Packard Enterprise's management is primarily responsible for Hewlett Packard Enterprise's internal control and financial reporting process. Hewlett Packard Enterprise's independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of Hewlett Packard Enterprise's consolidated and combined financial statements and issuing opinions on the conformity of those audited financial statements with United States generally accepted accounting principles and the effectiveness of Hewlett Packard Enterprise's internal control over financial reporting. The Audit Committee monitors Hewlett Packard Enterprise's financial reporting process and reports to the Board on its findings.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with Hewlett Packard Enterprise's management.

2. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board (''PCAOB'').

3. The Audit Committee has received from the independent registered public accounting firm the written disclosures and the letter required by the applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm its independence.

4. Based on the review and discussions referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in Hewlett Packard Enterprise's Annual Report on Form 10-K for the fiscal year ended October 31, 2017, for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE
Michael J. Angelakis
Leslie A. Brun
Pamela L. Carter
Mary Agnes Wilderotter, Chair

Other Matters

We know of no other matters to be submitted to the stockholders at the annual meeting. If any other matters properly come before the stockholders at the annual meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby on such matters in accordance with their best judgment.

Questions and Answers

PROXY MATERIALS

1. Why am I receiving these materials?

We have made these materials available to you or delivered paper copies to you by mail in connection with our annual meeting of stockholders, which will take place online on Wednesday, April 4, 2018. As a stockholder, you are invited to participate in the annual meeting via live webcast and vote on the business items described in this proxy statement. This proxy statement includes information that we are required to provide to you under U.S. Securities and Exchange Commission (the ''SEC'') rules and that is designed to assist you in voting your shares. See Questions 16 and 17 below for information regarding how you can vote your shares at the annual meeting or by proxy (without attending the annual meeting).

2. What is included in the proxy materials?

The proxy materials include:

- our proxy statement; and
- 2017 Annual Report, which includes our Annual Report on Form 10-K for the fiscal year ended October 31, 2017.

If you received a paper copy of these materials by mail, the proxy materials also include a proxy card or a voting instruction card for the annual meeting. If you received a notice of the Internet availability of the proxy materials instead of a paper copy of the proxy materials, see Questions 16 and 17 below for information regarding how you can vote your shares.

3. What information is contained in this proxy statement?

The information in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, the Board and Board committees, the compensation of our directors and certain executive officers for fiscal 2017 when they served in current or prior roles at Hewlett Packard Enterprise, and other required information.

4. Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the full set of proxy materials?

This year, we are again pleased to be using the SEC rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our stockholders a notice of the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All stockholders receiving the notice will have the ability to access the proxy materials over the Internet and request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in the notice of the Internet availability of the proxy materials. In addition, the notice contains instructions on how you may request access to proxy materials in printed form by mail or electronically on an ongoing basis.

5. Why didn't I receive a notice in the mail about the Internet availability of the proxy materials?

We are providing some of our stockholders, including stockholders who have previously requested to receive paper copies of the proxy materials and some of our stockholders who are living outside of the United States, with paper copies of the proxy materials instead of a notice of the Internet availability of the proxy materials.

In addition, we are providing proxy materials or notice of the Internet availability of the proxy materials by e-mail to those stockholders who have previously elected delivery of the proxy materials or notice electronically. Those stockholders should receive an e-mail containing a link to the website where those materials are available and a link to the proxy voting website.

6. How can I access the proxy materials over the Internet?

Your notice of the Internet availability of the proxy materials, proxy card or voting instruction card will contain instructions on how to:

- view our proxy materials for the annual meeting on the Internet; and

- instruct us to send our future proxy materials to you electronically by e-mail.

Our proxy materials are available on our website at **www.hpe.com/investor/stockholdermeeting2018** and our proxy materials will be available during the voting period on www.proxyvote.com for beneficial owners and proxyvote.com/hpe for registered stockholders.

Your notice of the Internet availability of the proxy materials, proxy card or voting instruction card will contain instructions on how you may request access to proxy materials electronically on an ongoing basis. Choosing to access your future proxy materials electronically will help us conserve natural resources and reduce the costs of distributing our proxy materials. If you choose to access future proxy materials electronically, you will receive an e-mail with instructions containing a link to the website where those materials are available and a link to the proxy voting website. Your election to access proxy materials by e-mail will remain in effect until you terminate it.

7. How may I obtain a paper copy of the proxy materials?

Stockholders receiving a notice of the Internet availability of the proxy materials will find instructions about how to obtain a paper copy of the proxy materials on their notice. Stockholders receiving notice of the Internet availability of the proxy materials by e-mail will find instructions about how to obtain a paper copy of the proxy materials as part of that e-mail. All stockholders who do not receive a notice or an e-mail will receive a paper copy of the proxy materials by mail.

8. I share an address with another stockholder, and we received only one paper copy of the proxy materials or notice of the Internet availability of the proxy materials. How may I obtain an additional copy?

If you share an address with another stockholder, you may receive only one paper copy of the proxy materials or notice of the Internet availability of the proxy materials, as applicable, unless you have provided contrary instructions. If you are a beneficial owner and wish to receive a separate set of proxy materials or notice of the Internet availability of the proxy materials now, please request the additional copy by contacting your individual broker. If you wish to receive a separate set of the proxy materials or notice of the Internet availability of the proxy materials now, please request the additional copy by contacting Broadridge Financial Solutions, Inc. (''Broadridge'') at:

By Internet: www.proxyvote.com (beneficial owners) or proxyvote.com/hpe (registered stockholders)

By telephone: 1-800-579-1639

By e-mail: sendmaterial@proxyvote.com

If you request a separate set of the proxy materials or notice of Internet availability of the proxy materials by e-mail, please be sure to include your control number in the subject line. A separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable, will be sent promptly following receipt of your request.

If you are a stockholder of record and wish to receive a separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable, in the future, please contact our transfer agent. See Question 23 below.

If you are the beneficial owner of shares held through a broker, trustee or other nominee and you wish to receive a separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable, in the future, please call Broadridge at:

1-866-540-7095

All stockholders also may write to Hewlett Packard Enterprise at the address below to request a separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable:

NASDAQ, INC.
Attn: Kristoffer Valukis
325 Donald Lynch Blvd., Ste. 120
Marlborough, MA 01752

9. I share an address with another stockholder, and we received more than one paper copy of the proxy materials or notice of the Internet availability of the proxy materials. How do we obtain a single copy in the future?

Stockholders of record sharing an address who are receiving multiple copies of the proxy materials or notice of the Internet availability of the proxy materials, as applicable, and who wish to receive a single copy of such materials in the future may contact our transfer agent. See Question 23 below.

Beneficial owners of shares held through a broker, trustee or other nominee sharing an address who are receiving multiple copies of the proxy materials or notice of the Internet availability of the proxy materials, as applicable, and who wish to receive a single copy of such materials in the future may contact Broadridge at:

1-866-540-7095

10. What should I do if I receive more than one notice or e-mail about the Internet availability of the proxy materials or more than one paper copy of the proxy materials?

You may receive more than one notice, more than one e-mail or more than one paper copy of the proxy materials, including multiple paper copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice, a separate e-mail or a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one notice, more than one e-mail or more than one proxy card. To vote all of your shares by proxy, you must complete, sign, date and return each proxy card and voting instruction card that you receive and vote over the Internet the shares represented by each notice and e-mail that you receive (unless you have requested and received a proxy card or voting instruction card for the shares represented by one or more of those notices or e-mails).

11. How may I obtain a copy of Hewlett Packard Enterprise's 2017 Form 10-K and other financial information?

Stockholders may request a free copy of our 2017 Annual Report, which includes our 2017 Form 10-K, from:

NASDAQ, INC.
Attn: Kristoffer Valukis
325 Donald Lynch Blvd., Ste. 120
Marlborough, MA 01752

Alternatively, stockholders can access the Proxy Statement and 2017 Annual Report, which includes our 2017 Form 10-K, on Hewlett Packard Enterprise's Investor Relations website at:

www.hpe.com/investor/stockholdermeeting2018

We also will furnish any exhibit to the 2017 Form 10-K if specifically requested.

VOTING INFORMATION

12. What proposals will be voted on at the annual meeting?

Stockholders will vote on four proposals at the annual meeting:

- the election to the Board of 13 director nominees;
- the ratification of the appointment of our independent registered public accounting firm for the 2018 fiscal year;
- the advisory vote to approve executive compensation; and
- one stockholder proposal if presented properly.

We also will consider any other business that properly comes before the annual meeting. See Question 30 below.

13. How does the Board recommend that I vote?

Our Board recommends that you vote your shares:

- FOR each of the nominees for election to the Board,
- FOR the ratification of the appointment of our independent registered public accounting firm,
- FOR the advisory approval of the compensation of our named executive officers, and
- AGAINST the stockholder proposal related to action by written consent of stockholders.

14. What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most of our stockholders hold their shares through a broker, trustee or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

- **Stockholder of Record**—If your shares are registered directly in your name with our transfer agent, you are considered, with respect to those shares, the ''stockholder of record.'' As the stockholder of record, you have the right to grant your voting proxy directly to Hewlett Packard Enterprise or to a third party, or to vote your shares during the meeting.
- **Beneficial Owner**—If your shares are held in a brokerage account, by a trustee or by another nominee (that is, in ''street name''), you are considered the ''beneficial owner'' of those shares. As the beneficial owner of those shares, you have the right to direct your broker, trustee or nominee how to vote, or to vote your shares during the annual meeting (other than shares held in the Hewlett Packard Enterprise Company Plan (the ''Hewlett Packard Enterprise 401(k) Plan''), which must be voted prior to the annual meeting).

15. Who is entitled to vote and how many shares can I vote?

Each holder of shares of Hewlett Packard Enterprise common stock issued and outstanding as of the close of business on February 5, 2018, the record date for the annual meeting, is entitled to cast one vote per share on all items being voted upon at the annual meeting. You may vote all shares owned by you as of this time, including (1) shares held directly in your name as the stockholder of record, including shares purchased through our dividend reinvestment program and employee stock purchase plans, and shares held through our Direct Registration Service; and (2) shares held for you as the beneficial owner through a broker, trustee or other nominee.

On the record date, Hewlett Packard Enterprise Company had approximately 1,566,561,631 shares of common stock issued and outstanding.

16. How can I vote my shares during the annual meeting?

This year's annual meeting will be held entirely online to allow greater participation. Stockholders may participate in the annual meeting by visiting the following website:

HPE.onlineshareholdermeeting.com

To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.

Shares held in your name as the stockholder of record may be voted electronically during the annual meeting. Shares for which you are the beneficial owner but not the stockholder of record also may be voted electronically during the annual meeting, except that shares held in the Hewlett Packard Enterprise 401(k) Plan cannot be voted electronically during the annual meeting. If you hold shares in the Hewlett Packard Enterprise 401(k) Plan, your voting instructions must be received by 11:59 p.m., Eastern Time, on March 30, 2018 for the trustee to vote your shares. However, holders of shares in the Hewlett Packard Enterprise 401(k) Plan will still be able to view the annual meeting webcast and ask questions during the annual meeting.

Even if you plan to participate in the annual meeting online, we recommend that you also vote by proxy as described below so that your vote will be counted if you later decide not to participate in the annual meeting.

17. How can I vote my shares without participating in the annual meeting?

Whether you hold shares directly as the stockholder of record or through a broker, trustee or other nominee as the beneficial owner, you may direct how your shares are voted without participating in the annual meeting. There are three ways to vote by proxy:

- **By Internet**—Stockholders who have received a notice of the Internet availability of the proxy materials by mail may submit proxies over the Internet by following the instructions on the notice. Stockholders who have received notice of the Internet availability of the proxy materials by e-mail may submit proxies over the Internet by following the instructions included in the e-mail. Stockholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies over the Internet by following the instructions on the proxy card or voting instruction card.

- **By Telephone**—Stockholders of record who live in the United States or Canada may submit proxies by telephone by calling 1-800-690-6903 and following the instructions. Stockholders of record who have received a notice of the Internet availability of the proxy materials by mail must have the control number that appears on their notice available when voting. Stockholders of record who received notice of the Internet availability of the proxy materials by e-mail must have the control number included in the e-mail available when voting. Stockholders of record who have received a proxy card by mail must have the control number that appears on their proxy card available when voting. Most stockholders who are beneficial owners of their shares living in the United States or Canada and who have received a voting instruction card by mail may vote by phone by calling the number specified on the voting instruction card provided by their broker, trustee or nominee. Those stockholders should check the voting instruction card for telephone voting availability.
- **By Mail**—Stockholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies by completing, signing and dating their proxy card or voting instruction card and mailing it in the accompanying pre-addressed envelope.

18. What is the deadline for voting my shares?

If you hold shares as the stockholder of record, or through the Hewlett Packard Enterprise Company 2016 Employee Stock Purchase Plan (the ''ESPP''), your vote by proxy must be received before the polls close during the annual meeting.

If you hold shares in the Hewlett Packard Enterprise Company 401(k) Plan, your voting instructions must be received by 11:59 p.m., Eastern Time, on March 30, 2018 for the trustee to vote your shares.

If you are the beneficial owner of shares held through a broker, trustee or other nominee, please follow the voting instructions provided by your broker, trustee or nominee.

19. May I change my vote or revoke my proxy?

You may change your vote or revoke your proxy at any time prior to the vote during the annual meeting, except that any change to your voting instructions for shares held in the Hewlett Packard Enterprise Company 401(k) Plan must be provided by 11:59 p.m., Eastern Time, on March 30, 2018 as described above.

If you are the stockholder of record, you may change your vote by: (1) granting a new proxy bearing a later date (which automatically revokes the earlier proxy); (2) providing a written notice of revocation to the Corporate Secretary at the address below in Question 34 prior to your shares being voted; or (3) voting your shares electronically during the annual meeting. Participation in the annual meeting will not cause your previously granted proxy to be revoked unless you specifically make that request. For shares you hold beneficially in the name of a broker, trustee or other nominee, you may change your vote by submitting new voting instructions to your broker, trustee or nominee, or by participating in the meeting and electronically voting your shares during the meeting (except that shares held in the Hewlett Packard Enterprise 401(k) Plan cannot be voted electronically at the annual meeting).

20. Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed, either within Hewlett Packard Enterprise or to third parties, except: (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the vote; and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide written comments on their proxy card, which are then forwarded to management.

21. How are votes counted, and what effect do abstentions and broker non-votes have on the proposals?

In the election of directors, you may vote ''FOR,'' ''AGAINST'' or ''ABSTAIN'' with respect to each of the nominees. If you elect to abstain in the election of directors, the abstention will not impact the election of directors. In tabulating the voting results for the election of directors, only "FOR" and "AGAINST" votes are counted.

For all items of business, you may vote "FOR," "AGAINST" or "ABSTAIN." If you elect to abstain, the abstention will have the same effect as an "AGAINST" vote.

If you are the beneficial owner of shares held in the name of a broker, trustee or other nominee and do not provide that broker, trustee or other nominee with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. Under the NYSE rules, brokers, trustees or other nominees may generally vote on routine matters but cannot vote on non-routine matters. Only Proposal No. 2 (ratifying the appointment of the independent registered public accounting firm) is considered a routine matter. The other proposals are not considered routine matters, and without your instructions, your broker cannot vote your shares. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered, votes cast or entitled to vote on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting.

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If you vote by proxy card or voting instruction card and sign the card without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board (FOR all of our nominees to the Board, FOR ratification of the appointment of our independent registered public accounting firm, FOR the approval of the compensation of our named executive officers, and AGAINST the stockholder proposal related to action by written consent of stockholders.

For any shares you hold in the Hewlett Packard Enterprise 401(k) Plan, if your voting instructions are not received by 11:59 p.m., Eastern Time, on March 30, 2018, your shares will be voted in proportion to the way the shares held by the other Hewlett Packard Enterprise 401(k) Plan participants are voted, except as may be otherwise required by law.

22. What is the voting requirement to approve each of the proposals?

In the election of directors, each director will be elected by the vote of the majority of votes cast with respect to that director nominee. A majority of votes cast means that the number of votes cast for a nominee's election must exceed the number of votes cast against such nominee's election. Each nominee receiving more votes "FOR" his or her election than votes "AGAINST" his or her election will be elected. Approval of each of the other proposals requires the affirmative vote of a majority of the shares present, in person or represented by proxy, and entitled to vote on that proposal at the annual meeting.

23. What if I have questions for our transfer agent?

Please contact our transfer agent, at the phone number or address listed below, with questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to your stock account.

Equiniti Trust Company
Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
1-888-460-7641 (U.S. and Canada)
1-651-450-4064 (International)

A dividend reinvestment and stock purchase program is also available through our transfer agent. For information about this program, please contact our transfer agent as follows:

Equiniti Trust Company
Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
1-888-460-7641 (U.S. and Canada)
1-651-450-4064 (International)

ANNUAL MEETING INFORMATION

24. How can I participate in the annual meeting?

We are very pleased that this year's annual meeting will again be a completely virtual meeting of stockholders, which will be conducted via live webcast. You are entitled to participate in the annual meeting only if you were a Hewlett Packard Enterprise stockholder or joint holder as of the close of business on February 5, 2018 or if you hold a valid proxy for the annual meeting.

You will be able to participate in the annual meeting of stockholders online and submit your questions during the meeting by visiting **HPE.onlineshareholdermeeting.com**. You also will be able to vote your shares electronically at the annual meeting (other than shares held through the Hewlett Packard Enterprise 401(k) Plan, which must be voted prior to the meeting).

To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.

The meeting webcast will begin promptly at 9:00 a.m., Pacific Time. We encourage you to access the meeting prior to the start time. Online access will begin at 8:30 a.m., Pacific Time.

25. How can I access the proxy statement and annual report, or submit questions prior to the meeting?

The online format for the annual meeting will allow us to communicate more effectively with you. You can submit questions in advance of the annual meeting, and also access copies of our proxy statement and annual report by visiting **www.proxyvote.com** for beneficial owners and **proxyvote.com/hpe** for registered stockholders.

26. Why is this annual meeting only virtual?

We are excited to embrace the latest technology to provide ease of access, real-time communication and cost savings for our stockholders and the company. Hosting a virtual meeting will provide easy access for stockholders and facilitate participation since stockholders can participate from any location around the world.

You will be able to participate in the annual meeting of stockholders online and submit your questions during the meeting by visiting **HPE.onlineshareholdermeeting.com**. You also will be able to vote your shares electronically prior to or during the annual meeting (other than shares held through the Hewlett Packard Enterprise 401(k) Plan, which must be voted prior to the meeting).

27. What if I have technical difficulties or trouble accessing the virtual meeting?

We will have technicians ready to assist you with any technical difficulties you may have accessing the virtual meeting. If you encounter any difficulties accessing the virtual meeting or during the meeting time, please call:

1-855-449-0991 (Toll-free)
1-720-378-5962 (Toll line)

28. How many shares must be present or represented to conduct business at the annual meeting?

The quorum requirement for holding the annual meeting and transacting business is that holders of a majority of outstanding shares of Hewlett Packard Enterprise common stock entitled to vote must be present in person or represented by proxy. Both abstentions and broker non-votes described previously in Question 21 are counted for the purpose of determining the presence of a quorum.

29. What if a quorum is not present at the annual meeting?

If a quorum is not present at the scheduled time of the annual meeting, then either the chairman of the annual meeting or the stockholders by vote of the holders of a majority of the stock having voting power present in person or represented by proxy at the annual meeting are authorized by our Bylaws to adjourn the annual meeting until a quorum is present or represented.

30. What happens if additional matters are presented at the annual meeting?

Other than the four items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxyholders, Antonio F. Neri, Timothy C. Stonesifer, and Rishi Varma, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any reason any of the nominees named in this proxy statement is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

31. Who will serve as Inspector of Election?

The Inspector of Election will be a representative from Broadridge.

32. Where can I find the voting results of the annual meeting?

We intend to announce preliminary voting results at the annual meeting and publish final results in a Current Report on Form 8-K to be filed with the SEC within four business days of the annual meeting.

33. Who will bear the cost of soliciting votes for the annual meeting?

Hewlett Packard Enterprise is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing the notices and these proxy materials and soliciting votes. In addition to the mailing of the notices and these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. We also will reimburse brokerage houses and other custodians, nominees and fiduciaries for forwarding proxy and solicitation materials to stockholders.

STOCKHOLDER PROPOSALS, DIRECTOR NOMINATIONS AND RELATED BYLAW PROVISIONS

34. What is the deadline to propose actions (other than director nominations) for consideration at next year's annual meeting of stockholders?

You may submit proposals for consideration at future stockholder meetings. For a stockholder proposal to be considered for inclusion in our proxy statement for the annual meeting next year, the Corporate Secretary must receive the written proposal at our principal executive offices no later than October 16, 2018. Such proposals also must comply with SEC regulations under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary
Hewlett Packard Enterprise Company
3000 Hanover Street MS 1050
Palo Alto, California 94304
Fax: (650) 857-4837
bod-hpe@hpe.com

For a stockholder proposal that is not intended to be included in our proxy statement for next year's annual meeting under Rule 14a-8, the stockholder must provide the information required by our Bylaws and give timely notice to the Corporate Secretary in accordance with our Bylaws, which, in general, require that the notice be received by the Corporate Secretary:

- not earlier than the close of business on December 5, 2018; and
- not later than the close of business on January 4, 2019.

If the date of the stockholder meeting is moved more than 30 days before or 60 days after the anniversary of our annual meeting for the prior year, then notice of a stockholder proposal that is not intended to be included in our proxy statement under Rule 14a-8 must be received no earlier than the close of business 120 days prior to the meeting and not later than the close of business on the later of the following two dates:

- 90 days prior to the meeting; and
- 10 days after public announcement of the meeting date.

Deadlines for the nomination of director candidates are discussed in Question 36 below.

35. How may I recommend individuals to serve as directors and what is the deadline for a director recommendation?

You may recommend director candidates for consideration by the NGSR Committee. Any such recommendations should include verification of the stockholder status of the person submitting the recommendation and the nominee's name and qualifications for Board membership and should be directed to the Corporate Secretary at the address of our principal executive offices set forth in Question 34 above. See ''Proposal No. 1—Election of Directors—Director Nominee Experience and Qualifications'' for more information regarding our Board membership criteria.

A stockholder may send a recommended director candidate's name and information to the Board at any time. Generally, such proposed candidates are considered at the first or second Board meeting prior to the issuance of the proxy statement for our annual meeting.

36. How may I nominate individuals to serve as directors and what are the deadlines for a director nomination?

Our Bylaws permit stockholders to nominate directors for consideration at an annual meeting. To nominate a director for consideration at an annual meeting (but not for inclusion in our proxy statement), a nominating stockholder must provide the information required by our Bylaws and give timely notice of the nomination to the Corporate Secretary in accordance with our Bylaws, and each nominee must meet the qualifications required by our Bylaws. To nominate a director for consideration at next year's annual meeting, in general the notice must be received by the Corporate Secretary between the close of business on December 5, 2018 and the close of business on January 4, 2019, unless the annual meeting is moved by more than 30 days before or 60 days after the anniversary of the prior year's annual meeting, in which case the deadline will be as described in Question 34 above.

In addition, our Bylaws provide that under certain circumstances, a stockholder or group of stockholders may include director candidates that they have nominated in our annual meeting proxy statement. These proxy access provisions of our Bylaws provide, among other things, that a stockholder or group of up to twenty stockholders seeking to include director candidates in our annual meeting proxy statement must own 3% or more of Hewlett Packard Enterprise's outstanding common stock continuously for at least the previous three years. The number of stockholder-nominated candidates appearing in any annual meeting proxy statement cannot exceed 20% of the number of directors then serving on the Board. If 20% is not a whole number, the maximum number of stockholder-nominated candidates would be the closest whole number below 20%. Based on the current Board size of 13 directors, the maximum number of proxy access candidates that we would be required to include in our proxy materials for an annual meeting is two. Nominees submitted under the proxy access procedures that are later withdrawn or are included in the proxy materials as Board-nominated candidates will be counted in determining whether the 20% maximum has been reached. If the number of stockholder-nominated candidates exceeds 20%, each nominating stockholder or group of stockholders may select one nominee for inclusion in our proxy materials until the maximum number is reached. The order of selection would be determined by the amount (largest to smallest) of shares of Hewlett Packard Enterprise common stock held by each nominating stockholder or group of stockholders. The nominating stockholder or group of stockholders also must deliver the information required by our Bylaws, and each nominee must meet the qualifications required by our Bylaws. Requests to include stockholder-nominated candidates in our proxy materials for next year's annual meeting must be received by the Corporate Secretary:

- not earlier than the close of business on December 5, 2018; and
- not later than the close of business on January 4, 2019.

37. How may I obtain a copy of the provisions of our Bylaws regarding stockholder proposals and director nominations?

You may contact the Corporate Secretary at our principal executive offices for a copy of the relevant Bylaws provisions regarding the requirements for making stockholder proposals and nominating director candidates. Our Bylaws also are available on our website at investors.hpe.com/governance/articles-and-bylaws.

IMPORTANT INFORMATION CONCERNING THE HEWLETT PACKARD ENTERPRISE ANNUAL MEETING

Online access begins: 8:30 a.m., Pacific Time **Meeting begins: 9:00 a.m., Pacific Time**

- **Hewlett Packard Enterprise stockholders, including joint holders, as of the close of business on February 5, 2018, the record date for the annual meeting, are entitled to participate in the annual meeting on April 4, 2018.**
- **The annual meeting will be a completely virtual meeting of stockholders, which will be conducted via live webcast.**
- **You will be able to participate in the annual meeting of stockholders online and submit your questions during the meeting by visiting HPE.onlineshareholdermeeting.com. You also will be able to vote your shares electronically at the annual meeting (other than shares held through our 401(k) Plan, which must be voted prior to the meeting).**
- **We encourage you to access the meeting prior to the start time. Please allow ample time to log in and establish your connectivity which begins at 8:30 a.m., Pacific Time. The webcast starts at 9:00 a.m., Pacific Time.**
- **To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.**
- **Visit www.proxyvote.com for beneficial owners or proxyvote.com/hpe for registered stockholders in advance of the annual meeting where you can submit questions to management and also access copies of our proxy statement and annual report.**

THANK YOU FOR YOUR INTEREST AND SUPPORT—YOUR VOTE IS IMPORTANT!

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended October 31, 2017

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______________ to ______________

Commission file number 001-37483

HEWLETT PACKARD ENTERPRISE COMPANY
(Exact name of registrant as specified in its charter)

Delaware	**47-3298624**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification no.)**
3000 Hanover Street, Palo Alto, California	**94304**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: (650) 687-5817

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $0.01 per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of ''large accelerated filer,'' ''accelerated filer'', ''smaller reporting company'' and ''emerging growth company'' in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revise financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates was $30,672,608,482 based on the last sale price of common stock on April 30, 2017.

The number of shares of Hewlett Packard Enterprise Company common stock outstanding as of November 30, 2017 was 1,593,885,581 shares.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT DESCRIPTION	10-K PART
Portions of the Registrant's proxy statement related to its 2018 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year end of October 31, 2017 are incorporated by reference into Part III of this Report.	III

Hewlett Packard Enterprise Company

Form 10-K

For the Fiscal Year ended October 31, 2017

Table of Contents

Forward-Looking Statements

This Annual Report on Form 10-K, including ""Management's Discussion and Analysis of Financial Condition and Results of Operations'' in Item 7, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett Packard Enterprise Company and its consolidated subsidiaries (''Hewlett Packard Enterprise'') may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, deferred tax assets, share repurchases, currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring charges; any statements of the plans, strategies and objectives of management for future operations, as well as the execution of transformation and restructuring plans and any resulting cost savings, revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on Hewlett Packard Enterprise and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing Hewlett Packard Enterprise's businesses; the competitive pressures faced by Hewlett Packard Enterprise's businesses; risks associated with executing Hewlett Packard Enterprise's strategy; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of Hewlett Packard Enterprise's products and the delivery of Hewlett Packard Enterprise's services effectively; the protection of Hewlett Packard Enterprise's intellectual property assets, including intellectual property licensed from third parties and intellectual property shared with its former Parent; risks associated with Hewlett Packard Enterprise's international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by Hewlett Packard Enterprise and its suppliers, customers, clients and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; and the execution, timing and results of any transformation or restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of Hewlett Packard Enterprise's business) and the anticipated benefits of the transformation and restructuring plans; the resolution of pending investigations, claims and disputes; and other risks that are described herein, including but not limited to the items discussed in ''Risk Factors'' in Item 1A of Part I of this report and that are otherwise described or updated from time to time in Hewlett Packard Enterprise's other filings with the Securities and Exchange Commission. Hewlett Packard Enterprise assumes no obligation and does not intend to update these forward-looking statements.

PART I

ITEM 1. Business

We are an industry leading technology company that enables customers to go further, faster. With a deep and comprehensive portfolio, spanning the cloud to the data center to the intelligent edge, our technology and services help customers around the world deliver business outcomes. Our legacy dates back to a partnership founded in 1939 by William R. Hewlett and David Packard, and we strive every day to uphold and enhance that legacy through our dedication to providing innovative technological solutions to our customers.

On November 1, 2015, HP Inc. (''former Parent''), formerly known as Hewlett-Packard Company (''HP Co.''), spun-off Hewlett Packard Enterprise Company (''we'', ''us'', ''our'', ''Hewlett Packard Enterprise'', ''HPE'', or ''the Company''), pursuant to a separation agreement (the ''Separation and Distribution Agreement'') (collectively, the ''Separation''). To effect the spin-off, HP Inc. distributed all of the shares of Hewlett Packard Enterprise common stock owned by HP Inc. to its shareholders on November 1, 2015. Holders of HP Inc. common stock received one share of Hewlett Packard Enterprise stock for every share of HP Inc. stock held as of the record date. As a result of the spin-off, we now operate as an independent, publicly traded company.

Enterprise Services Separation Transaction

On April 1, 2017, we completed the separation and merger of our Enterprise Services business with Computer Sciences Corporation (''CSC'') (collectively, the ''Everett Transaction''). The Everett Transaction was accomplished by a series of transactions among CSC, HPE, Everett SpinCo, Inc. (a wholly-owned subsidiary of HPE) (''Everett''), and New Everett Merger Sub Inc., a wholly-owned subsidiary of Everett (''Merger Sub''). We transferred our Enterprise Services business to Everett and distributed all of the shares of Everett to HPE stockholders. HPE stockholders received 0.085904 shares of common stock in the new company for every one share of HPE common stock held at the close of business on the record date. Following the distribution, the Merger Sub merged with and into CSC, which became a wholly-owned subsidiary of Everett. At the time of the merger, Everett changed its name to DXC Technology Company (''DXC'').

Software Segment Separation Transaction

On September 1, 2017, we completed the separation and merger of our Software business segment with Micro Focus International plc (''Micro Focus'') (collectively, the ''Seattle Transaction''). The Seattle Transaction was accomplished by a series of transactions among HPE, Micro Focus, Seattle SpinCo, Inc. (a wholly-owned subsidiary of HPE) (''Seattle''), and Seattle MergerSub, Inc., an indirect wholly-owned subsidiary of Micro Focus (''Merger Sub''). We transferred our Software business segment to Seattle and distributed all of the shares of Seattle to HPE stockholders. HPE stockholders received 0.13732611 American Depository Shares (''Micro Focus ADSs'') in the new company, each of which represents one ordinary share of Micro Focus, for every one share of HPE common stock held at the close of business on the record date. Following the share distribution, the Merger Sub merged with and into Seattle which became an indirect, wholly-owned subsidiary of Micro Focus.

With the completion of the Everett and Seattle Transactions, we have reclassified the historical financial results of our former Enterprise Services segment (''former ES segment'') and our former Software segment to Net loss from discontinued operations in our Consolidated and Combined Statements of Earnings, and to assets and liabilities of discontinued operations in our Consolidated Balance Sheets.

HPE Next

During the third quarter of fiscal 2017, we launched an initiative called HPE Next, through which we will architect a purpose-built company designed to compete and win in the markets where we participate. Through this initiative, we will simplify our operating model and the way we work. We will streamline our offerings and business processes to improve our execution. More importantly, we will continue to shift our investments in innovation towards high growth and higher margin solutions and services.

This initiative includes consolidating our manufacturing and support services locations, streamlining our business systems and reducing the number of countries in which we have a direct sales presence, while simultaneously migrating to a channel-only model in the remaining countries.

The HPE Next initiative is expected to be implemented through fiscal 2020. During this time, we expect to incur expenses for workforce reductions, to upgrade and simplify our IT infrastructure, and for other non-labor actions. These costs will be partially offset by proceeds received from real estate sales.

We expect to achieve gross cost savings of $1.5 billion exiting fiscal 2020. After investing approximately $700 million of the gross savings back into the business, we expect to achieve annual run-rate net cost savings of approximately $800 million exiting fiscal 2020.

Our Strategy

HPE's strategy is based on three key pillars:

First, we make Hybrid IT simple through secure, software-defined offerings that enable customers to move data seamlessly across their on-premises data centers, private cloud, managed cloud and public cloud environments. HPE has a deep portfolio of technology solutions to enable the right mix of Hybrid IT to drive the business outcomes our customers are looking for. Our portfolio includes industry standard servers, hyperconverged offerings, high performance compute, composable infrastructure, all-flash storage, networking, private cloud and multi-cloud management software. Equally important to enabling the right mix of Hybrid IT are our partnerships with other leading technology companies.

Second, we power the intelligent edge that runs campus, branch and Internet of Things (''IoT'') applications. We provide the technology that enables deeply connected digital workplaces, intelligently monitored operations and transformative customer experiences for our enterprise customers. Our market-leading portfolio includes software-defined, secure, wireless and wired networking technology and innovative converged systems that combine compute, control, data acquisition, and iLO systems management, specifically designed for industrial IoT environments.

Third, we provide world-class expertise and flexible consumption models to help customers transform their IT environments. HPE's Pointnext technology services organization provides the expertise and financial services support customers need. Pointnext draws on the expertise of more than 25,000 specialists worldwide to support customers across Advisory and Transformation Services, Professional Services and Operational Services. These teams collaborate with businesses worldwide to speed their adoption of emerging technologies, including cloud computing and hybrid IT, big data and analytics, the Intelligent Edge, and IoT.

Our Business Segments, Products and Services

We organize our business into the following three segments:

- *Enterprise Group. Our Enterprise Group (''EG'') provides secure, software-defined technology and services that enable customers to move data seamlessly across their hybrid IT environments and power the intelligent edge that runs campus, branch and IoT applications.*
- *Financial Services. Financial Services (''FS'') enables flexible IT consumption models, financial architectures and customized investment solutions for our customers.*
- *Corporate Investments.* Corporate Investments includes Hewlett Packard Labs and certain business incubation projects.

A summary of our net revenue, earnings from operations and assets for our segments can be found in Note 3, ''Segment Information'', to our Consolidated and Combined Financial Statements in Item 8 of Part II. A discussion of certain factors potentially affecting our operations is set forth in Item 1A, ''Risk Factors.''

Enterprise Group

EG provides a broad portfolio of enterprise technology solutions and services including secure, software-defined servers, storage and networking, as well as technology services.

Servers. We offer both Industry Standard Servers (''ISS''), which are general purpose servers for multi-workload computing, as well as Mission Critical Servers (''MCS''), which are servers optimized for particular workloads. Our general purpose servers include the HPE ProLiant, secure and versatile rack and tower servers; HPE BladeSystem, a modular infrastructure that converges server, storage and networking; and HPE Synergy, a composable infrastructure for traditional and cloud-native applications. Our workload optimized server portfolio includes the HPE Apollo for high performance computing and artificial intelligence, HPE Cloudline for cloud data centers, HPE Edgeline for computing at the network edge, HPE Integrity for mission-critical applications, and HPE SimpliVity, a hyper-converged platform for virtualization.

Storage. Our storage offerings include platforms for enterprise and small- and medium-size business (''SMB'') environments. Our key products include Nimble Storage and the 3PAR StoreServ Storage Platform, which are designed for virtualization, cloud and IT-as-a-service. Traditional Storage solutions include tape, storage networking and legacy external disk products, such as EVA and XP. Converged Storage solutions include 3PAR StoreServ, StoreOnce and StoreVirtual products. These offerings enable our customers to optimize their existing storage systems, build new virtualization solutions and facilitate their transition to cloud computing.

Networking. Our networking offerings include HPE and Aruba branded software-defined switches, routers, wireless local area network (''WLAN''), network virtualization, security, location-based services, and network management products that deliver open, scalable, secure, agile, and consistent solutions that span the data center, campus and branch environments.

Technology Services. Technology Services creates preferred IT experiences that power a digital business. The Technology Services team and the Company's extensive partner network provide value across the IT life cycle delivering advice, transformation projects, professional services, support services, and operational services for Hybrid IT and the Intelligent Edge. Technology Services is also a provider of on-premises flexible consumption models that enable IT agility, simplify operations and align costs to business value. Technology Services offerings comprise HPE Pointnext, which includes Data Center Care, Proactive Care and Technology Consulting, as well as Aruba Services, and Communications and Media Solutions.

Financial Services

FS provides flexible investment solutions for our customers—such as leasing, financing, IT consumption and utility programs—and asset management services that facilitate unique technology deployment models and the acquisition of complete IT solutions, including hardware, software and services from us and others. In order to provide flexible services and capabilities that support the entire IT life cycle, FS partners with our customers globally to help build investment strategies that enhance their business agility and support their business transformation. FS offers a wide selection of investment solution capabilities for large enterprise customers and channel partners, along with an array of financial options for SMBs and educational and governmental entities.

Corporate Investments

Corporate Investments includes Hewlett Packard Labs and certain cloud-related business incubation projects.

Our Strengths

We believe that we possess a number of competitive advantages that distinguish us from our competitors, including:

Strong solutions portfolio for the data center, cloud and intelligent edge. We combine our software-defined infrastructure and services capabilities to provide what we believe is the strongest portfolio of enterprise solutions in the IT industry. Our ability to deliver a comprehensive IT strategy, from the cloud to the data center to the intelligent edge, through our high-quality products and high-value consulting and support services in a single package is one of our principal differentiators.

Multiyear innovation roadmap. We have been in the technology and innovation business for over 75 years. Our vast intellectual property portfolio and global research and development capabilities are part of a broader innovation roadmap designed to help organizations take advantage of the expanding amount of data available and leverage the latest technology developments like cloud, artificial intelligence, and cyber security to drive business outcomes now and in the future.

Global distribution and partner ecosystem. We are experts in delivering innovative technological solutions to our customers in complex multi-country, multi-vendor and/or multi-language environments. We have one of the largest go-to-market capabilities in our industry, including a large ecosystem of channel partners, which enables us to market and deliver our product offerings to customers located virtually anywhere in the world.

Custom financial solutions. We have developed innovative financing solutions and IT consumption models to facilitate the delivery of our products and services to our customers. We deliver flexible investment solutions and expertise that help customers and other partners create unique technology deployments based on specific business needs.

Experienced leadership team with track record of successful performance. Our management team has an extensive track record of performance and execution. We are led by our Chief Executive Officer, Margaret C. Whitman and our President, Antonio Neri, who have proven experience in developing transformative business models, building global brands and driving sustained growth and expansion in the technology industry. Ms. Whitman's experience includes her leadership of HP Co. for four years prior to the Separation and her prior ten years as Chief Executive Officer of eBay Inc. Mr. Neri's experience includes over 20 years combined at HPE and HP Co., in various leadership positions. Our senior management team has over 100 collective years of experience in our industry and possesses extensive knowledge of and experience in the enterprise IT business and the markets in which we compete. Moreover, we have a deep bench of management and technology talent that we believe provides us with an unparalleled pipeline of future leaders and innovators.

Sales, Marketing and Distribution

We manage our business and report our financial results based on the segments described above. Our customers are organized by commercial and large enterprise groups, including business and public sector enterprises, and purchases of our products, solutions and services may be fulfilled directly by us or indirectly through a variety of partners, including:

- resellers that sell our products and services, frequently with their own value-added products or services, to targeted customer groups;
- distribution partners that supply our solutions to resellers;
- original equipment manufacturers (''OEMs'') that integrate our products and services with their own products and services, and sell the integrated solution;
- independent software vendors that provide their clients with specialized software products and often assist us in selling our products and services to clients purchasing their products;
- systems integrators that provide expertise in designing and implementing custom IT solutions and often partner with us to extend their expertise or influence the sale of our products and services; and
- advisory firms that provide various levels of management and IT consulting, including some systems integration work, and typically partner with us on client solutions that require our unique products and services.

The mix of our business conducted by direct sales or channel differs substantially by business and region. We believe that customer buying patterns and different regional market conditions require us to tailor our sales, marketing and distribution efforts accordingly. We are focused on driving the depth and breadth of our coverage, in addition to identifying efficiencies and productivity gains, in both our direct and indirect businesses. For example, through our HPE Next initiative, we will reduce the number of countries in which we have a direct sales presence, while simultaneously migrating to a channel-only model in the remaining countries. We typically assign an account manager to manage relationships across our business with large enterprise customers. The account manager is supported by a team of specialists with product and services expertise. For other customers and for consumers, our businesses collaborate to manage relationships with commercial resellers targeting SMBs where appropriate.

Manufacturing and Materials

We utilize a significant number of outsourced manufacturers around the world to manufacture products that we design. The use of outsourced manufacturers is intended to generate cost efficiencies and reduce time to market for our products as well as maintain flexibility in our supply chain and manufacturing processes. In some circumstances, third-party OEMs produce products that we purchase and resell under our brand. In addition to our use of outsourced manufacturers, we currently manufacture a limited number of finished products from components and subassemblies that we acquire from a wide range of vendors. To generate further cost efficiencies, through our HPE Next initiative, we will reduce the number of our manufacturing locations.

Historically, we have utilized two primary methods of fulfilling demand for products: building products to order and configuring products to order. We build products to order to maximize manufacturing and logistics efficiencies by producing high volumes of basic product configurations. Alternatively, configuring products to order enables units to match a customer's particular hardware and software customization requirements. To streamline and simplify our operations and reduce our costs to serve our customers, we will reduce the number of active configurations through our HPE Next initiative. Our inventory management and distribution practices in both building products to order and configuring products to order seek to minimize inventory holding periods by taking delivery of the inventory and manufacturing shortly before the sale or distribution of products to our customers.

We purchase materials, supplies and product subassemblies from a substantial number of vendors. For most of our products, we have existing alternate sources of supply or such alternate sources of supply are readily available. However, we do rely on sole sources for certain customized parts (although some of these sources have operations in multiple locations in the event of a disruption). We are dependent upon Intel and AMD as suppliers of x86 processors; however, we believe that disruptions with these suppliers would result in industry-wide dislocations and therefore would not disproportionately disadvantage us relative to our competitors.

Like other participants in the IT industry, we ordinarily acquire materials and components through a combination of blanket and scheduled purchase orders to support our demand requirements for periods averaging 90 to 120 days. From time to time, we may experience significant price volatility or supply constraints for certain components that are not available from multiple sources or where our suppliers are geographically concentrated. When necessary, we are often able to obtain scarce components for somewhat higher prices on the open market, which may have an impact on our gross margin, but does not generally disrupt production. We may also acquire component inventory in anticipation of supply constraints, or enter into longer-term pricing commitments with vendors to improve the priority, price and availability of supply. See ''Risk Factors—We depend on third-party suppliers, and our financial results could suffer if we fail to manage our suppliers properly.''

International

Our products and services are available worldwide. We believe geographic diversity allows us to meet demand on a worldwide basis for our customers, draws on business and technical expertise from a worldwide workforce, provides stability to our operations, provides revenue streams that may offset geographic economic trends, and offers us an opportunity to access new markets for maturing products.

A summary of our domestic and international results is set forth in Note 3, ''Segment Information'', to our Consolidated and Combined Financial Statements in Item 8 of Part II. Approximately 66% of our overall net revenue in fiscal 2017 came from outside the United States.

For a discussion of certain risks attendant to our international operations, see ''Risk Factors—Due to the international nature of our business, political or economic changes or other factors could harm our future revenue, costs and expenses, and financial condition,'' and ''—We are exposed to fluctuations in foreign currency exchange rates'' in Item 1A, ''Quantitative and Qualitative Disclosure about Market Risk'' in Item 7A and Note 14, ''Financial Instruments'', to our Consolidated and Combined Financial Statements in Item 8 of Part II, which are incorporated herein by reference.

Research and Development

Innovation is a key element of our culture and critical to our success. Our research and development efforts are focused on designing and developing products, services and solutions that anticipate customers' changing needs and desires and emerging technological trends. Our efforts also are focused on identifying the areas where we believe we can make a unique contribution and where partnering with other leading technology companies will leverage our cost structure and maximize our customers' experiences.

Expenditures for research and development were $1.5 billion in fiscal 2017, $1.7 billion in fiscal 2016 and $1.7 billion in fiscal 2015. We anticipate that we will continue to have significant research and development expenditures in the future to support the design and development of innovative, high-quality products, services and solutions to maintain and enhance our competitive position. For a discussion of risks attendant to our research and development activities, see ''Risk Factors—If we cannot successfully execute our go-to-market strategy and continue to develop, manufacture and market innovative products, services and solutions, our business and financial performance may suffer'' in Item 1A.

Patents

Our general policy is to seek patent protection for those inventions likely to be incorporated into our products and services or where obtaining such proprietary rights will improve our competitive position. At present, our worldwide patent portfolio includes approximately 11,000 patents.

Patents generally have a term of up to 20 years from the date they are filed. As our patent portfolio has been built over time, the remaining terms of the individual patents across our patent portfolio vary. We believe that our patents and patent applications are important for maintaining the competitive differentiation of our products and services, enhancing our freedom of action to sell our products and services in markets in which we choose to participate, and maximizing our return on research and development investments. No single patent is in itself essential to our company as a whole or to any of our business segments.

In addition to developing our patent portfolio, we license intellectual property from third parties as we deem appropriate. We have also granted and continue to grant to others licenses and other rights under our patents when we consider these arrangements to be in our interest. These license arrangements include a number of cross-licenses with third parties.

For a discussion of risks attendant to intellectual property rights, see ''Risk Factors—Our financial performance may suffer if we cannot continue to develop, license or enforce the intellectual property rights on which our businesses depend'' and ''—Our products and services depend in part on intellectual property and technology licensed from third parties'' in Item 1A.

Backlog

We believe that our backlog is not a meaningful indicator of our future business prospects due to our diverse product and service portfolio, including the large volume of products delivered from finished goods or channel partner inventories and the shortening of product life cycles. Therefore, we believe that backlog information is not material to an understanding of our overall business.

Seasonality

General economic conditions have an impact on our business and financial results. From time to time, the markets in which we sell our products, services and solutions experience weak economic conditions that may negatively affect sales. We experience some seasonal trends in the sale of our products and services. For example, European sales are often weaker in the summer months. See Item 1A, ''Risk Factors—Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable.''

Competition

We have a broad technology portfolio of enterprise IT infrastructure products, solutions and services. We encounter strong competition in all areas of our business. We compete primarily on the basis of technology, innovation, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service and support, security, and the availability of our IT infrastructure offerings.

The markets in which we compete are characterized by strong competition among major corporations with long-established positions and a large number of new and rapidly growing firms. Most product life cycles are relatively short, and to remain competitive we must develop new products and services, periodically enhance our existing products and services and compete effectively on the basis of the factors listed above, among others. In addition, we compete with many of our current and potential partners, including OEMs that design, manufacture and market their products under their own brand names. Our successful management of these competitive partner relationships is critical to our future success. Moreover, we anticipate that we will have to continue to adjust prices on many of our products and services to stay competitive.

The competitive environments in which each segment operates are described below:

Enterprise Group. EG operates in the highly competitive enterprise technology infrastructure market, which is characterized by rapid and ongoing technological innovation and price competition. Our primary competitors include technology vendors such as Dell Technologies Inc., Cisco Systems, Inc., NetApp, Inc., Lenovo Group Ltd., International Business Machines Corporation, Huawei Technologies Co. Ltd., Amazon.com, Inc., Oracle Corporation, Fujitsu Limited, Juniper Networks, Inc., Inspur Co., Ltd., Hitachi Ltd., Extreme Networks, Inc., Pure Storage, Inc., VMware, Nutanix, Inc., Google Inc., and Rackspace Inc. In certain regions, we also experience competition from local companies and from generically branded or ‘‘white-box’’ manufacturers. Our strategy is to deliver superior products, high-value technology support services and differentiated integrated solutions that combine our infrastructure, software and services capabilities. Our competitive advantages include our broad end-to-end solutions portfolio, supported by our strong intellectual property portfolio and research and development capabilities, coupled with our global reach and partner ecosystem.

Financial Services. In our financing business, our competitors are captive financing companies, mainly IBM Global Financing, as well as banks and other financial institutions. We believe our competitive advantage over banks and other financial institutions in our financing business is our ability to deliver flexible investment solutions and expertise that help customers and other partners create unique technology deployments based on specific business needs.

For a discussion of certain risks attendant to these competitive environments, see ‘‘Risk Factors—We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance’’ in Item 1A.

Environment

Our operations are subject to regulation under various federal, state, local, and foreign laws concerning the environment, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the clean-up of contaminated sites. We could incur substantial costs, including clean-up costs, fines and civil or criminal sanctions and third-party damage or personal injury claims, if we were to violate or become liable under environmental laws.

Many of our products are subject to various federal, state, local, and foreign laws governing chemical substances in products and their safe use, including laws restricting the presence of certain substances in electronics products and in some cases, laws regulating the manufacture and distribution of chemical substances. Some of our products and services also are, or may in the future be, subject to requirements applicable to their energy consumption. In addition, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, their safe use and their energy efficiency, including requirements relating to climate change. We are also subject to legislation in an increasing number of jurisdictions that makes producers of electrical goods, including servers and networking equipment, financially responsible for specified collection, recycling, treatment, and disposal of past and future covered products (sometimes referred to as ‘‘product take-back legislation’’). In the event our products become non-compliant with these laws, our products could be restricted from entering certain jurisdictions and we could face other sanctions, including fines.

Our operations, services and ultimately our products are expected to become increasingly subject to federal, state, local, and foreign laws, regulations and international treaties relating to climate change. As these laws, regulations, treaties, and similar initiatives and programs are adopted and implemented throughout the world, we will be required to comply or potentially face market access limitations or other sanctions, including fines. However, we believe that technology will be fundamental to finding solutions to achieve compliance with and manage those requirements, and we are collaborating with industry, business groups and governments to find and promote ways that our technology can be used to address climate change and to facilitate compliance with related laws, regulations and treaties.

We are committed to maintaining compliance with all environmental laws applicable to our operations, products and services, and to reducing our environmental impact across all aspects of our business. We meet this commitment with a comprehensive environmental, health and safety policy, strict environmental management of our operations and worldwide environmental programs and services.

Environmental costs and accruals are presently not material to our operations, cash flows or financial position. Although there is no assurance that existing or future environmental laws applicable to our operations, services or products will not have a material adverse effect on our operations, cash flows or financial condition, we do not currently anticipate material capital expenditures for environmental control facilities.

Employees

We had approximately 66,000 employees as of October 31, 2017.

Additional Information

Intel®, Itanium®, and Intel® Itanium® are trademarks of Intel Corporation in the United States and other countries. AMD is a trademark of Advanced Micro Devices, Inc.

Executive Officers

The following are our current executive officers:

Margaret C. Whitman; age 61; Chief Executive Officer

Ms. Whitman has served as Chief Executive Officer of Hewlett Packard Enterprise since June 2017. Prior to that, Ms. Whitman served as President and Chief Executive Officer from November 2015 to June 2017. Prior to that, Ms. Whitman served as President, Chief Executive Officer, and Chairman of HP Co. from July 2014 to November 2015 and President and Chief Executive Officer of HP Co. from September 2011 to November 2015. From March 2011 to September 2011, Ms. Whitman served as a part-time strategic advisor to Kleiner Perkins Caufield & Byers, a private equity firm. Previously, Ms. Whitman served as President and Chief Executive Officer of eBay Inc., an online marketplace, from 1998 to 2008. Ms. Whitman also serves as a director of The Procter & Gamble Company, a consumer goods company, and of DXC Technology Company, an IT services company, and is a former director of both Zipcar, Inc., a car sharing service, and HP Inc.

Antonio Neri; age 50; President

Mr. Neri has served as President at Hewlett Packard Enterprise since June 2017. Prior to that, Mr. Neri served as Executive Vice President and General Manager, Enterprise Group from November 2015 to June 2017. Prior to that, Mr. Neri served as Senior Vice President and General Manager, Enterprise Group at HP Co. from October 2014 to November 2015. Previously, he served as Senior Vice President and General Manager of the HP Servers business unit from September 2013 to October 2014 and concurrently as Senior Vice President and General Manager of the HP Networking business unit from May 2014 to October 2014. Prior to that, Mr. Neri served as Senior Vice President and General Manager of the HP Technology Services business unit from August 2011 to September 2013 and as Senior Vice President, Customer Services for the HP Personal Systems Group from 1995 until August 2011. From March 2012 to February 2013, Mr. Neri served as a director of MphasiS Limited, a technology company. On November 21, 2017, HPE announced that Mr. Neri was appointed to serve as President and Chief Executive Officer of HPE effective February 1, 2018.

Henry Gomez; age 54; Executive Vice President, Chief Marketing and Communications Officer

Mr. Gomez has served as Executive Vice President and Chief Marketing and Communications Officer of Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Gomez performed a similar role at HP Co. from August 2013 to November 2015. Previously, he served as Chief Communications Officer and Executive Vice President of HP Co. from January 2012 to July 2013. Prior to that, he ran HSG Communications, a consulting business that he founded in September 2008. He also served on the leadership team of Ms. Whitman's gubernatorial campaign from February 2009 to November 2010. From September 2011 to September 2013 he served as a director of BJ's Restaurants, Inc., a food service company.

Kirt P. Karros; age 48; Senior Vice President, Finance and Treasurer

Mr. Karros has served as Senior Vice President, Finance and Treasurer at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Karros performed a similar role at HP Co. as well as leading Investor Relations from May 2015 to October 2015. Previously, Mr. Karros served as a Principal and Managing Director of Research for Relational Investors LLC, an investment fund, from 2001 to May 2015. Mr. Karros served as a director of PMC-Sierra, a semiconductor company, from August 2013 to May 2015.

Alan May; age 59; Executive Vice President, Human Resources

Mr. May has served as Executive Vice President, Human Resources at Hewlett Packard Enterprise since June 2015. Before joining Hewlett Packard Enterprise, Mr. May served as Vice President, Human Resources at Boeing Commercial Aircraft, a division of The Boeing Company, from April 2013 to June 2015. Previously, Mr. May served as Vice President of Human Resources for Boeing Defense, Space and Security at Boeing from April 2011 to June 2015 and as Vice President, of Compensation, Benefits and Strategy at Boeing from August 2007 to April 2011.

Jeff T. Ricci; age 56; Senior Vice President, Controller and Principal Accounting Officer

Mr. Ricci has served as Senior Vice President, Controller and Principal Accounting Officer at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Ricci performed a similar role at HP Co. from April 2014 to November 2015. Previously, Mr. Ricci served as Controller and Principal Accounting Officer at HP Co. on an interim basis from November 2013 to April 2014. Prior to that, Mr. Ricci served as Vice President of Finance for HP Co.'s Technology and Operations organization from May 2012 to November 2013. Mr. Ricci served as HP Co.'s Vice President of Finance for Global Accounts and HP Financial Services from March 2011 to May 2012 and Vice President of Finance for HP Software from March 2009 to March 2011.

John F. Schultz; age 53; Executive Vice President, Chief Legal and Administrative Officer and Secretary

Mr. Schultz has served as Executive Vice President, Chief Legal and Administrative Officer and Secretary of Hewlett Packard Enterprise since December 2017. Mr. Schultz previously served as Executive Vice President, General Counsel and Secretary of Hewlett Packard Enterprise from November 2015 to December 2017. Prior to that, Mr. Schultz performed a similar role at HP Co. from April 2012 to November 2015. Previously, he served as Deputy General Counsel for Litigation, Investigations and Global Functions at HP Co. from September 2008 to April 2012. From March 2005 to September 2008, Mr. Schultz was a partner in the litigation practice at Morgan, Lewis & Bockius LLP, a law firm, where, among other clients, he supported HP Co. as external counsel on a variety of litigation and regulatory matters.

Timothy C. Stonesifer; age 50; Executive Vice President and Chief Financial Officer

Mr. Stonesifer has served as Executive Vice President and Chief Financial Officer at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Stonesifer acted as Senior Vice President and Chief Financial Officer, Enterprise Group at HP Co. from February 2014 to November 2015. Before joining HP Co., he served as Chief Financial Officer of General Motors International Operations, an automotive company, from May 2011 to January 2014. Previously, he served as Chief Financial Officer of Alegco Scotsman, a storage company, from June 2010 to May 2011. Prior to that, Mr. Stonesifer served as Chief Financial Officer of Sabic Innovative Plastics (formerly GE Plastics) from August 2007 to June 2010 after having served in various other positions at General Electric since joining the company in 1989.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available on our website at http://investors.hpe.com, as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the Securities and Exchange Commission. Hewlett Packard Enterprise's Corporate Governance Guidelines, Board of Directors' committee charters (including the charters of the Audit Committee, Finance and Investment Committee, HR and Compensation Committee, Technology Committee, and Nominating, Governance and Social Responsibility Committee) and code of ethics entitled ''Standards of Business Conduct'' are also available at that same location on our website. Stockholders may request free copies of these documents from:

Hewlett Packard Enterprise Company
Attention: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304
http://investors.hpe.com/financial/requested-printed-reports

ITEM 1A. Risk Factors.

You should carefully consider the following risks and other information in this Form 10-K in evaluating Hewlett Packard Enterprise and its common stock. Any of the following risks could materially and adversely affect our results of operations or financial condition. The following risk factors should be read in conjunction with Part II, Item 7, ''Management's Discussion and Analysis of Financial Condition and Results of Operation'' and the Consolidated and Combined Financial Statements and related notes in Part II, Item 8, ''Financial Statements and Supplemental Data'' of this Form 10-K.

Risks Related to Our Business

If we cannot successfully execute our go-to-market strategy and continue to develop, manufacture and market innovative products, services and solutions, our business and financial performance may suffer.

Our long-term strategy is focused on leveraging our existing portfolio of hardware, software and services as we deliver Hybrid IT solutions to our customers and power the intelligent edge that runs campus, branch and Internet of Things applications. To successfully execute this strategy, we must address business model shifts and optimize go-to-market execution by improving cost structure, aligning sales coverage with strategic goals, improving channel execution and strengthening our capabilities in our areas of strategic focus, while continuing to pursue new product innovation that builds on our strategic capabilities in areas such as cloud and data center computing, software-defined networking, converged storage, high-performance compute, and wireless networking. Any failure to successfully execute this strategy, including any failure to invest sufficiently in strategic growth areas, could adversely affect our business, results of operations and financial condition.

The process of developing new high-technology products, software, services and solutions and enhancing existing hardware and software products, services and solutions is complex, costly and uncertain, and any failure by us to anticipate customers' changing needs and emerging technological trends accurately could significantly harm our market share, results of operations and financial condition. For example, as the transition to an environment characterized by cloud-based computing and software being delivered as a service progresses, we must continue to successfully develop and deploy cloud-based solutions for our customers. We must make long-term investments, develop or obtain and protect appropriate intellectual property, and commit significant research and development and other resources before knowing whether our predictions will accurately reflect customer demand for our products, services and solutions. Any failure to accurately predict technological and business trends, control research and development costs or execute our innovation strategy could harm our business and financial performance. Our research and development initiatives may not be successful in whole or in part, including research and development projects which we have prioritized with respect to funding and/or personnel.

After we develop a product, we must be able to manufacture appropriate volumes quickly while also managing costs and preserving margins. To accomplish this, we must accurately forecast volumes, mixes of products and configurations that meet customer requirements, and we may not succeed at doing so within a given product's life cycle or at all. Any delay in the development, production or marketing of a new product, service or solution could result in us not being among the first to market, which could further harm our competitive position.

We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance.

We encounter aggressive competition from numerous and varied competitors in all areas of our business, and our competitors have targeted and are expected to continue targeting our key market segments. We compete primarily on the basis of our technology, innovation, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service and support, security, and the availability of our offerings. If our products, services, support and cost structure do not enable us to compete successfully based on any of those criteria, our results of operations and business prospects could be harmed.

We have a large portfolio of products and services and must allocate our financial, personnel and other resources across all of our products and services while competing with companies that have smaller portfolios or specialize in one or more of our product or service lines. As a result, we may invest less in certain areas of our business than our competitors do, and our competitors may have greater financial, technical and marketing resources available to them compared to the resources allocated to our products and services that compete against their products and services. Industry consolidation may also affect competition by creating larger, more homogeneous and potentially stronger competitors in the markets in which we operate. Additionally, our competitors may affect our business by entering into exclusive arrangements with our existing or potential customers or suppliers.

Companies with whom we have alliances in certain areas may be or become our competitors in other areas. In addition, companies with whom we have alliances also may acquire or form alliances with our competitors, which could reduce their business with us. If we are unable to effectively manage these complicated relationships with alliance partners, our business and results of operations could be adversely affected.

We face aggressive price competition and may have to continue lowering the prices of many of our products and services to stay competitive, while simultaneously seeking to maintain or improve our revenue and gross margin. In addition, competitors who have a greater presence in some of the lower-cost markets in which we compete, or who can obtain better pricing, more favorable contractual terms and conditions or more favorable allocations of products and components during periods of limited supply may be able to offer lower prices than we are able to offer. Our cash flows, results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures.

Because our business model is based on providing innovative and high-quality products, we may spend a proportionately greater amount of our revenues on research and development than some of our competitors. If we cannot proportionately decrease our cost structure (apart from research and development expenses) on a timely basis in response to competitive price pressures, our gross margin and, therefore, our profitability could be adversely affected. In addition, if our pricing and other facets of our offerings are not sufficiently competitive, or if there is an adverse reaction to our product decisions, we may lose market share in certain areas, which could adversely affect our financial performance and business prospects.

Even if we are able to maintain or increase market share for a particular product, its financial performance could decline because the product is in a maturing industry or market segment or contains technology that is becoming obsolete. For example, our Storage business unit is experiencing the effects of a market transition towards converged products and solutions, which has led to a decline in demand for our traditional storage products. Financial performance could decline due to increased competition from other types of products. For example, the development of cloud-based solutions has reduced demand for some of our existing hardware products.

***If we cannot continue to produce quality products and services, our reputation, business and financial performance may suffer*.**

In the course of conducting our business, we must adequately address quality issues associated with our products, services and solutions, including defects in our engineering, design and manufacturing processes and unsatisfactory performance under service contracts, as well as defects in third-party components included in our products and unsatisfactory performance or even malicious acts by third-party contractors or subcontractors or their employees. In order to address quality issues, we work extensively with our customers and suppliers and engage in product testing to determine the causes of problems and to develop and implement appropriate solutions. However, the products, services and solutions that we offer are complex, and our regular testing and quality control efforts may not be effective in controlling or detecting all quality issues or errors, particularly with respect to faulty components manufactured by third parties. If we are unable to determine the cause, find an appropriate solution or offer a temporary fix (or ‘‘patch’’) to address quality issues with our products, we may delay shipment to customers, which could delay revenue recognition and receipt of customer payments and could adversely affect our revenue, cash flows and profitability. In addition, after products are delivered, quality issues may require us to repair or replace such products. Addressing quality issues can be expensive and may result in additional warranty, repair, replacement and other costs, adversely affecting our financial performance. If new or existing customers have difficulty operating our products or are dissatisfied with our services or solutions, our results of operations could be adversely affected, and we could face possible claims if we fail to meet our customers’ expectations. In addition, quality issues can impair our relationships with new or existing customers and adversely affect our brand and reputation, which could, in turn, adversely affect our results of operations.

If we fail to manage the distribution of our products and services properly, our business and financial performance could suffer.

We use a variety of distribution methods to sell our products and services around the world, including third-party resellers and distributors and both direct and indirect sales to enterprise accounts and consumers. Successfully managing the interaction of our direct and indirect channel efforts to reach various potential customer segments for our products and services is a complex process. Moreover, since each distribution method has distinct risks and gross margins, our failure to implement the most advantageous balance in the delivery model for our products and services could adversely affect our revenue and gross margins and therefore our profitability.

Our financial results could be materially adversely affected due to distribution channel conflicts or if the financial conditions of our channel partners were to weaken. Our results of operations may be adversely affected by any conflicts that might arise between our various distribution channels or the loss or deterioration of any alliance or distribution arrangement. Moreover, some of our wholesale distributors may have insufficient financial resources and may not be able to withstand changes in business conditions, including economic weakness, industry consolidation and market trends. Many of our significant distributors operate on narrow margins and have been negatively affected by business pressures in the past. Considerable trade receivables that are not covered by collateral or credit insurance are outstanding with our distribution channel partners. Revenue from indirect sales could suffer, and we could experience disruptions in distribution, if our distributors' financial conditions, abilities to borrow funds in the credit markets or operations weaken.

Our inventory management is complex, as we continue to sell a significant mix of products through distributors. We must manage both owned and channel inventory effectively, particularly with respect to sales to distributors, which involves forecasting demand and pricing challenges. Distributors may increase orders during periods of product shortages, cancel orders if their inventory is too high or delay orders in anticipation of new products. Distributors also may adjust their orders in response to the supply of our products and the products of our competitors and seasonal fluctuations in end-user demand. Our reliance upon indirect distribution methods may reduce our visibility into demand and pricing trends and issues, and therefore make forecasting more difficult. If we have excess or obsolete inventory, we may have to reduce our prices and write down inventory. Moreover, our use of indirect distribution channels may limit our willingness or ability to adjust prices quickly and otherwise to respond to pricing changes by competitors. We also may have limited ability to estimate future product rebate redemptions in order to price our products effectively.

Due to the international nature of our business, political or economic changes or other factors could harm our future revenue, costs and expenses, and financial condition.

Our business and financial performance depend significantly on worldwide economic conditions and the demand for technology hardware, software and services in the markets in which we compete. Economic weakness and uncertainty may adversely affect demand for our products, services and solutions, may result in increased expenses due to higher allowances for doubtful accounts and potential goodwill and asset impairment charges, and may make it more difficult for us to manage inventory and make accurate forecasts of revenue, gross margin, cash flows and expenses.

Economic weakness and uncertainty could cause our expenses to vary materially from our expectations. Any financial turmoil affecting the banking system and financial markets or any significant financial services institution failures could negatively impact our treasury operations, as the financial condition of such parties may deteriorate rapidly and without notice in times of market volatility and disruption. Poor financial performance of asset markets combined with lower interest rates and the adverse effects of fluctuating currency exchange rates could lead to higher pension and post-retirement benefit expenses. Interest and other expenses could vary materially from expectations depending on changes in interest rates, borrowing costs, currency exchange rates, costs of hedging activities and the fair value of derivative instruments. Economic downturns also may lead to restructuring actions and associated expenses. Further, ongoing U.S. federal government spending limits may limit demand for our products, services and solutions from organizations that receive funding from the U.S. government, and could negatively affect macroeconomic conditions in the United States, which could further reduce demand for our products, services and solutions.

Sales outside the United States constituted approximately 66% of our net revenue in fiscal 2017. Our future business and financial performance could suffer due to a variety of international factors, including:

- ongoing instability or changes in a country's or region's economic or political conditions, including inflation, recession, interest rate fluctuations and actual or anticipated military or political conflicts, including uncertainties and instability in economic and market conditions caused by the United Kingdom's vote to exit the European Union;
- longer collection cycles and financial instability among customers;
- trade regulations and procedures and actions affecting production, pricing and marketing of products, including policies adopted by countries that may champion or otherwise favor domestic companies and technologies over foreign competitors, or federal and state tax reforms;
- local labor conditions and regulations, including local labor issues faced by specific suppliers and original equipment manufacturers (''OEMs''), or changes to immigration and labor law policies which may adversely impact our access to technical and professional talent;
- managing our geographically dispersed workforce;
- changes in the international, national or local regulatory and legal environments;
- differing technology standards or customer requirements;
- import, export or other business licensing requirements or requirements relating to making foreign direct investments, which could increase our cost of doing business in certain jurisdictions, prevent us from shipping products to particular countries or markets, affect our ability to obtain favorable terms for components, increase our operating costs or lead to penalties or restrictions;
- difficulties associated with repatriating earnings generated or held abroad in a tax-efficient manner, and changes in tax laws; and
- fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for our products and shipments.

The factors described above also could disrupt our product and component manufacturing and key suppliers located outside of the United States. For example, we rely on suppliers in Asia for product assembly and manufacture.

In many foreign countries, particularly in those with developing economies, there are companies that engage in business practices prohibited by laws and regulations applicable to us, such as the Foreign Corrupt Practices Act of 1977, as amended (the ''FCPA''). Although we implement policies, procedures and training designed to facilitate compliance with these laws, our employees, contractors and agents, as well as those of the companies to which we outsource certain of our business operations, may take actions in violation of our policies. Any such violation, even if prohibited by our policies, could have an adverse effect on our business and reputation.

We are exposed to fluctuations in foreign currency exchange rates.

Currencies other than the U.S. dollar, including the euro, the British pound, Chinese yuan (renminbi) and the Japanese yen, can have an impact on our results as expressed in U.S. dollars. Currency volatility contributes to variations in our sales of products and services in impacted jurisdictions. Fluctuations in foreign currency exchange rates, most notably the strengthening of the U.S. dollar against the euro, could adversely affect our revenue growth in future periods. In addition, currency variations can adversely affect margins on sales of our products in countries outside of the United States and margins on sales of products that include components obtained from suppliers located outside of the United States.

From time to time, we may use forward contracts and options designated as cash flow hedges to protect against foreign currency exchange rate risks. The effectiveness of our hedges depends on our ability to accurately forecast future cash flows, which is particularly difficult during periods of uncertain demand for our products and services and highly volatile exchange rates. We may incur significant losses from our hedging activities due to factors such as demand volatility and currency variations. In addition, certain or all of our hedging activities may be ineffective, may expire and not be renewed or may not offset any or more than a portion of the adverse financial impact resulting from currency variations. Losses associated with hedging activities also may impact our revenue and to a lesser extent our cost of sales and financial condition.

The revenue and profitability of our operations have historically varied, which makes our future financial results less predictable.

Our revenue, gross margin and profit vary among our diverse products and services, customer groups and geographic markets and therefore will likely be different in future periods than our historical results. Our revenue depends on the overall demand for our products and services. Delays or reductions in IT spending by our customers or potential customers could have a material adverse effect on demand for our products and services, which could result in a significant decline in revenue. In addition, revenue declines in some of our businesses, may affect revenue in our other businesses as we may lose cross-selling opportunities. Overall gross margins and profitability in any given period are dependent partially on the product, service, customer and geographic mix reflected in that period's net revenue. Competition, lawsuits, investigations, increases in component and manufacturing costs that we are unable to pass on to our customers, component supply disruptions and other risks affecting those businesses therefore may have a significant impact on our overall gross margin and profitability. Variations in fixed cost structure and gross margins across business units and product portfolios may lead to significant operating profit volatility on a quarterly or annual basis. In addition, newer geographic markets may be relatively less profitable due to our investments associated with entering those markets and local pricing pressures, and we may have difficulty establishing and maintaining the operating infrastructure necessary to support the high growth rate associated with some of those markets. Market trends, industry shifts, competitive pressures, commoditization of products, increased component or shipping costs, regulatory impacts and other factors may result in reductions in revenue or pressure on gross margins of certain segments in a given period, which may lead to adjustments to our operations. Moreover, our efforts to address the challenges facing our business could increase the level of variability in our financial results because the rate at which we are able to realize the benefits from those efforts may vary from period to period

We depend on third-party suppliers, and our financial results could suffer if we fail to manage our suppliers properly.

Our operations depend on our ability to anticipate our needs for components, products and services, as well as our suppliers' ability to deliver sufficient quantities of quality components, products and services at reasonable prices and in time for us to meet critical schedules for the delivery of our own products and services. Given the wide variety of systems, products and services that we offer, the large number of our suppliers and contract manufacturers that are located around the world, and the long lead times required to manufacture, assemble and deliver certain components and products, problems could arise in production, planning and inventory management that could seriously harm our business. In addition, our ongoing efforts to optimize the efficiency of our supply chain could cause supply disruptions and be more expensive, time-consuming and resource-intensive than expected. Furthermore, certain of our suppliers may decide to discontinue conducting business with us. Other supplier problems that we could face include component shortages, excess supply, risks related to the terms of our contracts with suppliers, risks associated with contingent workers, and risks related to our relationships with single-source suppliers, each of which is described below.

- *Component shortages.* We may experience a shortage of, or a delay in receiving, certain components as a result of strong demand, capacity constraints, supplier financial weaknesses, the inability of suppliers to borrow funds in the credit markets, disputes with suppliers (some of whom are also our customers), disruptions in the operations of component suppliers, other problems experienced by suppliers or problems faced during the transition to new suppliers. If shortages or delays persist, the price of certain components (such as dynamic random-access memory (''DRAM'') which increased in price significantly during fiscal 2017) may increase, we may be exposed to quality issues, or the components may not be available at all. We may not be able to secure enough components at reasonable prices or of acceptable quality to build products or provide services in a timely manner in the quantities needed or according to our specifications. Accordingly, our business and financial performance could suffer if we lose time-sensitive sales, incur additional freight costs or are unable to pass on price increases to our customers. If we cannot adequately address supply issues, we might have to reengineer some product or service offerings, which could result in further costs and delays.

- *Excess supply.* In order to secure components for our products or services, at times we may make advance payments to suppliers or enter into non-cancelable commitments with vendors. In addition, we may purchase components strategically in advance of demand to take advantage of favorable pricing or to address concerns about the availability of future components. If we fail to anticipate customer demand properly, a temporary oversupply could result in excess or obsolete components, which could adversely affect our business and financial performance.
- *Contractual terms.* As a result of binding long-term price or purchase commitments with vendors, we may be obligated to purchase components or services at prices that are higher than those available in the current market and be limited in our ability to respond to changing market conditions. If we commit to purchasing components or services for prices in excess of the then-current market price, we may be at a disadvantage to competitors who have access to components or services at lower prices, our gross margin could suffer, and we could incur additional charges relating to inventory obsolescence. Any of these developments could adversely affect our future results of operations and financial condition.
- *Contingent workers.* We also rely on third-party suppliers for the provision of contingent workers, and our failure to manage our use of such workers effectively could adversely affect our results of operations. We have been exposed to various legal claims relating to the status of contingent workers in the past and could face similar claims in the future. We may be subject to shortages, oversupply or fixed contractual terms relating to contingent workers. Our ability to manage the size of, and costs associated with, the contingent workforce may be subject to additional constraints imposed by local laws.
- *Single-source suppliers.* We obtain a significant number of components from single sources due to technology, availability, price, quality or other considerations. New products that we introduce may utilize custom components obtained from only one source initially until we have evaluated whether there is a need for additional suppliers. Replacing a single-source supplier could delay production of some products as replacement suppliers may be subject to capacity constraints or other output limitations. For some components, such as customized components, alternative sources either may not exist or may be unable to produce the quantities of those components necessary to satisfy our production requirements. In addition, we sometimes purchase components from single-source suppliers under short-term agreements that contain favorable pricing and other terms but that may be unilaterally modified or terminated by the supplier with limited notice and with little or no penalty. The performance of such single-source suppliers under those agreements (and the renewal or extension of those agreements upon similar terms) may affect the quality, quantity and price of our components. The loss of a single-source supplier, the deterioration of our relationship with a single-source supplier or any unilateral modification to the contractual terms under which we are supplied components by a single-source supplier could adversely affect our business and financial performance.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our worldwide operations could be disrupted by earthquakes, telecommunications failures, power or water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics or pandemics and other natural or manmade disasters or catastrophic events, for which we are predominantly self-insured. The occurrence of any of these business disruptions could result in significant losses, seriously harm our revenue, profitability and financial condition, adversely affect our competitive position, increase our costs and expenses, and require substantial expenditures and recovery time in order to fully resume operations. Our corporate headquarters and a portion of our research and development activities are located in California, and other critical business operations and some of our suppliers are located in California and Asia, near major earthquake faults known for seismic activity. In addition, our principal worldwide IT data centers are located in the southern United States, making our operations more vulnerable to natural disasters or other business disruptions occurring in that geographical area, such as 2017 hurricane Harvey, which caused severe damage in Houston. The manufacture of product components, the final assembly of our products and other critical operations are concentrated in certain geographic locations, including the Czech Republic, Mexico, China and Singapore. We also rely on major logistics hubs, primarily in Asia to manufacture and distribute our products, and primarily in the southwestern United States to import products into the Americas region. Our operations could be adversely affected if manufacturing, logistics or other operations in these locations are disrupted for any reason, including natural disasters, IT system failures, military actions or economic, business, labor, environmental, public health, regulatory or political issues. The ultimate impact on us, our significant suppliers and our general infrastructure of being located near locations more vulnerable to the occurrence of the aforementioned business disruptions, such as near major earthquake faults, and being consolidated in certain geographical areas is unknown and remains uncertain.

Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable.

In some of our businesses, our quarterly sales have periodically reflected a pattern in which a disproportionate percentage of each quarter's total sales occurs towards the end of the quarter. This uneven sales pattern makes predicting revenue, earnings, cash flow from operations and working capital for each financial period difficult, increases the risk of unanticipated variations in our quarterly results and financial condition and places pressure on our inventory management and logistics systems. If predicted demand is substantially greater than orders, there may be excess inventory. Alternatively, if orders substantially exceed predicted demand, we may not be able to fulfill all of the orders received in each quarter and such orders may be cancelled. Depending on when they occur in a quarter, developments such as a systems failure, component pricing movements, component shortages or global logistics disruptions, could adversely impact our inventory levels and results of operations in a manner that is disproportionate to the number of days in the quarter affected.

We experience some seasonal trends in the sale of our products that also may produce variations in our quarterly results and financial condition. For example, sales to governments (particularly sales to the U.S. government) are often stronger in the third calendar quarter, and many customers whose fiscal year is the calendar year spend their remaining capital budget authorizations in the fourth calendar quarter prior to new budget constraints in the first calendar quarter of the following year. European sales are often weaker during the summer months. Typically, our third fiscal quarter is our weakest and our fourth fiscal quarter is our strongest. Many of the factors that create and affect seasonal trends are beyond our control.

Any failure by us to identify, manage and complete acquisitions, divestitures and other significant transactions successfully could harm our financial results, business and prospects.

As part of our business strategy, we may acquire companies or businesses, divest businesses or assets, enter into strategic alliances and joint ventures and make investments to further our business (collectively, ''business combination and investment transactions''). For example, in May 2015, we acquired Aruba Networks, Inc., which provides next-generation network access solutions for mobile enterprise. In May 2016, we completed the sale to Tsinghua Holdings Co., Ltd. (''Tsinghua''), the asset management arm of Tsinghua University in China, of a 51% interest in our wholly owned subsidiary that owns and operates H3C Technologies and our China-based server, storage and technology services businesses for approximately $2.6 billion. On April 1, 2017 and September 1, 2017, we spun off our Enterprise Services and Software businesses, respectively. See also the risk factors below under the heading ''Risks Related to the Separations of our Former Enterprise Services Business and our Former Software Segment''

Risks associated with business combination and investment transactions include the following, any of which could adversely affect our revenue, gross margin, profitability and financial results:

- Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations.
- We may not fully realize all of the anticipated benefits of any particular business combination and investment transaction, and the timeframe for realizing the benefits of a particular business combination and investment transaction may depend partially upon the actions of employees, advisors, suppliers, other third parties or market trends.

- Certain previous business combination and investment transactions have resulted, and in the future any such transactions by us may result, in significant costs and expenses, including those related to severance pay, early retirement costs, employee benefit costs, charges from the elimination of duplicative facilities and contracts, inventory adjustments, assumed litigation and other liabilities, legal, accounting and financial advisory fees, and required payments to executive officers and key employees under retention plans.
- Any increased or unexpected costs, unanticipated delays or failure to meet contractual obligations could make business combination and investment transactions less profitable or unprofitable.
- Our ability to conduct due diligence with respect to business combination and investment transactions, and our ability to evaluate the results of such due diligence, is dependent upon the veracity and completeness of statements and disclosures made or actions taken by third parties or their representatives.
- Our due diligence process may fail to identify significant issues with the acquired company's product quality, financial disclosures, accounting practices or internal control deficiencies.
- The pricing and other terms of our contracts for business combination and investment transactions require us to make estimates and assumptions at the time we enter into these contracts, and, during the course of our due diligence, we may not identify all of the factors necessary to estimate accurately our costs, timing and other matters or we may incur costs if a business combination is not consummated.
- In order to complete a business combination and investment transaction, we may issue common stock, potentially creating dilution for our existing stockholders.
- We may borrow to finance business combination and investment transactions, and the amount and terms of any potential future acquisition-related or other borrowings, as well as other factors, could affect our liquidity and financial condition.
- Our effective tax rate on an ongoing basis is uncertain, and business combination and investment transactions could adversely impact our effective tax rate.
- An announced business combination and investment transaction may not close on the expected timeframe or at all, which may cause our financial results to differ from expectations in a given quarter.
- Business combination and investment transactions may lead to litigation, which could impact our financial condition and results of operations.
- If we fail to identify and successfully complete and integrate business combination and investment transactions that further our strategic objectives, we may be required to expend resources to develop products, services and technology internally, which may put us at a competitive disadvantage.

We have incurred and will incur additional depreciation and amortization expense over the useful lives of certain assets acquired in connection with business combination and investment transactions and, to the extent that the value of goodwill or intangible assets acquired in connection with a business combination and investment transaction becomes impaired, we may be required to incur additional material charges relating to the impairment of those assets.

As part of our business strategy, we regularly evaluate the potential disposition of assets and businesses that may no longer help us meet our objectives. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the achievement of our strategic objectives. We may also dispose of a business at a price or on terms that are less desirable than we had anticipated. In addition, we may experience greater dis-synergies than expected, and the impact of the divestiture on our revenue growth may be larger than projected. After reaching an agreement with a buyer or seller for the acquisition or disposition of a business, we are subject to satisfaction of pre-closing conditions as well as to necessary regulatory and governmental approvals on acceptable terms, which, if not satisfied or obtained, may prevent us from completing the transaction. Dispositions may also involve continued financial involvement in the divested business, such as through continuing equity ownership, guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside of our control could affect our future financial results.

Integrating acquisitions may be difficult and time-consuming. Any failure by us to integrate acquired companies, products or services into our overall business in a timely manner could harm our financial results, business and prospects.

In order to pursue our strategy successfully, we must identify candidates for and successfully complete business combination and investment transactions, some of which may be large or complex, and manage post-closing issues such as the integration of acquired businesses, products, services or employees. Integration issues are often time-consuming and expensive and, without proper planning and implementation, could significantly disrupt our business and the acquired business. The challenges involved in integration include:

- successfully combining product and service offerings, including under the single new Hewlett Packard Enterprise brand, and entering or expanding into markets in which we are not experienced or are developing expertise;
- convincing customers and distributors that the transaction will not diminish customer service standards or business focus;
- persuading customers and distributors to not defer purchasing decisions or switch to other suppliers (which could result in our incurring additional obligations in order to address customer uncertainty), minimizing sales force attrition and expanding and coordinating sales, marketing and distribution efforts;
- consolidating and rationalizing corporate IT infrastructure, which may include multiple legacy systems from various acquisitions and integrating software code and business processes;
- minimizing the diversion of management attention from ongoing business concerns;
- persuading employees that business cultures are compatible, maintaining employee morale and retaining key employees, engaging with employee works councils representing an acquired company's non-U.S. employees, integrating employees, correctly estimating employee benefit costs and implementing restructuring programs;
- coordinating and combining administrative, manufacturing, research and development and other operations, subsidiaries, facilities and relationships with third parties in accordance with local laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from supply chain integration; and
- managing integration issues shortly after or pending the completion of other independent transactions.

We may not achieve some or all of the expected benefits of our restructuring plans and our restructuring may adversely affect our business.

We have announced restructuring plans, including the 2012 Plan and the 2015 Plan (each as defined below), and the HPE Next initiative, in order to realign our cost structure due to the changing nature of our business and to achieve operating efficiencies that we expect to reduce costs, as well as simplify our organizational structure, upgrade our IT infrastructure and redesign business processes. We may not be able to obtain the cost savings and benefits that were initially anticipated in connection with our restructuring. Additionally, as a result of restructuring initiatives, we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods. Reorganization and restructuring can require a significant amount of management and other employees' time and focus, which may divert attention from operating and growing our business. If we fail to achieve some or all of the expected benefits of restructuring, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. For more information about our restructuring plans, including details regarding the 2012 Plan and the 2015 Plan, and the HPE Next initiative, see Note 4, ''Restructuring'', and Note 5, ''HPE Next'', to the Consolidated and Combined Financial Statements.

Our financial performance may suffer if we cannot continue to develop, license or enforce the intellectual property rights on which our businesses depend.

We rely upon patent, copyright, trademark, trade secret and other intellectual property laws in the United States, similar laws in other countries, and agreements with our employees, customers, suppliers and other parties, to establish and maintain intellectual property rights in the products and services we sell, provide or otherwise use in our operations. However, any of our intellectual property rights could be challenged, invalidated, infringed or circumvented, or such intellectual property rights may not be sufficient to permit us to take advantage of current market trends or to otherwise provide competitive advantages, either of which could result in costly product redesign efforts, discontinuance of certain product offerings or other harm to our competitive position. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States. Therefore, in certain jurisdictions we may be unable to protect our proprietary technology adequately against unauthorized third-party copying or use; this, too, could adversely affect our ability to sell products or services and our competitive position.

Our products and services depend in part on intellectual property and technology licensed from third parties.

Much of our business and many of our products rely on key technologies developed or licensed by third parties. For example, many of our software offerings are developed using software components or other intellectual property licensed from third parties, including through both proprietary and open source licenses. These third-party software components may become obsolete, defective or incompatible with future versions of our products, or our relationship with the third party may deteriorate, or our agreements with the third party may expire or be terminated. We may face legal or business disputes with licensors that may threaten or lead to the disruption of inbound licensing relationships. In order to remain in compliance with the terms of our licenses, we must carefully monitor and manage our use of third-party software components, including both proprietary and open source license terms that may require the licensing or public disclosure of our intellectual property without compensation or on undesirable terms. Additionally, some of these licenses may not be available to us in the future on terms that are acceptable or that allow our product offerings to remain competitive. Our inability to obtain licenses or rights on favorable terms could have a material effect on our business, including our financial condition and results of operations. In addition, it is possible that as a consequence of a merger or acquisition, third parties may obtain licenses to some of our intellectual property rights or our business may be subject to certain restrictions that were not in place prior to such transaction. Because the availability and cost of licenses from third parties depends upon the willingness of third parties to deal with us on the terms we request, there is a risk that third parties who license to our competitors will either refuse to license us at all, or refuse to license us on terms equally favorable to those granted to our competitors. Consequently, we may lose a competitive advantage with respect to these intellectual property rights or we may be required to enter into costly arrangements in order to terminate or limit these rights.

Third-party claims of intellectual property infringement, including patent infringement, are commonplace in the IT industry and successful third-party claims may limit or disrupt our ability to sell our products and services.

Third parties also may claim that we or customers indemnified by us are infringing upon their intellectual property rights. For example, patent assertion entities may purchase intellectual property assets for the purpose of asserting claims of infringement and attempting to extract settlements from companies such as Hewlett Packard Enterprise and its customers. If we cannot or do not license allegedly infringed intellectual property at all or on reasonable terms, or if we are required to substitute similar technology from another source, our operations could be adversely affected. Even if we believe that intellectual property claims are without merit, they can be time-consuming and costly to defend against and may divert management's attention and resources away from our business. Claims of intellectual property infringement also might require us to redesign affected products, enter into costly settlement or license agreements, pay costly damage awards or face a temporary or permanent injunction prohibiting us from importing, marketing or selling certain of our products. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable or unwilling to uphold its contractual obligations to us.

The allocation of intellectual property rights that was made between Hewlett Packard Enterprise and HP Inc. as part of the separation of the two entities, and the shared use of certain intellectual property rights following the Separation, could in the future adversely impact our reputation, our ability to enforce certain intellectual property rights that are important to us and our competitive position.

In connection with the Separation, HP Co. allocated to each of Hewlett Packard Enterprise and HP Inc. the intellectual property assets relevant to their respective businesses. The terms of the Separation include cross-licenses and other arrangements to provide for certain ongoing use of intellectual property in the existing operations of both businesses. For example, through a joint brand holding structure, both Hewlett Packard Enterprise and HP Inc. retain the ability to make ongoing use of certain variations of the legacy Hewlett-Packard and HP branding, respectively. As a result of this continuing shared use of the legacy branding there is a risk that conduct or events adversely affecting the reputation of HP Inc. could also adversely affect the reputation of Hewlett Packard Enterprise. In addition, as a result of the allocation of intellectual property as part of the Separation, Hewlett Packard Enterprise no longer has ownership of intellectual property allocated to HP Inc. and our resulting intellectual property ownership position could adversely affect our position and options relating to patent enforcement and patent licensing, our ability to sell our products or services and our competitive position in the industry.

Failure to comply with our customer contracts or government contracting regulations could adversely affect our business and results of operations.

Our contracts with our customers may include unique and specialized performance requirements. In particular, our contracts with federal, state, provincial and local governmental customers are subject to various procurement regulations, contract provisions and other requirements relating to their formation, administration and performance. Any failure by us to comply with the specific provisions in our customer contracts or any violation of government contracting regulations could result in the imposition of various civil and criminal penalties, which may include termination of contracts, forfeiture of profits, suspension of payments and, in the case of our government contracts, fines and suspension from future government contracting. Such failures could also cause reputational damage to our business. In addition, our former Parent has in the past been, and we may in the future be, subject to qui tam litigation brought by private individuals on behalf of the government relating to our government contracts, which could include claims for treble damages. Further, any negative publicity related to our customer contracts or any proceedings surrounding them, regardless of its accuracy, may damage our business by affecting our ability to compete for new contracts. If our customer contracts are terminated, if we are suspended or disbarred from government work, or if our ability to compete for new contracts is adversely affected, our financial performance could suffer.

We make estimates and assumptions in connection with the preparation of our Consolidated and Combined Financial Statements and any changes to those estimates and assumptions could adversely affect our results of operations.

In connection with the preparation of our Consolidated and Combined Financial Statements, we use certain estimates and assumptions based on historical experience and other factors. Our most critical accounting estimates are described in the section entitled ''Management's Discussion and Analysis of Financial Condition and Results of Operations.'' In addition, as discussed in Note 19, ''Litigation and Contingencies'', to our Consolidated and Combined Financial Statements, we make certain estimates, including decisions related to provisions for legal proceedings and other contingencies. While we believe that these estimates and assumptions are reasonable under the circumstances, they are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could adversely affect our results of operations.

Unanticipated changes in our tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could affect our financial performance.

We are subject to income and other taxes in the United States and numerous foreign jurisdictions. Our tax liabilities are affected by the amounts we charge in intercompany transactions for inventory, services, licenses, funding and other items. We are subject to ongoing tax audits in various jurisdictions. Tax authorities may disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters, and may assess additional taxes as a result. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense and therefore could have a material impact on our tax provision, net income and cash flows. In addition, our effective tax rate in the future could be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the discovery of new information in the course of our tax return preparation process. In particular, if circumstances change such that we are unable to indefinitely reinvest our foreign earnings outside the United States, future income tax expense and payments may differ significantly from historical amounts and could materially adversely affect our results of operations. As of October 31, 2017, we had $12.0 billion of undistributed earnings from non-U.S. operations indefinitely reinvested outside of the United States. See Note 8, ''Taxes on Earnings'', to our Consolidated and Combined Financial Statements. The carrying value of our deferred tax assets, which are predominantly in the United States, is dependent on our ability to generate future taxable income in the United States. In addition, there are proposals for tax legislation that have been introduced or that are being considered that could have a significant effect on our tax rate, the carrying value of deferred tax assets, or our deferred tax liabilities. Any of these changes could affect our financial performance.

Potential U.S. tax reform could have a material effect on the taxation of our business. Recently, U.S. tax reform bills containing a wide variety of potential changes have been passed by each of the U.S. House of Representatives and the U.S. Senate. Certain changes to U.S. tax laws, specifically U.S. taxation on earnings from international business operations, the deductibility of certain costs, and the continuance of certain tax credits, if enacted, may materially impact our effective tax rate and the amount of taxes we pay.

In order to be successful, we must attract, retain, train, motivate, develop and transition key employees, and failure to do so could seriously harm us.

In order to be successful, we must attract, retain, train, motivate, develop and transition qualified executives and other key employees, including those in managerial, technical, development, sales, marketing and IT support positions. Identifying, developing internally or hiring externally, training and retaining qualified executives, engineers, skilled solutions providers in the IT support business and qualified sales representatives are critical to our future, and competition for experienced employees in the IT industry can be intense. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash- and equity-based compensation. Our equity-based incentive awards may contain conditions relating to our stock price performance and our long-term financial performance that make the future value of those awards uncertain. If the anticipated value of such equity-based incentive awards does not materialize, if our equity-based compensation otherwise ceases to be viewed as a valuable benefit, if our total compensation package is not viewed as being competitive, or if we do not obtain the stockholder approval needed to continue granting equity-based incentive awards in the amounts we believe are necessary, our ability to attract, retain, and motivate executives and key employees could be weakened.

Our failure to successfully hire executives and key employees or the loss of any executives and key employees could have a significant impact on our operations. Further, changes in our management team may be disruptive to our business, and any failure to successfully transition and assimilate key new hires or promoted employees could adversely affect our business and results of operations.

System security risks, data protection breaches, cyberattacks and systems integration issues could disrupt our internal operations or IT services provided to customers, and any such disruption could reduce our revenue, increase our expenses, damage our reputation and adversely affect our stock price.

As a leading technology firm we are exposed to attacks from criminals, nation state actors and activist hackers (collectively, malicious parties) who may be able to circumvent or bypass our cyber security measures and misappropriate, maliciously alter or destroy our confidential information or that of third parties, create system disruptions or cause shutdowns. Malicious parties also may be able to develop and deploy viruses, worms, ransomware and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of our products. Malicious parties may compromise our manufacturing supply chain to embed malicious software in our products for use in compromising our customers. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including flaws that could unexpectedly interfere with the operation of the system. The costs to us to eliminate or alleviate cyber or other security problems, including bugs, viruses, worms, malicious software programs and other security vulnerabilities, could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions.

We manage and store various proprietary information and sensitive or confidential data relating to our business. In addition, our Pointnext services business may processes, store and transmits data relevant to our clients, including commercially sensitive and personally identifiable information, including the personal information of European citizens covered by the General Data Protection Regulation (GDPR). Breaches of our cyber or physical security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us, our clients or our customers, including the potential loss or disclosure of such information or data as a result of fraud, trickery or other forms of deception, could expose us, our customers or the individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our brand and reputation or otherwise harm our business. We also could lose existing or potential customers of services or other IT solutions or incur significant expenses in connection with our customers' system failures or any actual or perceived security vulnerabilities in our products and services. In addition, the cost and operational consequences of implementing further data protection measures could be significant.

Portions of our IT infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time-consuming, disruptive and resource intensive. Such disruptions could adversely impact our ability to fulfill orders and respond to customer requests and interrupt other processes. Delayed sales, lower margins or lost customers resulting from these disruptions could reduce our revenue, increase our expenses, damage our reputation and adversely affect our stock price.

Terrorist acts, conflicts, wars and geopolitical uncertainties may seriously harm our business and revenue, costs and expenses and financial condition and stock price.

Terrorist acts, conflicts or wars (wherever located around the world) may cause damage or disruption to our business, our employees, facilities, partners, suppliers, distributors, resellers or customers or adversely affect our ability to manage logistics, operate our transportation and communication systems or conduct certain other critical business operations. The potential for future attacks, the national and international responses to attacks or perceived threats to national security, and other actual or potential conflicts or wars have created many economic and political uncertainties. In addition, as a major multinational company with headquarters and significant operations located in the United States, actions against or by the United States may impact our business or employees. Although it is impossible to predict the occurrences or consequences of any such events, if they occur, they could result in a decrease in demand for our products, make it difficult or impossible to provide services or deliver products to our customers or to receive components from our suppliers, create delays and inefficiencies in our supply chain and result in the need to impose employee travel restrictions. We are predominantly uninsured for losses and interruptions caused by terrorist acts, conflicts and wars.

Our business is subject to various federal, state, local and foreign laws and regulations that could result in costs or other sanctions that adversely affect our business and results of operations.

We are subject to various federal, state, local and foreign laws and regulations. For example, we are subject to laws and regulations concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites, the content of our products and the recycling, treatment and disposal of our products. In particular, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, their safe use, the energy consumption associated with those products, climate change laws and regulations and product take-back legislation. If we were to violate or become liable under environmental laws or if our products become non-compliant with environmental laws, we could incur substantial costs or face other sanctions, which may include restrictions on our products entering certain jurisdictions. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage, personal injury claims and clean-up costs. Further, liability under some environmental laws relating to contaminated sites can be imposed retroactively, on a joint and several basis, and without any finding of noncompliance or fault. The amount and timing of costs to comply with environmental laws are difficult to predict.

In addition, our business is subject to laws addressing privacy and information security. In particular, we face an increasingly complex regulatory environment as we adjust to new and future requirements relating to the security of our offerings. If we were to violate or become liable under laws or regulations associated with security, we could incur substantial costs or face other sanctions. Our potential exposure includes fines and civil or criminal sanctions, and third-party claims.

Our stock price has fluctuated and may continue to fluctuate, which may make future prices of our stock difficult to predict.

Hewlett Packard Enterprise's stock price, like that of other technology companies, can be volatile. Some of the factors that could affect our stock price are:

- speculation, coverage or sentiment in the media or the investment community about, or actual changes in, our business, strategic position, market share, organizational structure, operations, financial condition, financial reporting and results, effectiveness of cost-cutting efforts, value or liquidity of our investments, exposure to market volatility, prospects, business combination or investment transactions, future stock price performance, board of directors, executive team, our competitors or our industry in general;
- the announcement of new, planned or contemplated products, services, technological innovations, acquisitions, divestitures or other significant transactions by Hewlett Packard Enterprise or its competitors;
- quarterly increases or decreases in revenue, gross margin, earnings or cash flows, changes in estimates by the investment community or financial outlook provided by Hewlett Packard Enterprise and variations between actual and estimated financial results;
- announcements of actual and anticipated financial results by Hewlett Packard Enterprise's competitors and other companies in the IT industry;
- developments relating to pending investigations, claims and disputes; and
- the timing and amount of share repurchases by Hewlett Packard Enterprise.

General or industry specific market conditions or stock market performance or domestic or international macroeconomic and geopolitical factors unrelated to Hewlett Packard Enterprise's performance also may affect the price of Hewlett Packard Enterprise's stock. For these reasons, investors should not rely on recent or historical trends to predict future stock prices, financial condition, results of operations or cash flows. Volatility in the price of our securities could result in the filing of securities class action litigation matters, which could result in substantial costs and the diversion of management time and resources.

Failure to maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs and access to capital markets.

We currently maintain investment grade credit ratings with Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings Services. Despite these investment grade credit ratings, any future downgrades could increase the cost of borrowing under any indebtedness we may incur, reduce market capacity for our commercial paper or require the posting of additional collateral under our derivative contracts. Additionally, increased borrowing costs, including those arising from a credit rating downgrade, can potentially reduce the competitiveness of our financing business. There can be no assurance that we will be able to maintain our credit ratings, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to capital markets.

Our debt obligations may adversely affect our business and our ability to meet our obligations and pay dividends.

In addition to our current total carrying debt, we may also incur additional indebtedness in the future. This collective amount of debt could have important adverse consequences to us and our investors, including:

- requiring a substantial portion of our cash flow from operations to make principal and interest payments;
- making it more difficult to satisfy other obligations;
- increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the cash flows available to fund capital expenditures and other corporate purposes and to grow our business;
- limiting our flexibility in planning for, or reacting to, changes in our business and industry; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase our common stock.

To the extent that we incur additional indebtedness, the risks described above could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to service our outstanding debt or to repay our outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to service or refinance our debt.

Certain provisions in our amended and restated certificate of incorporation and amended and restated bylaws, and of Delaware law, may prevent or delay an acquisition of Hewlett Packard Enterprise, which could decrease the trading price of our common stock.

We have provisions in our certificate of incorporation and bylaws, each of which could have the effect of rendering more difficult or discouraging an acquisition of Hewlett Packard Enterprise deemed undesirable by our Board of Directors. These include provisions:

- authorizing blank check preferred stock, which we could issue with voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- specifying that our stockholders may take action only at a duly called annual or special meeting of stockholders and otherwise in accordance with our bylaws and limiting the ability of our stockholders to call special meetings;
- requiring advance notice of proposals by our stockholders for business to be conducted at stockholder meetings and for nominations of candidates for election to our Board of Directors; and
- controlling the procedures for conduct of our Board of Directors and stockholder meetings and election, appointment and removal of our directors.

These provisions, alone or together, could deter or delay hostile takeovers, proxy contests and changes in control or management of Hewlett Packard Enterprise. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control of Hewlett Packard Enterprise could limit the opportunity for our stockholders to receive a premium for their shares of Hewlett Packard Enterprise stock and also could affect the price that some investors are willing to pay for Hewlett Packard Enterprise stock.

Risks Related to the Separations of our Former Enterprise Services Business and our Former Software Segment

The stock distribution in either or both of the completed separations of our former Enterprise Services business and our former Software segment could result in significant tax liability, and DXC or Micro Focus (as applicable) may in certain cases be obligated to indemnify us for any such tax liability imposed on us.

The completed separations of our former Enterprise Services business and our Software Segment were conditioned upon the receipt of an opinion from outside counsel regarding the qualification of (i) the relevant distribution and related transactions as a ''reorganization'' within the meaning of Sections 368(a), 361 and 355 of the Internal Revenue Code of 1986 (the ''Code''); and (ii) the relevant merger as a ''reorganization'' within the meaning of Section 368(a) of the Code. While the Software Separation is generally expected to qualify for tax-free treatment for us, Seattle SpinCo and Micro Focus, the acquisition of Seattle SpinCo by Micro Focus is expected to result in the recognition of gain (but not loss) for U.S. persons who receive Micro Focus American Depositary Shares in the Software Separation.

Each opinion of outside counsel was based upon and relied on, among other things, certain facts and assumptions, as well as certain representations, statements and undertakings of us, Everett SpinCo and CSC, or us, Seattle SpinCo and Micro Focus, as applicable. If any of these representations, statements or undertakings are, or become, inaccurate or incomplete, or if any party breaches any of its covenants in the relevant separation documents, the relevant opinion of counsel may be invalid and the conclusions reached therein could be jeopardized. Notwithstanding the opinions of counsel, the Internal Revenue Service (the ''IRS'') could determine that either or both of the distributions should be treated as a taxable transaction if it determines that any of the facts, assumptions, representations, statements or undertakings upon which the relevant opinion of counsel was based are false or have been violated, or if it disagrees with the conclusions in the opinion of counsel. An opinion of counsel is not binding on the IRS and there can be no assurance that the IRS will not assert a contrary position.

If the distribution of Everett SpinCo or Seattle SpinCo, as applicable, together with certain related transactions, failed to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code, in general, we would recognize taxable gain as if we had sold the stock of Everett SpinCo or Seattle SpinCo, as applicable, in a taxable sale for its fair market value, and our stockholders who receive Everett SpinCo shares or Seattle SpinCo shares in the relevant distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

We obtained a private letter ruling from the IRS regarding certain matters impacting the U.S. federal income tax treatment of the completed separation of our former Enterprise Services business and certain related transactions as transactions that are generally tax-free for U.S. federal income tax purposes. The conclusions of the IRS private letter ruling were based, among other things, on various factual assumptions we have authorized and representations we have made to the IRS. If any of these assumptions or representations are, or become, inaccurate or incomplete, reliance on the IRS private letter ruling may be affected. Notwithstanding the foregoing, we incurred certain tax costs in connection with the completed separation of our former Enterprise Services business, including non-U.S. tax expenses resulting from the completed separation of our former Enterprise Services business in multiple non-U.S. jurisdictions that do not legally provide for tax-free separations, which may be material. If the completed separation of our former Enterprise Services business or certain internal transactions undertaken in anticipation of the completed separation of our former Enterprise Services business are determined to be taxable for U.S. federal income tax purposes, we, our stockholders that are subject to U.S. federal income tax and/or DXC could incur significant U.S. federal income tax liabilities.

We have applied for a private letter ruling from the IRS regarding certain U.S. federal income tax matters relating to the Software Separation and certain related transactions as transactions that are generally tax-free for U.S. federal income tax purposes. The conclusions of the IRS private letter ruling will be based, among other things, on various factual assumptions we have authorized and representations we have made to the IRS. If any of these assumptions or representations are, or become, inaccurate or incomplete, the validity of the IRS private letter ruling may be affected. If the completed separation of our former Software Segment or certain internal transactions undertaken in anticipation of the completed separation of our former Software

Segment are determined to be taxable for U.S. federal income tax purposes, or if we do not receive the private letter ruling concluding that the transactions are generally tax-free, we, our stockholders that are subject to U.S. federal income tax and/or Micro Focus could be subject to significant U.S. federal income tax liabilities. Notwithstanding the foregoing, we incurred certain tax costs in connection with the completed separation of our former Software Segment business, including non-U.S. tax expenses resulting from the completed separation of our former Software Segment business in multiple non-U.S. jurisdictions that do not legally provide for tax-free separations, which may be material.

Under the tax matters agreements entered into by us with Everett SpinCo and CSC, and with Seattle SpinCo and Micro Focus, Everett SpinCo and Seattle SpinCo generally would be required to indemnify us for any taxes resulting from the relevant separation (and any related costs and other damages) to the extent such amounts resulted from (i) certain actions taken by, or acquisitions of capital stock of, Everett SpinCo or Seattle SpinCo, as applicable (excluding actions required by the documents governing the relevant Separation), or (ii) any breach of certain representations and covenants made by Everett SpinCo or Seattle SpinCo, as applicable. Any such indemnity obligations could be material.

Risks Related to the Prior Separation from Former Parent

If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, Hewlett Packard Enterprise and those who received Hewlett Packard Enterprise common stock in the distribution could be subject to significant tax liabilities, and, in certain circumstances, Hewlett Packard Enterprise could be required to indemnify HP Inc. for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

It was a condition to the distribution that our former Parent receive (i) a private letter ruling from the U.S. Internal Revenue Service (the ‘‘IRS’’) and/or one or more opinions from its external tax advisors, regarding certain U.S. federal income tax matters relating to the Separation and related transactions, and (ii) opinions of outside counsel regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code. These opinions of outside counsel or other external tax advisors and the IRS private letter ruling were based, among other things, on various facts and assumptions, as well as certain representations, statements and undertakings of HP Co. and Hewlett Packard Enterprise (including those relating to the past and future conduct of HP Co. and Hewlett Packard Enterprise). If, in the future, any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if HP Inc., as successor to HP Co., or Hewlett Packard Enterprise breach any of their respective covenants contained in any of the Separation-related agreements or in the documents relating to the IRS private letter ruling and/or any tax opinion, the IRS private letter ruling and/or any tax opinion may be rendered invalid. Accordingly, notwithstanding HP Co.'s receipt of the IRS private letter ruling and/or opinions of counsel or other external tax advisors, the IRS could determine that the distribution and certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the facts, assumptions, representations, statements or undertakings that were included in the request for the IRS private letter ruling or on which any opinion was based are false or have been violated. In addition, the IRS private letter ruling does not address all of the issues that are relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes, and an opinion of outside counsel or other external tax advisor represents the judgment of such counsel or advisor which is not binding on the IRS or any court. Accordingly, notwithstanding receipt by HP Co. of the IRS private letter ruling and the tax opinions referred to above, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, HP Inc., Hewlett Packard Enterprise and HP Co. stockholders who received Hewlett Packard Enterprise common stock in the distribution could be subject to significant U.S. federal income tax liability.

If the distribution, together with certain related transactions, is found to no longer qualify as a transaction that is generally tax-free under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, HP Inc. would recognize taxable gain as if it has sold the Hewlett Packard Enterprise common stock in a taxable sale for its fair market value and HP Co. stockholders who received shares of Hewlett

Packard Enterprise common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Under the tax matters agreement we entered into with HP Inc. in connection with the Separation (the ''Tax Matters Agreement''), we are generally required to indemnify HP Inc. for any taxes resulting from the Separation (and any related costs and other damages) to the extent such amounts resulted from (i) an acquisition of all or a portion of the equity securities or assets of Hewlett Packard Enterprise, whether by merger or otherwise (and regardless of whether we participated in or otherwise facilitated the acquisition), (ii) other actions or failures to act by Hewlett Packard Enterprise or (iii) any of the representations or undertakings of Hewlett Packard Enterprise contained in any of the Separation-related agreements or in the documents relating to the IRS private letter ruling and/or any tax opinion being incorrect or violated. Any such indemnity obligations could be material.

Our historical financial information for periods prior to the Separation is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

The historical information about Hewlett Packard Enterprise relating to fiscal years prior to 2016 in this Form 10-K refers to our business as formerly operated by and integrated with our former Parent, and does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the period presented or those that we will achieve in the future primarily as a result of the following factors, among others:

- Prior to the Separation, our business was operated by our former Parent as part of its broader corporate organization, rather than as an independent company. Our former Parent or one of its affiliates performed various corporate functions for us such as legal, treasury, accounting, internal auditing, human resources and corporate affairs, and also provided our IT and other corporate infrastructure. Our historical financial results reflect allocations of corporate expenses from our former Parent for such functions and are likely to be less than the expenses we would have incurred had we operated as a separate publicly traded company.
- Historically, when we were integrated with the other businesses of our former Parent, we shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although we have entered into certain agreements (including a transition services agreement) with HP Inc. in connection with the Separation, these arrangements may not fully capture the benefits that we enjoyed as a result of being integrated with our former Parent and may result in us paying higher charges than in the past for these services. This could have an adverse effect on our results of operations and financial condition in future periods.
- Generally, our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, had been satisfied as part of the corporate-wide cash management policies of our former Parent prior to the Separation. In connection with the Separation, we have entered into certain financing arrangements described under the section entitled ''Description of Material Indebtedness'' as part of our transition to becoming a standalone company. We may in the future need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements.
- The cost of capital for our business may be higher than our former Parent's cost of capital prior to the Separation.

Other significant changes have occurred and may occur in our cost structure, management, financing and business operations as a result of operating as a separate company. For additional information about the past financial performance of our business and the basis of presentation of the historical consolidated and combined financial statements of our business, see ''Consolidated and Combined Financial Statements,'' ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' and the historical Consolidated and Combined Financial Statements and accompanying notes included elsewhere in this Form 10-K.

The Separation and Distribution Agreement that we entered into with our former Parent may limit our ability to compete in certain markets and may impose limitations on our recruiting efforts for a period of time following the Separation.

The Separation and Distribution Agreement includes non-compete provisions pursuant to which we generally agree to not compete with HP Inc. in certain product and service categories that comprise the HP Inc. business, including personal computers and printers, worldwide for three years from the distribution date. Such restrictions are subject to certain exceptions set forth in the Separation and Distribution Agreement. These restrictions may limit our ability to compete in certain markets, and could materially and adversely affect our business, financial condition and results of operations.

Hewlett Packard Enterprise or HP Inc. may fail to perform under the transition services agreement and other transaction agreements executed as part of the Separation, and we may not have necessary systems and services in place when these transaction agreements expire.

In connection with the Separation, Hewlett Packard Enterprise and HP Inc. entered into several agreements, including among others a transition services agreement (the ''Transition Services Agreement''), the Separation and Distribution Agreement, the Tax Matters Agreement, an employee matters agreement (the ''Employee Matters Agreement''), a real estate matters agreement (the ''Real Estate Matters Agreement''), a commercial agreement (the ''Master Commercial Agreement'') and an IT service agreement (the ''Information Technology Service Agreement'' or the ''IT Service Agreement''). The Transition Services Agreement provides for the performance of certain services by each company for the benefit of the other for a transition period after the Separation. The Separation and Distribution Agreement, Tax Matters Agreement, Employee Matters Agreement and Real Estate Matters Agreement determine the allocation of assets and liabilities between the companies following the Separation for those respective areas and include any necessary indemnifications related to liabilities and obligations. The Master Commercial Agreement establishes a bilateral relationship between HP Inc. and us for the purchase and sale of commercially available products and services for internal use, incorporation and bundling in OEM products and services, resale to customers and use in the provision of managed services to customers, as well as joint customer pursuits and joint development activities. The IT Service Agreement provides for the performance by one of our subsidiaries of certain application development and maintenance and IT infrastructure services for HP Inc. We rely on HP Inc. to satisfy its performance and payment obligations under these agreements. If HP Inc. is unable to satisfy its obligations under these agreements, including its obligations with respect to the provision of transition services, we could incur operational difficulties or losses that could have a material and adverse effect on our business, financial condition and results of operations.

Indemnification liabilities to HP Inc. pursuant to the Separation and Distribution Agreement could materially and adversely affect our business, financial condition, results of operations and cash flows.

The Separation and Distribution Agreement provides for, among other things, indemnification obligations generally designed to make us financially responsible for (i) liabilities primarily associated with our business; (ii) our failure to pay, perform or otherwise promptly discharge any such liabilities or contracts, in accordance with their respective terms, whether prior to, at or after the distribution; (iii) any guarantee, indemnification obligation, surety bond or other credit support agreement, arrangement, commitment or understanding by HP Inc. for our benefit, unless related to liabilities primarily associated with the HP Inc. business; (iv) any breach by us of the separation agreement or any of the ancillary agreements or any action by us in contravention of our amended and restated certificate of incorporation or amended and restated bylaws; and (v) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in our registration statement on Form 10 or any other disclosure document that describes the Separation or the distribution or Hewlett Packard Enterprise and its subsidiaries or primarily relates to the transactions contemplated by the Separation and Distribution Agreement, subject to certain exceptions. If we are required to indemnify HP Inc. under the circumstances set forth in the Separation and Distribution Agreement, we may be subject to substantial liabilities.

In connection with the Separation, HP Inc. has indemnified us for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure us against the full amount of such liabilities, or that HP Inc.'s ability to satisfy its indemnification obligation will not be impaired in the future.

Pursuant to the Separation and Distribution Agreement and certain other agreements we have entered into with HP Inc., HP Inc. has agreed to indemnify Hewlett Packard Enterprise for certain liabilities. However, third parties could also seek to hold us responsible for any of the liabilities that HP Inc. has agreed to retain, and there can be no assurance that the indemnity from HP Inc. will be sufficient to protect us against the full amount of such liabilities, or that HP Inc. will be able to fully satisfy its indemnification obligations. In addition, HP Inc.'s insurers may attempt to deny us coverage for liabilities associated with certain occurrences of indemnified liabilities prior to the Separation. Moreover, even if we ultimately succeed in recovering from HP Inc. or such insurance providers any amounts for which we are held liable, we may be temporarily required to bear these losses. Each of these risks could negatively affect our business, financial position, results of operations and cash flows.

We are subject to continuing contingent liabilities as a result of our separation from our former Parent.

As a result of the Separation from our former Parent, there are several significant areas where the liabilities of our former Parent have or may become our obligations. For example, under the Code and the related rules and regulations, each corporation that was a member of the consolidated U.S. federal income tax return group of our former Parent during a taxable period or portion of a taxable period ending on or before the effective date of the distribution is severally liable for the U.S. federal income tax liability of the consolidated U.S. federal income tax return group of our former Parent for that taxable period. Consequently, if HP Inc. is unable to pay the consolidated U.S. federal income tax liability for a pre-Separation period, we could be required to pay the amount of such tax, which could be substantial and in excess of the amount allocated to us under the tax matters agreement.

Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and results of operations.

In connection with the Separation and distribution, our former Parent undertook several corporate reorganization transactions involving its subsidiaries which, along with the Separation and distribution, may be subject to federal and state fraudulent conveyance and transfer laws. If, under these laws, a court were to determine that, at the time of the Separation and distribution, any entity involved in these reorganization transactions or the Separation and distribution:

- was insolvent;
- was rendered insolvent by reason of the Separation and distribution;
- had remaining assets constituting unreasonably small capital; or
- intended to incur, or believed it would incur, debts beyond its ability to pay these debts as they matured, then the court could void the Separation and distribution, in whole or in part, as a fraudulent conveyance or transfer. The court could then require our stockholders to return to HP Inc. some or all of the shares of Hewlett Packard Enterprise common stock issued in the distribution, or require HP Inc. or Hewlett Packard Enterprise, as the case may be, to fund liabilities of the other company for the benefit of creditors. The measure of insolvency will vary depending upon the jurisdiction whose law is being applied. Generally, however, an entity would be considered insolvent if the fair value of its assets was less than the amount of its liabilities, or if it incurred debt beyond its ability to repay the debt as it matures.

ITEM 1B. Unresolved Staff Comments.

None.

ITEM 2. Properties.

As of October 31, 2017, we owned or leased approximately 19 million square feet of space worldwide, a summary of the space actively in use by the Company is provided below.

	As of October 31, 2017		
	Owned	Leased	Total
	(Square feet in millions)		
Administration and support	6	7	13
(Percentage)	46%	54%	100%
Core data centers, manufacturing plants, research and development facilities, and warehouse operations	1	1	2
(Percentage)	50%	50%	100%
Total[1]	7	8	15
(Percentage)	47%	53%	100%

(1) Excludes 4 million square feet of vacated space, of which 3 million square feet is leased to third parties.

We believe that our existing properties are in good condition and are suitable for the conduct of our business. Substantially all of our properties are utilized in whole or in part by our EG segment.

In connection with the HPE Next initiative, we anticipate changes in our real estate portfolio over the next several years. These changes may include reductions in overall space, an increase in leased space as a percentage of total space, and the relocation of the Company's principal executive offices.

Principal Executive Offices

Our principal executive offices, including our global headquarters, are located at 3000 Hanover Street, Palo Alto, California, 94304, United States of America.

Product Development, Services and Manufacturing

The locations of our major product development, manufacturing, and Hewlett Packard Labs facilities are as follows:

Americas	***Europe, Middle East, Africa***
Brazil—Campinas	
Puerto Rico—Aguadilla	***United Kingdom***—Bristol, Erskine
United States—Alpharetta, Andover, Bellevue, Boise, Carrollton, Chippewa Falls, Colorado Springs, Durham, Fort Collins, Fremont, Houston, Milpitas, Palo Alto, Roseville, San Jose, Santa Clara, Sunnyvale	
Asia Pacific	
China—Shanghai	
India—Bangalore, Chennai	
Japan—Tokyo	
Singapore—Singapore	
Taiwan—Taipei	

ITEM 3. Legal Proceedings.

Information with respect to this item may be found in Note 19, ''Litigation and Contingencies'', to the Consolidated and Combined Financial Statements in Item 8 of Part II, which is incorporated herein by reference.

ITEM 4. Mine Safety Disclosures.

Not applicable.

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The common stock of Hewlett Packard Enterprise is listed on the New York Stock Exchange (''NYSE'') with the ticker symbol ''HPE.'' There were 63,228 stockholders of record of Hewlett Packard Enterprise common stock as of November 30, 2017. The high and low common stock sales prices per share for fiscal 2017 and 2016 were as follows:

	Market Price Per Share				Adjusted Market Price Per Share[3]			
	2017		2016		2017		2016	
Fiscal Quarter	High	Low	High	Low	High	Low	High	Low
First quarter	$24.79	$21.52	$15.88	$11.63	$14.41	$12.51	$ 9.23	$ 6.76
Second quarter[1]	$24.88	$17.31	$18.55	$12.02	$14.57	$12.78	$10.78	$ 6.98
Third quarter	$19.16	$16.37	$21.90	$15.38	$14.86	$12.70	$12.73	$ 8.94
Fourth quarter[2]	$18.14	$12.97	$23.53	$20.63	$15.12	$12.97	$13.67	$11.99

(1) On April 1, 2017, HPE completed the Everett Transaction, which adjusted the share price due to the distribution.

(2) On September 1, 2017, HPE completed the Seattle Transaction, which adjusted the share price due to the distribution.

(3) Fiscal 2017 and 2016 adjusted market prices per share reflect historical share prices that have been adjusted to reflect the Everett and Seattle Transactions.

Dividends declared and paid per share by fiscal quarter in 2017 were as follows:

	2017			
	Q1	Q2	Q3	Q4
Dividends declared	$0.130	$0.065	$0.065	$ —
Dividends paid	$0.065	$0.065	$0.065	$0.065

Dividends declared and paid per share by fiscal quarter in 2016 were as follows:

	2016			
	Q1	Q2	Q3	Q4
Dividends declared	$0.110	$0.055	$0.055	$ —
Dividends paid	$0.055	$0.055	$0.055	$0.055

On October 16, 2017, our Board of Directors increased the regular quarterly cash dividend by 15% from $0.065 to $0.075 per share. The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of our Board of Directors. Our Board of Directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our debt, industry practice, legal requirements, regulatory constraints, and other factors that our Board of Directors deems relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will continue to pay a dividend in any future period.

Issuer Purchases of Equity Securities

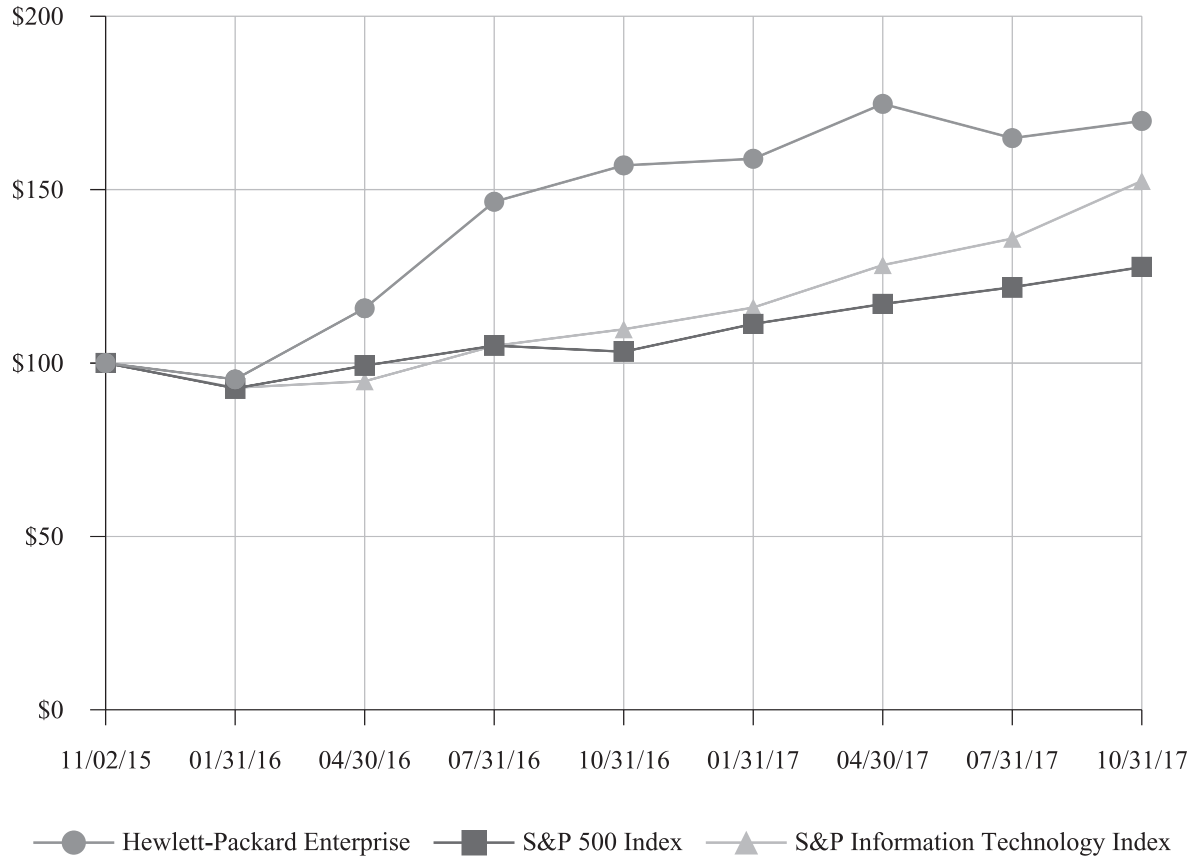
Fourth Quarter of Fiscal 2017	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs
	In thousands, except per share amounts			
Month #1 (August 2017)	7,779	$17.52	7,779	$1,264,298
Month #2 (September 2017)	15,788	$13.78	15,788	$1,046,745
Month #3 (October 2017)	18,200	$14.61	18,200	$5,780,744
Total	41,767	$14.84	41,767	

During the fiscal year ended October 31, 2017, the Company repurchased and settled 136 million shares of the Company's common stock, which were retired and recorded as a $2.6 billion reduction to stockholders' equity.

On October 13, 2015, our Board of Directors approved a share repurchase program with a $3.0 billion authorization, which was refreshed with additional share repurchase authorizations of $3.0 billion and $5.0 billion on May 24, 2016 and October 16, 2017, respectively. As of October 31, 2017, the Company had a remaining authorization of $5.8 billion for future share repurchases. The Company may choose to repurchase shares when sufficient liquidity exists and the shares are trading at a discount relative to estimated intrinsic value. This program, which does not have a specific expiration date, authorizes repurchases in the open market or in private transactions. Share repurchases settled in the fourth quarter of fiscal 2017 were open market repurchases. As of October 31, 2017, the Company had unsettled open market repurchases of 1.7 million shares, which were recorded as a $24 million reduction to stockholders' equity.

Stock Performance Graph and Cumulative Total Return

The graph below shows the cumulative total stockholder return, the S&P 500 Index and the S&P Information Technology Index. This graph covers the period from November 2, 2015 (the first day HPE's common stock began trading ''regular-way'' on the NYSE) through October 31, 2017. This graph assumes the investment of $100 in the stock or the index on November 2, 2015 (and the reinvestment of dividends thereafter). On April 1, 2017, we completed the separation and merger of our Enterprise Services business with Computer Sciences Corporation (''CSC'') (collectively, the ''Everett Transaction''). HPE stockholders received 0.085904 shares of common stock in the new company for every one share of HPE common stock held at the close of business on the record date. On September 1, 2017, we completed the separation and merger of our Software business segment with Micro Focus International plc (''Micro Focus'') (collectively, the ''Seattle Transaction''). HPE stockholders received 0.13732611 American Depository Shares (''Micro Focus ADSs'') in the new company, each of which represents one ordinary share of Micro Focus, for every one share of HPE common stock held at the close of business on the record date. The effect of the Everett and Seattle Transactions are reflected in the cumulative total return as reinvested dividends. The comparisons in the graph below are based on historical data and are not indicative of, or intended to forecast, future performance of our common stock.



	Fiscal 2016					Fiscal 2017			
	11/2015	1/2016	4/2016	7/2016	10/2016	1/2017	4/2017	7/2017	10/2017
Hewlett Packard Enterprise .	$100.00	$95.30	$115.78	$146.51	$157.00	$158.90	$174.73	$164.86	$169.80
S&P 500 Index	$100.00	$92.71	$ 99.25	$105.02	$103.27	$111.28	$117.02	$121.86	$127.67
S&P Information Technology Index	$100.00	$92.88	$ 94.74	$104.96	$109.74	$116.00	$128.24	$135.90	$152.49

ITEM 6. Selected Financial Data.

The following table presents selected consolidated and combined financial data, which should be read in conjunction with our Consolidated and Combined Financial Statements and accompanying notes and ‘‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’’ included elsewhere in this Form 10-K. The Statement of Earnings data for each of the three fiscal years ended October 31, 2017, 2016 and 2015, and the Balance Sheet data as of October 31, 2017 and 2016 set forth below are derived from our audited Consolidated and Combined Financial Statements included elsewhere in this Form 10-K. The Statement of Earnings data for fiscal year ended October 31, 2014 and the Balance Sheet data as of October 31, 2015, are derived from our audited Consolidated and Combined Financial Statements that are not included in this Form 10-K. The Statement of Earnings data for fiscal year ended October 31, 2013 and the Balance Sheet data as of October 31, 2014 and 2013 are derived from our audited Combined Financial Statements that are not included in this Form 10-K.

With the completion of the Everett and Seattle Transactions on April 1, 2017 and September 1, 2017, respectively, the Company has reclassified the historical financial results of the former Enterprise Services segment (‘‘former ES segment’’) and the former Software segment to Net loss from discontinued operations in its Consolidated and Combined Statements of Earnings, and to assets and liabilities of discontinued operations in its Consolidated and Combined Balance Sheets.

Prior to October 31, 2015, the Combined and Consolidated Statements of Earnings for the Company reflect allocations of general corporate expenses from former Parent including, but not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenue, expenses, headcount, or other relevant measures. Management of the Company and former Parent consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expense the Company would have incurred as a standalone company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

The information set forth below is not necessarily indicative of future results of operations and should be read in conjunction with Item 7, ''Management's Discussion and Analysis of Financial Condition and Results of Operations,'' and the Consolidated and Combined Financial Statements and notes thereto included in Item 8, ''Financial Statements and Supplementary Data,'' of this Annual Report on Form 10-K, which are incorporated herein by reference, in order to understand further the factors that may affect the comparability of the financial data presented below.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Selected Financial Data

	For the fiscal years ended October 31,				
	2017	2016	2015	2014	2013
	In millions, except per share amounts				
Statements of Earnings:					
Net revenue	$28,871	$30,280	$31,077	$31,518	$ 31,856
Earnings from continuing operations[1]	$ 625	$ 3,903	$ 1,946	$ 2,859	$ 3,317
Net earnings from continuing operations[1]	$ 436	$ 3,237	$ 2,640	$ 2,249	$ 3,063
Net loss from discontinued operations	(92)	(76)	(179)	(601)	(1,012)
Net earnings	$ 344	$ 3,161	$ 2,461	$ 1,648	$ 2,051
Net earnings (loss) per share					
Basic					
Continuing operations	$ 0.26	$ 1.89	$ 1.46	$ 1.25	$ 1.70
Discontinued operations	(0.05)	(0.05)	(0.10)	(0.34)	(0.56)
Total basic net earnings per share	$ 0.21	$ 1.84	$ 1.36	$ 0.91	$ 1.14
Diluted					
Continuing operations	$ 0.26	$ 1.86	$ 1.44	$ 1.23	$ 1.67
Discontinued operations	(0.05)	(0.04)	(0.10)	(0.33)	(0.55)
Total diluted net earnings per share	$ 0.21	$ 1.82	$ 1.34	$ 0.90	$ 1.12
Cash dividends declared per share	$ 0.26	$ 0.22	$ —	$ —	$ —
Basic shares outstanding[2]	1,646	1,715	1,804	1,804	1,804
Diluted shares outstanding[2]	1,674	1,739	1,834	1,834	1,834
Balance Sheets:					
At year-end:					
Total assets[3]	$61,406	$79,629	$79,862	$64,626	$ 67,157
Long-term debt[4]	$10,182	$12,168	$14,679	$ 104	$ 213
Total debt[4]	$14,032	$15,693	$15,353	$ 968	$ 1,039

(1) Earnings from continuing operations and net earnings from continuing operations include the following items:

	2017	2016	2015	2014	2013
			In millions		
Amortization of intangible assets	$ 321	$ 272	$ 229	$ 260	$ 343
Restructuring charges	417	417	197	375	302
Transformation costs[5]	359	—	—	—	—
Disaster charges[6]	93	—	—	—	—
Acquisition and other related charges	203	145	84	1	9
Separation costs	248	362	797	—	—
Defined benefit plan settlement charges and remeasurement (benefit)	(64)	—	(7)	—	—
Gain on H3C and MphasiS divestitures	—	(2,420)	—	—	—
Tax indemnification adjustments[7]	3	(317)	—	—	—
Loss from equity interests[8]	155	93	—	—	—
Total charges before taxes	$ 1,735	$ (1,448)	$ 1,300	$ 636	$ 654
Adjustments for taxes	(348)	(537)	(386)	(52)	(136)
Valuation allowances, net, and separation taxes[9]	(215)	—	(1,296)	—	—
Tax settlements[7]	—	647	—	—	—
Total charges, net of taxes	$ 1,172	$ (1,338)	$ (382)	$ 584	$ 518

(2) For comparative purposes, the number of shares used to compute basic and diluted net earnings (loss) per share as of October 31, 2015 is also used for the calculation of net earnings (loss) per share for prior periods presented.

(3) In fiscal 2017, total assets decreased due to the Everett and Seattle Transactions. Total assets increased in fiscal 2015 due to debt issuances and cash transfers from former Parent resulting from our separation capitalization plan.

(4) In fiscal 2015, Total debt increased due to issuances resulting from our separation capitalization plan.

(5) In fiscal 2017, Transformation costs represent amounts incurred in connection with the HPE Next initiative and include costs related to labor and non-labor restructuring, program management costs and IT costs, partially offset by a gain on the sale of real estate.

(6) In fiscal 2017, Disaster charges represent amounts incurred in connection with damages sustained by the Company as a result of Hurricane Harvey.

(7) Represents tax indemnification adjustments and corresponding tax expense related to the potential settlement of certain pre-Separation Hewlett-Packard Company income tax liabilities indemnified by HP Inc. through the Tax Matters Agreement.

(8) In fiscal 2017 and 2016, represents the amortization of the basis difference resulting from the Company's equity method investment in H3C. This amount does not include the Company's share of H3C's net income.

(9) In fiscal 2017, represents taxes related to the Everett and Seattle Transactions. This amount primarily includes the income tax benefit related to U.S. foreign tax credits generated, partially offset by income tax expense as a result of recording valuation allowances on certain U.S. state deferred tax assets. In fiscal 2015, represents an income tax benefit resulting from the release of valuation allowances pertaining to certain U.S. deferred tax assets, partially offset by tax charges to record valuation allowances on certain foreign deferred tax assets.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations (''MD&A'') is organized as follows:

- *Overview.* A discussion of our business and overall analysis of financial and other highlights affecting the Company to provide context for the remainder of MD&A. The overview analysis compares fiscal 2017 to fiscal 2016.
- *Critical Accounting Policies and Estimates.* A discussion of accounting policies and estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results.
- *Results of Operations.* An analysis of our financial results comparing fiscal 2017 and fiscal 2016 to the prior-year periods. A discussion of the results of operations at the consolidated and combined level is followed by a discussion of the results of operations at the segment level.
- *Liquidity and Capital Resources.* An analysis of changes in our cash flows and a discussion of our financial condition and liquidity.
- *Contractual and Other Obligations.* An overview of contractual obligations, retirement and post-retirement benefit plan funding, restructuring plans, uncertain tax positions, off-balance sheet arrangements, cross-indemnifications with HP Inc. (formerly known as ''Hewlett-Packard Company'' and also referred to in this Annual Report as ''former Parent''), and cross-indemnifications with DXC Technology Company (''DXC'') and Micro Focus International plc (''Micro Focus'').

We intend the discussion of our financial condition and results of operations that follows to provide information that will assist the reader in understanding our Consolidated and Combined Financial Statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our Consolidated and Combined Financial Statements. This discussion should be read in conjunction with our Consolidated and Combined Financial Statements and the related notes that appear elsewhere in this document.

Former Parent Separation Transaction

On November 1, 2015, HP Inc. spun-off Hewlett Packard Enterprise Company (''the Separation''). To effect the spin-off, HP Inc. distributed all of the shares of Hewlett Packard Enterprise Company (''HPE'') common stock owned by HP Inc. to its stockholders on November 1, 2015. Holders of HP Inc. common stock received one share of Hewlett Packard Enterprise Company stock for every share of HP Inc. stock held as of the record date. As a result of the Separation, we now operate as an independent, publicly-traded company.

Enterprise Services Separation Transaction

On April 1, 2017, we completed the separation and merger of our Enterprise Services business with Computer Sciences Corporation (''CSC'') (collectively, the ''Everett Transaction''). The Everett Transaction was accomplished by a series of transactions among CSC, HPE, Everett SpinCo, Inc. (a wholly-owned subsidiary of HPE) (''Everett''), and New Everett Merger Sub Inc., a wholly-owned subsidiary of Everett (''Merger Sub''). We transferred the Enterprise Services business to Everett and distributed all of the shares of Everett to HPE stockholders. HPE stockholders received 0.085904 shares of common stock in the new company for every one share of HPE common stock held at the close of business on the record date. Following the distribution, the Merger Sub merged with and into CSC, which became a wholly-owned subsidiary of Everett. At the time of the merger, Everett changed its name to DXC.

Software Segment Separation Transaction

On September 1, 2017, we completed the separation and merger of our Software business segment with Micro Focus (collectively, the ''Seattle Transaction''). The Seattle Transaction was accomplished by a series of transactions among Micro Focus, HPE, Seattle SpinCo, Inc. (a wholly-owned subsidiary of HPE) (''Seattle''), and Seattle Merger Sub, Inc., an indirect wholly-owned subsidiary of Micro Focus (''Merger Sub''). We transferred the Software business segment to Seattle and distributed all of the shares of Seattle to HPE stockholders. HPE stockholders received 0.13732611 American Depository Shares (''Micro Focus ADSs'') in the new company, each of which represents one ordinary share of Micro Focus, for every one share of HPE common stock held at the close of business on the record date. Following the share distribution, the Merger Sub merged with and into Seattle, which became an indirect wholly-owned subsidiary of Micro Focus.

With the completion of the Everett and Seattle Transactions, we have reclassified the historical financial results of our former Enterprise Services segment (''former ES segment'') and our former Software segment to Net loss from discontinued operations in our Consolidated and Combined Statements of Earnings, and to assets and liabilities of discontinued operations in our Consolidated Balance Sheets.

The following Overview, Results of Operations and Liquidity discussions and analysis compare fiscal 2017 to fiscal 2016 and fiscal 2016 to fiscal 2015, unless otherwise noted. The Capital Resources and Contractual and Other Obligations discussions present information as of October 31, 2017, unless otherwise noted.

For purposes of this MD&A section, we use the terms ''Hewlett Packard Enterprise,'' ''HPE,'' ''the Company,'' ''we,'' ''us,'' and ''our'' to refer to Hewlett Packard Enterprise Company. References in this MD&A section to ''former Parent'' refer to HP Inc.

OVERVIEW

We are an industry leading technology company that enables customers to go further, faster. With a deep and comprehensive portfolio, spanning the cloud to the data center to the intelligent edge, our technology and services help customers around the world deliver business outcomes. Our legacy dates back to a partnership founded in 1939 by William R. Hewlett and David Packard, and we strive every day to uphold and enhance that legacy through our dedication to providing innovative technological solutions to our customers.

We organize our business into three segments for financial reporting purposes: the Enterprise Group (''EG''), Financial Services (''FS'') and Corporate Investments. The following provides an overview of our key financial metrics by segment for fiscal 2017, as compared to fiscal 2016:

	HPE Consolidated	Enterprise Group	Financial Services	Corporate Investments[3]
	Dollars in millions, except for per share amounts			
Net revenue[1]	$28,871	$26,211	$3,602	$ 3
Year-over-year change %	(4.7)%	(5.6)%	12.9%	(99.5)%
Earnings from continuing operations[2]	$ 625	$ 2,707	$ 304	$ (142)
Earnings from continuing operations as a % of net revenue	2.2%	10.3%	8.4%	NM
Year-over-year change percentage points	(10.7)pts	(2.5)pts	(2.1)pts	NM
Net earnings from continuing operations	$ 436			
Net earnings per share				
Basic net EPS from continuing operations	$ 0.26			
Diluted net EPS from continuing operations	$ 0.26			

(1) HPE consolidated net revenue excludes intersegment net revenue and other.

(2) Segment earnings from operations exclude certain unallocated corporate costs and eliminations, stock-based compensation expense, separation costs, restructuring charges, transformation costs, acquisition

and other related charges, amortization of intangible assets, defined benefit plan settlement charges and remeasurement (benefit), disaster charges, and gains from the divestitures of H3C and MphasiS.

(3) ''NM'' represents not meaningful.

Net revenue decreased by $1.4 billion, or 4.7% (decreased 4.1% on a constant currency basis), in fiscal 2017 as compared to fiscal 2016. The leading contributor to the net revenue decrease was a net revenue decline in EG due primarily to a decline in Servers revenue as a result of lower revenue from Tier-1 server sales and a decline in Networking revenue as a result of the divestiture of our controlling interest in the H3C Technologies and China-based Server, Storage and Technology Services businesses (''H3C divestiture'') in May 2016. Gross margin was 30.1% ($8.7 billion) and 32.3% ($9.8 billion) for fiscal 2017 and 2016, respectively. The 2.2 percentage point decrease in gross margin was due primarily to lower gross margins in EG as a result of higher commodity costs, particularly dynamic random-access memory (''DRAM''), and competitive pressures affecting Servers and Storage, the impact of the H3C divestiture, particularly in Networking, and unfavorable currency fluctuations. We continue to experience gross margin pressures resulting from increased commodity costs, particularly DRAM, and a competitive pricing environment across our hardware portfolio. Operating margin decreased by 10.7 percentage points in fiscal 2017 due primarily to gains associated with the H3C and MphasiS divestitures recorded in the prior-year period.

As of October 31, 2017, cash and cash equivalents were approximately $9.6 billion, representing a decrease of approximately $3.4 billion from the October 31, 2016 balance of approximately $13.0 billion. The decrease in cash and cash equivalents was due primarily to the following: debt payments of $3.8 billion, share repurchases and cash dividend payments of $3.0 billion, investments in property, plant and equipment, net of sales proceeds of $2.5 billion, and payments made in connection with business acquisitions of $2.2 billion, partially offset by cash dividends received from Everett and Seattle totaling $5.5 billion and proceeds from debt issuances of $2.3 billion.

Trends and Uncertainties

We are in the process of addressing many challenges facing our business. One set of challenges include dynamic and accelerating market trends, such as the market shift of workloads to cloud-related IT infrastructure business models, emergence of software-defined architectures and converged infrastructure functionality and growth in IT consumption models. Certain of our legacy hardware businesses in EG face challenges as customers migrate to cloud-based offerings and reduce their purchases of hardware products. Demand for core server products and traditional storage has weakened and lower traditional compute and storage unit volume is impacting support attach opportunities in Technology Services (''TS'') within the EG segment.

Another set of challenges relates to changes in the competitive landscape. Our major competitors are expanding their product and service offerings with integrated products and solutions, our business-specific competitors are exerting increased competitive pressure in targeted areas and are entering new markets, our emerging competitors are introducing new technologies and business models, and our alliance partners in some businesses are increasingly becoming our competitors in others.

A third set of challenges relates to business model changes and our go-to-market execution.

To be successful in overcoming these challenges, we must address business model shifts and optimize go-to-market execution by improving cost structure, aligning sales coverage with strategic goals, improving channel execution, and strengthening our capabilities in our areas of strategic focus, while continuing to pursue new product innovation that builds on our existing capabilities in areas such as cloud and data center computing, software-defined networking, converged storage, high-performance compute, and wireless networking, which will keep us aligned with market demand, industry trends and the needs of our customers and partners. In addition, we need to continue to improve our operations, with a particular focus on enhancing our end-to-end processes and efficiencies.

During the third quarter of fiscal 2017, we launched an initiative called HPE Next, through which we will architect a purpose-built company designed to compete and win in the markets where we participate. Through this initiative, we will simplify our operating model and the way we work. We will streamline our offerings and business processes to improve our execution. More importantly, we will continue to shift our investments in innovation towards high growth and higher margin solutions and services. This initiative includes consolidating our manufacturing and support services locations, streamlining our business systems and reducing the number of countries in which we have a direct sales presence, while simultaneously migrating to a channel-only model in the remaining countries. For additional details on the HPE Next initiative, see Note 5, ''HPE Next'', to the Consolidated and Combined Financial Statements in Item 8 of Part II, which is incorporated herein by reference.

For a further discussion of trends, uncertainties and other factors that could impact our operating results, see the section entitled ''Risk Factors'' in Item 1A, which is incorporated herein by reference.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

General

Our Consolidated and Combined Financial Statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (''GAAP''), which requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, net revenue and expenses, and the disclosure of contingent liabilities. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources. Management has discussed the development, selection and disclosure of these estimates with the Audit Committee of HPE's Board of Directors. Management believes that the accounting estimates employed and the resulting amounts are reasonable; however, actual results may differ from these estimates. Making estimates and judgments about future events is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material impact on our results of operations, financial position and cash flows.

A summary of significant accounting policies is included in Note 1, ''Overview and Summary of Significant Accounting Policies'', to the Consolidated and Combined Financial Statements in Item 8 of Part II, which is incorporated herein by reference. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. Management believes the following critical accounting policies reflect the significant estimates and assumptions used in the preparation of the Consolidated and Combined Financial Statements.

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services are rendered, the sales price or fee is fixed or determinable and collectability is reasonably assured, as well as when other revenue recognition principles are met, including industry-specific revenue recognition guidance.

We enter into contracts to sell our products and services, and while many of our sales agreements contain standard terms and conditions, there are agreements we enter into which contain non-standard terms and conditions. Further, many of our arrangements include multiple elements. As a result, significant contract interpretation may be required to determine the appropriate accounting, including the identification of deliverables considered to be separate units of accounting, the allocation of the transaction price among elements in the arrangement and the timing of revenue recognition for each of those elements.

We recognize revenue for delivered elements as separate units of accounting when the delivered elements have standalone value to the customer. For elements with no standalone value, we recognize revenue consistent with the pattern of the undelivered elements. If the arrangement includes a customer-negotiated refund or return right or other contingency relative to the delivered items and the delivery and performance of the undelivered items is considered probable and substantially within our control, the delivered element constitutes a separate unit of accounting. In arrangements with combined units of accounting, changes in the allocation of the transaction price among elements may impact the timing of revenue recognition for the contract but will not change the total revenue recognized for the contract.

We establish the selling prices used for each deliverable based on vendor-specific objective evidence (''VSOE'') of selling price, if available, third-party evidence (''TPE''), if VSOE of selling price is not available, or estimated selling price (''ESP''), if neither VSOE of selling price nor TPE is available. We establish VSOE of selling price using the price charged for a deliverable when sold separately and, in rare instances, using the price established by management having the relevant authority. TPE of selling price is established by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. ESP is established based on management's judgment considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life-cycle. Consideration is also given to market conditions such as competitor pricing strategies and technology industry life-cycles. We may modify or develop new go-to-market practices in the future, which may result in changes in selling prices, impacting both VSOE of selling price and ESP. In most arrangements with multiple elements, the transaction price is allocated to the individual units of accounting at inception of the arrangement based on their relative selling price. However, the aforementioned factors may result in a different allocation of the transaction price to deliverables in multiple element arrangements entered into in future periods. This may change the pattern and timing of revenue recognition for identical arrangements executed in future periods, but will not change the total revenue recognized for any given arrangement.

We reduce revenue for customer and distributor programs and incentive offerings, including price protection, rebates, promotions, other volume-based incentives and expected returns. Future market conditions and product transitions may require us to take actions to increase customer incentive offerings, possibly resulting in an incremental reduction of revenue at the time the incentive is offered. For certain incentive programs, we estimate the number of customers expected to redeem the incentive based on historical experience and the specific terms and conditions of the incentive.

For hardware products, we recognize revenue generated from direct sales to end customers and indirect sales to channel partners (including resellers, distributors and value-added solution providers) when the revenue recognition criteria are satisfied. For indirect sales to channel partners, we recognize revenue at the time of delivery when the channel partner has economic substance apart from us and we have completed our obligations related to the sale.

For the various software products we sell, we assess whether the software products were sold on a standalone basis or with hardware products. If the software sold with a hardware product is not essential to the functionality of the hardware product and is more-than-incidental, we treat it as a software deliverable.

We recognize revenue from the sale of perpetual software licenses at inception of the license term, assuming all revenue recognition criteria have been satisfied. Term-based software license revenue is generally recognized ratably over the term of the license. We use the residual method to allocate revenue to software licenses at inception of the arrangement when VSOE of fair value for all undelivered elements, such as post-contract customer support, exists and all other revenue recognition criteria have been satisfied. Revenue from maintenance and unspecified upgrades or updates provided on a when-and-if-available basis is recognized ratably over the period during which such items are delivered.

For SaaS arrangements, we recognize revenue as the service is delivered, generally on a straight-line basis, over the contractual period of performance.

We recognize revenue from fixed-price support or maintenance contracts, including extended warranty contracts and software post-contract customer support agreements, ratably over the contract period. For certain fixed-price contracts, such as consulting arrangements, we recognize revenue as work progresses using a proportional performance method. We estimate the total expected labor costs in order to determine the amount of revenue earned to date. We apply a proportional performance method because reasonably dependable estimates of the labor costs applicable to various stages of a contract can be made. Total project costs are regularly reassessed during the life of a fixed-price contract. Provisions for estimated losses on fixed-price contracts are recognized in the period when such losses become known and are recorded as a component of cost of sales. In circumstances when reasonable and reliable cost estimates for a project cannot be made we recognize revenue using the completed contract method.

Warranty

We accrue the estimated cost of product warranties at the time we recognize revenue. We evaluate our warranty obligations on a product group basis. Our standard product warranty terms generally include post-sales support and repairs or replacement of a product at no additional charge for a specified period of time. While we engage in extensive product quality programs and processes, including actively monitoring and evaluating the quality of our component suppliers, we base our estimated warranty obligation on contractual warranty terms, repair costs, product call rates, average cost per call, current period product shipments and ongoing product failure rates, as well as specific product class failure outside of our baseline experience. Warranty terms generally range from one to five years for parts and labor, depending upon the product. For certain networking products, we offer a lifetime warranty. Over the last three fiscal years, the annual warranty expense has averaged approximately 1.9% of annual net product revenue.

Restructuring

We have engaged in restructuring actions which require management to estimate the timing and amount of severance and other employee separation costs for workforce reduction and enhanced early retirement programs, the fair value of assets made redundant or obsolete, and the fair value of lease and contract cancellation and other exit costs. We accrue for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements. For a full description of our restructuring actions, refer to our discussions of restructuring in ''Results of Operations'' below and in Note 4, ''Restructuring'' and Note 5, ''HPE Next'', to the Consolidated and Combined Financial Statements.

Retirement and Post-Retirement Benefits

Our pension and other post-retirement benefit costs and obligations depend on various assumptions. Our major assumptions relate primarily to discount rates, mortality rates, expected increases in compensation levels and the expected long-term return on plan assets. The discount rate assumption is based on current investment yields of high-quality fixed-income securities with maturities similar to the expected benefits payment period. Mortality rates help predict the expected life of plan participants and are based on a historical demographic study of the plan. The expected increase in the compensation levels assumption reflects our long-term actual experience and future expectations. The expected long-term return on plan assets is determined based on asset allocations, historical portfolio results, historical asset correlations and management's expected returns for each asset class. In any fiscal year, significant differences may arise between the actual return and the expected long-term return on plan assets. Historically, differences between the actual return and expected long-term return on plan assets have resulted from changes in target or actual asset allocation, short-term performance relative to expected long-term performance, and to a lesser extent, differences between target and actual investment allocations, the timing of benefit payments compared to expectations, and the use of derivatives intended to effect asset allocation changes or hedge certain investment or liability exposures.

Our major assumptions vary by plan, and the weighted-average rates used are set forth in Note 6, ''Retirement and Post-Retirement Benefit Plans'', to the Consolidated and Combined Financial Statements, which is incorporated herein by reference. The following table provides the impact changes in the weighted-average assumptions of discount rates, the expected increase in compensation levels and the expected long-term return on plan assets would have had on our net periodic benefit cost for fiscal 2017:

	Change in basis points	Change in Net Periodic Benefit Cost
		In millions
Assumptions:		
Discount rate	(25)	$28
Expected increase in compensation levels	25	$ 6
Expected long-term return on plan assets	(25)	$28

Taxes on Earnings

For fiscal 2015 and prior, current income tax liabilities related to entities which filed jointly with former Parent are assumed to be immediately settled with former Parent and are relieved through the former Parent company investment account and the Net transfers to former Parent in the Consolidated and Combined Statements of Cash Flows. Income tax expense and other income tax related information contained in our Consolidated and Combined Financial Statements are presented on a separate return basis as if we filed our own tax returns. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise for fiscal 2015. The calculation of our income taxes on a separate return basis required a considerable amount of judgment and use of both estimates and allocations. As of November 1, 2015, Hewlett Packard Enterprise Company was formally separated from former Parent; as such, any current income tax liabilities generated by Hewlett Packard Enterprise will be settled by Hewlett Packard Enterprise and no longer included with tax filings of former Parent.

We calculate our current and deferred tax provisions based on estimates and assumptions that could differ from the final positions reflected in our income tax returns. We will adjust our current and deferred tax provisions based on our tax returns which are generally filed in the third or fourth quarters of the subsequent fiscal year.

We recognize deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year in which we expect the differences to reverse.

We record a valuation allowance to reduce deferred tax assets to the amount that we are more likely than not to realize. In determining the need for a valuation allowance, we consider future market growth, forecasted earnings, future sources of taxable income, the mix of earnings in the jurisdictions in which we operate, and prudent and feasible tax planning strategies. In the event we were to determine that it is more likely than not that we will be unable to realize all or part of our deferred tax assets in the future, we would increase the valuation allowance and recognize a corresponding charge to earnings or other comprehensive income in the period in which we make such a determination. Likewise, if we later determine that we are more likely than not to realize the deferred tax assets, we would reverse the applicable portion of the previously recognized valuation allowance. In order for us to realize our deferred tax assets, we must be able to generate sufficient taxable income in the jurisdictions in which the deferred tax assets are located.

Our effective tax rate includes the impact of certain undistributed foreign earnings for which we have not provided for U.S. federal taxes because we plan to reinvest such earnings indefinitely outside the U.S. We plan distributions of foreign earnings based on projected cash flow needs as well as the working capital and long-term investment requirements of our foreign subsidiaries and our domestic operations. Based on these assumptions, we estimate the amount we expect to indefinitely invest outside the U.S. and the amounts we expect to distribute to the U.S. and provide for the U.S. federal taxes due on amounts expected to be distributed to the U.S. Further, as a result of certain employment actions and capital investments we have undertaken, income from manufacturing activities in certain jurisdictions is subject to reduced tax rates and, in some cases, is wholly exempt from taxes for fiscal years through 2024. Material changes in our estimates of cash, working capital and long-term investment requirements in the various jurisdictions in which we do business could impact how future earnings are repatriated to the U.S., and our related future effective tax rate.

We are subject to income taxes in the U.S. and approximately 120 other countries, and we are subject to routine corporate income tax audits in many of these jurisdictions. We believe that positions taken on our tax returns are fully supported, but tax authorities may challenge these positions, which may not be fully sustained on examination by the relevant tax authorities. Accordingly, our income tax provision includes amounts intended to satisfy assessments that may result from these challenges. Determining the income tax provision for these potential assessments and recording the related effects requires management judgments and estimates. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in our income tax provision and, therefore, could have a material impact on our income tax provision, net income and cash flows. Our accrual for uncertain tax positions is attributable primarily to uncertainties concerning the tax treatment of our international operations, including the allocation of income among different jurisdictions, intercompany transactions and related interest, as well as pre-Separation income tax liabilities of HP Inc. for which the Company is jointly and severally liable. For a further discussion on taxes on earnings, refer to Note 8, ''Taxes on Earnings'', to the Consolidated and Combined Financial Statements.

Inventory

We state our inventory at the lower of cost or market on a first-in, first-out basis. We make adjustments to reduce the cost of inventory to its net realizable value at the product group level for estimated excess or obsolescence. Factors influencing these adjustments include changes in demand, technological changes, product life-cycle and development plans, component cost trends, product pricing, physical deterioration, and quality issues.

Business Combinations

We allocate the fair value of purchase consideration to the assets acquired, including in-process research and development (''IPR&D''), liabilities assumed, and non-controlling interests in the acquiree generally based on their fair values at the acquisition date. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. If an IPR&D project is abandoned, we will record a charge for the value of the related intangible asset to our Consolidated and Combined Statement of Earnings in the period it is abandoned. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and non-controlling interests in the acquiree is recorded as goodwill.

When determining the fair values of assets acquired, liabilities assumed, and non-controlling interests in the acquiree, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of future growth rates and margins, attrition rates, future changes in technology and brand awareness, loyalty and position, and discount rates. Fair value estimates are based on the assumptions management believes a market participant would use in pricing the asset or liability. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition, as additional information about conditions existing at the acquisition date becomes available.

Goodwill

We review goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. We are permitted to conduct a qualitative assessment to determine whether it is necessary to perform a quantitative goodwill impairment test. We perform a quantitative test for each of our reporting units as part of our annual goodwill impairment test in the fourth quarter of each fiscal year.

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2017, our reporting units were consistent with the reportable segments identified in Note 3, ''Segment Information'', to the Consolidated and Combined Financial Statements. In the goodwill impairment test, we compare the fair value of each reporting unit to its carrying amount. We estimate the fair value of our reporting units using a weighting of fair values derived most significantly from the income approach and, to a lesser extent, the market approach. Under the income approach, we estimate the fair value of a reporting unit based on the present value of estimated future cash flows. Cash flow projections are based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate used is based on the weighted-average cost of capital adjusted for the relevant risk associated with business specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, we estimate the fair value based on market multiples of revenue and earnings derived from comparable publicly traded companies with operating and investment characteristics similar to the reporting unit. We weight the fair value derived from the market approach depending on the level of comparability of these publicly traded companies to the reporting unit. When market comparables are not meaningful or not available, we estimate the fair value of a reporting unit using only the income approach. A significant and sustained decline in our stock price could provide evidence of a need to record a goodwill impairment charge.

Estimating the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk adjusted discount rates, future economic and market conditions, and the determination of appropriate comparable publicly traded companies. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to individual reporting units to determine the carrying amount of each reporting unit.

If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired. If the fair value of the reporting unit is less than its carrying amount, goodwill is impaired. The goodwill impairment loss is measured as the excess of the reporting unit's carrying value over its fair value (not to exceed the total goodwill allocated to that reporting unit).

Our annual goodwill impairment analysis, which we performed as of the first day of the fourth quarter of fiscal 2017, did not result in any impairment charges. The excess of fair value over carrying amount for our reporting units ranged from approximately 32% for EG to approximately 37% for FS of the respective carrying amounts.

In order to evaluate the sensitivity of the estimated fair value of our reporting units in the goodwill impairment test, we applied a hypothetical 10% decrease to the fair value of each reporting unit. Based on the results of this hypothetical 10% decrease all of the reporting units had an excess of fair value over carrying value.

Intangible Assets

We review intangible assets with finite lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of our finite-lived intangible assets is assessed based on the estimated undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If the undiscounted future cash flows are less than the carrying amount, the finite-lived intangible assets are considered to be impaired. The amount of the impairment loss, if any, is measured as the difference between the carrying amount of the asset and its fair value. We estimate the fair value of finite-lived intangible assets by using an income approach or, when available and appropriate, using a market approach.

Fair Value of Derivative Instruments

We use derivative instruments to manage a variety of risks, including risks related to foreign currency exchange rates and interest rates. We use forwards, swaps and, at times, options to hedge certain foreign currency and interest rate exposures. We do not use derivative financial instruments for speculative purposes. At October 31, 2017, the gross notional amount of our derivative portfolio was $28.3 billion. Assets and liabilities related to derivative instruments are measured at fair value, and were $260 million and $477 million, respectively, as of October 31, 2017.

Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The determination of fair value often involves significant judgments about assumptions such as determining an appropriate discount rate that factors in both risk and liquidity premiums, identifying the similarities and differences in market transactions, weighting those differences accordingly and then making the appropriate adjustments to those market transactions to reflect the risks specific to the asset or liability being valued. We generally use industry standard valuation models to measure the fair value of our derivative positions. When prices in active markets are not available for an identical asset or liability, we use industry standard valuation models to measure fair value. Where applicable, these models project future cash flows and discount the future amounts to present value using market based observable inputs, including interest rate curves, Company and counterparty credit risk, foreign currency exchange rates, and forward and spot prices.

For a further discussion of fair value measurements and derivative instruments, refer to Note 13, ''Fair Value'' and Note 14, ''Financial Instruments'', respectively, to the Consolidated and Combined Financial Statements.

Loss Contingencies

We are involved in various lawsuits, claims, investigations and proceedings including those consisting of IP, commercial, securities, employment, employee benefits, and environmental matters, which arise in the ordinary course of business. We record a liability when we believe that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Significant judgment is required to determine both the probability of having incurred a liability and the estimated amount of the liability. We review these matters at least quarterly and adjust these liabilities to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other updated information and events, pertaining to a particular case. Based on our experience, we believe that any damage amounts claimed in the specific litigation and contingency matters further discussed in Note 19, ''Litigation and Contingencies'', to the Consolidated and Combined Financial Statements are not a meaningful indicator of our potential liability. Litigation is inherently unpredictable. However, we believe we have valid defenses with respect to legal matters pending against us. Nevertheless, cash flows or results of operations could be materially affected in any particular period by the resolution of one or more of these contingencies. We believe we have recorded adequate provisions for any such matters and, as of October 31, 2017, it was not reasonably possible that a material loss had been incurred in connection with such matters in excess of the amounts recognized in our financial statements.

ACCOUNTING PRONOUNCEMENTS

For a summary of recent accounting pronouncements applicable to our Consolidated and Combined Financial Statements, see Note 1, ''Overview and Summary of Significant Accounting Policies'', to the Consolidated and Combined Financial Statements in Item 8 of Part II, which is incorporated herein by reference.

RESULTS OF OPERATIONS

Revenue from our international operations has historically represented, and we expect will continue to represent, a majority of our overall net revenue. As a result, our revenue growth has been impacted, and we expect will continue to be impacted, by fluctuations in foreign currency exchange rates. In order to provide a framework for assessing performance excluding the impact of foreign currency fluctuations, we present the year-over-year percentage change in revenue on a constant currency basis, which assumes no change in foreign currency exchange rates from the prior-year period and doesn't adjust for any repricing or demand impacts from changes in foreign currency exchange rates. This change in revenue on a constant currency basis is calculated as the quotient of (a) current year revenue converted to U.S. dollars using the prior-year period's foreign currency exchange rates divided by (b) prior-year period revenue. This information is provided so that revenue can be viewed without the effect of fluctuations in foreign currency exchange rates, which is consistent with how management evaluates our revenue results and trends. This constant currency disclosure is provided in addition to, and not as a substitute for, the year-over-year percentage change in revenue on a GAAP basis. Other companies may calculate and define similarly labeled items differently, which may limit the usefulness of this measure for comparative purposes.

Results of operations in dollars and as a percentage of net revenue were as follows:

	For the fiscal years ended October 31,					
	2017		2016		2015	
	Dollars	% of Revenue	Dollars	% of Revenue	Dollars	% of Revenue
	Dollars in millions					
Net revenue	$28,871	100.0%	$30,280	100.0%	$31,077	100.0%
Cost of sales	20,177	69.9%	20,507	67.7%	21,013	67.6%
Gross profit	8,694	30.1%	9,773	32.3%	10,064	32.4%
Research and development	1,486	5.1%	1,714	5.7%	1,676	5.4%
Selling, general and administrative	5,006	17.3%	5,380	17.8%	5,142	16.5%
Amortization of intangible assets	321	1.1%	272	0.9%	229	0.7%
Restructuring charges	417	1.5%	417	1.3%	197	0.6%
Transformation costs	359	1.2%	—	—	—	—
Disaster charges	93	0.3%	—	—	—	—
Acquisition and other related charges	203	0.7%	145	0.5%	84	0.3%
Separation costs	248	0.9%	362	1.2%	797	2.6%
Defined benefit plan settlement charges and remeasurement (benefit)	(64)	(0.2)%	—	—	(7)	—
Gain on H3C and MphasiS divestitures	—	—	(2,420)	(8.0)%	—	—
Earnings from continuing operations	625	2.2%	3,903	12.9%	1,946	6.3%
Interest and other, net	(327)	(1.1)%	(284)	(0.9)%	(9)	(0.1)%
Tax indemnification adjustments	(3)	—	317	1.0%	—	—
Loss from equity interests	(23)	(0.1)%	(76)	(0.3)%	(2)	—
Earnings from continuing operations before taxes	272	1.0%	3,860	12.7%	1,935	6.2%
Benefit (provision) for taxes	164	0.5%	(623)	(2.0)%	705	2.3%
Net earnings from continuing operations	436	1.5%	3,237	10.7%	2,640	8.5%
Net loss from discontinued operations	(92)	(0.3)%	(76)	(0.3)%	(179)	(0.6)%
Net earnings	$ 344	1.2%	$ 3,161	10.4%	$ 2,461	7.9%

Net Revenue

The components of the weighted net revenue change by segment were as follows:

	For the fiscal years ended October 31,	
	2017	2016
	Percentage Points	
Enterprise Group	(5.2)	(2.4)
Financial Services	1.4	(0.1)
Corporate Investments/Other[1]	(0.9)	(0.1)
Total HPE	(4.7)	(2.6)

[1] Other primarily related to the elimination of intersegment net revenue.

Fiscal 2017 compared with Fiscal 2016

In fiscal 2017, our total net revenue decreased 4.7% (decreased 4.1% on a constant currency basis). U.S. net revenue decreased 4.1% to $9.9 billion, while net revenue from outside of the U.S. decreased 5.0% to $19.0 billion.

From a segment perspective, the primary factors contributing to the change in our total net revenue are summarized as follows:

- EG net revenue decreased due primarily to a decline in Servers revenue from Tier-1 server sales and a decline in Networking revenue as a result of the H3C divestiture in May 2016; and
- FS net revenue increased due primarily to higher rental revenue resulting from an increase in operating lease volume and the conversion of capital leases to operating leases in connection with the Everett Transaction.

Fiscal 2016 compared with Fiscal 2015

In fiscal 2016, our total net revenue decreased 2.6% (flat on a constant currency basis) as compared to fiscal 2015. U.S. net revenue increased 7.8% to $10.3 billion, while net revenue from outside of the U.S. decreased 7.2% to $19.9 billion.

From a segment perspective, the primary factors contributing to the change in our total net revenue are summarized as follows:

- EG net revenue decreased due primarily to unfavorable currency fluctuations and the impact of the H3C divestiture in May 2016, which primarily impacted Networking and TS; and
- FS net revenue decreased due primarily to unfavorable currency fluctuations and lower asset management activity primarily as a result of lower fixed term renewals.

Gross Margin

Fiscal 2017 compared with Fiscal 2016

Our gross margin decreased by 2.2 percentage points for fiscal 2017 as compared with fiscal 2016. From a segment perspective, the primary factors impacting gross margin performance are summarized as follows:

- EG gross margin decreased due primarily to higher commodity costs, particularly DRAM, competitive pricing pressures, the impact of the H3C divestiture, and unfavorable currency fluctuations; and
- FS gross margin decreased due primarily to lower portfolio margins resulting from the increase in operating lease assets and the impact of a bad debt reserve release in the prior-year period.

Fiscal 2016 compared with Fiscal 2015

Our gross margin decreased by 0.1 percentage points for fiscal 2016 compared with fiscal 2015. From a segment perspective, the primary factors impacting gross margin performance are summarized as follows:

- EG gross margin decreased due primarily to unfavorable currency fluctuations and competitive pricing pressures; and
- FS gross margin increased due to lower bad debt expense, higher margins on remarketing sales and higher portfolio margins due to an increase in average portfolio assets.

Operating Expenses

Research and Development

R&D expense decreased by $228 million, or 13%, in fiscal 2017 as compared to fiscal 2016, due primarily to cost reduction actions in Hewlett Packard Labs, a decline in cloud-related activities and the impact of the H3C divestiture. This decrease was partially offset by higher expenses within EG due to recent business acquisitions.

R&D expense increased by $38 million, or 2%, in fiscal 2016 as compared to fiscal 2015, due primarily to an increase in R&D expense in Servers, partially offset by a decrease in R&D expense in Networking due to the H3C divestiture.

Selling, General and Administrative

SG&A expense decreased by $374 million, or 7%, for fiscal 2017 as compared to fiscal 2016, due primarily to the impact of the H3C and MphasiS divestitures in fiscal 2016, which represented $294 million of expenses in the prior-year period, cost reduction actions, favorable foreign currency fluctuations, and lower variable compensation expense. This decrease was partially offset by higher expenses resulting from recent business acquisitions.

SG&A expense increased by $238 million, or 5%, for fiscal 2016 as compared to fiscal 2015, due primarily to increased expenses resulting from the Aruba acquisition in May 2015, partially offset by a decrease in expenses resulting from the H3C divestiture in May 2016.

Amortization of Intangible Assets

Amortization expense increased by $49 million, or 18%, in fiscal 2017 as compared to fiscal 2016, due to the addition of intangible assets resulting from business acquisitions, partially offset by certain intangible assets associated with prior acquisitions reaching the end of their respective amortization periods.

Amortization expense increased by $43 million, or 19%, in fiscal 2016 as compared to fiscal 2015, due to the addition of intangible assets resulting from the Aruba acquisition, partially offset by certain intangible assets associated with prior acquisitions reaching the end of their respective amortization periods.

Restructuring Charges

Restructuring charges remained flat in fiscal 2017 as compared to fiscal 2016, due primarily to continuing charges from the restructuring plan we announced in September 2015 (the ''2015 Plan'') in connection with the Separation, partially offset by lower charges from the multi-year restructuring plan initially announced in May 2012 (the ''2012 Plan''). As of October 31, 2017, both the 2015 Plan and the 2012 Plan are substantially complete.

Restructuring charges increased by $220 million in fiscal 2016 as compared to fiscal 2015, due primarily to higher charges from the 2015 Plan, partially offset by lower charges from the 2012 Plan.

Transformation Costs

During the third quarter of fiscal 2017, we launched the HPE Next initiative, through which we will simplify the organizational structure and redesign business processes. The HPE Next initiative is expected to be implemented through fiscal 2020, during which time we expect to incur expenses for workforce reductions (''HPE Next Plan''), to upgrade and simplify our IT infrastructure, and for other non-labor actions, partially offset by proceeds received from real estate sales. For fiscal 2017, transformation costs of $359 million include restructuring charges related to the HPE Next Plan, program management costs and IT costs, partially offset by a gain from the sale of real estate.

Disaster Charges

During the fourth quarter of fiscal 2017, our facilities in Houston, Texas sustained significant damage as a result of Hurricane Harvey. We continue to evaluate the impact of Hurricane Harvey on the business and have filed a claim under our insurance program for property damage and other covered expenses. For fiscal 2017, we recorded $93 million in Disaster charges, which primarily represented our deductible under the insurance program and an asset impairment charge, in our Consolidated Statement of Earnings.

Acquisition and Other Related Charges

Acquisition and other related charges increased by $58 million in fiscal 2017 as compared to fiscal 2016, due primarily to charges resulting from the acquisitions of Nimble Storage, SimpliVity and SGI.

Acquisition and other related charges increased by $61 million in fiscal 2016 as compared to fiscal 2015, due primarily to charges resulting from the divestiture of H3C, partially offset by lower charges from the acquisition of Aruba in fiscal 2015.

Separation Costs

Separation costs include costs resulting from the Separation in fiscal 2015 and costs resulting from the Everett and Seattle Transactions.

Separation costs decreased by $114 million in fiscal 2017 as compared to fiscal 2016 due to lower costs from the Separation, partially offset by costs from the Everett and Seattle Transactions.

Separation costs decreased by $435 million in fiscal 2016 as compared to fiscal 2015 due to lower costs from the Separation, partially offset by costs from the Everett and Seattle Transactions.

Defined Benefit Plan Settlement Charges and Remeasurement (Benefit)

Defined benefit plan settlement charges and remeasurement (benefit) in fiscal 2017 represents an adjustment to the net periodic pension benefit cost resulting from the remeasurement of certain Hewlett Packard Enterprise pension plans due to plan separations in connection with the Everett and Seattle Transactions.

Defined benefit plan settlement charges and remeasurement (benefit) in fiscal 2015 was related to U.S. defined benefit plan settlement expense and net periodic benefit cost resulting from former Parent's voluntary lump sum program announced January 2015.

Gain on H3C and MphasiS Divestitures

The gain on these divestitures in fiscal 2016 resulted from the sale of 51% of our H3C Technologies and China-based server, storage and technology services businesses and the sale of our equity stake in MphasiS Limited.

Interest and Other, Net

Interest and other, net expense increased by $43 million in fiscal 2017 as compared to fiscal 2016, due primarily to higher interest expense from a higher weighted-average interest rate.

Interest and other, net expense increased by $275 million in fiscal 2016 as compared to fiscal 2015, due primarily to higher interest expense from higher average borrowings, partially offset by higher interest income.

Tax Indemnification Adjustments

Tax indemnification adjustments, representing a $3 million benefit in fiscal 2017 and a $317 million charge in fiscal 2016, resulted from the potential settlement of certain pre-Separation tax liabilities for which we share joint and several liability with HP Inc. and for which we are partially indemnified by HP Inc. under the Tax Matters Agreement.

Loss from Equity Interests

Loss from equity interests primarily represents our 49% interest in H3C. Loss from equity interests decreased by $53 million in fiscal 2017 as compared to fiscal 2016 due to higher net income earned by H3C. The loss is primarily the result of the amortization of our interest in the basis difference which is offset against our share of the net income earned by H3C.

Provision for Taxes

Our effective tax rates were (60.3)%, 16.1% and (36.4)% in fiscal 2017, 2016 and 2015, respectively. Our effective tax rate generally differs from the U.S. federal statutory rate of 35% due to favorable tax rates associated with certain earnings from our operations in lower tax jurisdictions throughout the world. The jurisdictions with favorable tax rates that had the most significant impact on our effective tax rate in the periods presented include Puerto Rico, China and Singapore. The Company plans to reinvest earnings of these jurisdictions indefinitely outside the U.S., and therefore have not provided for U.S. taxes on those indefinitely reinvested earnings.

In fiscal 2017, we recorded $554 million of net income tax benefits related to items unique to the year. These amounts primarily included $699 million of income tax benefits in connection with the Everett and Seattle Transactions and $326 million of income tax benefits on restructuring charges, separation costs, transformation costs, and acquisition and other related charges, the effects of which were partially offset by $473 million of income tax charges to record valuation allowances on U.S. state deferred tax assets and $88 million of income tax charges related to pre-Separation tax matters.

In fiscal 2016, we recorded $250 million of net income tax charges related to items unique to the year. These amounts primarily included $714 million of income tax charges related to pre-Separation tax matters, of which $647 million was related to the effect of the potential settlement of certain pre-Separation Hewlett-Packard Company income tax liabilities, and $169 million of income tax charges resulting from a gain on the H3C divestiture, the effects of which were partially offset by $509 million of income tax benefits on restructuring charges, separation costs and acquisition and other related charges, and $124 million of income tax benefits resulting from a gain on the MphasiS divestiture.

In fiscal 2015, we recorded $1.7 billion of net income tax benefits related to items unique to the year. These amounts primarily included $1.8 billion of income tax benefits due to the release of valuation allowances pertaining to certain U.S. deferred tax assets, $139 million of income tax benefits related to restructuring charges and separation costs, and $67 million of income tax benefits related to uncertain tax positions, the effects of which were partially offset by $486 million of income tax charges to record valuation allowances on certain foreign deferred tax assets and $229 million of income tax charges related to state tax impacts of the separation of deferred taxes under the Separate Return Method.

For a reconciliation of our effective tax rate to the U.S. federal statutory rate of 35% and further explanation of our provision for taxes, see Note 8, ''Taxes on Earnings'', to the Consolidated and Combined Financial Statements.

Segment Information

A description of the products and services for each segment, along with other pertinent information related to Segments can be found in Note 3, ''Segment Information'', to the Consolidated and Combined Financial Statements in Item 8 of Part II, which is incorporated herein by reference. Future changes to our organizational structure may result in changes to the segments disclosed.

Enterprise Group

	For the fiscal years ended October 31,		
	2017	2016	2015
	Dollars in millions		
Net revenue	$26,211	$27,779	$28,511
Earnings from operations	$ 2,707	$ 3,569	$ 3,999
Earnings from operations as a % of net revenue	10.3%	12.8%	14.0%

The components of net revenue and the weighted net revenue change by business unit were as follows:

	For the fiscal years ended October 31,				
	Net Revenue			Weighted Net Revenue Change Percentage Points	
	2017	2016	2015	2017	2016
	Dollars in millions				
Servers	$12,674	$13,813	$14,202	(4.1)	(1.4)
Networking	2,511	2,820	2,863	(1.1)	(0.2)
Storage	3,144	3,235	3,180	(0.3)	0.2
Technology Services	7,882	7,911	8,266	(0.1)	(1.2)
Total Enterprise Group	$26,211	$27,779	$28,511	(5.6)	(2.6)

Fiscal 2017 compared with Fiscal 2016

EG net revenue decreased by $1,568 million, or 5.6% (decreased 4.9% on a constant currency basis), in fiscal 2017. The decrease was due primarily to a decline in Servers revenue as a result of a revenue decline of $1,314 million from Tier-1 server sales and a decline in Networking as a result of the H3C divestiture in May 2016, which contributed $809 million in EG net revenue in the prior-year period, partially offset by a revenue contribution of approximately $640 million from the acquisitions of SGI and Nimble Storage during fiscal 2017. EG continues to experience revenue growth challenges due to market trends, including the shift of workloads to cloud deployment models, emergence of software-defined architectures, growth in IT consumption models, and a highly competitive pricing environment.

Servers net revenue decreased by $1,139 million, or 8%, due primarily to a decline in revenue from industry standard servers and Mission-Critical Servers (''MCS''). The decline in industry standard servers revenue was due primarily to lower revenue from Tier-1 server sales, partially offset by growth in core server products, which included revenue from the recently acquired SGI business. Industry standard servers unit volumes decreased by 13%, while average unit prices (''AUPs'') increased by 6%. The decrease in unit volumes was a result of the volume decline in the Tier-1 server category. The increase in AUPs was experienced in the density optimized, blades and rack product categories, partially offset by a decline in the tower product category. MCS revenue declined due primarily to the decline in revenue from Itanium products and NonStop solutions.

Networking net revenue decreased by $309 million, or 11%, due primarily to the H3C divestiture, which contributed $620 million of revenue in the prior-year period, partially offset by growth in the Aruba wireless local area network (''WLAN'') and campus switching products.

Storage net revenue decreased by $91 million, or 3%, due to continued weakness in traditional storage products and go-to-market sales execution issues. Compared to the prior-year period, revenue from traditional storage solutions declined, while converged storage revenue increased due primarily to growth in our All-Flash Array products, which included revenue from the recently acquired Nimble Storage business.

TS net revenue decreased by $29 million, or remained flat, due primarily to the impact of the H3C divestiture, which represented $170 million of revenue in the prior-year period, which was largely offset by revenue from SGI and growth in the HPE Data Center Care and HPE Proactive Care support solutions.

EG earnings from operations as a percentage of net revenue decreased by 2.5 percentage points in fiscal 2017 due to a decrease in gross margin and an increase in operating expenses as a percentage of net revenue. The gross margin decrease was due primarily to higher commodity costs, particularly DRAM, and competitive pressures affecting Servers and Storage, the impact of the H3C divestiture, particularly in Networking, and unfavorable currency fluctuations, which was partially offset by improved gross margin from a lower mix of Tier-1 server sales revenue, lower variable compensation expense and a higher mix of revenue from Aruba products. Operating expense as a percentage of net revenue increased due to the revenue decline notwithstanding the reduction in operating expense. The decrease in operating expense was due primarily to cost reduction actions, the impact of the H3C divestiture, which represented $279 million of expense in the prior year, and lower variable compensation expense, which was partially offset by increased expenses as a result of our recently acquired businesses.

Fiscal 2016 compared with Fiscal 2015

EG net revenue decreased by $732 million, or 2.6% (flat on a constant currency basis), in fiscal 2016. The decrease in EG net revenue was due primarily to unfavorable currency fluctuations, led by the euro, and the impact of the H3C divestiture, which impacted each of the EG business units, primarily Networking and TS.

Servers net revenue decreased by $389 million, or 3%, due to unfavorable currency fluctuations and a decrease in unit volumes, partially offset by higher AUPs. The decrease in unit volumes was primarily in the tower and rack product categories within industry standard servers, due to market softness in the enterprise and small and medium business market sectors. The increase in AUPs was experienced across each of the industry standard servers product portfolio, resulting from increased option attach activity.

Networking net revenue decreased by $43 million, or 2%, due to lower revenues resulting from the H3C divestiture, partially offset by revenue growth in our Aruba WLAN products.

Storage net revenue increased by $55 million, or 2%, or as a result of growth in Converged Storage solutions led by higher revenue from our 3PAR All-Flash Array products, partially offset by unfavorable currency fluctuations and a decline in traditional storage products.

TS net revenue decreased by $355 million, or 4%, due primarily to unfavorable currency fluctuations, the impact of the H3C divestiture and the discontinuation of support service attach revenue from hardware products sold by former Parent. Partially offsetting the TS revenue decline was growth in HPE Data Center Care and HPE Proactive Care support solutions.

EG earnings from operations as a percentage of net revenue decreased by 1.2 percentage points in fiscal 2016 as a result of a decrease in gross margin and an increase in operating expenses as percentage of net revenue. The gross margin decrease was due primarily to unfavorable currency fluctuations and competitive pricing pressures, partially offset by improved gross margins in Networking from Aruba and higher option attach rates in Servers. The increase in operating expenses as a percentage of net revenue was due primarily to higher administrative expenses and R&D investments, partially offset by favorable currency fluctuations and the impact of the H3C divestiture.

Financial Services

	For the fiscal years ended October 31,		
	2017	2016	2015
	Dollars in millions		
Net revenue	$3,602	$3,190	$3,216
Earnings from operations	$ 304	$ 336	$ 349
Earnings from operations as a % of net revenue	8.4%	10.5%	10.9%

As a result of the Everett Transaction, during the second quarter of fiscal 2017, the Company converted certain capital lease arrangements with the former ES segment to operating leases, which resulted in higher net equipment under operating leases. Additionally, leasing transactions with the former ES segment were treated as intercompany leases and eliminated in consolidation until the close of the transaction on April 1, 2017, when they became third party leases held with DXC.

Fiscal 2017 compared with Fiscal 2016

FS net revenue increased by $412 million, or 12.9% (increased 13.1% on a constant currency basis), in fiscal 2017 due primarily to higher rental revenue resulting from an increase in operating lease volume and the conversion of capital leases to operating leases in connection with the Everett Transaction, along with higher lease buyout revenue due primarily to a large customer buyout transaction in the fourth quarter of fiscal 2017.

FS earnings from operations as a percentage of net revenue decreased by 2.1 percentage points in fiscal 2017 due to a decrease in gross margin, partially offset by a decrease in operating expense as a percentage of net revenue. The decrease in gross margin was due primarily to lower portfolio margins resulting from the increase in operating lease assets and the impact of a bad debt reserve release in the prior-year period, partially offset by higher margins on lease buyout activity. Operating expenses as a percentage of net revenue decreased primarily as a result of the net revenue increase, as total operating expenses increased by only 3% from the prior-year period.

Fiscal 2016 compared with Fiscal 2015

FS net revenue decreased by $26 million, or 0.8% (increased 2.3% on a constant currency basis), in fiscal 2016 due primarily to unfavorable currency fluctuations and lower asset management activity, primarily as a result of lower fixed-term renewals, partially offset by higher portfolio revenue due to an increase in average portfolio assets.

FS earnings from operations as a percentage of net revenue decreased by 0.4 percentage points in fiscal 2016 due primarily to an increase in operating expenses as a percentage of net revenue, partially offset by an increase in gross margin. The increase in gross margin was the result of lower bad debt expense, higher margins on remarketing sales and higher portfolio margins due to an increase in average portfolio assets, partially offset by lower margins on lease extensions and unfavorable currency fluctuations. Operating expenses as a percentage of net revenue increased primarily as a result of higher IT expenses.

Financing Volume

	For the fiscal years ended October 31,		
	2017	2016	2015
	In millions		
Total financing volume	$6,085	$6,478	$6,504

Financing volume, which represents the amount of financing provided to customers for equipment and related software and services, including intercompany activity, decreased 6.1% in fiscal 2017 and decreased 0.4% in fiscal 2016. The decrease in fiscal 2017 was primarily driven by lower financing volume associated with third-party and HPE product sales and related service offerings, along with unfavorable currency fluctuations. The decrease in fiscal 2016 was driven by unfavorable currency fluctuations, partially offset by higher financing volume associated with third-party product sales and related services offerings.

Portfolio Assets and Ratios

The FS business model is asset intensive and uses certain internal metrics to measure its performance against other financial services companies, including a segment balance sheet that is derived from our internal management reporting system. The accounting policies used to derive FS amounts are substantially the same as those used by the Company. However, intercompany loans and certain accounts that are reflected in the segment balances are eliminated in our Consolidated and Combined Financial Statements.

The portfolio assets and ratios derived from the segment balance sheets for FS were as follows:

	As of October 31,	
	2017	2016
	Dollars in millions	
Financing receivables, gross	$ 7,844	$ 8,033
Net equipment under operating leases	4,413	3,333
Capitalized profit on intercompany equipment sales(1)	656	612
Intercompany leases(1)	115	975
Gross portfolio assets	13,028	12,953
Allowance for doubtful accounts(2)	86	89
Operating lease equipment reserve	49	45
Total reserves	135	134
Net portfolio assets	$12,893	$12,819
Reserve coverage	1.0%	1.0%
Debt-to-equity ratio(3)	7.0x	7.0x

(1) Intercompany activity is eliminated in consolidation.

(2) Allowance for doubtful accounts for financing receivables includes both the short- and long-term portions.

(3) Debt benefiting FS consists of intercompany equity that is treated as debt for segment reporting purposes, intercompany debt and borrowing- and funding-related activity associated with FS and its subsidiaries. Debt benefiting FS totaled $11.2 billion and $11.4 billion at October 31, 2017 and October 31, 2016, respectively, and was determined by applying an assumed debt-to-equity ratio, which management believes to be comparable to that of other similar financing companies. FS equity at both October 31, 2017 and October 31, 2016 was $1.6 billion.

The decrease in financing receivables, gross and the corresponding increase in net equipment under operating leases during the fiscal year ended October 31, 2017 is due primarily to the conversion of capital leases to operating leases related to the Everett Transaction. Intercompany leases decreased during the fiscal year ended October 31, 2017 as a result of the Everett Transaction, as leasing transactions with the former ES segment were treated as intercompany leases and eliminated in consolidation until the close of the transaction. As of April 1, 2017, these leases became third party leases held with DXC.

At October 31, 2017 and 2016, FS net cash and cash equivalents and short-term investments were $873 million and $607 million, respectively.

Net portfolio assets at October 31, 2017 increased 0.6% from October 31, 2016. The increase generally resulted from favorable currency fluctuations led by strength in the euro, partially offset by portfolio runoff in excess of new financing volume.

FS bad debt expense includes charges to reserves for sales-type, direct-financing and operating leases. FS recorded net bad debt expense of $45 million, $23 million and $46 million in fiscal 2017, 2016 and 2015, respectively.

Corporate Investments

	For the fiscal years ended October 31,		
	2017	2016	2015
	Dollars in millions		
Net revenue	$ 3	$ 591	$ 684
Loss from operations	$(142)	$(240)	$(271)
Loss from operations as a % of net revenue[(1)]	NM	NM	NM

(1) ''NM'' represents not meaningful.

Effective at the beginning of the second quarter of fiscal 2017, and prior to the completion of the Everett Transaction, we transferred the historical net revenue and operating profit related to the previously divested MphasiS product group from the former ES segment to the Corporate Investments segment.

Net revenue in the current and prior periods includes IP-related royalty revenue. Net revenue in the prior-year periods primarily represents revenue from the MphasiS product group, which was divested in the fourth quarter of fiscal 2016, as well as residual activity from certain cloud-related incubation projects. Corporate Investments net revenue decreased by 99% in fiscal 2017, as compared to the prior-year period, due to the absence of revenue from MphasiS, and by 14% in fiscal 2016, as compared to the prior-year period, due to a decline in revenue from MphasiS.

Corporate Investments loss from operations decreased by 41% in fiscal 2017 and 11% in fiscal 2016, as compared to the prior-year periods, respectively. The decline in loss from operations for fiscal 2017 was due to lower expenses in HP labs and certain cloud-related incubation activities, as well as the absence of operating expenses related to MphasiS. The decline in loss from operations for fiscal 2016 was due primarily to lower expenses associated with cloud-related incubation activities and HP Labs.

LIQUIDITY AND CAPITAL RESOURCES

We use cash generated by operations as our primary source of liquidity. We believe that internally generated cash flows will be generally sufficient to support our operating businesses, capital expenditures, acquisitions, restructuring activities, transformation costs, remaining separation costs, maturing debt, interest payments, income tax payments, in addition to any future investments and any future share repurchases, and future stockholder dividend payments. We expect to supplement this short-term liquidity, if necessary, by accessing the capital markets, issuing commercial paper, and borrowing under credit facilities made available by various domestic and foreign financial institutions. However, our access to capital markets may be constrained and our cost of borrowing may increase under certain business, market and economic conditions. Our liquidity is subject to various risks including the risks identified in the section entitled ''Risk Factors'' in Item 1A and market risks identified in the section entitled ''Quantitative and Qualitative Disclosures about Market Risk'' in Item 7A, each of which is incorporated herein by reference.

Our cash balances are held in numerous locations throughout the world, with a substantial amount held outside of the U.S. We utilize a variety of planning and financing strategies in an effort to ensure that our worldwide cash is available when and where it is needed. Our cash position is strong and we expect that our cash balances, anticipated cash flow generated from operations and access to capital markets will be sufficient to cover our expected near-term cash outlays.

Amounts held outside of the U.S. are generally utilized to support non-U.S. liquidity needs, although a portion of those amounts may, from time to time, be subject to short-term intercompany loans into the U.S. Most of the amounts held outside of the U.S. could be repatriated to the U.S. but, under current law, some would be subject to U.S. federal income taxes, less applicable foreign tax credits. Repatriation of some foreign earnings is restricted by local law. Except for foreign earnings that are considered indefinitely reinvested outside of the U.S., we have provided for the U.S. federal tax liability on these earnings for financial statement purposes. Repatriation could result in additional income tax payments in future years, including potentially with respect to U.S. tax reform. Where local restrictions prevent an efficient intercompany transfer of funds, our intent is to keep cash balances outside of the U.S. and to meet liquidity needs through ongoing cash flows, external borrowings, or both. We do not expect restrictions or potential taxes incurred on repatriation of amounts held outside of the U.S. to have a material effect on our overall liquidity, financial condition or results of operations.

On October 13, 2015, our Board of Directors approved a share repurchase program with a $3.0 billion authorization, which was refreshed with additional share repurchase authorizations of $3.0 billion and $5.0 billion on May 24, 2016 and October 16, 2017, respectively. As of October 31, 2017, we had a remaining authorization of $5.8 billion for future share repurchases. The number of shares that we repurchase under the share repurchase program may vary depending on numerous factors, including share price, liquidity and other market conditions, our ongoing capital allocation planning, levels of cash and debt balances, other demands for cash, such as acquisition activity, general economic or business conditions, and board and management discretion. Additionally, our share repurchase activity, if any, during any particular period may fluctuate. We may commence, accelerate, suspend, delay, or discontinue any share repurchase activity at any time, without notice. This program does not have a specific expiration date.

In fiscal 2017, we repurchased an aggregate of $2.6 billion of our stock as a result of our share repurchase program. For more information on our share repurchase program, refer to Note 17, ''Stockholders' Equity'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

On April 1, 2017, we completed the Everett Transaction. In connection with this transaction, we received a $3.0 billion cash dividend payment from Everett. Everett funded the cash dividend payment from the issuance of approximately $3.5 billion of aggregate debt. The debt was retained by Everett at the close of the transaction.

On September 1, 2017, we completed the Seattle Transaction. In connection with this transaction, we received a $2.5 billion cash dividend payment from Seattle. Seattle funded the cash dividend payment from the issuance of $2.6 billion of debt. The debt was retained by Seattle at the close of the transaction.

During fiscal 2017, in connection with the Everett and Seattle Transactions, we transferred net cash of $711 million and $227 million to DXC and Micro Focus, respectively.

Liquidity

Our cash and cash equivalents, total debt and available borrowing resources were as follows:

	As of October 31,		
	2017	2016	2015
		In millions	
Cash and cash equivalents	$ 9,579	$12,987	$ 9,842
Total debt	$14,032	$15,693	$15,353
Available borrowing resources	$ 5,891	$ 6,058	$ 6,166

Our key cash flow metrics were as follows:

	For the fiscal years ended October 31,		
	2017	2016	2015
		In millions	
Net cash provided by operating activities	$ 889	$ 4,958	$ 3,661
Net cash (used in) provided by investing activities	(4,907)	419	(5,413)
Net cash provided by (used in) financing activities	610	(2,232)	9,275
Net (decrease) increase in cash and cash equivalents	$(3,408)	$ 3,145	$ 7,523

Operating Activities

Net cash provided by operating activities decreased by $4.1 billion for fiscal 2017 as compared to fiscal 2016. The decrease was due primarily to a payment of $1.9 billion for pension funding in connection with the Everett Transaction and lower net earnings, partially offset by improvements in working capital management. Net cash provided by operating activities increased by $1.3 billion for fiscal 2016 as compared to fiscal 2015 due primarily to the impact of improvements in the cash conversion cycle and lower separation payments in fiscal 2016.

Our key working capital metrics were as follows:

	As of October 31,		
	2017	2016	2015
Days of sales outstanding in accounts receivable	36	39	49
Days of supply in inventory	39	31	35
Days of purchases outstanding in accounts payable	(102)	(89)	(79)
Cash conversion cycle	(27)	(19)	5

Days of sales outstanding in accounts receivable (''DSO'') measures the average number of days our receivables are outstanding. DSO is calculated by dividing ending accounts receivable, net of allowance for doubtful accounts, by a 90-day average of net revenue. For fiscal 2017, as compared to the prior-year period, the decrease in DSO was due primarily to lower aged accounts receivables, a reduction in accounts receivables of recent acquisitions and improvements in credit and collections. For fiscal 2016, as compared to the prior-year period, the decrease in DSO was due to favorable early payment linearity and strong credit and collections management.

Days of supply in inventory (''DOS'') measures the average number of days from procurement to sale of our product. DOS is calculated by dividing ending inventory by a 90-day average of cost of goods sold. For fiscal 2017, as compared to the prior-year period, the increase in DOS was due primarily to higher inventory resulting from increases in memory component costs and an increase in inventory as a result of recent acquisitions. For fiscal 2016, as compared to the prior-year period, the decrease in DOS was due to lower inventory to support expected service levels, including key commodity buffer management.

Days of purchases outstanding in accounts payable (''DPO'') measures the average number of days our accounts payable balances are outstanding. DPO is calculated by dividing ending accounts payable by a 90-day average of cost of goods sold. For fiscal 2017, as compared to the prior-year period, the increase in DPO was primarily the result of an extension of payment terms with our product suppliers. For fiscal 2016, as compared to the prior-year period, the increase in DPO was due primarily to an extension of payment terms with our product suppliers and favorable purchasing linearity.

The cash conversion cycle is the sum of DSO and DOS, less DPO. Items which may cause the cash conversion cycle in a particular period to differ include, but are not limited to, changes in business mix, changes in payment terms (including extended payment terms from suppliers), the extent of receivables factoring, seasonal trends, the timing of revenue recognition and inventory purchases within the period, and acquisition activity.

Investing Activities

Net cash used in investing activities was $4.9 billion in fiscal 2017 due primarily to $2.5 billion of investments in property, plant and equipment, net of proceeds from sales, and payments of $2.2 billion in connection with business acquisitions. Net cash provided by investing activities increased by $5.8 billion in fiscal 2016 as compared to the prior-year period, due primarily to net proceeds of $3.2 billion from business divestitures and a decrease of $2.6 billion in cash payments made in connection with business acquisitions.

Financing Activities

Net cash provided by financing activities was $0.6 billion in fiscal 2017 due primarily to a $3.0 billion cash dividend payment from Everett, a $2.5 billion cash dividend payment from Seattle and $2.3 billion of cash proceeds from the issuance of debt, partially offset by $3.8 billion of debt redemption payments and $3.0 billion of cash utilization for repurchases of common stock and dividend payments. Net cash used in financing activities was $2.2 billion in fiscal 2016 due primarily to cash utilization for repurchases of common stock and dividend payments. Cash flow from financing activities for fiscal 2015 primarily represents net transfers from former Parent and net payments on debt. As cash and the financing of our operations during that period has historically been managed by former Parent, the components of net transfers from former Parent include cash transfers to us from former Parent and payments by former Parent to settle our obligations. These transactions are considered to be effectively settled for cash at the time the transaction is recorded.

Capital Resources

Debt Levels

	As of October 31,		
	2017	2016	2015
	Dollars in millions		
Short-term debt	$ 3,850	$ 3,525	$ 674
Long-term debt	$10,182	$12,168	$14,679
Weighted-average interest rate	3.8%	3.4%	3.0%

We maintain debt levels that we establish through consideration of a number of factors, including cash flow expectations, cash requirements for operations, investment plans (including acquisitions), share repurchase activities, our cost of capital, and targeted capital structure.

On April 28, 2017, we used a portion of the $3.0 billion cash dividend received from Everett to redeem $1.5 billion face value of the 2.450% Senior Notes with an original maturity date of October 5, 2017. A proportional amount of unamortized discount and debt issuance costs have been allocated to the retired debt. These costs, along with the redemption price of $1.5 billion, resulted in an immaterial loss from a partial retirement of Senior Notes.

On September 20, 2017, we completed our debt offering of $1.1 billion aggregate principal amount of 2.100% notes due in 2019. The proceeds from this issuance were used to fund the repayment of the remaining $750 million outstanding principal amount of our 2.450% Senior Notes with an original maturity of October 5, 2017, and the repayment of the $350 million outstanding principal amount of our floating rate Senior Notes with an original maturity of October 5, 2017.

Outstanding borrowings decreased to $14.0 billion as of October 31, 2017, as compared to $15.7 billion at October 31, 2016, due primarily to the net redemption of $1.5 billion face value of the Senior Notes. During fiscal 2017, we issued $11.3 billion and repaid $11.2 billion of commercial paper.

There are two tranches of Senior Notes scheduled to mature in October 2018 with an aggregate face value of $2.9 billion. We expect to refinance these notes. For more information on our borrowings, see Note 15, ''Borrowings'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

In connection with our separation capitalization plan, on October 9, 2015 we completed our offering of $14.6 billion of aggregate principal amount of Senior Notes. As intended, net proceeds of $14.5 billion from the Senior Notes offering were distributed to HP Inc. On December 30, 2016, we exchanged new registered Notes for all of the outstanding $14.6 billion of unregistered Senior Notes. The terms of the new registered Notes in the exchange offer are substantially identical to the terms of the previously unregistered Senior Notes, except that the new Notes are registered under the Securities Act, and certain transfer restrictions, registration rights and additional interest provisions relating to the outstanding Senior Notes do not apply to the new Notes.

Our weighted-average interest rate reflects the effective interest rate on our borrowings prevailing during the period and reflects the effect of interest rate swaps. For more information on our interest rate swaps, see Note 14, ''Financial Instruments'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

Revolving Credit Facility

On November 1, 2015, we entered into a revolving credit facility (the ''Credit Agreement''), together with the lenders named therein, JPMorgan Chase Bank, N.A. (''JPMorgan''), as co-administrative agent and administrative processing agent, and Citibank, N.A., as co-administrative agent, providing for a senior, unsecured revolving credit facility with aggregate lending commitments of $4.0 billion. Loans under the revolving credit facility may be used for general corporate purposes. Commitments under the Credit Agreement are available for a period of five years, which period may be extended, subject to the satisfaction of certain conditions, by up to two, one-year periods. Commitment fees, interest rates and other terms of borrowing under the credit facility vary based on Hewlett Packard Enterprise's external credit rating. As of October 31, 2017 and 2016, no borrowings were outstanding under the Credit Agreement.

Available Borrowing Resources

As of October 31, 2017, we had the following resources available to obtain short- or long-term financing if we need additional liquidity:

	As of October 31, 2017
	In millions
Commercial paper programs	$4,099
Uncommitted lines of credit	$1,792

For more information on our available borrowings resources, see Note 15, ''Borrowings'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

CONTRACTUAL AND OTHER OBLIGATIONS

Our contractual and other obligations as of October 31, 2017, were as follows:

		Payments Due by Period			
	Total	1 Year or Less	1-3 Years	3-5 Years	More than 5 Years
			In millions		
Principal payments on long-term debt[1]	$13,318	$3,020	$4,146	$1,394	$4,758
Interest payments on long-term debt[2]	5,042	529	844	605	3,064
Operating lease obligations (net of sublease rental income)	944	186	266	176	316
Purchase obligations and other[3]	792	273	423	96	—
Capital lease obligations (includes interest)	90	5	17	13	55
Total[4][5][6][7][8]	$20,186	$4,013	$5,696	$2,284	$8,193

(1) Amounts represent the principal cash payments relating to our long-term debt and do not include fair value adjustments, discounts or premiums and debt issuance costs.

(2) Amounts represent the expected interest payments relating to our long-term debt. We have outstanding interest rate swap agreements accounted for as fair value hedges that have the economic effect of changing fixed interest rates associated with some of our U.S. Dollar Senior Notes to variable interest rates. The impact of our outstanding interest rate swaps at October 31, 2017 was factored into the calculation of the future interest payments on long-term debt.

(3) Purchase obligations and other include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction, as well as settlements that we have reached with third parties, requiring us to pay determined amounts over a specific period of time. These purchase obligations are related principally to software maintenance and support services and other items. Purchase obligations exclude agreements that are cancelable without penalty. Purchase obligations also exclude open purchase orders that are routine arrangements entered into in the ordinary course of business as they are difficult to quantify in a meaningful way. Even though open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust terms based on our business needs prior to the delivery of goods or performance of services.

(4) In fiscal 2018, we anticipate making contributions of $180 million to our non-U.S. pension plans. Our policy is to fund pension plans so that we meet at least the minimum contribution requirements, as established by local government, funding and taxing authorities. Expected contributions and payments to our pension and post-retirement benefit plans are excluded from the contractual obligations table because they do not represent contractual cash outflows, as they are dependent on numerous factors which may result in a wide range of outcomes. For more information on our retirement and post-retirement benefit plans, see Note 6, ''Retirement and Post-Retirement Benefit Plans'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

(5) As of October 31, 2017 we expect future cash payments of approximately $1.2 billion in connection with our approved restructuring plans, which includes $0.7 billion expected to be paid in fiscal 2018 and $0.5 billion expected to be paid through fiscal 2021. Payments for restructuring activities have been excluded from the contractual obligations table, because they do not represent contractual cash outflows and there is uncertainty as to the timing of these payments. For more information on our restructuring activities, see Note 4, ''Restructuring'', and Note 5, ''HPE Next'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

(6) As of October 31, 2017, we had approximately $4.4 billion of recorded liabilities and related interest and penalties pertaining to uncertain tax positions. These liabilities and related interest and penalties include $125 million expected to be paid within one year. For the remaining amount, we are unable to make a reasonable estimate as to when cash settlement with the tax authorities might occur due to the uncertainties related to these tax matters. Payments of these obligations would result from settlements with taxing authorities. For more information on our uncertain tax positions, see Note 8, ''Taxes on Earnings'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

(7) In connection with the Separation, the Company entered into a Separation and Distribution Agreement with HP Inc., effective November 1, 2015, whereby the Company agreed to indemnify HP Inc., each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to the Company as part of the Separation. HP Inc. similarly agreed to indemnify the Company, each of its subsidiaries and each of their respective directors, officers and employees from and against all claims and liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to HP Inc. as part of the Separation. Additionally, in connection with the Separation, the Company entered into a Tax Matters Agreement (the ''Tax Matters Agreement'') with HP Inc., effective November 1, 2015, that governs the rights and obligations of the Company and HP Inc. for certain pre-Separation tax liabilities. The Tax Matters Agreement provides that the Company and HP Inc. will share certain pre-Separation income tax liabilities that arise from adjustments made by tax authorities to the Company and HP Inc.'s U.S. and certain non-U.S. income tax returns. For more information on our general cross-indemnification, Tax Matters Agreement and other income tax matters with HP Inc., see Note 20, ''Guarantees, Indemnifications and Warranties'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

(8) In connection with the Everett and Seattle Transactions, the Company entered into a Separation and Distribution Agreement with each of DXC, effective May 24, 2016, and Seattle, effective September 7, 2016, whereby DXC and Seattle, as applicable, agreed to indemnify HPE, each of its subsidiaries and each of their respective directors, officers and employees from and against all losses relating to, arising out of or resulting from, among other matters, the liabilities allocated to DXC and Seattle as part of the Everett Transaction and Seattle Transaction, respectively. HPE similarly agreed to indemnify DXC and Seattle, each of their subsidiaries and each of their respective directors, officers and employees from and against all losses relating to, arising out of or resulting from, among other matters, the liabilities allocated to the Company as part of the Everett Transaction and Seattle Transaction, respectively. Additionally, in connection with the Everett and Seattle Transactions, HPE entered into a Tax Matters Agreement with DXC and affiliates, effective March 31, 2017, (the ''DXC Tax Matters Agreement''), and Micro Focus and affiliates, effective September 1, 2017, (the ''Micro Focus Tax Matters Agreement''), that governs the rights and obligations of HPE and DXC or Micro Focus, as applicable, for certain pre-divestiture tax liabilities and tax receivables. Each of the DXC Tax Matters Agreement and Micro Focus Tax Matters Agreement generally provides that HPE will be responsible for pre-divestiture tax liabilities and will be entitled to pre-divestiture tax receivables that arise from adjustments made by tax authorities to HPE and DXC's, or Micro Focus', as applicable, U.S. and certain non-U.S. tax returns. In certain jurisdictions, HPE and DXC, or Micro Focus, as applicable, have joint and several liability for past income tax liabilities and accordingly, HPE could be legally liable under applicable tax law for such liabilities and required to make additional tax payments.

OFF-BALANCE SHEET ARRANGEMENTS

As part of our ongoing business, we have not participated in transactions that generate material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

We have third-party revolving short-term financing arrangements intended to facilitate the working capital requirements of certain customers. For more information on our third-party revolving short-term financing arrangements, see Note 9, ''Balance Sheet Details'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, we are exposed to foreign currency exchange rate and interest rate risks that could impact our financial position and results of operations. Our risk management strategy with respect to these market risks may include the use of derivative financial instruments. We use derivative contracts only to manage existing underlying exposures. Accordingly, we do not use derivative contracts for speculative purposes. Our risks, risk management strategy and a sensitivity analysis estimating the effects of changes in fair value for each of these exposures is outlined below.

Actual gains and losses in the future may differ materially from the sensitivity analyses based on changes in the timing and amount of foreign currency exchange rate and interest rate movements and our actual exposures and derivatives in place at the time of the change, as well as the effectiveness of the derivative to hedge the related exposure.

Foreign currency exchange rate risk

We are exposed to foreign currency exchange rate risk inherent in our sales commitments, anticipated sales, anticipated purchases, and assets and liabilities denominated in currencies other than the U.S. dollar. We transact business in approximately 60 currencies worldwide, of which the most significant foreign currencies to our operations for fiscal 2017 were the euro, Japanese yen, British pound, and Chinese yuan (renminbi). For most currencies, we are a net receiver of the foreign currency and therefore benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to the foreign currency. Even where we are a net receiver of the foreign currency, a weaker U.S. dollar may adversely affect certain expense figures, if taken alone.

We use a combination of forward contracts and, from time to time, options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in our forecasted net revenue and, to a lesser extent, cost of sales, operating expenses, and intercompany loans denominated in currencies other than the U.S. dollar. In addition, when debt is denominated in a foreign currency, we may use swaps to exchange the foreign currency principal and interest obligations for U.S. dollar-denominated amounts to manage the exposure to changes in foreign currency exchange rates. We also use other derivatives not designated as hedging instruments, consisting primarily of forward contracts, to hedge foreign currency balance sheet exposures. Alternatively, we may choose not to hedge the risk associated with our foreign currency exposures, primarily if such exposure acts as a natural hedge for offsetting amounts denominated in the same currency or if the currency is too difficult or too expensive to hedge.

We have performed sensitivity analyses as of October 31, 2017 and 2016, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of foreign currency exchange rates relative to the U.S. dollar, with all other variables held constant. The analyses cover all of our foreign currency derivative contracts offset by underlying exposures. The foreign currency exchange rates we used in performing the sensitivity analysis were based on market rates in effect at October 31, 2017 and 2016. The sensitivity analyses indicated that a hypothetical 10% adverse movement in foreign currency exchange rates would result in a foreign exchange fair value loss of $39 million and $47 million at October 31, 2017 and 2016, respectively.

Interest rate risk

We also are exposed to interest rate risk related to debt we have issued and our investment portfolio and financing receivables. We issue long-term debt in either U.S. dollars or foreign currencies based on market conditions at the time of financing.

We often use interest rate and/or currency swaps to modify the market risk exposures in connection with the debt to achieve U.S. dollar LIBOR-based floating interest expense. The swap transactions generally involve the exchange of fixed for floating interest payments. However, we may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if we believe a larger proportion of fixed-rate debt would be beneficial.

In order to hedge the fair value of certain fixed-rate investments, we may enter into interest rate swaps that convert fixed interest returns into variable interest returns. We may use cash flow hedges to hedge the variability of LIBOR-based interest income received on certain variable-rate investments, by entering into interest rate swaps that convert variable rate interest returns into fixed-rate interest returns.

We have performed sensitivity analyses as of October 31, 2017 and 2016, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of interest rates across the entire yield curve, with all other variables held constant. The analyses cover our debt, investments, financing receivables, and interest rate swaps. The analyses use actual or approximate maturities for the debt, investments, financing receivables, and interest rate swaps. The discount rates used were based on the market interest rates in effect at October 31, 2017 and 2016. The sensitivity analyses indicated that a hypothetical 10% adverse movement in interest rates would result in a loss in the fair values of our debt, investments and financing receivables, net of interest rate swaps, of $43 million and $39 million at October 31, 2017 and 2016, respectively.

ITEM 8. Financial Statements and Supplementary Data.

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Hewlett Packard Enterprise Company

We have audited the accompanying consolidated balance sheets of Hewlett Packard Enterprise Company and subsidiaries (the ''Company'') as of October 31, 2017 and 2016, and the related consolidated and combined statements of earnings, comprehensive income, cash flows, and stockholders' equity for each of the three years in the period ended October 31, 2017. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hewlett Packard Enterprise Company and subsidiaries at October 31, 2017 and 2016, and the consolidated and combined results of their operations and their cash flows for each of the three years in the period ended October 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Hewlett Packard Enterprise Company and subsidiaries' internal control over financial reporting as of October 31, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated December 15, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
December 15, 2017

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Hewlett Packard Enterprise Company

We have audited Hewlett Packard Enterprise Company and subsidiaries' internal control over financial reporting as of October 31, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Hewlett Packard Enterprise Company and subsidiary's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Hewlett Packard Enterprise Company and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of October 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Hewlett Packard Enterprise Company and subsidiaries as of October 31, 2017 and 2016, and the related consolidated and combined statements of earnings, comprehensive income, cash flows and stockholders' equity for each of the three years in the period ended October 31, 2017 of Hewlett Packard Enterprise Company and subsidiaries and our report dated December 15, 2017 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

San Jose, California
December 15, 2017

ITEM 8. Financial Statements and Supplementary Data.

Management's Report on Internal Control Over Financial Reporting

Hewlett Packard Enterprise's management is responsible for establishing and maintaining adequate internal control over financial reporting for Hewlett Packard Enterprise. Hewlett Packard Enterprise's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Hewlett Packard Enterprise's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Hewlett Packard Enterprise; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Hewlett Packard Enterprise are being made only in accordance with authorizations of management and directors of Hewlett Packard Enterprise; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Hewlett Packard Enterprise's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Hewlett Packard Enterprise's management assessed the effectiveness of Hewlett Packard Enterprise's internal control over financial reporting as of October 31, 2017, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013 framework). Based on the assessment by Hewlett Packard Enterprise's management, we determined that Hewlett Packard Enterprise's internal control over financial reporting was effective as of October 31, 2017. The effectiveness of Hewlett Packard Enterprise's internal control over financial reporting as of October 31, 2017 has been audited by Ernst & Young LLP, Hewlett Packard Enterprise's independent registered public accounting firm, as stated in their report which appears on page 62 of this Annual Report on Form 10-K.

/s/ MARGARET C. WHITMAN

Margart C. Whitman
Chief Executive Officer
December 15, 2017

/s/ TIMOTHY C. STONESIFER

Timothy C. Stonesifer
Executive Vice President and Chief Financial Officer
December 15, 2017

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Consolidated and Combined Statements of Earnings

	For the fiscal years ended October 31,		
	2017	2016	2015
	In millions, except per share amounts		
Net revenue:			
Products	$17,597	$18,843	$19,135
Services	10,878	11,073	11,581
Financing income	396	364	361
Total net revenue	28,871	30,280	31,077
Costs and expenses:			
Cost of products	12,715	13,040	13,294
Cost of services	7,197	7,218	7,479
Financing interest	265	249	240
Research and development	1,486	1,714	1,676
Selling, general and administrative	5,006	5,380	5,142
Amortization of intangible assets	321	272	229
Restructuring charges	417	417	197
Transformation costs(1)	359	—	—
Disaster charges(2)	93	—	—
Acquisition and other related charges	203	145	84
Separation costs	248	362	797
Defined benefit plan settlement charges and remeasurement (benefit)(3)	(64)	—	(7)
Gain on H3C and MphasiS divestitures	—	(2,420)	—
Total costs and expenses	28,246	26,377	29,131
Earnings from continuing operations	625	3,903	1,946
Interest and other, net	(327)	(284)	(9)
Tax indemnification adjustments	(3)	317	—
Loss from equity interests(4)	(23)	(76)	(2)
Earnings from continuing operations before taxes	272	3,860	1,935
Benefit (provision) for taxes	164	(623)	705
Net earnings from continuing operations	436	3,237	2,640
Net loss from discontinued operations	(92)	(76)	(179)
Net earnings	$ 344	$ 3,161	$ 2,461
Net earnings (loss) per share:(5)			
Basic			
Continuing operations	$ 0.26	$ 1.89	$ 1.46
Discontinued operations	(0.05)	(0.05)	(0.10)
Total basic net earnings (loss) per share	$ 0.21	$ 1.84	$ 1.36
Diluted			
Continuing operations	$ 0.26	$ 1.86	$ 1.44
Discontinued operations	(0.05)	(0.04)	(0.10)
Total diluted net earnings (loss) per share	$ 0.21	$ 1.82	$ 1.34
Cash dividends declared per share	$ 0.26	$ 0.22	$ —
Weighted-average shares used to compute net earnings (loss) per share:(5)			
Basic	1,646	1,715	1,804
Diluted	1,674	1,739	1,834

(1) Represents amounts incurred in connection with the HPE Next initiative and includes costs related to labor and non-labor restructuring, program management costs and IT costs, partially offset by a gain on the sale of real estate.

(2) Represents amounts incurred in connection with damages sustained by the Company as a result of Hurricane Harvey.

(3) In fiscal 2017, represents adjustments to the net periodic pension cost resulting from remeasurements of Hewlett Packard Enterprise pension plans due to plan separations in connection with the separation and merger of Seattle SpinCo, Inc. with Micro Focus and Everett SpinCo, Inc. with Computer Sciences Corporation. In fiscal 2015, Defined benefit plan settlement charges and remeasurement (benefit), was related to U.S. defined benefit plan settlement expense and net periodic benefit cost resulting from former Parent's voluntary lump sum program announced in January 2015.

(4) Primarily represents the Company's ownership interest in the net earnings of H3C, which the Company records as an equity method investment.

(5) On November 1, 2015, HP Inc. (formerly Hewlett-Packard Company) distributed a total of 1.8 billion shares of Hewlett Packard Enterprise common stock to HP Inc. stockholders as of the record date, which is used in the computation of net earnings per share (''EPS'') for the fiscal year ended October 31, 2015.

The accompanying notes are an integral part of these Consolidated and Combined Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Consolidated and Combined Statements of Comprehensive Income

	For the fiscal years ended October 31,		
	2017	2016	2015
		In millions	
Net earnings	$ 344	$ 3,161	$ 2,461
Other comprehensive income (loss) before taxes:			
Change in net unrealized losses on available-for-sale securities:			
Net unrealized losses arising during the period	(8)	(4)	(10)
(Gains) losses reclassified into earnings	(4)	3	—
	(12)	(1)	(10)
Change in net unrealized (losses) gains on cash flow hedges:			
Net unrealized gains arising during the period	46	226	481
Net gains reclassified into earnings	(145)	(270)	(480)
	(99)	(44)	1
Change in unrealized components of defined benefit plans:			
Gains (losses) arising during the period	944	(1,777)	(382)
Amortization of actuarial loss and prior service benefit	285	284	214
Curtailments, settlements and other	15	(18)	4
Plans transferred from former Parent during the period	—	—	(2,607)
	1,244	(1,511)	(2,771)
Change in cumulative translation adjustment:			
Cumulative translation adjustment arising during the period	(14)	(154)	(198)
Release of cumulative translation adjustment as a result of H3C and MphasiS divestitures	—	75	—
	(14)	(79)	(198)
Other comprehensive income (loss) before taxes	1,119	(1,635)	(2,978)
(Provision) benefit for taxes	(145)	51	211
Other comprehensive income (loss), net of taxes	974	(1,584)	(2,767)
Comprehensive income (loss)	$1,318	$ 1,577	$ (306)

The accompanying notes are an integral part of these Consolidated and Combined Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets

	As of October 31,	
	2017	2016
	In millions, except par value	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,579	$12,987
Accounts receivable	3,073	3,151
Financing receivables	3,378	3,360
Inventory	2,315	1,720
Assets held for sale[1]	14	—
Other current assets	3,085	2,694
Current assets of discontinued operations	—	5,005
Total current assets	21,444	28,917
Property, plant and equipment	6,269	6,375
Long-term financing receivables and other assets[2]	12,600	10,476
Investments in equity interests	2,535	2,648
Goodwill	17,516	16,090
Intangible assets	1,042	675
Non-current assets of discontinued operations	—	14,448
Total assets	$61,406	$79,629
LIABILITIES AND EQUITY		
Current liabilities:		
Notes payable and short-term borrowings[2]	$ 3,850	$ 3,525
Accounts payable	6,072	4,945
Employee compensation and benefits	1,156	1,253
Taxes on earnings	429	161
Deferred revenue	3,128	2,996
Accrued restructuring	445	256
Other accrued liabilities	3,844	3,717
Current liabilities of discontinued operations	—	5,676
Total current liabilities	18,924	22,529
Long-term debt[2]	10,182	12,168
Other non-current liabilities	8,795	8,874
Non-current liabilities of discontinued operations	—	4,540
Commitments and contingencies		
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; 1,595 and 1,666 shares issued and outstanding at October 31, 2017 and October 31, 2016, respectively)	16	17
Additional paid-in capital	33,583	35,248
(Accumulated deficit) retained earnings	(7,238)	2,782
Accumulated other comprehensive loss	(2,895)	(6,599)
Total HPE stockholders' equity	23,466	31,448
Non-controlling interests of continuing operations	39	40
Non-controlling interests of discontinued operations	—	30
Total stockholders' equity	23,505	31,518
Total liabilities and stockholders' equity	$61,406	$79,629

(1) During the fourth quarter of fiscal 2017, in connection with the HPE Next initiative, the Company determined that certain assets met the criteria to be classified as Assets held for sale. The Company expects these assets to be sold within the next twelve months.

(2) During the first quarter of fiscal 2017, the Company adopted ASU 2015-03, which simplifies the presentation of debt issuance costs by requiring debt issuance costs to be presented as a deduction from the corresponding debt liability rather than an asset that is amortized. The Company adopted the standard retrospectively for the prior period presented.

The accompanying notes are an integral part of these Consolidated and Combined Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Consolidated and Combined Statements of Cash Flows

	For the fiscal years ended October 31, 2017	2016	2015
	In millions		
Cash flows from operating activities:			
Net earnings	$ 344	$ 3,161	$ 2,461
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	3,051	3,775	3,947
Stock-based compensation expense	428	558	565
Provision for doubtful accounts	34	61	52
Provision for inventory	95	171	155
Restructuring charges[(1)]	964	1,236	954
Deferred taxes on earnings	(1,122)	(1,345)	(2,522)
Excess tax benefit from stock-based compensation	(143)	(20)	(100)
Gain on H3C and MphasiS divestitures	—	(2,420)	—
Loss from equity interests	23	76	2
Dividends received from equity investee[(2)]	98	—	—
Other, net	543	195	374
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	457	991	9
Financing receivables	(462)	(301)	(393)
Inventory	(542)	34	(424)
Accounts payable	992	66	868
Taxes on earnings	(265)	1,615	956
Restructuring	(800)	(1,044)	(1,021)
Other assets and liabilities[(3)]	(2,806)	(1,851)	(2,222)
Net cash provided by operating activities	889	4,958	3,661
Cash flows from investing activities:			
Investment in property, plant and equipment	(3,137)	(3,280)	(3,344)
Proceeds from sale of property, plant and equipment	679	450	380
Purchases of available-for-sale securities and other investments	(45)	(656)	(243)
Maturities and sales of available-for-sale securities and other investments	38	585	298
Financial collateral posted	(686)	—	—
Financial collateral returned	466	—	—
Payments made in connection with business acquisitions, net of cash acquired	(2,202)	(22)	(2,644)
Proceeds from business divestitures, net[(4)]	(20)	3,342	140
Net cash (used in) provided by investing activities	(4,907)	419	(5,413)
Cash flows from financing activities:			
Short-term borrowings with original maturities less than 90 days, net	18	(71)	(39)
Proceeds from debt, net of issuance costs	2,259	1,074	866
Payment of debt	(3,783)	(833)	(1,077)
Settlement of cash flow hedge	5	3	—
Issuance of common stock under employee stock plans	411	119	—
Repurchase of common stock	(2,556)	(2,662)	—
Net transfers from former Parent	—	491	9,440
Net transfer of cash and cash equivalents to Everett	(711)	—	—
Net transfer of cash and cash equivalents to Seattle	(227)	—	—
Cash dividend from Everett[(5)]	3,008	—	—
Cash dividend from Seattle[(6)]	2,500	—	—
Restricted cash transfer[(7)]	(29)	—	—
Issuance of Senior Notes relating to Separation	—	—	14,546
Distribution of net proceeds of Senior Notes relating to Separation, to former Parent	—	—	(14,529)
Cash dividends paid	(428)	(373)	(32)
Excess tax benefit from stock-based compensation	143	20	100
Net cash provided by (used in) financing activities	610	(2,232)	9,275
(Decrease) increase in cash and cash equivalents	(3,408)	3,145	7,523
Cash and cash equivalents at beginning of period	12,987	9,842	2,319
Cash and cash equivalents at end of period	$ 9,579	$12,987	$ 9,842
Supplemental cash flow disclosures:			
Income taxes paid, net of refunds	$ 836	$ 656	$ 192
Interest expense paid	$ 415	$ 585	$ 291
Supplemental schedule of non-cash investing and financing activities:			
Net transfers of property, plant and equipment from former Parent	$ —	$ —	$ 1,788
Net assets transferred to Everett and Seattle	$ 5,946	$ —	$ —

(1) For fiscal 2017, the amount includes $296 million of restructuring charges related to the HPE Next initiative, which is reported within Transformation costs in the Consolidated Statement of Earnings.

(2) Represents a cash dividend received from H3C as a return on investment.

(3) For fiscal 2017, the amount includes $1.9 billion of pension funding payments associated with the separation and merger of Everett SpinCo, Inc. with Computer Sciences Corporation.

(4) For fiscal 2017, the amount represents a working capital adjustment payment made in connection with the divestiture of the Company's controlling interest in the H3C Technologies and China-based Server, Storage and Technology Services businesses (''H3C divestiture'') in May 2016.

(5) Represents a $3.0 billion cash dividend payment from Everett SpinCo, Inc. to HPE, the proceeds of which were funded from the issuance of $3.5 billion of debt by Everett SpinCo, Inc. The debt was retained by Everett SpinCo, Inc.

(6) Represents a $2.5 billion cash dividend payment from Seattle SpinCo, Inc. to HPE, the proceeds of which were funded from the issuance of $2.6 billion of aggregate debt by Seattle SpinCo, Inc. The debt was retained by Seattle SpinCo, Inc.

(7) Represents the difference between the net proceeds from the Seattle debt issuance in the third quarter of fiscal 2017 and the amount held in escrow through the close of the transaction. This was settled in the fourth quarter of fiscal 2017 with the net transfer of cash and cash equivalents to Seattle.

The accompanying notes are an integral part of these Consolidated and Combined Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Consolidated and Combined Statements of Stockholders' Equity

	Common Stock		Additional Paid-in Capital	Former Parent Company Investment	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	Equity Attributable to the Company	Non-controlling Interests	Total Equity
	Number of Shares	Par Value							
	In millions, except number of shares in thousands								
Balance at October 31, 2014	—	$—	$ —	$ 39,024	$ —	$(2,248)	$ 36,776	$ 396	$ 37,172
Net earnings				2,461			2,461		2,461
Other comprehensive loss						(2,767)	(2,767)		(2,767)
Comprehensive loss							(306)		(306)
Net transfers from former Parent				11,594			11,594		11,594
Distribution of net proceeds of Senior Notes to former Parent				(14,529)			(14,529)		(14,529)
Changes in non-controlling interests								(13)	(13)
Balance at October 31, 2015	—	$—	$ —	$ 38,550	$ —	$(5,015)	$ 33,535	$ 383	$ 33,918
Separation-related adjustments				(1,236)			(1,236)		(1,236)
Issuance of common stock and reclassification of former Parent company investment	1,803,719	18	37,296	(37,314)			—		—
Net earnings					3,161		3,161	33	3,194
Other comprehensive loss						(1,584)	(1,584)	—	(1,584)
Comprehensive income							1,577	33	1,610
Issuance of common stock in connection with employee stock plans and other	20,374		15				15		15
Repurchases of common stock	(157,761)	(1)	(2,661)				(2,662)		(2,662)
Tax benefit from employee stock plans			1				1		1
Cash dividends declared					(379)		(379)		(379)
Stock-based compensation expense			597				597		597
Changes in non-controlling interests								(9)	(9)
MphasiS divestiture								(337)	(337)
Balance at October 31, 2016	1,666,332	$17	$35,248	$ —	$ 2,782	$(6,599)	$ 31,448	$ 70	$ 31,518
Everett Transaction					(3,671)	2,579	(1,092)	(30)	(1,122)
Seattle Transaction					(6,182)	151	(6,031)		(6,031)
Net earnings					344		344	(1)	343
Other comprehensive income						974	974	—	974
Comprehensive income							1,318	(1)	1,317
Issuance of common stock in connection with employee stock plans and other	66,618		75				75		75
Repurchases of common stock	(137,789)	(1)	(2,497)		(82)		(2,580)		(2,580)
Tax benefit from employee stock plans			137				137		137
Cash dividends declared					(429)		(429)		(429)
Stock-based compensation expense			620				620		620
Balance at October 31, 2017	1,595,161	$16	$33,583	$ —	$(7,238)	$(2,895)	$ 23,466	$ 39	$ 23,505

The accompanying notes are an integral part of these Consolidated and Combined Financial Statements.

Note 1: Overview and Summary of Significant Accounting Policies

Background

Hewlett Packard Enterprise Company (''we'', ''us'', ''our'', ''Hewlett Packard Enterprise'', ''HPE'', or ''the Company'') is an industry leading technology company that enables customers to go further, faster. With a deep and comprehensive portfolio, spanning the cloud to the data center to the intelligent edge, its technology and services help customers around the world make better business outcomes. Hewlett Packard Enterprise's customers range from small- and medium-sized businesses (''SMBs'') to large global enterprises.

Former Parent Separation Transaction

On November 1, 2015, the Company became an independent publicly-traded company through a pro rata distribution by HP Inc. (''former Parent'' or ''HPI''), formerly known as Hewlett-Packard Company (''HP Co.''), of 100% of the outstanding shares of Hewlett Packard Enterprise Company to HP Inc.'s stockholders (the ''Separation''). Each HP Inc. stockholder of record received one share of Hewlett Packard Enterprise common stock for each share of HP Inc. common stock held on the record date. Approximately 1.8 billion shares of Hewlett Packard Enterprise common stock were distributed on November 1, 2015 to HP Inc. stockholders. In connection with the Separation, Hewlett Packard Enterprise's common stock began trading ''regular-way'' under the ticker symbol ''HPE'' on the New York Stock Exchange on November 2, 2015.

In connection with the Separation, the Company entered into a Tax Matters Agreement with former Parent, which resulted in the indemnification of certain pre-Separation tax liabilities. During the fiscal year ended October 31, 2016, Separation-related adjustments totaling $1.2 billion were recorded in stockholders' equity. Separation-related adjustments to equity primarily reflected the impact of the income tax indemnification and the transfer of certain deferred tax assets and liabilities between former Parent and the Company. See Note 20, ''Guarantees, Indemnifications and Warranties'', for a full description of the Tax Matters Agreement.

Enterprise Services Separation Transaction

On April 1, 2017, HPE completed the separation and merger of its Enterprise Services business with Computer Sciences Corporation (''CSC'') (collectively, the ''Everett Transaction''). The Everett Transaction was accomplished by a series of transactions among CSC, HPE, Everett SpinCo, Inc. (a wholly-owned subsidiary of HPE) (''Everett''), and New Everett Merger Sub Inc., a wholly-owned subsidiary of Everett (''Merger Sub''). HPE transferred its Enterprise Services business to Everett and distributed all of the shares of Everett to HPE stockholders. HPE stockholders received 0.085904 shares of common stock in the new company for every one share of HPE common stock held at the close of business on the record date. Following the distribution, the Merger Sub merged with and into CSC. At the time of the merger, Everett changed its name to DXC Technology Company (''DXC'').

In connection with the Everett Transaction, Everett borrowed an aggregate principal amount of approximately $3.5 billion which consisted of a term loan facility in the principal amount of $2.0 billion and Senior Notes in the principal amount of $1.5 billion. The proceeds from these arrangements were used to fund a $3.0 billion cash dividend payment from Everett to HPE and the remaining approximately $0.5 billion was retained by Everett. This debt was retained by Everett.

In connection with the Everett Transaction, HPE and Everett and, in some cases, CSC, entered into several agreements that will govern the relationship between the parties going forward, including an Employee Matters Agreement, a Tax Matters Agreement, an Intellectual Property Matters Agreement, a Transition Services Agreement, and a Real Estate Matters Agreement. For more information on the impact of these agreements, see Note 2, ''Discontinued Operations'', Note 6, ''Retirement and Post-Retirement Benefit Plans'', Note 8, ''Taxes on Earnings'', Note 19, ''Litigation and Contingencies'', and Note 20, ''Guarantees, Indemnifications and Warranties''.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Software Segment Separation Transaction

On September 1, 2017, HPE completed the separation and merger of its Software business segment with Micro Focus International plc (''Micro Focus'') (collectively, the ''Seattle Transaction''). The Seattle Transaction was accomplished by a series of transactions among HPE, Micro Focus, Seattle SpinCo, Inc. (a wholly-owned subsidiary of HPE) (''Seattle''), and Seattle MergerSub, Inc., an indirect wholly-owned subsidiary of Micro Focus (''Merger Sub''). HPE transferred its Software business segment to Seattle and distributed all of the shares of Seattle to HPE stockholders. HPE stockholders received 0.13732611 American Depository Shares (''Micro Focus ADSs'') in the new company, each of which represents one ordinary share of Micro Focus, for every one share of HPE common stock held at the close of business on the record date. Following the share distribution, the Merger Sub merged with and into Seattle.

In connection with the Seattle Transaction, during the third quarter of fiscal 2017, Seattle SpinCo, Inc. entered into a term loan facility in the principal amount of $2.6 billion. Just prior to the September 1, 2017 spin-off of Seattle, the proceeds from the term loan were used to fund a $2.5 billion dividend payment from Seattle to HPE per the terms of the merger agreement, and to pay expenses associated with the borrowing. This debt was retained by Seattle.

In connection with the Seattle Transaction, HPE and Seattle and, in some cases, Micro Focus, entered into several agreements that will govern the relationship between the parties going forward, including an Employee Matters Agreement, a Tax Matters Agreement, an Intellectual Property Matters Agreement, a Transition Services Agreement, and a Real Estate Matters Agreement. For more information on the impact of these agreements, see Note 2, ''Discontinued Operations'', Note 6, ''Retirement and Post-Retirement Benefit Plans'', Note 8, ''Taxes on Earnings'', Note 19, ''Litigation and Contingencies'', and Note 20, ''Guarantees, Indemnifications and Warranties''.

HPE Next

During the third quarter of fiscal 2017, the Company launched an initiative called HPE Next, through which it will simplify the organizational structure and redesign business processes. The HPE Next initiative is expected to be implemented through fiscal 2020. During this time, the Company expects to incur expenses for workforce reductions, to upgrade and simplify its IT infrastructure, and for other non-labor actions. These costs will be partially offset by gains from real estate sales, all of which will be recorded within Transformation costs in the Consolidated Statement of Earnings. For more details on the HPE Next initiative and Transformation costs, see Note 5, ''HPE Next''.

Basis of Presentation

Prior to October 31, 2015, the Combined Financial Statements were derived from the Consolidated Financial Statements and accounting records of former Parent, as if the Company was operating on a standalone basis during the periods presented. From and after October 31, 2015, substantially all of the assets and liabilities and operations of the Company were transferred from former Parent to the Company, and the Consolidated and Combined Financial Statements included the accounts of the Company and its wholly-owned subsidiaries in accordance with the separation agreement for the transfer from former Parent to the Company. These Consolidated and Combined Financial Statements of the Company were prepared in accordance with United States (''U.S.'') Generally Accepted Accounting Principles (''GAAP'').

Prior to October 31, 2015, the Combined and Consolidated Statements of Earnings and Comprehensive Income of the Company reflect allocations of general corporate expenses from former Parent including, but not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenue, expenses, headcount, or other relevant measures. Management of the Company and former Parent consider these allocations to be a

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expense the Company would have incurred as a standalone company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Former Parent maintained various benefit and stock-based compensation plans at a corporate level and other benefit plans at a subsidiary level. The Company's employees participated in those programs and a portion of the cost of those plans was included in the Company's Consolidated and Combined Financial Statements. See Note 6, ''Retirement and Post-Retirement Benefit Plans'', and Note 7, ''Stock-based Compensation'', for a further description.

The historical results of operations and financial position of both Everett and Seattle are reported as discontinued operations in the Consolidated and Combined Statements of Earnings and the Consolidated Balance Sheets, respectively. The historical information in the accompanying Notes to the Consolidated and Combined Financial Statements has been restated to reflect the effects of the Everett Transaction and the Seattle Transaction. For further information on discontinued operations, see Note 2, ''Discontinued Operations''.

Principles of Consolidation and Combination

The accompanying Consolidated and Combined Financial Statements include the accounts of the Company and other subsidiaries and affiliates in which the Company has a controlling financial interest or is the primary beneficiary. All intercompany transactions and accounts within the consolidated and combined businesses of the Company have been eliminated.

Prior to the Separation, intercompany transactions between the Company and former Parent are considered to be effectively settled in the Consolidated and Combined Financial Statements at the time the transaction was recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Consolidated and Combined Statements of Cash Flows within financing activities.

The Company accounts for investments in companies over which it has the ability to exercise significant influence but does not hold a controlling interest under the equity method of accounting, and the Company records its proportionate share of income or losses in Loss from equity interests in the Consolidated and Combined Statements of Earnings.

Non-controlling interests are presented as a separate component within Total stockholders' equity in the Consolidated Balance Sheets. Net earnings attributable to non-controlling interests are recorded within Interest and other, net in the Consolidated and Combined Statements of Earnings and are not presented separately, as they were not material for any period presented.

Segment Realignment

The Company has implemented certain segment and business unit realignments in order to align its segment financial reporting more closely with its current business structure. Reclassifications of certain prior year segment and business unit financial information have been made to conform to the current-year presentation. None of the changes impact the Company's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share (''EPS''). See Note 3, ''Segment Information'', for a further discussion of the Company's segment realignment.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Company's Consolidated and Combined Financial Statements and accompanying notes. Actual results could differ materially from those estimates.

Foreign Currency Translation

The Company predominately uses the U.S. dollar as its functional currency. Assets and liabilities denominated in non-U.S. currencies are remeasured into U.S. dollars at current exchange rates for monetary assets and liabilities and at historical exchange rates for non-monetary assets and liabilities. Net revenue, costs and expenses denominated in non-U.S. currencies are recorded in U.S. dollars at the average rates of exchange prevailing during the period. The Company includes gains or losses from foreign currency remeasurement in Interest and other, net in the Consolidated and Combined Statements of Earnings and gains and losses from cash flow hedges in Net revenue as the hedged revenue is recognized. Certain non-U.S. subsidiaries designate the local currency as their functional currency, and the Company records the translation of their assets and liabilities into U.S. dollars at the balance sheet date as translation adjustments and includes them as a component of Accumulated other comprehensive loss in the Consolidated Balance Sheets. The effect of foreign currency exchange rates on cash and cash equivalents was not material for any of the fiscal years presented.

Former Parent Company Investment

Former Parent company investment in Consolidated and Combined Statements of Stockholders' Equity represents former Parent's historical investment in the Company, the net effect of transactions with and allocations from former Parent and the Company's accumulated earnings. See Note 16, ''Related Party Transactions and former Parent Company Investment'', for further information about transactions between the Company and former Parent.

Revenue Recognition

General

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services are rendered, the sales price or fee is fixed or determinable, and collectability is reasonably assured. Additionally, the Company recognizes hardware revenue on sales to channel partners, including resellers, distributors or value-added solution providers at the time of delivery when the channel partners have economic substance apart from the Company, and the Company has completed its obligations related to the sale. The Company generally recognizes revenue for its standalone software sales to channel partners on receipt of evidence that the software has been sold to a specific end user. The Company limits the amount of revenue recognized for delivered elements to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified refund or return rights.

The Company reduces revenue for customer and distributor programs and incentive offerings, including price protection, rebates, promotions, other volume-based incentives, and expected returns, at the later of the date of revenue recognition or the date the sales incentive is offered. Future market conditions and product transitions may require the Company to take actions to increase customer incentive offerings, possibly resulting in an incremental reduction of revenue at the time the incentive is offered. For certain incentive programs, the Company estimates the number of customers expected to redeem the incentive based on historical experience and the specific terms and conditions of the incentive.

In instances when revenue is derived from sales of third-party vendor products or services, the Company records revenue on a gross basis when the Company is a principal to the transaction and on a net basis when

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

the Company is acting as an agent between the customer and the vendor. The Company considers several factors to determine whether it is acting as a principal or an agent, most notably whether the Company is the primary obligor to the customer, has established its own pricing and has inventory and credit risks.

The Company reports revenue net of any taxes collected from customers and remitted to government authorities, with the collected taxes recorded as current liabilities until remitted to the relevant government authority.

Multiple element arrangements

When a sales arrangement contains multiple elements or deliverables, such as hardware and software products, and/or services, the Company allocates revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence (''VSOE'') of selling price, if available, third-party evidence (''TPE'') if VSOE of selling price is not available, or estimated selling price (''ESP'') if neither VSOE of selling price nor TPE is available. The Company establishes VSOE of selling price using the price charged for a deliverable when sold separately and, in rare instances, using the price established by management having the relevant authority. The Company establishes TPE of selling price by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. The Company establishes ESP based on management judgment considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life-cycle. Consideration is also given to market conditions such as competitor pricing strategies and technology industry life-cycles. In most arrangements with multiple elements, the Company allocates the transaction price to the individual units of accounting at inception of the arrangement based on their relative selling price.

In multiple element arrangements that include software that is more-than-incidental, the Company allocates the transaction price to the individual units of accounting for the non-software deliverables and to the software deliverables as a group using the relative selling price of each of the deliverables in the arrangement based on the selling price hierarchy. If the arrangement contains more than one software deliverable, the transaction price allocated to the group of software deliverables is then allocated to each component software deliverable.

The Company evaluates each deliverable in an arrangement to determine whether it represents a separate unit of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value to the customer. For elements with no standalone value, the Company recognizes revenue consistent with the pattern of the undelivered elements. If the arrangement includes a customer-negotiated refund or return right or other contingency relative to the delivered items, and the delivery and performance of the undelivered items is considered probable and substantially within the Company's control, the delivered element constitutes a separate unit of accounting. In arrangements with combined units of accounting, changes in the allocation of the transaction price among elements may impact the timing of revenue recognition for the contract but will not change the total revenue recognized for the contract.

Product revenue

Hardware

Under the Company's standard terms and conditions of sale, the Company transfers title and risk of loss to the customer at the time product is delivered to the customer and recognizes revenue accordingly, unless customer acceptance is uncertain or significant obligations to the customer remain. The Company reduces revenue for estimated customer returns, price protection, rebates and other programs offered under sales agreements established by the Company with its distributors and resellers. The Company records revenue from the sale of equipment under sales-type leases as product revenue at the inception of the lease. The Company

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

accrues the estimated cost of post-sale obligations, including standard product warranties, based on historical experience at the time the Company recognizes revenue.

Software

The Company recognizes revenue from perpetual software licenses at the inception of the license term, assuming all revenue recognition criteria have been satisfied. Term-based software license revenue is generally recognized ratably over the term of the license. The Company uses the residual method to allocate revenue to software licenses at the inception of the arrangement when VSOE of fair value for all undelivered elements, such as post-contract customer support, exists and all other revenue recognition criteria have been satisfied. The Company recognizes revenue from maintenance and unspecified upgrades or updates provided on a when-and-if-available basis ratably over the period during which such items are delivered. The Company recognizes revenue for software-as-a-service (''SaaS'') arrangements as the service is delivered, generally on a straight-line basis, over the contractual period of performance.

Services revenue

The Company recognizes revenue from fixed-price support or maintenance contracts, including extended warranty contracts and software post-contract customer support agreements, ratably over the contract period and recognizes the costs associated with these contracts as incurred. For time and material contracts, the Company recognizes revenue as services are rendered and recognizes costs as they are incurred.

The Company recognizes revenue from certain fixed-price contracts, such as consulting arrangements, as work progresses over the contract period on a proportional performance basis, as determined by the percentage of labor costs incurred to date compared to the total estimated labor costs of a contract. Estimates of total project costs for fixed-price contracts are regularly reassessed during the life of a contract. Provisions for estimated losses on fixed-priced contracts are recognized in the period when such losses become known. If reasonable and reliable cost estimates for a project cannot be made, the Company uses the completed contract method and recognizes revenue and costs upon service completion.

The Company recognizes revenue from operating leases on a straight-line basis as service revenue over the rental period.

Financing income

Sales-type and direct-financing leases produce financing income, which the Company recognizes at consistent rates of return over the lease term.

Deferred revenue

The Company records amounts invoiced to customers in excess of revenue recognized as deferred revenue until the revenue recognition criteria are satisfied. The Company records revenue that is earned and recognized in excess of amounts invoiced on services contracts as trade receivables.

Deferred revenue represents amounts invoiced in advance for product support contracts, software customer support contracts, consulting and integration projects, product sales or leasing income.

Shipping and Handling

The Company includes costs related to shipping and handling in Cost of products.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Stock-Based Compensation

Stock-based compensation expense is based on the measurement date fair value of the award and is recognized only for those awards expected to meet the service and performance vesting conditions on a straight-line basis over the requisite service period of the award. Stock-based compensation expense is determined at the aggregate grant level for service-based awards and at the individual vesting tranche level for awards with performance and/or market conditions. The forfeiture rate is estimated based on historical experience.

Prior to November 1, 2015, the Company's employees participated in former Parent's stock-based compensation plans. Stock-based compensation expense has been allocated to the Company based on the awards and terms previously granted to the Company's employees as well as an allocation of former Parent's corporate and shared functional employee expenses.

Retirement and Post-Retirement Plans

The Company has various defined benefit, other contributory and noncontributory, retirement and post-retirement plans. The Company generally amortizes unrecognized actuarial gains and losses on a straight-line basis over the average remaining estimated service life or, in the case of closed plans, life expectancy of participants. In limited cases, actuarial gains and losses are amortized using the corridor approach. See Note 6, ''Retirement and Post-Retirement Benefit Plans'' for a full description of these plans and the accounting and funding policies.

Advertising

Costs to produce advertising are expensed as incurred during production. Costs to communicate advertising are expensed when the advertising is first run. Advertising expense totaled approximately $255 million in fiscal 2017, $215 million in fiscal 2016 and $147 million in fiscal 2015.

Restructuring

The Company records charges associated with approved restructuring plans to reorganize one or more of the Company's business segments, to remove duplicative headcount and infrastructure associated with business acquisitions or to simplify business processes and accelerate innovation. Restructuring charges can include severance costs to eliminate a specified number of employees, infrastructure charges to vacate facilities and consolidate operations, and contract cancellation costs. The Company records restructuring charges based on estimated employee terminations and site closure and consolidation plans. The Company accrues for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements.

Taxes on Earnings

For fiscal 2015 and prior, current income tax liabilities related to entities which filed jointly with former Parent are assumed to be immediately settled with former Parent and are relieved through the former Parent company investment account and the Net transfers to former Parent in the Consolidated and Combined Statements of Cash Flows. Income tax expense and other income tax-related information contained in these Consolidated and Combined Financial Statements are presented on a separate return basis, as if the Company filed its own tax returns. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if the Company were a separate taxpayer and a standalone enterprise for fiscal 2015. As of November 1, 2015, Hewlett Packard Enterprise Company was formally separated from former Parent; as such, any current income tax liabilities generated by the Company will be settled by the Company and are no longer included with tax filings of former Parent.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

The Company recognizes deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse.

The Company records a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to realize. In determining the need for a valuation allowance, the Company considers future market growth, forecasted earnings, future sources of taxable income, the mix of earnings in the jurisdictions in which the Company operates, and prudent and feasible tax planning strategies. In the event the Company were to determine that it is more likely than not that the Company will be unable to realize all or part of its deferred tax assets in the future, the Company would increase the valuation allowance and recognize a corresponding charge to earnings or other comprehensive income in the period in which such a determination were made. Likewise, if the Company later determines that the deferred tax assets are more likely than not to be realized, the Company would reverse the applicable portion of the previously recognized valuation allowance. In order for the Company to realize deferred tax assets, the Company must be able to generate sufficient taxable income in the jurisdictions in which the deferred tax assets are located.

The Company records accruals for uncertain tax positions when the Company believes that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Company makes adjustments to these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes includes the effects of adjustments for uncertain tax positions, effects of potential settlement of certain pre-Separation Hewlett-Packard Company income tax liabilities, as well as any related interest and penalties.

Accounts Receivable

The Company establishes an allowance for doubtful accounts for accounts receivable. The Company records a specific reserve for individual accounts when the Company becomes aware of specific customer circumstances, such as in the case of a bankruptcy filing or deterioration in the customer's operating results or financial position. If there are additional changes in circumstances related to the specific customer, the Company further adjusts estimates of the recoverability of receivables. The Company maintains bad debt reserves for all other customers based on a variety of factors, including the use of third-party credit risk models that generate quantitative measures of default probabilities based on market factors, the financial condition of customers, the length of time receivables are past due, trends in the weighted-average risk rating for the portfolio, macroeconomic conditions, information derived from competitive benchmarking, significant one-time events, and historical experience. The past due or delinquency status of a receivable is based on the contractual payment terms of the receivable.

The Company participated in former Parent's third-party revolving short-term financing arrangements intended to facilitate the working capital requirements of certain customers through July 31, 2015. From and after August 1, 2015, all of the Company's transactions are under its own third-party revolving short-term financing arrangements. These financing arrangements, which in certain cases provide for partial recourse, result in the transfer of the Company's trade receivables to a third party. The Company reflects amounts transferred to, but not yet collected from, the third party in Accounts receivable in the Consolidated Balance Sheets. For arrangements involving an element of recourse, the fair value of the recourse obligation is measured using market data from similar transactions and reported as a current liability in Other accrued liabilities in the Consolidated Balance Sheets.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Concentrations of Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, receivables from trade customers and contract manufacturers, financing receivables and derivatives.

The Company maintains cash and cash equivalents, investments, derivatives, and certain other financial instruments with various financial institutions. These financial institutions are located in many different geographic regions, and the Company's policy is designed to limit exposure from any particular institution. As part of its risk management processes, the Company performs periodic evaluations of the relative credit standing of these financial institutions. The Company has not sustained material credit losses from instruments held at these financial institutions. The Company utilizes derivative contracts to protect against the effects of foreign currency and interest rate exposures. Such contracts involve the risk of non-performance by the counterparty, which could result in a material loss.

Credit risk with respect to accounts receivable and financing receivables is generally diversified due to the large number of entities comprising the Company's customer base and their dispersion across many different industries and geographic regions. The Company performs ongoing credit evaluations of the financial condition of its customers and may require collateral, such as letters of credit and bank guarantees, in certain circumstances. As of October 31, 2017, no single customer accounted for more than 10% of the Company's gross accounts receivable balance. As of October 31, 2016, one customer accounted for approximately 11% of the Company's gross accounts receivable balance.

The Company utilizes outsourced manufacturers around the world to manufacture company-designed products. The Company may purchase product components from suppliers and sell those components to its outsourced manufacturers thereby creating receivable balances from the outsourced manufacturers. The three largest outsourced manufacturer receivable balances collectively represented 87% and 83% of the Company's manufacturer receivables of $594 million and $382 million at October 31, 2017 and 2016, respectively. The Company includes the manufacturer receivables in Other current assets in the Consolidated Balance Sheets on a gross basis. The Company's credit risk associated with these receivables is mitigated wholly or in part by the amount the Company owes to these outsourced manufacturers, as the Company generally has the legal right to offset its payables to the outsourced manufacturers against these receivables. The Company does not reflect the sale of these components in revenue and does not recognize any profit on these component sales until the related products are sold by the Company, at which time any profit is recognized as a reduction to cost of sales. The Company obtains a significant number of components from single source suppliers due to technology, availability, price, quality or other considerations. The loss of a single source supplier, the deterioration of the Company's relationship with a single source supplier, or any unilateral modification to the contractual terms under which the Company is supplied components by a single source supplier could adversely affect the Company's revenue and gross margins.

Inventory

The Company values inventory at the lower of cost or market. Cost is computed using standard cost which approximates actual cost on a first-in, first-out basis. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, for estimated excess or obsolescence determined primarily by future demand forecasts.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

The Company states property, plant and equipment at cost less accumulated depreciation. The Company capitalizes additions and improvements and expenses maintenance and repairs as incurred. Depreciation expense is recognized on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives are five to 40 years for buildings and improvements and three to 15 years for machinery and equipment. The Company depreciates leasehold improvements over the life of the lease or the asset, whichever is shorter. The Company depreciates equipment held for lease over the initial term of the lease to the equipment's estimated residual value. The estimated useful lives of assets used solely to support a customer services contract generally do not exceed the term of the customer contract. On retirement or disposition, the asset cost and related accumulated depreciation are removed from the Consolidated Balance Sheets with any gain or loss recognized in the Consolidated and Combined Statements of Earnings.

The Company capitalizes certain internal and external costs incurred to acquire or create internal use software, principally related to software coding, designing system interfaces and installation and testing of the software. The Company amortizes capitalized internal use software costs using the straight-line method over the estimated useful lives of the software, generally from three to five years.

Business Combinations

The Company includes the results of operations of acquired businesses in the Company's consolidated and combined results prospectively from the date of acquisition. The Company allocates the fair value of purchase consideration to the assets acquired including in-process research and development (''IPR&D''), liabilities assumed, and non-controlling interests in the acquired entity generally based on their fair values at the acquisition date. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. If an IPR&D project is abandoned, the Company will record a charge for the value of the related intangible asset to the Company's Consolidated and Combined Statement of Earnings in the period it is abandoned. The excess of the fair value of purchase consideration over the fair value of the assets acquired, liabilities assumed and non-controlling interests in the acquired entity is recorded as goodwill. The primary items that generate goodwill include the value of the synergies between the acquired company and the Company and the value of the acquired assembled workforce, neither of which qualifies for recognition as an intangible asset. Acquisition-related expenses and post-acquisition restructuring costs are recognized separately from the business combination and are expensed as incurred.

Goodwill

The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. The Company is permitted to conduct a qualitative assessment to determine whether it is necessary to perform a quantitative goodwill impairment test. The Company performs a quantitative test for all of its reporting units as part of its annual goodwill impairment test in the fourth quarter of each fiscal year.

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2017, the Company's reporting units are consistent with the reportable segments identified in Note 3, ''Segment Information''. To test for impairment, the Company compares the fair value of each reporting unit to its carrying amount. The Company estimates the fair value of its reporting units using a weighting of fair values derived most significantly from the income approach, and to a lesser extent, the market approach. Under the income approach, the Company estimates the fair value of a reporting unit based on the present value of estimated future cash flows. The Company prepares cash flow projections based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The Company bases the discount rate on the weighted-average cost of capital adjusted for the relevant risk associated with

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, the Company estimates fair value based on market multiples of revenue and earnings derived from comparable publicly traded companies with similar operating and investment characteristics as the reporting unit. The Company weights the fair value derived from the market approach depending on the level of comparability of these publicly traded companies to the reporting unit. When market comparables are not meaningful or not available, the Company estimates the fair value of a reporting unit using only the income approach.

If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than its carrying amount, goodwill is impaired. The goodwill impairment loss is measured as the excess of the reporting unit's carrying value over its fair value (not to exceed the total goodwill allocated to that reporting unit).

Intangible Assets and Long-Lived Assets

The Company reviews intangible assets with finite lives and long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company assesses the recoverability of assets based on the estimated undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If the undiscounted future cash flows are less than the carrying amount, the asset is impaired. The Company measures the amount of impairment loss, if any, as the difference between the carrying amount of the asset and its fair value using an income approach or, when available and appropriate, using a market approach. The Company amortizes intangible assets with finite lives using the straight-line method over the estimated economic lives of the assets, ranging from one to ten years.

Assets Held for Sale

The Company classifies its long-lived assets to be sold as held for sale in the period (i) it has approved and committed to a plan to sell the asset, (ii) the asset is available for immediate sale in its present condition, (iii) an active program to locate a buyer and other actions required to sell the asset have been initiated, (iv) the sale of the asset is probable, (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (vi) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The Company initially measures a long-lived asset that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Upon designation as an asset held for sale, the Company stops recording depreciation expense on the asset. The Company assesses the fair value of a long-lived asset less any costs to sell at each reporting period and until the asset is no longer is classified as held for sale.

Equity Method Investments

Investments and ownership interests are accounted for under equity method accounting if the Company has the ability to exercise significant influence, but does not have a controlling financial interest. The Company records its interest in the net earnings of its equity method investees, along with adjustments for unrealized profits or losses on intra-entity transactions and amortization of basis differences, within earnings or loss from equity interests in the Consolidated and Combined Statements of Earnings. Profits or losses related to intra-entity sales with its equity method investees are eliminated until realized by the investor or investee. Basis differences represent differences between the cost of the investment and the underlying equity in net assets of the investment and are generally amortized over the lives of the related assets that gave rise to them. The Company records its interest in the net earnings of its equity method investments based on the most recently available financial statements of the investees.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

The carrying amount of the investment in equity interests is adjusted to reflect the Company's interest in net earnings, dividends received and other-than-temporary impairments. The Company reviews for impairment whenever factors indicate that the carrying amount of the investment might not be recoverable. In such a case, the decrease in value is recognized in the period the impairment occurs in the Consolidated and Combined Statement of Earnings.

Debt and Marketable Equity Securities Investments

Debt and marketable equity securities are generally considered available-for-sale and are reported at fair value with unrealized gains and losses, net of applicable taxes, in Accumulated other comprehensive loss in the Consolidated Balance Sheets. Realized gains and losses for available-for-sale securities are calculated based on the specific identification method and included in Interest and other, net in the Consolidated and Combined Statements of Earnings. The Company monitors its investment portfolio for potential impairment on a quarterly basis. When the carrying amount of an investment in debt securities exceeds its fair value and the decline in value is determined to be other-than-temporary, the Company records an impairment charge to Interest and other, net in the amount of the credit loss and the balance, if any, is recorded in Accumulated other comprehensive loss in the Consolidated Balance Sheets.

Derivatives

The Company uses derivative financial instruments, primarily forwards, swaps, and, at times, options, to hedge certain foreign currency and interest rate exposures. The Company also may use other derivative instruments, such as forwards, to hedge foreign currency balance sheet exposures. The Company does not use derivative financial instruments for speculative purposes. See Note 14, ''Financial Instruments'', for a full description of the Company's derivative financial instrument activities and related accounting policies.

Loss Contingencies

The Company is involved in various lawsuits, claims, investigations, and proceedings that arise in the ordinary course of business. The Company records a liability for contingencies when it believes it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. See Note 19, ''Litigation and Contingencies'', for a full description of the Company's loss contingencies and related accounting policies.

Recently Adopted Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board (''FASB'') amended the existing accounting standards for intangible assets. The amendments simplify how an entity is required to test goodwill for impairment by eliminating the second step of the goodwill impairment test, which measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. The Company adopted the amendments in the third quarter of fiscal 2017 and applied them prospectively, as permitted by the standard. The adoption of these amendments did not have a material impact on the Company's Consolidated and Combined Financial Statements.

In April 2015, the FASB amended the existing accounting standards for intangible assets. The amendments provide explicit guidance to customers in determining the accounting for fees paid in a cloud computing arrangement, wherein the arrangements that do not convey a software license to the customer are accounted for as service contracts. The amendments also eliminate the practice of accounting for software licenses as executory contracts which may result in more software assets being capitalized. The Company adopted the amendments in the first quarter of fiscal 2017 and applied them retrospectively to all periods presented, as permitted by the standard. The adoption of these amendments did not have a material impact on the Company's Consolidated and Combined Financial Statements.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

In April 2015, the FASB amended the existing accounting standards for imputation of interest. The amendments require that debt issuance costs related to a recognized debt liability be presented on the classified balance sheet as a direct deduction from the carrying amount of the related debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs is not affected by these amendments. The Company adopted the amendments in the first quarter of fiscal 2017 and applied them retrospectively to all periods presented. For fiscal 2016, the adoption resulted in the reclassification of $50 million of debt issuance costs from Long-term financing receivables and other assets to Notes payable and short-term borrowings and Long-term debt on the Condensed Consolidated Balance Sheets. With the exception of the above reclassification, the adoption of these amendments did not have a material impact on the Company's Consolidated and Combined Financial Statements.

Recently Enacted Accounting Pronouncements

In August 2017, the FASB amended the existing accounting standards for hedge accounting. The amendments expand an entity's ability to hedge non-financial and financial risk components and reduce complexity in fair value hedges of interest rate risk. The new guidance eliminates the requirement to separately measure and report hedge ineffectiveness and requires the entire change in the fair value of a hedging instrument to be presented in the same income statement line as the hedged item. The guidance also simplifies certain documentation and assessment requirements and modifies the accounting for components excluded from the assessment of hedge effectiveness. The Company is required to adopt the guidance in the first quarter of fiscal 2020. Early adoption is permitted. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In March 2017, the FASB amended the existing accounting standards for retirement benefits. The amendments require the presentation of the service cost component of net periodic benefit cost in the same income statement line items as other employee compensation costs, unless eligible for capitalization. The other components of net periodic benefit costs will be presented separately from service cost as non-operating costs. The Company is required to adopt the guidance in the first quarter of fiscal 2019. Early adoption is permitted. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In November 2016, the FASB amended the existing accounting standards for the classification and presentation of restricted cash in the statement of cash flow. The amendments require that the statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. The Company is required to adopt the guidance in the first quarter of fiscal 2019. The amendments should be applied retrospectively to all periods presented. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In October 2016, the FASB amended the existing accounting standards for income taxes. The amendments require the recognition of the income tax consequences for intra-entity transfers of assets other than inventory when the transfer occurs. Under current GAAP, current and deferred income taxes for intra-entity asset transfers are not recognized until the asset has been sold to an outside party. The amendments should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is required to adopt the guidance in the first quarter of fiscal 2019. Early adoption is permitted. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In August 2016, the FASB amended the existing accounting standards for the statement of cash flows. The amendments provide guidance on eight classification issues related to the statement of cash flows. The Company is required to adopt the guidance in the first quarter of fiscal 2019. The amendments should be applied retrospectively to all periods presented. For issues that are impracticable to apply retrospectively, the

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

amendments may be applied prospectively as of the earliest date practicable. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In June 2016, the FASB amended the existing accounting standards for the measurement of credit losses. The amendments require an entity to estimate its lifetime expected credit loss for most financial instruments, including trade and lease receivables, and record an allowance for the portion of the amortized cost the entity does not expect to collect. The estimate of expected credit losses should consider historical information, current information, and reasonable and supportable forecasts, including estimates of prepayments. The Company is required to adopt the guidance in the first quarter of fiscal 2021. Early adoption is permitted beginning in fiscal 2020. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In March 2016, the FASB amended the existing accounting standards for employee share-based payment arrangements. The amendments require all excess tax benefits and tax deficiencies associated with share-based payments to be recognized as income tax benefit or income tax expense, respectively, rather than as additional paid-in capital. The amendments also increase the amount an employer can withhold in order to cover income taxes on awards, allows companies to recognize forfeitures of awards as they occur, and requires companies to present excess tax benefits from stock-based compensation as an operating activity in the statement of cash flows rather than as a financing activity. As a result of these changes, subsequent to adoption, the Company's provision for income taxes, net earnings and cash flows from operating activities will be impacted by fluctuations in stock price between the grant dates and vesting dates of equity awards. The Company is required to adopt the guidance in the first quarter of fiscal 2018.

In February 2016, the FASB amended the existing accounting standards for leases. The amendments require lessees to record, at lease inception, a lease liability for the obligation to make lease payments and a right-of-use (''ROU'') asset for the right to use the underlying asset for the lease term on their balance sheets. Lessees may elect to not recognize lease liabilities and ROU assets for most leases with terms of 12 months or less. The lease liability is measured at the present value of the lease payments over the lease term. The ROU asset will be based on the liability, adjusted for lease prepayments, lease incentives received, and the lessee's initial direct costs. For finance leases, lease expense will be the sum of interest on the lease obligation and amortization of the ROU asset, resulting in a front-loaded expense pattern. For operating leases, lease expense will generally be recognized on a straight-line basis over the lease term. The amended lessor accounting model is similar to the current model, updated to align with certain changes to the lessee model and the new revenue standard. The current sale-leaseback guidance, including guidance applicable to real estate, is also replaced with a new model for both lessees and lessors. The Company is required to adopt the guidance in the first quarter of fiscal 2020 using a modified retrospective approach. Early adoption is permitted. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In May 2014, the FASB amended the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In doing so, the Company will need to use additional judgment and estimates than under the existing guidance. This ASU also requires more extensive disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company is required to adopt the standard in the first quarter of fiscal 2019. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company plans to adopt the new revenue standard in the first quarter of fiscal 2019, beginning November 1, 2018, using the modified retrospective method.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

The Company has completed a review of the accounting systems and processes required to apply the modified retrospective method. In response, the Company is in the process of implementing a new IT solution as part of the adoption of the new standard. The Company expects revenue recognition for its broad portfolio of hardware, software and services offerings to remain largely unchanged. However, the guidance is expected to change the timing of revenue recognition in certain areas, including accounting for certain software licenses. The Company is still assessing the impact of these changes. Since the Company currently expenses sales commissions as incurred, the requirement in the new standard to capitalize certain sales commissions will result in an accounting change for the Company. The Company is in the process of quantifying the impact on its Consolidated and Combined Financial Statements. The Company will continue to assess the impact of the new revenue standard as it works through the adoption in fiscal 2018, and there still remain areas to be fully concluded upon. Further, there remain ongoing interpretive reviews, which may alter the Company's conclusions and the impact on its Consolidated and Combined Financial Statements.

Note 2: Discontinued Operations

On April 1, 2017 and September 1, 2017, the Company completed the Everett and Seattle Transactions, respectively. As a result, the financial results of Everett and Seattle are presented as Net loss from discontinued operations in the Consolidated and Combined Statements of Earnings and in assets and liabilities of discontinued operations in the Consolidated Balance Sheets.

The following table presents the financial results for HPE's discontinued operations.

	Fiscal years ended October 31,		
	2017	2016	2015
Net revenue	$8,511	$19,843	$21,030
Cost of revenue[(1)]	5,890	15,000	16,155
Expenses[(2)]	3,063	4,596	5,298
Interest and other, net	39	28	42
(Loss) earnings from discontinued operations before taxes	(481)	219	(465)
Benefit (provision) for taxes	389	(295)	286
Net loss from discontinued operations	$ (92)	$ (76)	$ (179)

(1) Cost of revenue includes cost of products and services.

(2) For the period following the Everett and Seattle Transactions, expenses in fiscal 2017 primarily consist of separation costs, which relate to third-party consulting, contractor fees and other incremental costs arising from the transactions. Prior to the Everett and Seattle Transactions, expenses in fiscal 2017, 2016 and 2015 primarily consist of selling, general and administrative (''SG&A'') expenses, research and development (''R&D'') expenses, restructuring charges, separation costs, amortization of intangible assets, acquisition and other related charges, impairment of data center assets, and defined benefit plan settlement charges and remeasurement (benefit).

Significant non-cash items and capital expenditures of discontinued operations for the fiscal years ended October 31, 2017, 2016 and 2015 are presented below:

	Fiscal years ended October 31,		
	2017	2016	2015
		In millions	
Depreciation and amortization	$526	$1,524	$1,471
Purchases of property, plant and equipment	$158	$ 331	$ 252

Note 2: Discontinued Operations (Continued)

The following table presents assets and liabilities that are presented as discontinued operations in the Consolidated Balance Sheet as of October 31, 2016:

	As of October 31, 2016
Accounts receivable	$ 3,758
Inventory	54
Other current assets	1,193
Total current assets of discontinued operations	$ 5,005
Property, plant and equipment	$ 3,261
Long-term financing receivables and other non-current assets	2,690
Goodwill	8,088
Intangible assets	409
Total non-current assets of discontinued operations	$14,448
Notes payable and short-term borrowings	$ 5
Accounts payable	998
Employee compensation and benefits	1,111
Taxes on earnings	259
Deferred revenue	1,614
Accrued restructuring	415
Other accrued liabilities	1,274
Total current liabilities of discontinued operations	$ 5,676
Long-term debt	$ 392
Other non-current liabilities	4,148
Total non-current liabilities of discontinued operations	$ 4,540

During fiscal 2017, in connection with the Everett Transaction, HPE made a net cash transfer of $711 million to DXC. In the fourth quarter of fiscal 2017, in connection with the Seattle Transaction, the Company made a net cash transfer of $227 million to Micro Focus.

Note 3: Segment Information

Hewlett Packard Enterprise's operations are organized into three segments for financial reporting purposes: the Enterprise Group (''EG''), Financial Services (''FS'') and Corporate Investments. Hewlett Packard Enterprise's organizational structure is based on a number of factors that the Chief Operating Decision Maker (''CODM''), the Chief Executive Officer (''CEO''), uses to evaluate, view and run business operations, which include, but are not limited to, customer base and homogeneity of products and technology. The segments are based on this organizational structure and information reviewed by the Company's CODM to evaluate segment results.

A summary description of each segment follows.

The *Enterprise Group* provides secure, software-defined technology and services that enable customers to move data seamlessly across their hybrid IT environments and power the intelligent edge that runs campus, branch and IoT applications. Described below are Hewlett Packard Enterprise's business units and capabilities within EG.

- *Servers* offers both Industry Standard Servers (''ISS'') as well as Mission-Critical Servers (''MCS'') to address the full array of the Company's customers' computing needs. ISS provides a range of products, from entry level servers through premium HPE ProLiant, secure and versatile rack and

Note 3: Segment Information (Continued)

tower servers; HPE BladeSystem, a modular infrastructure that converges server, storage and networking; and HPE Synergy, a composable infrastructure for traditional and cloud-native applications. For the most mission-critical workloads, HPE delivers HPE Apollo for high performance computing and artificial intelligence, HPE Cloudline for cloud data centers, HPE Edgeline for computing at the network edge, HPE Integrity for mission-critical applications, and HPE SimpliVity, a hyper-converged platform for virtualization.

- *Storage* offers Converged Storage solutions and traditional storage offerings for enterprise and SMB environments. HPE's key products include Nimble Storage and the 3PAR StoreServ Storage Platform, which are designed for virtualization, cloud and IT-as-a-service. Converged Storage solutions include 3PAR StoreServe, StoreOnce and StoreVirtual products. Traditional storage includes tape, storage networking and legacy external disk products such as EVA and XP.
- *Networking* offers HPE and Aruba branded software-defined switches, routers, wireless local area network, network virtualization, security, location-based services and network management products that deliver open, scalable, secure, agile and consistent solutions that span data centers, campus and branch environments.
- *Technology Services* creates preferred IT experiences that power a digital business. The Technology Services team and the Company's extensive partner network provide value across the IT life cycle delivering advice, transformation projects, professional services, support services, and operational services for Hybrid IT and the Intelligent Edge. Technology Services is also a provider of on-premises flexible consumption models that enable IT agility, simplify operations and align costs to business value. Technology Services offerings comprise HPE Pointnext, which includes Data Center Care, Proactive Care and Technology Consulting, as well as Aruba Services, and Communications and Media Solutions (''CMS'').

Financial Services provides flexible investment solutions, such as leasing, financing, IT consumption, and utility programs and asset management services, for customers to enable the creation of unique technology deployment models and acquire complete IT solutions, including hardware, software and services from Hewlett Packard Enterprise and others. Providing flexible services and capabilities that support the entire IT life cycle, FS partners with customers globally to help build investment strategies that enhance their business agility and support their business transformation. FS offers a wide selection of investment solution capabilities for large enterprise customers and channel partners, along with an array of financial options to SMBs and educational and governmental entities.

Corporate Investments includes Hewlett Packard Labs and certain cloud-related business incubation projects.

Segment Policy

Hewlett Packard Enterprise derives the results of its business segments directly from its internal management reporting system. The accounting policies that Hewlett Packard Enterprise uses to derive segment results are substantially the same as those the consolidated company uses. The CODM measures the performance of each segment based on several metrics, including earnings from operations. The CODM uses these results, in part, to evaluate the performance of, and to allocate resources to each of the segments.

Segment revenue includes revenues from sales to external customers and intersegment revenues that reflect transactions between the segments on an arm's-length basis. Intersegment revenues primarily consist of sales of hardware and software that are sourced internally and, in the majority of the cases, are financed as operating leases by FS to our customers. Hewlett Packard Enterprise's consolidated net revenue is derived and reported after the elimination of intersegment revenues from such arrangements.

Note 3: Segment Information (Continued)

Hewlett Packard Enterprise periodically engages in intercompany advanced royalty payment and licensing arrangements that may result in advance payments between subsidiaries. Revenues from these intercompany arrangements are deferred and recognized as earned over the term of the arrangement by the Hewlett Packard Enterprise legal entities involved in such transactions; however, these advanced payments are eliminated from revenues as reported by Hewlett Packard Enterprise and its business segments. As disclosed in Note 8, ''Taxes on Earnings'', Hewlett Packard Enterprise executed intercompany advanced royalty payment arrangements resulting in advanced payments of $439 million and $3.7 billion during fiscal 2017 and 2016, respectively. In these transactions, the payments were received in the U.S. from a foreign consolidated affiliate, with a deferral of intercompany revenues over the term of the arrangements, approximately 15 years and 5 years, respectively. The impact of these intercompany arrangements is eliminated from both Hewlett Packard Enterprise's consolidated and segment net revenues.

Financing interest in the Consolidated and Combined Statements of Earnings reflects interest expense on borrowing- and funding-related activity associated with FS and its subsidiaries, and debt issued by Hewlett Packard Enterprise for which a portion of the proceeds benefited FS.

Hewlett Packard Enterprise does not allocate to its segments certain operating expenses which it manages at the corporate level. These unallocated costs include certain corporate governance costs, stock-based compensation expense, restructuring charges, transformation costs, amortization of intangible assets, acquisition and other related charges, separation costs, disaster charges, defined benefit plan settlement charges and remeasurement benefit and the gain on H3C and MphasiS divestitures.

Segment Organizational Changes

As of April 1, 2017 and September 1, 2017, with the completion of the Everett and Seattle Transactions, respectively, the Company reclassified the historical net (loss) earnings from the former ES and Software segments, to Net loss from discontinued operations in its Consolidated and Combined Statements of Earnings.

Effective at the beginning of the first quarter of fiscal 2017, the Company implemented organizational changes to align its segment financial reporting more closely with its current business structure. These organizational changes resulted in: (i) within the Enterprise Group segment, primarily, the transfer of the big data storage product group previously reported within the Servers business unit to the Storage business unit; the transfer of the Aruba services capabilities previously reported within the Networking business unit to the Technology Services (''TS'') business unit; and (ii) the transfer of the CMS product group previously reported within the former ES segment to the TS business unit within the Enterprise Group segment.

The Company reflected these changes to its segment information retrospectively to the earliest period presented, which resulted in: (i) within the Enterprise Group segment, primarily, the transfer of net revenue from the big data storage product group previously reported within the Servers business unit to the Storage business unit; the transfer of net revenue from the Aruba services capabilities previously reported within the Networking business unit to the TS business unit; and (ii) the transfer of net revenue, related eliminations of intersegment revenues and operating profit from the CMS product group previously reported within the former ES segment to the Technology Services business unit within the Enterprise Group segment.

Effective at the beginning of the second quarter of fiscal 2017 and prior to the completion of the Everett Transaction, the Company transferred the historical net revenue and operating profit from the previously divested MphasiS product group, which was reported within the former ES segment, to the Corporate Investments segment.

The changes within the Enterprise Group segment had no impact on Hewlett Packard Enterprise's previously reported Enterprise Group segment net revenue and earnings from operations. The change between the former ES segment and the Enterprise Group segment had no impact on Hewlett Packard Enterprise's previously reported consolidated net revenue, earnings from continuing operations, net earnings from continuing operations or net earnings per share from continuing operations.

Note 3: Segment Information (Continued)

Segment Operating Results

	Enterprise Group	Financial Services	Corporate Investments	Total
		In millions		
2017				
Net revenue	$25,294	$3,574	$ 3	$28,871
Intersegment net revenue and other[1]	917	28	—	945
Total segment net revenue	$26,211	$3,602	$ 3	$29,816
Segment earnings (loss) from operations	$ 2,707	$ 304	$(142)	$ 2,869
2016				
Net revenue	$26,592	$3,097	$ 591	$30,280
Intersegment net revenue and other[1]	1,187	93	—	1,280
Total segment net revenue	$27,779	$3,190	$ 591	$31,560
Segment earnings (loss) from operations	$ 3,569	$ 336	$(240)	$ 3,665
2015				
Net revenue	$27,193	$3,200	$ 684	$31,077
Intersegment net revenue and other[1]	1,318	16	—	1,334
Total segment net revenue	$28,511	$3,216	$ 684	$32,411
Segment earnings (loss) from operations	$ 3,999	$ 349	$(271)	$ 4,077

(1) For the periods presented above, the amounts include the elimination of pre-separation intercompany sales to the former ES and Software segments, which are included within Net loss from discontinued operations in the Consolidated and Combined Statements of Earnings.

Note 3: Segment Information (Continued)

The reconciliation of segment operating results to Hewlett Packard Enterprise consolidated and combined results was as follows:

	For the fiscal years ended October 31,		
	2017	2016	2015
		In millions	
Net Revenue:			
Total segments	$29,816	$31,560	$32,411
Elimination of intersegment net revenue and other	(945)	(1,280)	(1,334)
Total Hewlett Packard Enterprise consolidated and combined net revenue	$28,871	$30,280	$31,077
Earnings before taxes:			
Total segment earnings from operations	$ 2,869	$ 3,665	$ 4,077
Unallocated corporate costs and eliminations	(310)	(619)	(469)
Stock-based compensation expense	(357)	(367)	(362)
Amortization of intangible assets	(321)	(272)	(229)
Restructuring charges	(417)	(417)	(197)
Transformation costs	(359)	—	—
Disaster charges	(93)	—	—
Acquisition and other related charges	(203)	(145)	(84)
Separation costs	(248)	(362)	(797)
Defined benefit plan settlement charges and remeasurement (benefit)	64	—	7
Gain on H3C and MphasiS divestitures	—	2,420	—
Interest and other, net	(327)	(284)	(9)
Tax indemnification adjustments	(3)	317	—
Loss from equity interests	(23)	(76)	(2)
Total Hewlett Packard Enterprise consolidated and combined earnings from continuing operations before taxes	$ 272	$ 3,860	$ 1,935

Segment Assets

Hewlett Packard Enterprise allocates assets to its business segments based on the segments primarily benefiting from the assets. Total assets by segment and the reconciliation of segment assets to Hewlett Packard Enterprise consolidated assets were as follows:

	As of October 31,	
	2017	2016
	In millions	
Enterprise Group	$28,950	$26,430
Financial Services	13,489	13,594
Corporate Investments	172	161
Corporate and unallocated assets	18,795	19,991
Current and non-current assets of discontinued operations	—	19,453
Total Hewlett Packard Enterprise consolidated assets[1]	$61,406	$79,629

(1) During the first quarter of fiscal 2017, the Company adopted ASU 2015-03, which simplifies the presentation of debt issuance costs by requiring debt issuance to be presented as a deduction from the corresponding debt liability rather than an asset that is amortized. The Company adopted the standard retrospectively for the prior period presented.

Note 3: Segment Information (Continued)

- Assets allocated to the EG segment in fiscal 2017 increased as compared to fiscal 2016 due primarily to business acquisitions during fiscal 2017.
- Corporate and unallocated assets in fiscal 2017 decreased as compared to fiscal 2016 due primarily to a decrease in cash and cash equivalents, partially offset by an increase in deferred tax assets.

Major Customers

No single customer represented 10% or more of Hewlett Packard Enterprise's total net revenue in any fiscal year presented.

Geographic Information

Net revenue by country is based upon the sales location that predominately represents the customer location. For each of the fiscal years of 2017, 2016 and 2015, other than the U.S., no country represented more than 10% of Hewlett Packard Enterprise's net revenue.

Net revenue by country in which Hewlett Packard Enterprise operates was as follows:

	For the fiscal years ended October 31,		
	2017	2016	2015
		In millions	
U.S.	$ 9,913	$10,333	$ 9,589
Other countries	18,958	19,947	21,488
Total net revenue	$28,871	$30,280	$31,077

Net property, plant and equipment by country in which Hewlett Packard Enterprise operates was as follows:

	As of October 31,	
	2017	2016
	In millions	
U.S.	$2,673	$2,981
Other countries	3,596	3,394
Total net property, plant and equipment	$6,269	$6,375

Note 3: Segment Information (Continued)

Net revenue by segment and business unit was as follows:

	For the fiscal years ended October 31,		
	2017	2016	2015
		In millions	
Servers	$12,674	$13,813	$14,202
Technology Services	7,882	7,911	8,266
Storage	3,144	3,235	3,180
Networking	2,511	2,820	2,863
Enterprise Group	26,211	27,779	28,511
Financial Services	3,602	3,190	3,216
Corporate Investments	3	591	684
Total segment net revenue	29,816	31,560	32,411
Eliminations of intersegment net revenue and other	(945)	(1,280)	(1,334)
Total net revenue	$28,871	$30,280	$31,077

Note 4: Restructuring

Summary of Restructuring Plans

Restructuring charges of $417 million, $417 million and $197 million were recorded by the Company during fiscal 2017, 2016 and 2015, respectively, based on restructuring activities impacting the Company's employees and infrastructure. The restructuring charges for fiscal 2016 and 2015 include reversals of $2 million and $4 million, respectively, related to earlier plans not included in the table below. Additionally, restructuring charges of $251 million, $819 million and $757 million for fiscal 2017, 2016 and 2015, respectively, are included in Net loss from discontinued operations in the Consolidated and Combined Statements of Earnings. For details on restructuring charges related to HPE Next, see Note 5, ''HPE Next''.

Note 4: Restructuring (Continued)

Restructuring activities related to the Company's employees and infrastructure, summarized by plan, are presented in the table below:

	Fiscal 2015 Plan		Fiscal 2012 Plan		
	Employee Severance	Infrastructure and other	Employee Severance and EER	Infrastructure and other	Total
			In millions		
Liability as of October 31, 2014	$ —	$—	$ 133	$ 72	$ 205
Charges	67	1	133	—	201
Cash payments	—	(1)	(230)	(33)	(264)
Non-cash items	—	—	11	(2)	9
Liability as of October 31, 2015	$ 67	$—	$ 47	$ 37	$ 151
Charges	301	42	75	1	419
Cash payments	(172)	(19)	(82)	(15)	(288)
Non-cash items	38	(10)	(3)	(9)	16
Liability as of October 31, 2016	$ 234	$ 13	$ 37	$ 14	$ 298
Charges	374	37	6	—	417
Cash payments	(355)	(19)	(32)	(6)	(412)
Non-cash items	(34)	(14)	5	(6)	(49)
Liability as of October 31, 2017	$ 219	$ 17	$ 16	$ 2	$ 254
Total costs incurred to date as of October 31, 2017	$ 742	$ 80	$1,255	$146	$2,223
Total expected costs to be incurred as of October 31, 2017	$ 742	$ 80	$1,255	$146	$2,223

The current restructuring liability related to the plans in the table above, reported in Accrued restructuring in the Consolidated Balance Sheets as of October 31, 2017 and 2016, was $158 million and $256 million, respectively. The non-current restructuring liability related to the plans in the table above, reported in Other liabilities in the Consolidated Balance Sheets as of October 31, 2017 and 2016, was $96 million and $42 million, respectively.

Fiscal 2015 Restructuring Plan

On September 14, 2015, former Parent's Board of Directors approved a restructuring plan (the ''2015 Plan'') in connection with the Separation. As a result of the Everett and Seattle Transactions, cost amounts and total headcount exits were revised. As such, as of October 31, 2017, the Company had eliminated 8,300 positions as part of the 2015 Plan. As of October 31, 2017, the plan is substantially complete, with no further positions being eliminated. The Company recognized $0.8 billion in total aggregate charges in connection with the 2015 Plan through fiscal 2017, of which approximately $0.7 billion related to workforce reductions and approximately $0.1 billion primarily related to real estate consolidation and asset impairments. The severance- and infrastructure-related cash payments associated with the 2015 Plan are expected to be paid out through fiscal 2021.

Fiscal 2012 Restructuring Plan

On May 23, 2012, former Parent adopted a multi-year restructuring plan (the ''2012 Plan'') designed to simplify business processes, accelerate innovation and deliver better results for customers, employees and stockholders. As a result of the Everett and Seattle Transactions, cost amounts and total headcount exits were revised. As such, as of October 31, 2017, the Company had eliminated 10,300 positions, with a portion of those employees exiting the Company as part of voluntary enhanced early retirement (''EER'') programs in the

Note 4: Restructuring (Continued)

U.S. and in certain other countries. As of October 31, 2017, the plan is substantially complete, with no further positions being eliminated. The Company recognized $1.4 billion in total aggregate charges in connection with the 2012 Plan, of which approximately $1.3 billion related to workforce reductions, including the EER programs, and approximately $0.1 billion related to infrastructure, including data center and real estate consolidation and other items. The severance- and infrastructure-related cash payments associated with the 2012 Plan are expected to be paid out through fiscal 2021.

Note 5: HPE Next

Transformation Costs

The HPE Next initiative is expected to be implemented through fiscal 2020, during which time the Company expects to incur expenses for workforce reductions, to upgrade and simplify its IT infrastructure, and for other non-labor actions. These costs will be partially offset by proceeds received from real estate sales.

During fiscal 2017, the Company incurred $359 million in net charges associated with the HPE Next initiative, which were recorded within Transformation costs in the Consolidated Statement of Earnings and include the following:

	Fiscal year ended October 31, 2017
	In millions
Program management[1]	$ 57
IT costs	34
Restructuring charges	296
Gain on real estate sales	(28)
Total	$359

(1) Primarily consists of consulting fees and other direct costs attributable to the design and implementation of the HPE Next initiative.

Restructuring Plan

On October 16, 2017, the Company's Board of Directors approved a restructuring plan in connection with the HPE Next initiative (the ''HPE Next Plan''), which will be implemented through fiscal 2020. The changes to the workforce will vary by country, based on local legal requirements and consultations with employee work councils and other employee representatives, as appropriate, and are expected to be completed during fiscal 2019. As of October 31, 2017, the Company estimates that it will incur aggregate pre-tax charges of approximately $0.9 billion through fiscal 2020 in connection with the HPE Next Plan, of which approximately $0.7 billion relates to workforce reductions and approximately $0.2 billion relates to infrastructure, primarily real estate site exits.

	Employee Severance	Infrastructure and other
	In millions	
Liability as of October 31, 2016	$—	$—
Charges	296	—
Liability as of October 31, 2017	$296	$—
Total costs incurred to date as of October 31, 2017	$296	$—
Total expected costs to be incurred as of October 31, 2017	$750	$180

Note 5: HPE Next (Continued)

As of October 31, 2017, the current restructuring liability related to the HPE Next Plan, reported in Accrued restructuring in the Consolidated Balance Sheet, was $287 million. The non-current restructuring liability related to the HPE Next Plan, reported in Other liabilities in the Consolidated Balance Sheet as of October 31, 2017 was $9 million.

Assets Held for Sale

In connection with the HPE Next initiative, during the fourth quarter of fiscal 2017, the Company determined that certain assets met the criteria to be classified as assets held for sale. The Company expects these assets to be sold within the next 12 months. The carrying value of $14 million has been recorded within Assets held for sale in the Consolidated Balance Sheet as of October 31, 2017. For more information on the Company's policy on assets held for sale, refer to Note 1, ''Overview and Summary of Significant Accounting Policies''.

Note 6: Retirement and Post-Retirement Benefit Plans

Defined Benefit Plans

The Company sponsors defined benefit pension plans worldwide, the most significant of which is in the United Kingdom (''UK''). The pension plan in the UK is closed to new entrants, however, members continue to earn benefit accruals. This plan provides benefits based on final pay and years of service and generally require contributions from members.

Prior to the Everett and Seattle Transactions, the Company went through an analysis to determine which defined benefit plans would be assigned to either the Company or to Everett or Seattle. The Company's plans either transferred in their entirety to Everett or Seattle, remained in their entirety with the Company, or were split, thus resulting in the transfer of plan assets and liabilities between existing and newly created plans. The Everett plans were legally established in the first and second quarter of fiscal 2017 and transferred and reported as discontinued operations in the second quarter of fiscal 2017. The Seattle plans were legally established in the third quarter of fiscal 2017 and transferred and reported as discontinued operations in the fourth quarter of fiscal 2017. As a result of the Everett and Seattle Transactions, the Company transferred out plan assets of $8.3 billion, a benefit obligation of $8.1 billion and an accumulated other comprehensive loss of $1.9 billion.

Prior to October 31, 2015, and with the exception of certain defined benefit pension plans of which the Company was the sole sponsor, certain Hewlett Packard Enterprise eligible employees, retirees and other former employees participated in certain U.S. and international defined benefit pension plans offered by former Parent. These Shared plans, which included participants of both Company employees and employees of former Parent, were accounted for as multiemployer benefit plans and the related net benefit plan obligations were not included in the Company's Combined and Consolidated Balance Sheets through July 31, 2015. The related benefit plan expense was allocated to the Company based on the Company's labor costs and allocations of corporate and other shared functional personnel.

Certain benefit plans in the Company's operations only included active, retired and other former Company employees (''Direct'' plans) and were accounted for as single employer benefit plans prior to October 31, 2015. Accordingly, the net benefit plan obligations and the related benefit plan expense of those plans have been recorded in the Company's Consolidated and Combined Financial Statements for all periods presented.

In connection with the Separation, during the three months ended October 31, 2015, former Parent transferred plan assets and liabilities primarily associated with Hewlett Packard Enterprise eligible employees, retirees and other former employees to the Company. As a result, in the fourth quarter of fiscal 2015, plan assets of $11.7 billion, a benefit obligation of $11.9 billion and an accumulated other comprehensive loss of

Note 6: Retirement and Post-Retirement Benefit Plans (Continued)

$2.6 billion, primarily related to non-U.S. defined benefit pension plans, were assumed and recorded by the Company.

Post-Retirement Benefit Plans

The Company sponsors retiree health and welfare benefit plans, the most significant of which is in the U.S. Generally, employees hired before August 2008 are eligible for employer credits under the Hewlett Packard Enterprise Retirement Medical Savings Account Plan (''RMSA'') upon attaining age 45. Employer credits to the RMSA available after September 2008 are provided in the form of matching credits on employee contributions made to a voluntary employee beneficiary association. Upon retirement, employees may use these employer credits for the reimbursement of certain eligible medical expenses.

As a result of the Everett and Seattle Transactions, any employees who were involuntarily terminated during fiscal 2017 were fully vested in their RMSA balances and are able to take a distribution out of their plan balances.

Prior to July 31, 2015, former Parent sponsored retiree health and welfare benefit plans, the most significant of which were in the U.S. All of these plans were accounted for as multiemployer benefit plans. The Company recognized post-retirement benefit credits of $27 million in fiscal 2015 in the Combined Statement of Earnings.

In connection with the Separation, during the three months ended October 31, 2015, former Parent transferred a benefit obligation of $150 million, plan assets of $40 million and accumulated other comprehensive income of $10 million, primarily associated with Hewlett Packard Enterprise eligible employees, retirees and other former employees to the Company.

Defined Contribution Plans

The Company offers various defined contribution plans for U.S. and non-U.S. employees. Prior to the Separation, former Parent offered various defined contribution plans for U.S. and non-U.S. employees. The Company's defined contribution expense was approximately $157 million in fiscal 2017, $213 million in fiscal 2016 and $194 million in fiscal 2015. Prior to the Separation, U.S. employees were automatically enrolled in the Hewlett-Packard Company 401(k) Plan (''HP 401(k) Plan'') when they met eligibility requirements, unless they declined participation. Effective November 1, 2015, the Company's active employees were eligible to participate in the newly created Hewlett Packard Enterprise Company 401(k) Plan (''HPE 401(k) Plan''), under which the quarterly employer matching contributions were 100% of an employee's contributions, up to a maximum of 4% of eligible compensation. Effective January 1, 2017, the annual employer matching contributions in the updated HPE 401(k) Plan became 50% of an employee's contributions, up to a maximum of 6% of eligible compensation.

As a result of the Everett and Seattle Transactions, any plan participants who were involuntarily terminated during fiscal 2017 were fully vested in their Company matching contributions and earnings thereon, and are able to take a distribution out of their plan balances.

Pension Benefit Expense

The Company's net pension and post-retirement benefit costs that were directly attributable to the eligible employees, retirees and other former employees of Hewlett Packard Enterprise and recognized in the Consolidated and Combined Statements of Earnings for fiscal 2017, 2016 and 2015 are presented in the table

Note 6: Retirement and Post-Retirement Benefit Plans (Continued)

below. In addition, the table includes costs related to the plans transferred from former Parent in the fourth quarter of fiscal 2015.

	As of October 31,					
	2017	2016	2015	2017	2016	2015
	Defined Benefit Plans			Post-Retirement Benefit Plans		
	In millions					
Service cost	$ 139	$ 199	$ 48	$ 3	$ 3	$—
Interest cost	213	317	85	6	6	1
Expected return on plan assets	(548)	(667)	(180)	(2)	(2)	—
Amortization and deferrals:						
Actuarial loss (gain)	264	220	83	(2)	(3)	—
Prior service benefit	(17)	(19)	(4)	—	—	(1)
Net periodic benefit cost	51	50	32	5	4	—
Curtailment gain	(1)	—	—	—	—	—
Settlement loss	15	4	3	—	—	—
Special termination benefits	5	5	1	—	—	—
Plan credit allocation[1]	(14)	(15)	(91)	(1)	(1)	(1)
Net benefit cost (credit) from continuing operations[2]	56	44	(55)	4	3	(1)
Summary of net benefit cost (credit):						
Continuing operations	56	44	(55)	4	3	(1)
Discontinued operations	81	92	195	1	1	1
Total net benefit cost	$ 137	$ 136	$ 140	$ 5	$ 4	$—

(1) Plan credit allocation represents the net cost impact of employees of HPE covered under Everett or Seattle plans and employees of Everett or Seattle covered under HPE plans.

(2) Net benefit cost from continuing operations for the Company's U.S. defined benefit plans was not material for fiscal 2017, 2016 and 2015.

The weighted-average assumptions used to calculate the net benefit cost (credit) from continuing operations in the above table for fiscal 2017, 2016 and 2015 were as follows:

	As of October 31,					
	2017	2016	2015	2017	2016	2015
	Defined Benefit Plans			Post-Retirement Benefit Plans		
Discount rate used to determine benefit obligation	2.0%	2.7%	2.6%	4.2%	4.6%	4.7%
Discount rate used to determine service cost	2.0%	2.7%	2.6%	3.7%	4.6%	4.7%
Discount rate used to determine interest cost	1.8%	2.7%	2.6%	3.8%	4.6%	4.7%
Expected increase in compensation levels	2.4%	2.3%	2.3%	—	—	—
Expected long-term return on plan assets	4.4%	5.8%	6.6%	3.1%	4.0%	—

Prior to October 31, 2016, the Company estimated the service and interest cost components using a single weighted-average discount rate derived from the yield curves used to measure the benefit obligation. Beginning in fiscal 2017, the Company changed its method used to estimate the service and interest cost components of net periodic benefit cost for defined benefit plans that use the yield curve approach, which represent substantially all of defined benefit plans. The Company has elected to use a full yield curve approach in the estimation of these components of benefit cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The Company made this change to improve the correlation between projected benefit cash flows and the corresponding yield curve

Note 6: Retirement and Post-Retirement Benefit Plans (Continued)

spot rates and to provide a more precise measurement of service and interest costs. The Company has accounted for this change as a change in estimate that is inseparable from a change in accounting principle and has accounted for it prospectively beginning in fiscal 2017.

Funded Status

The funded status of the plans was as follows:

	As of October 31,			
	2017	2016	2017	2016
	Defined Benefit Plans		Post-Retirement Benefit Plans	
	In millions			
Change in fair value of plan assets:				
Fair value—beginning of year	$11,989	$11,684	$ 47	$ 40
Transfers to Everett/Seattle plans[1]	(799)	—	—	—
Addition/deletion of plans[2]	5	141	—	—
Actual return on plan assets	941	1,212	1	1
Employer contributions	266	242	4	3
Participant contributions	17	40	4	6
Benefits paid	(408)	(344)	(6)	(3)
Settlement	(60)	(16)	—	—
Currency impact	659	(970)	—	—
Fair value—end of year[3]	$12,610	$11,989	$ 50	$ 47
Change in benefit obligation:				
Projected benefit obligation—beginning of year	$13,555	$12,483	$ 158	$ 139
Transfers to Everett/Seattle plans[1]	(668)	—	—	—
Addition/deletion of plans[2]	19	25	—	—
Service cost	139	199	3	3
Interest cost	213	317	6	6
Participant contributions	17	40	4	6
Actuarial (gain) loss	(445)	1,832	4	6
Benefits paid	(408)	(344)	(6)	(3)
Plan amendments	(1)	1	—	—
Curtailment	(1)	—	—	—
Settlement	(60)	(16)	—	—
Special termination benefits	5	5	—	—
Currency impact	704	(987)	1	1
Projected benefit obligation—end of year[3]	$13,069	$13,555	$ 170	$ 158
Funded status at end of year	$ (459)	$ (1,566)	$(120)	$(111)
Accumulated benefit obligation	$12,832	$13,241	$ —	$ —

(1) In fiscal 2017, in connection with the Everett and Seattle Transactions, the Company transferred plan assets and liabilities from the Company's plans to newly established Everett and Seattle plans. The Company transferred net plan assets of $702 million and $97 million to Everett and Seattle, respectively, and liabilities of $503 million and $165 million to Everett and Seattle, respectively.

(2) Includes the addition/deletion of plans resulting from acquisitions or divestitures. Amounts are primarily attributable to a business divestiture of outsourcing services in Germany and a Netherlands plan data review that transferred HPI retirees to HPE.

(3) As of October 31, 2017 and 2016, the Company's U.S. defined benefit plans had zero plan assets and a projected benefit obligation of $5 million and $7 million, respectively.

Note 6: Retirement and Post-Retirement Benefit Plans (Continued)

The weighted-average assumptions used to calculate the projected benefit obligations were as follows:

	As of October 31,			
	2017	2016	2017	2016
	Defined Benefit Plans		Post-Retirement Benefit Plans	
Discount rate	2.0%	1.7%	4.5%	4.2%
Expected increase in compensation levels	2.3%	2.3%	—	—

The net amounts recognized for defined benefit and post-retirement benefit plans in the Company's Consolidated Balance Sheets were as follows:

	As of October 31,			
	2017	2016	2017	2016
	Defined Benefit Plans		Post-Retirement Benefit Plans	
	In millions			
Non-current assets	$ 830	$ 366	$ —	$ —
Current liabilities	(39)	(20)	(4)	(3)
Non-current liabilities	(1,250)	(1,912)	(116)	(108)
Funded status at end of year	$ (459)	$(1,566)	$(120)	$(111)

The following table summarizes the pre-tax net actuarial loss and prior service benefit recognized in Accumulated other comprehensive loss for the defined benefit plans:

	As of October 31, 2017	
	Defined Benefit Plans	Post-Retirement Benefit Plans
	In millions	
Net actuarial loss (gain)	$2,777	$(2)
Prior service benefit	(103)	—
Total recognized in accumulated other comprehensive loss	$2,674	$(2)

The following table summarizes the net actuarial loss and prior service benefit for plans that are expected to be amortized from Accumulated other comprehensive loss and recognized as components of net periodic benefit cost (credit) during the next fiscal year.

	As of October 31, 2017	
	Defined Benefit Plans	Post-Retirement Benefit Plans
	In millions	
Net actuarial loss (gain)	$206	$(3)
Prior service benefit	(17)	—
Total expected to be recognized in net periodic benefit cost (credit)	$189	$(3)

Note 6: Retirement and Post-Retirement Benefit Plans (Continued)

Defined benefit plans with projected benefit obligations exceeding the fair value of plan assets were as follows:

	As of October 31, 2017	
	2017	2016
	In millions	
Aggregate fair value of plan assets	$2,596	$6,193
Aggregate projected benefit obligation	$3,884	$8,125

Defined benefit plans with accumulated benefit obligations exceeding the fair value of plan assets were as follows:

	As of October 31, 2017	
	2017	2016
	In millions	
Aggregate fair value of plan assets	$1,272	$5,856
Aggregate accumulated benefit obligation	$2,476	$7,518

Note 6: Retirement and Post-Retirement Benefit Plans (Continued)

Fair Value of Plan Assets

The Company pays the U.S. defined benefit plan obligations when they come due since these plans are unfunded. The table below sets forth the fair value of non-U.S defined benefit plan assets by asset category within the fair value hierarchy as of October 31, 2017 and 2016.

	As of October 31, 2017				As of October 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	In millions							
Asset Category:								
Equity securities								
U.S.	$270	$ 13	$—	$ 283	$ 576	$ 34	—	$ 610
Non-U.S.	365	140	—	505	838	106	—	944
Non-U.S. at NAV(1)				480				456
Debt securities								
Corporate	—	1,966	—	1,966	—	1,349	—	1,349
Government	—	702	—	702	—	791	—	791
Government at NAV(2)				687				779
Alternative investments								
Private Equity	—	7	33	40	—	4	32	36
Hybrids(3)	—	492	—	492	—	182	—	182
Hybrids at NAV(4)				2,339				1,034
Hedge Funds	—	63	—	63	—	192	—	192
Hedge Funds at NAV				21				30
Common Contractual Funds at NAV(5)								
Equities at NAV				2,547				2,505
Fixed Income at NAV				701				942
Emerging Markets at NAV				368				529
Alternative investments at NAV				363				363
Real Estate Funds	38	158	57	253	215	269	26	510
Insurance Group Annuity Contracts	—	35	52	87	—	37	63	100
Cash and Cash Equivalents	184	363	—	547	329	46	—	375
Other(6)	43	122	1	166	71	183	8	262
Total	$900	$4,061	$143	$12,610	$2,029	$3,193	$129	$11,989

(1) Includes various worldwide equity index funds with the objective to provide returns that are consistent with the FTSE All World indexes. While the funds are not publicly traded, the custodians strike a net asset value at least monthly. There are no redemption restrictions or future commitments on these investments.

(2) Includes various government bonds issued by worldwide governments, interest rate swaps, and cash, to match or slightly outperform the benchmark of the future liabilities of the funds. While the funds are not publicly traded, the custodians strike a net asset value daily. There are no redemption restrictions or future commitments on these investments.

(3) Includes a fund that invests in both private and public equities primarily in the United Kingdom, as well as emerging markets across all sectors. The fund also holds fixed income and derivative instruments to hedge interest rate and inflation risk. In addition, the fund includes units in transferable securities, collective investment schemes, money market funds, asset-backed income, private debt, cash, and deposits.

(4) Includes pooled funds that invest in government bonds and derivative instruments, such as interest rate swaps, future contracts and repurchase agreements with the objective to provide nominal and/or inflation-linked returns. While the funds are not publicly traded, the custodians strike a net asset value at least monthly. There are no redemption restrictions or future commitments on these investments.

Note 6: Retirement and Post-Retirement Benefit Plans (Continued)

(5) HP Invest Common Contractual Funds (CCFs) is an investment arrangement in which institutional investors pool their assets. Units may be acquired in four different sub-funds focused on equities, fixed income, alternative investments, and emerging markets. Each sub-fund is invested in accordance with the fund's investment objective and units are issued in relation to each sub-fund. While the sub-funds are not publicly traded, the custodian strikes a net asset value either once or twice a month, depending on the sub-fund. There are no redemption restrictions or future commitments on these investments.

(6) Includes international insured contracts, derivative instruments and unsettled transactions.

Post-retirement benefit plan assets of $50 million and $47 million as of October 31, 2017 and 2016, respectively, were invested in publicly traded registered investment entities and were classified within Level 1 of the fair value hierarchy.

Changes in fair value measurements of Level 3 investments for the non-U.S. defined benefit plans were as follows:

	Fiscal year ended October 31, 2017				
	Alternative Investments				
	Private Equity	Real Estate Funds	Insurance Group Annuities	Other	Total
	In millions				
Balance at beginning of year	$32	$26	$ 63	$ 8	$129
Actual return on plan assets:					
Relating to assets held at the reporting date	—	3	(39)	12	(24)
Relating to assets sold during the period	1	—	—	—	1
Purchases, sales, and settlements	—	—	—	28	28
Transfers in and/or out of Level 3	—	28	28	(47)	9
Balance at end of year	$33	$57	$ 52	$ 1	$143

	Fiscal year ended October 31, 2016					
	Alternative Investments					
	Private Equity	Hedge Funds	Real Estate Funds	Insurance Group Annuities	Other	Total
	In millions					
Balance at beginning of year	$27	$ 236	$ 229	$69	$ 35	$ 596
Actual return on plan assets:						
Relating to assets held at the reporting date	(1)	(35)	(33)	(2)	(1)	(72)
Relating to assets sold during the period	4	—	—	(3)	—	1
Purchases, sales, and settlements	2	(11)	—	(3)	82	70
Transfers in and/or out of Level 3	—	(190)	(170)	2	(108)	(466)
Balance at end of year	$32	$ —	$ 26	$63	$ 8	$ 129

The following is a description of the valuation methodologies used to measure plan assets at fair value.

Investments in publicly traded equity securities are valued using the closing price on the measurement date as reported on the stock exchange on which the individual securities are traded. For corporate, government backed debt securities, and some other investments, fair value is based on observable inputs of comparable market transactions. The valuation of certain real estate funds, insurance group annuity contracts and alternative investments, such as limited partnerships and joint ventures, may require significant management judgment. The valuation is generally based on fair value as reported by the asset manager and adjusted for cash flows, if necessary. In making such an assessment, a variety of factors are reviewed by management, including, but not limited to, the timeliness of fair value as reported by the asset manager and

Note 6: Retirement and Post-Retirement Benefit Plans (Continued)

changes in general economic and market conditions subsequent to the last fair value reported by the asset manager. Cash and cash equivalents includes money market funds, which are valued based on cost, which approximates fair value. Other than those assets that have quoted prices from an active market, investments are generally classified in Level 2 or Level 3 of the fair value hierarchy based on the lowest level input that is significant to the fair value measure in its entirety. Investments measured using net asset value as a practical expedient are not categorized within the fair value hierarchy.

Plan Asset Allocations

The weighted-average target and actual asset allocations across the benefit plans at the respective measurement dates for the non-U.S. defined benefit plans were as follows:

	Defined Benefit Plans		
	2017 Target Allocation	Plan Assets	
Asset Category		2017	2016
Public equity securities		33.8%	43.9%
Private/hybrid equity securities		25.7%	13.5%
Real estate and other		3.3%	6.5%
Equity-related investments	58.1%	62.8%	63.9%
Debt securities	39.9%	32.9%	33.0%
Cash and cash equivalents	2.0%	4.3%	3.1%
Total	100.0%	100.0%	100.0%

For the Company's post-retirement benefit plans, 100% of the plan assets are invested in cash and cash equivalents.

Investment Policy

The Company's investment strategy is to seek a competitive rate of return relative to an appropriate level of risk depending on the funded status of each plan and the timing of expected benefit payments. The majority of the plans' investment managers employ active investment management strategies with the goal of outperforming the broad markets in which they invest. Risk management practices include diversification across asset classes and investment styles and periodic rebalancing toward asset allocation targets. A number of the plans' investment managers are authorized to utilize derivatives for investment or liability exposures, and the Company may utilize derivatives to effect asset allocation changes or to hedge certain investment or liability exposures.

Asset allocation decisions are typically made by an independent board of trustees for the specific plan. Investment objectives are designed to generate returns that will enable the plan to meet its future obligations. In some countries, local regulations may restrict asset allocations, typically leading to a higher percentage of investment in fixed income securities than would otherwise be deployed. The Company reviews the investment strategy and provides a recommended list of investment managers for each country plan, with final decisions on asset allocation and investment managers made by the board of trustees or investment committees for the specific plan.

Basis for Expected Long-Term Rate of Return on Plan Assets

The expected long-term rate of return on plan assets reflects the expected returns for each major asset class in which the plan invests and the weight of each asset class in the target mix. Expected asset returns reflect the current yield on government bonds, risk premiums for each asset class and expected real returns, which considers each country's specific inflation outlook. Because the Company's investment policy is to employ primarily active investment managers who seek to outperform the broader market, the expected returns are adjusted to reflect the expected additional returns, net of fees.

Note 6: Retirement and Post-Retirement Benefit Plans (Continued)

Employer Contributions and Funding Policy

During fiscal 2017, the Company contributed approximately $2.2 billion to its non-U.S. pension plans, which includes a funding payment of approximately $1.9 billion associated with the Everett Transaction, and paid $2 million to cover benefit claims under the Company's post-retirement benefit plans.

During fiscal 2018, the Company expects to contribute approximately $180 million to its non-U.S. pension plans. In addition, the Company expects to contribute approximately $1 million to cover benefit payments to U.S. non-qualified plan participants. The Company expects to pay approximately $4 million to cover benefit claims for its post-retirement benefit plans. The Company's policy is to fund its pension plans so that it makes at least the minimum contribution required by local government, funding and taxing authorities.

Estimated Future Benefits Payments

As of October 31, 2017, estimated future benefits payments for the Company's retirement plans were as follows:

Fiscal year	Defined Benefit Plans	Post-Retirement Benefit Plans
	In millions	
2018	$ 439	$ 6
2019	410	7
2020	435	8
2021	419	9
2022	471	10
Next five fiscal years to October 31, 2027	2,627	60

Note 7: Stock-Based Compensation

Prior to the Separation, certain of the Company's employees participated in stock-based compensation plans sponsored by former Parent. Former Parent's stock-based compensation plans included incentive compensation plans (''former Parent's Plans'') and an employee stock purchase plan (''former Parent's ESPP''). All awards granted under the plans were based on former Parent's common shares and, as such, the award activity is not reflected in the Company's Consolidated and Combined Financial Statements. For the fiscal year ended October 31, 2015, stock-based compensation expense includes expense attributable to the Company based on the awards and terms previously granted under the incentive compensation plan to the Company's employees and an allocation of former Parent's corporate and shared functional employee expenses. Accordingly, the amounts presented for fiscal 2015 are not necessarily indicative of future awards and do not necessarily reflect the results that the Company would have experienced as an independent, publicly-traded company. The share and per share data for fiscal 2015 presented in this note has not been adjusted to reflect the impact of the Separation.

In conjunction with the Separation, the Company adopted the Hewlett Packard Enterprise Company 2015 Stock Incentive Plan (the ''Plan''). The Plan became effective on November 1, 2015. The total number of shares of the Company's common stock authorized under the Plan was 260 million. On January 25, 2017, the Company amended the Plan and reduced the authorized shares of common stock to 210 million shares. In connection with the Everett and Seattle Transactions, the number of shares of the Company's common stock authorized for issuance under the Plan increased by 67 million. The Plan provides for the grant of various types of awards including restricted stock awards, stock options, and performance-based awards. These awards generally vest over three years from the grant date. The Company's stock-based incentive compensation program also includes various equity plans assumed through acquisitions under which stock-based awards are outstanding.

Note 7: Stock-Based Compensation (Continued)

In connection with the Separation, the Company granted one-time retention stock awards, with a total grant date fair value of approximately $137 million, to certain executives in the first quarter of fiscal 2016. These awards generally vest over three years from the grant date.

Stock-Based Compensation Expense

Stock-based compensation expense and the resulting tax benefits were as follows:

	Fiscal years ended October 31,		
	2017	2016	2015
	In millions		
Stock-based compensation expense from continuing operations	$ 454	$ 408	$ 362
Income tax benefit	(159)	(131)	(106)
Stock-based compensation expense from continuing operations, net of tax	$ 295	$ 277	$ 256
Stock-based compensation expense from discontinued operations	$ 166	$ 189	$ 203

In May 2016, in connection with the announcement of the Everett Transaction, the Company modified its stock-based compensation program such that certain unvested equity awards outstanding on May 24, 2016 would vest upon the earlier of: (i) the termination of an employee's employment with HPE as a direct result of an announced sale, divestiture or spin-off of a subsidiary, division or other business; (ii) the termination of an employee's employment with HPE without cause; or (iii) June 1, 2018. This modification also included changes to the performance and market conditions of certain performance-based awards. The incremental expense arising from this modification was not material. Additionally, as a result of the accelerated vesting related to this modification, the Company incurred stock-based compensation expense of $126 million during fiscal 2017, of which $92 million was recorded in Net loss from discontinued operations in the Consolidated Statement of Earnings for the fiscal year ended October 31, 2017. The remaining $34 million arising from the modification for fiscal 2017 has been recorded within Separation costs in the Consolidated Statement of Earnings.

Additionally, as permitted by the Plan, in connection with the Everett and Seattle Transactions and in accordance with the respective Employee Matters Agreements, HPE made certain post-spin adjustments to the exercise price and number of stock-based compensation awards with the intention of preserving the intrinsic value of the outstanding awards prior to the close of the transactions. The incremental expense incurred by the Company related to the Everett and Seattle Transactions was not material.

For the fiscal year ended October 31, 2017, stock-based compensation expense from continuing operations in the table above includes pre-tax expense of $41 million, which has been recorded within Separation costs, $33 million related to workforce reductions, which has been recorded within Restructuring charges, and $23 million related to the acquisitions of Silicon Graphics International Corp. (''SGI'') and Nimble Storage, Inc. (''Nimble Storage''), which has been recorded within Acquisition and other related charges in the Consolidated Statement of Earnings.

For the fiscal year ended October 31, 2016, stock-based compensation expense from continuing operations in the table above includes pre-tax expense of $33 million, which has been recorded within Separation costs, and $8 million, related to workforce reductions, which has been recorded within Restructuring charges, in the Consolidated Statement of Earnings.

In connection with the Separation, former Parent's Board of Directors approved amendments to certain outstanding long-term incentive awards on July 29, 2015. The amendments provided for the accelerated vesting on September 17, 2015 of certain stock-based awards that were otherwise scheduled to vest between September 18, 2015 and December 31, 2015. The incremental pre-tax stock-based compensation expense due to the acceleration was approximately $61 million in fiscal 2015.

Note 7: Stock-Based Compensation (Continued)

Stock-based compensation expense in the table above includes an allocation of former Parent's corporate and shared functional employee expenses of $151 million in fiscal 2015.

Restricted Stock Units

Restricted stock units have forfeitable dividend equivalent rights equal to the dividend paid on common stock. Restricted stock units do not have the voting rights of common stock, and the shares underlying restricted stock units are not considered issued and outstanding upon grant. The fair value of the restricted stock units is the closing price of the Company's common stock on the grant date of the award. The Company expenses the fair value of restricted stock units ratably over the period during which the restrictions lapse.

For fiscal 2017 and 2016, the activity summarized in the table below is related to restricted stock units held by Company employees under the Plan. For fiscal 2015, the activity summarized in the table below is related to restricted stock units held by Company employees under former Parent's Plans.

	Fiscal years ended October 31,					
	2017		2016		2015	
	Shares	Weighted-Average Grant Date Fair Value Per Share	Shares	Weighted-Average Grant Date Fair Value Per Share	Shares	Weighted-Average Grant Date Fair Value Per Share
	In thousands		In thousands		In thousands	
Outstanding at beginning of year	57,321	$15	—	$—	24,496	$ 24
Converted from former Parent's Plans	—	$—	42,012	$15	—	$ —
Granted and assumed through acquisition[1]	23,980	$21	32,752	$15	19,601	$ 35
Additional shares granted due to post-spin adjustments[2]	25,543	$ 9	—	$—	—	$ —
Vested[3]	(51,976)	$16	(12,747)	$15	(21,860)	$ 26
Forfeited/canceled[4]	(6,351)	$16	(4,696)	$15	(1,819)	$ 30
Employee transition[5]	—	$—	—	$—	3,982	$33,000,000
Outstanding at end of year	48,517	$14	57,321	$15	24,400	$ 32

(1) For fiscal 2017, includes approximately 11 million restricted stock units assumed by the Company through acquisition with a weighted-average grant date fair value of $18 per share. For fiscal 2016, includes a one-time restricted stock unit retention grant of approximately 5 million shares in fiscal 2016. For fiscal 2015, includes approximately 8 million shares of restricted stock units assumed through acquisition with a weighted-average grant date fair value of $33 per share.

(2) Additional shares granted as a result of the post-spin exercise price adjustments made related to the Everett and Seattle Transactions, as permitted by the Plan, in order to preserve the intrinsic value of outstanding awards prior to the close of the transactions.

(3) For fiscal 2017, includes approximately 14 million restricted stock units, with a weighted-average grant date fair value of $17 per share, which were accelerated as part of the Everett and Seattle Transactions.

(4) For fiscal 2017, includes approximately 0.3 million restricted stock units, with a weighted-average grant date fair value of $18 per share, related to the former ES and Software segments, which were canceled by HPE and assumed by DXC and Micro Focus in connection with the Everett and Seattle Transactions, and in accordance with the respective Employee Matters Agreements.

(5) Employee transition amounts consist of restricted stock unit activity for employees transitioning between the Company and former Parent.

Note 7: Stock-Based Compensation (Continued)

The total grant date fair value of restricted stock awards vested for Company employees in fiscal 2017, 2016 and 2015 was $472 million, $130 million and $451 million, respectively, net of taxes. As of October 31, 2017, there was $301 million of unrecognized pre-tax stock-based compensation expense related to unvested restricted stock units, which the Company expects to recognize over the remaining weighted-average vesting period of 1.2 years.

Stock Options

Stock options granted under the Plan are generally non-qualified stock options, but the Plan permits some options granted to qualify as incentive stock options under the U.S. Internal Revenue Code. The exercise price of a stock option is equal to the closing price of the Company's common stock on the option grant date. The majority of the stock options issued by the Company contain only service vesting conditions. The Company also issued performance-contingent stock options that vest only on the satisfaction of both service and market conditions.

The Company and former Parent utilize the Black-Scholes-Merton option pricing formula to estimate the fair value of stock options subject to service-based vesting conditions. The Company and former Parent estimate the fair value of stock options subject to performance-contingent vesting conditions using a combination of a Monte Carlo simulation model and a lattice model, as these awards contain market conditions. The weighted-average fair value and the assumptions used to measure fair value were as follows:

	Fiscal years ended October 31,		
	2017	2016	2015
Weighted-average fair value(1)	$ 6	$ 4	$ 8
Expected volatility(2)	25.7%	31.1%	26.8%
Risk-free interest rate(3)	2.0%	1.7%	1.7%
Expected dividend yield(4)	1.0%	1.5%	1.8%
Expected term in years(5)	6.1	5.4	5.9

(1) For fiscal 2017 and 2016, the weighted-average fair value was based on the fair value of stock options granted under the Plan during the respective periods. For fiscal 2015, the weighted-average fair value was based on the fair value of stock options granted under former Parent's Plans during the period.

(2) For options granted in fiscal 2017 and 2016, expected volatility was estimated using the average historical volatility of selected peer companies. For options granted in fiscal 2015, expected volatility was estimated using the implied volatility derived from options traded on former Parent's common stock.

(3) The risk-free interest rate was estimated based on the yield on U.S. Treasury zero-coupon issues.

(4) The expected dividend yield represents a constant dividend yield applied for the duration of the expected term of the option.

(5) For options granted in fiscal 2017 and 2016 subject to service-based vesting, the expected term was estimated using the simplified method detailed in SEC Staff Accounting Bulletin No. 110. For options granted in fiscal 2015 subject to service-based vesting, the expected term was estimated using historical exercise and post-vesting termination patterns. For performance-contingent options, the expected term represents an output from the lattice model.

Note 7: Stock-Based Compensation (Continued)

For fiscal 2017 and 2016, the activity summarized in the table below is related to stock options held by Company employees under the Plan. For fiscal 2015, the activity summarized in the table below is related to stock options held by Company employees under former Parent's Plans.

	Fiscal years ended October 31,											
	2017				2016				2015			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	In thousands		In years	In millions	In thousands		In years	In millions	In thousands		In years	In millions
Outstanding at beginning of year	57,498	$15			—	$—			24,472	$27		
Converted from former Parent's Plans	—	$—			42,579	$15			—	$—		
Granted and assumed through acquisition[1]	6,074	$23			25,390	$15			3,147	$37		
Additional shares granted due to post-spin adjustments[2]	24,523	$11			—	$—			—	$—		
Exercised	(29,492)	$12			(7,845)	$11			(5,716)	$18		
Forfeited/canceled/expired[3]	(9,329)	$16			(2,626)	$20			(7,116)	$40		
Employee transition[4]	—	$—			—	$—			11,391	$26		
Outstanding at end of year[5]	49,274	$10	4.6	$207	57,498	$15	5.4	$437	26,178	$26	5.2	$115
Vested and expected to vest at end of year[5]	48,566	$10	4.6	$205	55,716	$15	5.3	$425	25,309	$26	5.2	$115
Exercisable at end of year[5]	24,736	$ 9	3.0	$123	26,204	$13	3.8	$241	18,767	$23	4.7	$109

(1) For fiscal 2016, includes one-time stock option retention grant of approximately 16 million shares.
(2) Additional shares granted as a result of the post-spin exercise price adjustments made related to the Everett and Seattle Transactions, as permitted by the Plan, in order to preserve the intrinsic value of the awards prior to the close of the transaction.
(3) For fiscal 2017, includes approximately 8 million stock options, with a weighted-average exercise price of $16 per share, related to the former ES and Software segments, which were canceled by HPE in connection with the Everett and Seattle Transactions, and in accordance with the respective Employee Matters Agreements.
(4) Employee transition amounts consist of option activity for employees transitioning between the Company and former Parent.
(5) The weighted average exercise price reflects the impact of the post-spin adjustments to the exercise price related to the Everett and Seattle Transactions.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that option holders would have realized had all option holders exercised their options on the last trading day of fiscal 2017, 2016 and 2015. For fiscal 2017 and 2016, the aggregate intrinsic value is the difference between the Company's closing common stock price on the last trading day of the respective fiscal year and the exercise price, multiplied by the number of in-the-money options. For fiscal 2015, the aggregate intrinsic value is the difference between former Parent's closing stock price on the last trading day of the fiscal year and the exercise price, multiplied by the number of in-the-money options. The total intrinsic value of options exercised in fiscal 2017, 2016 and 2015 was $218 million, $62 million and $94 million, respectively. The total grant date fair value of options granted which vested in fiscal 2017, 2016 and 2015 was $94 million, $18 million and $38 million, respectively, net of taxes.

Note 7: Stock-Based Compensation (Continued)

The following table summarizes significant ranges of outstanding and exercisable stock options:

	As of October 31, 2017				
	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares Outstanding	Weighted-Average Remaining Contractual Term	Weighted-Average Exercise Price	Shares Exercisable	Weighted-Average Exercise Price
	In thousands	In years		In thousands	
$0-$9.99	33,168	4.4	$ 8	19,198	$ 8
$10-$19.99	16,024	5.1	$13	5,456	$13
$20-$29.99	82	2.2	$25	82	$25
	49,274	4.6	$10	24,736	$ 9

As of October 31, 2017, there was $25 million of unrecognized pre-tax stock-based compensation expense related to stock options, which the Company expects to recognize over the remaining weighted-average vesting period of 1.2 years.

Employee Stock Purchase Plan

Effective November 1, 2015, the Company adopted the Hewlett Packard Enterprise Company 2015 Employee Stock Purchase Plan (''ESPP''). The total number of shares of Company's common stock authorized under the ESPP was 80 million. The ESPP allows eligible employees to contribute up to 10% of their eligible compensation to purchase Hewlett Packard Enterprise's common stock. The ESPP provides for a discount not to exceed 15% and an offering period up to 24 months. The Company currently offers 6-month offering periods during which employees have the ability to purchase shares at 95% of the closing market price on the purchase date. No stock-based compensation expense was recorded in connection with those purchases, as the criteria of a non-compensatory plan were met.

Prior to the Separation, under former Parent's ESPP, employees could contribute up to 10% of their eligible compensation, subject to certain income limits, to purchase shares of former Parent's common stock. Pursuant to the terms of former Parent's ESPP, employees purchased stock under the ESPP at a price equal to 95% of former Parent's closing stock price on the purchase date. No stock-based compensation expense was recorded in connection with those purchases because the criteria of a non-compensatory plan were met.

Cash received from option exercises and purchases under the Company's ESPP was $411 million and $119 million in fiscal 2017 and 2016, respectively. The benefit realized for the tax deduction from option exercises in fiscal 2017 and 2016 was $69 million and $21 million, respectively. Cash received from option exercises and purchases by Company employees under former Parent's ESPP was $165 million in fiscal 2015. The benefit realized for the tax deduction from option exercises in fiscal 2015 was $45 million.

Note 8: Taxes on Earnings

Prior to the Separation, Hewlett Packard Enterprise's operating results were included in former Parent's various consolidated U.S. federal and state income tax returns, as well as non-U.S. tax filings. For the purposes of the Company's Consolidated and Combined Financial Statements for periods prior to the Separation, income tax expense and deferred tax balances have been recorded as if the Company filed tax returns on a standalone basis separate from former Parent. The Separate Return Method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and a standalone enterprise for fiscal 2015 and prior.

Note 8: Taxes on Earnings (Continued)

Provision for Taxes

The domestic and foreign components of earnings from continuing operations before taxes were as follows:

	For the fiscal years ended October 31,		
	2017	2016	2015
	In millions		
U.S.	$(1,098)	$(1,144)	$ 288
Non-U.S.	1,370	5,004	1,647
	$ 272	$ 3,860	$1,935

The Benefit (provision) for taxes on earnings from continuing operations were as follows:

	For the fiscal years ended October 31,		
	2017	2016	2015
	In millions		
U.S. federal taxes:			
Current	$ 560	$ 940	$ 1,640
Deferred	(1,366)	(959)	(2,610)
Non-U.S. taxes:			
Current	64	874	313
Deferred	25	(58)	60
State taxes:			
Current	(107)	36	45
Deferred	660	(210)	(153)
	$ (164)	$ 623	$ (705)

The differences between the U.S. federal statutory income tax rate and the Company's effective tax rate were as follows:

	For the fiscal years ended October 31,		
	2017	2016	2015
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	3.0%	1.0%	12.4%
Lower rates in other jurisdictions, net	(426.3)%	(24.5)%	(10.5)%
Valuation allowance	310.0%	(14.7)%	(85.9)%
U.S. permanent differences	27.8%	(2.3)%	1.9%
Uncertain tax positions	(8.4)%	23.1%	5.8%
Other, net	(1.4)%	(1.5)%	4.9%
	(60.3)%	16.1%	(36.4)%

The jurisdictions with favorable tax rates that had the most significant impact on the Company's effective tax rate in the periods presented include Puerto Rico, China and Singapore. The Company plans to reinvest earnings of these jurisdictions indefinitely outside the U.S., and therefore has not provided for U.S. taxes on those indefinitely reinvested earnings.

In fiscal 2017, the Company recorded $554 million of net income tax benefits related to items unique to the year. These amounts primarily included $699 million of income tax benefits in connection with the Everett

Note 8: Taxes on Earnings (Continued)

and Seattle Transactions and $326 million of income tax benefits on restructuring charges, separation costs, transformation costs and acquisition and other related charges, the effects of which were partially offset by $473 million of income tax charges to record valuation allowances on U.S. state deferred tax assets, and $88 million of income tax charges related to pre-Separation tax matters.

In fiscal 2016, the Company recorded $250 million of net income tax charges related to items unique to the year. These amounts primarily included $714 million of income tax charges related to pre-Separation tax matters, of which $647 million was related to the effect of the potential settlement of certain pre-Separation Hewlett-Packard Company income tax liabilities, and $169 million of income tax charges resulting from a gain on the H3C divestiture, the effects of which were partially offset by $509 million of income tax benefits on restructuring charges, separation costs and acquisition and other related charges, and $124 million of income tax benefits resulting from a gain on the MphasiS divestiture.

In fiscal 2015, the Company recorded $1.7 billion of net income tax benefits related to items unique to the year. These amounts primarily included $1.8 billion of income tax benefits due to a release of valuation allowances pertaining to certain U.S. state deferred tax assets, $139 million of income tax benefits related to restructuring charges and separation costs, and $67 million of income tax benefits related to uncertain tax positions, the effects of which were partially offset by $486 million of income tax charges to record valuation allowances on certain foreign deferred tax assets and $229 million of income tax charges related to state tax impacts of the separation of deferred taxes under the Separate Return Method.

As a result of certain employment actions and capital investments the Company has undertaken, income from manufacturing and services in certain countries is subject to reduced tax rates, and in some cases is wholly exempt from taxes, through 2024. The gross income tax benefits attributable to these actions and investments were estimated to be $378 million ($0.23 diluted net EPS) in fiscal 2017, $401 million ($0.23 diluted net EPS) in fiscal 2016 and $260 million ($0.14 diluted net EPS) in fiscal 2015. Refer Note 18, ''Net Earnings Per Share'' for details on shares used to compute diluted net EPS.

Uncertain Tax Positions

A reconciliation of unrecognized tax benefits is as follows:

	As of October 31,		
	2017	2016	2015
		In millions	
Balance at beginning of year	$11,411	$ 4,901	$ 1,024
Increases:			
For current year's tax positions	28	1,456	1,428
For prior years' tax positions	311	820	3,538
Net transfers from former Parent through equity	—	4,455	—
Decreases:			
For prior years' tax positions	(202)	(114)	(70)
Statute of limitations expiration	(70)	(47)	(2)
Settlements with taxing authorities	(216)	(60)	(7)
Net transfers to former Parent through equity	—	—	(1,010)
Balance at end of year	$11,262	$11,411	$ 4,901

Up to $3.0 billion, $2.7 billion and $0.2 billion of Hewlett Packard Enterprise's unrecognized tax benefits at October 31, 2017, 2016 and 2015, respectively, would affect the Company's effective tax rate if realized. The $149 million decrease in the amount of unrecognized tax benefits for the year ended October 31, 2017, is primarily related to the settlement of a foreign tax audit concerning an intercompany transaction, partially offset

Note 8: Taxes on Earnings (Continued)

by unrecognized tax benefits related to the timing of intercompany royalty revenue recognition, which does not affect the Company's effective tax rate.

For fiscal 2015, the unrecognized tax benefits reflected in the Company's Consolidated and Combined Financial Statements have been determined using the Separate Return Method. The $6.5 billion increase in the amount of unrecognized tax benefits for the year ended October 31, 2016, is primarily related to certain pre-Separation income tax liabilities for which the Company is joint and severally liable under the Tax Matters Agreement entered in to with HP Inc. effective November 1, 2015, as well as the unrecognized tax benefits related to the timing of intercompany royalty revenue recognition, which does not affect the Company's effective tax rate.

Hewlett Packard Enterprise recognizes interest income from favorable settlements and interest expense and penalties accrued on unrecognized tax benefits in Benefit (provision) for taxes in the Consolidated and Combined Statements of Earnings. The Company had accrued $304 million and $197 million for interest and penalties as of October 31, 2017 and 2016, respectively.

Hewlett Packard Enterprise engages in continuous discussion and negotiation with taxing authorities regarding tax matters in various jurisdictions. Hewlett Packard Enterprise does not expect complete resolution of any U.S. Internal Revenue Service (''IRS'') audit cycle within the next 12 months. However, it is reasonably possible that certain federal, foreign and state tax issues may be concluded in the next 12 months, including resolution of certain intercompany transactions, joint and several tax liabilities and other matters. Accordingly, Hewlett Packard Enterprise believes it is reasonably possible that its existing unrecognized tax benefits may be reduced by an amount up to $2.7 billion within the next 12 months.

Hewlett Packard Enterprise is subject to income tax in the U.S. and approximately 120 other countries and is subject to routine corporate income tax audits in many of these jurisdictions.

With respect to major foreign tax jurisdictions, HPE is no longer subject to tax authority examinations for years prior to 2005. HPE was subject to a foreign tax audit concerning an intercompany transaction for fiscal 2009 which the Company settled with the relevant taxing authority for $456 million during the third quarter of fiscal 2017. The settlement amount is due to be paid in semi-annual installments over the next three fiscal years. With respect to major state tax jurisdictions, HPE is no longer subject to tax authority examinations for years prior to 2003.

Hewlett Packard Enterprise believes it has provided adequate reserves for all tax deficiencies or reductions in tax benefits that could result from federal, state and foreign tax audits. The Company regularly assesses the likely outcomes of these audits in order to determine the appropriateness of the Company's tax provision. The Company adjusts its uncertain tax positions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular audit. However, income tax audits are inherently unpredictable and there can be no assurance that the Company will accurately predict the outcome of these audits. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in the Provision for taxes and therefore the resolution of one or more of these uncertainties in any particular period could have a material impact on net earnings or cash flows.

Hewlett Packard Enterprise is joint and severally liable for certain pre-Separation tax liabilities of HP Inc. HP Inc. is subject to numerous ongoing audits by federal, state and foreign tax authorities. The IRS is conducting an audit of former Parent's 2009 - 2015 income tax returns. HP Inc. has received from the IRS Notices of Deficiency for its fiscal 1999 - 2000 and 2003 - 2005 tax years, and RARs for its fiscal 2001 - 2002 and 2006 - 2008 tax years.

Hewlett Packard Enterprise has not provided for U.S. federal income and foreign withholding taxes on $12 billion of undistributed earnings from non-U.S. operations as of October 31, 2017 because the Company

Note 8: Taxes on Earnings (Continued)

intends to reinvest such earnings indefinitely outside of the U.S. The undistributed earnings from non-U.S. operations has decreased from October 31, 2016 due to the Everett and Seattle Transactions and utilization of such earnings to fund losses of non-U.S. subsidiaries. If the Company were to distribute these earnings, foreign tax credits may become available under current law to reduce the resulting U.S. income tax liability. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable. The Company will remit non-indefinitely reinvested earnings of its non-U.S. subsidiaries for which deferred U.S. federal and withholding taxes have been provided where excess cash has accumulated and the Company determines that it is advantageous for business operations, tax or cash management reasons.

Deferred Income Taxes

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes.

The significant components of deferred tax assets and deferred tax liabilities were as follows:

	As of October 31,	
	2017	2016
	In millions	
Deferred tax assets:		
Loss and credit carry-forwards	$ 4,775	$ 1,596
Inventory valuation	79	84
Intercompany transactions—royalty prepayments	4,267	4,445
Intercompany transactions—excluding royalty prepayments	129	160
Warranty	156	164
Employee and retiree benefits	661	1,042
Accounts receivable allowance	19	30
Restructuring	186	98
Deferred revenue	757	670
Other	574	463
Total deferred tax assets	11,603	8,752
Valuation allowance	(2,789)	(2,095)
Total deferred tax assets net of valuation allowance	8,814	6,657
Deferred tax liabilities:		
Unremitted earnings from foreign subsidiaries	(3,824)	(3,665)
Fixed assets	(385)	(118)
Intangible assets	(46)	(164)
Total deferred tax liabilities	(4,255)	(3,947)
Net deferred tax assets and liabilities	$ 4,559	$ 2,710

Deferred tax assets and liabilities included in the Consolidated Balance Sheets are as follows:

	As of October 31,	
	2017	2016
	In millions	
Deferred tax assets	$4,663	$2,806
Deferred tax liabilities	(104)	(96)
Deferred tax assets net of deferred tax liabilities	$4,559	$2,710

Note 8: Taxes on Earnings (Continued)

The Company periodically engages in intercompany advanced royalty payment and licensing arrangements that may result in advance payments between subsidiaries in different tax jurisdictions. When the local tax treatment of the intercompany licensing arrangements differs from U.S. GAAP treatment, deferred taxes are recognized. Hewlett Packard Enterprise executed intercompany advanced royalty payment arrangements resulting in advanced payments of $439 million and $3.7 billion during fiscal 2017 and 2016, respectively. In these transactions, the payments were received in the U.S. from a foreign consolidated affiliate, with a deferral of intercompany revenues over the term of the arrangements, approximately 15 years and 5 years, respectively. Intercompany royalty revenue and the amortization expense related to the licensing rights are eliminated in consolidation.

As of October 31, 2017, the Company had $1.0 billion, $1.5 billion and $7.7 billion of federal, state and foreign net operating loss carry-forwards, respectively. Amounts included in state, foreign and federal net operating loss carry-forwards will begin to expire in 2018, 2019, and 2030, respectively. Hewlett Packard Enterprise has provided a valuation allowance of $108 million and $1.4 billion for deferred tax assets related to state and foreign net operating losses carry-forwards, respectively.

As of October 31, 2017, Hewlett Packard Enterprise had recorded deferred tax assets for various tax credit carry-forwards as follows:

	Carryforward	Valuation Allowance	Initial Year of Expiration
	In millions		
U.S. foreign tax credits	$2,623	$ —	2021
U.S. research and development and other credits	110	—	2019
Tax credits in state and foreign jurisdictions	166	(162)	2019
Balance at end of year	$2,899	$(162)	

Deferred Tax Asset Valuation Allowance

The deferred tax asset valuation allowance and changes were as follows:

	As of October 31,		
	2017	2016	2015
	In millions		
Balance at beginning of year	$2,095	$1,572	$ 1,527
Income tax expense	848	(203)	(1,449)
Other comprehensive income, currency translation and charges to other accounts	(154)	726	1,494
Balance at end of year	$2,789	$2,095	$ 1,572

Total valuation allowances increased by $694 million in fiscal 2017, due primarily to the valuation allowance recorded against foreign deferred tax assets related to loss carry-forwards and increases in U.S. domestic valuation allowances on deferred taxes related to state operations. Total valuation allowances increased by $523 million in fiscal 2016 due primarily to the valuation allowance recorded against foreign deferred tax assets related to pension assets and liabilities, partially offset by decreases in foreign deferred tax assets for net operating losses.

Tax Matters Agreement and Other Income Tax Matters

In connection with the Separation, the Company entered into a Tax Matters Agreement with HP Inc., formerly Hewlett-Packard Company. In connection with the Everett and Seattle Transactions, the company entered into a DXC Tax Matters Agreement with DXC and a Micro Focus Tax Matters Agreement with Micro Focus, respectively. See Note 20, ''Guarantees, Indemnifications and Warranties'', for a description of the Tax Matters Agreement, DXC Tax Matters Agreement and Micro Focus Tax Matters Agreement.

Note 9: Balance Sheet Details

Balance sheet details were as follows:

Accounts Receivable, Net

	As of October 31, 2017	As of October 31, 2016
	In millions	
Unbilled receivable	$ 223	$ 150
Accounts receivable	2,892	3,050
Allowance for doubtful accounts	(42)	(49)
Total	$3,073	$3,151

The allowance for doubtful accounts related to accounts receivable and changes therein were as follows:

	As of October 31, 2017	2016	2015
	In millions		
Balance at beginning of year	$ 49	$ 72	$70
Provision for doubtful accounts	16	22	6
Deductions, net of recoveries	(23)	(45)	(4)
Balance at end of year	$ 42	$ 49	$72

The Company has third-party revolving short-term financing arrangements intended to facilitate the working capital requirements of certain customers. The recourse obligations associated with these short-term financing arrangements as of October 31, 2017 and 2016 were not material.

The activity related to Hewlett Packard Enterprise's revolving short-term financing arrangements was as follows:

	As of October 31, 2017	2016	2015
	In millions		
Balance at beginning of period(1)	$ 145	$ 68	$ 188
Trade receivables sold	3,910	3,015	4,221
Cash receipts	(3,937)	(2,931)	(4,327)
Foreign currency and other	3	(7)	(14)
Balance at end of period(1)	$ 121	$ 145	$ 68

(1) Beginning and ending balances represent amounts for trade receivables sold but not yet collected.

Inventory

	As of October 31, 2017	As of October 31, 2016
	In millions	
Finished goods	$1,236	$1,170
Purchased parts and fabricated assemblies	1,079	550
Total	$2,315	$1,720

Note 9: Balance Sheet Details (Continued)

For the fiscal year ended October 31, 2017, the increase in Inventory was due primarily to higher memory component inventory due to price increases and inventory added as a result of acquisitions, primarily SGI and Nimble Storage.

Other Current Assets

	As of October 31,	
	2017	2016
	In millions	
Value-added taxes receivable	$ 819	$ 741
Manufacturer and other receivables	1,185	1,007
Prepaid and other current assets	1,081	946
Total	$3,085	$2,694

Property, Plant and Equipment

	As of October 31,	
	2017	2016
	In millions	
Land	$ 312	$ 353
Buildings and leasehold improvements	2,371	3,483
Machinery and equipment, including equipment held for lease	9,194	9,061
	11,877	12,897
Accumulated depreciation	(5,608)	(6,522)
Total	$ 6,269	$ 6,375

Depreciation expense was $2.2 billion, $2.0 billion and $2.2 billion in fiscal 2017, 2016 and 2015, respectively. The change in gross property, plant and equipment during fiscal 2017 was due primarily to sales and retirements of $3.1 billion and transfers of assets and lease conversion activities in connection with the Everett and Seattle Transactions of $1.2 billion partially offset by purchases and additions as a result of acquisitions of $3.1 billion and favorable currency fluctuations of $0.2 billion. Accumulated depreciation associated with the assets sold and retired was $2.4 billion.

Long-Term Financing Receivables and Other Assets

	As of October 31,	
	2017	2016
	In millions	
Financing receivables, net	$ 4,380	$ 4,584
Deferred tax assets	4,663	2,806
Prepaid pension assets	830	366
Other	2,727	2,720
Total	$12,600	$10,476

For the fiscal year ended October 31, 2017, the change in Long-term financing receivables and other assets was due primarily to an increase in Deferred tax assets. The increase was due primarily to an increase in foreign tax credits as a result of the Seattle Transaction and related internal planning activities.

Note 9: Balance Sheet Details (Continued)

Other Accrued Liabilities

	As of October 31, 2017	As of October 31, 2016
	In millions	
Accrued taxes—other	$ 929	$ 801
Warranty—short-term	269	258
Sales and marketing programs	780	837
Other	1,866	1,821
Total	$3,844	$3,717

Other Liabilities

	As of October 31, 2017	As of October 31, 2016
	In millions	
Pension, post-retirement, and post-employment liabilities	$1,413	$2,101
Deferred revenue—long-term	2,487	2,330
Tax liability—long-term	3,859	3,641
Other long-term liabilities	1,036	802
Total	$8,795	$8,874

For the fiscal year ended October 31, 2017, the change in Other liabilities was due primarily to a decrease in Pension, post-retirement, and post-employment liabilities. See Note 6, ''Retirement and Post-Retirement Benefit Plans'', for the change in the funded status of these plans.

Note 10: Financing Receivables and Operating Leases

Financing receivables represent sales-type and direct-financing leases of the Company and third-party products. These receivables typically have terms ranging from two to five years and are usually collateralized by a security interest in the underlying assets. Financing receivables also include billed receivables from operating leases. The components of financing receivables were as follows:

	As of October 31, 2017	As of October 31, 2016
	In millions	
Minimum lease payments receivable	$ 8,226	$ 8,480
Unguaranteed residual value	272	231
Unearned income	(654)	(678)
Financing receivables, gross	7,844	8,033
Allowance for doubtful accounts	(86)	(89)
Financing receivables, net	7,758	7,944
Less: current portion[(1)]	(3,378)	(3,360)
Amounts due after one year, net[(1)]	$ 4,380	$ 4,584

(1) The Company includes the current portion in Financing receivables, and amounts due after one year, net, in Long-term financing receivables and other assets in the accompanying Consolidated Balance Sheets.

Note 10: Financing Receivables and Operating Leases (Continued)

During the second quarter of fiscal 2017, in connection with the Everett Transaction, the Company converted certain capital lease arrangements with the former ES segment to operating lease assets held by FS. The decrease in financing receivables during the fiscal year ended October 31, 2017 in the table above is due primarily to this conversion of capital leases to operating leases.

As of October 31, 2017, scheduled maturities of the Company's minimum lease payments receivable were as follows:

	2018	2019	2020	2021	2022	Thereafter	Total
	In millions						
Scheduled maturities of minimum lease payments receivable	$3,686	$2,121	$1,350	$690	$302	$77	$8,226

Sale of Financing Receivables

During the fiscal years ended October 31, 2017 and 2016, the Company entered into arrangements to transfer the contractual payments due under certain financing receivables to third party financial institutions, which are accounted for as sales in accordance with Accounting Standards Codification (''ASC'') 860— Transfers and Servicing. The Company derecognizes the carrying value of the receivable transferred and recognizes a net gain or loss on the sale. During the fiscal years ended October 31, 2017 and 2016, the Company sold $130 million and $124 million, respectively, of financing receivables. The gains recognized on the sales of financing receivables were not material for the periods presented.

Credit Quality Indicators

Due to the homogeneous nature of its leasing transactions, the Company manages its financing receivables on an aggregate basis when assessing and monitoring credit risk. Credit risk is generally diversified due to the large number of entities comprising the Company's customer base and their dispersion across many different industries and geographic regions. The Company evaluates the credit quality of an obligor at lease inception and monitors that credit quality over the term of a transaction. The Company assigns risk ratings to each lease based on the creditworthiness of the obligor and other variables that augment or mitigate the inherent credit risk of a particular transaction. Such variables include the underlying value and liquidity of the collateral, the essential use of the equipment, the term of the lease, and the inclusion of credit enhancements, such as guarantees, letters of credit or security deposits.

The credit risk profile of gross financing receivables, based on internal risk ratings, was as follows:

	As of October 31,	
	2017	2016
	In millions	
Risk Rating:		
Low	$4,156	$4,027
Moderate	3,556	3,909
High	132	97
Total	$7,844	$8,033

Accounts rated low risk typically have the equivalent of a Standard & Poor's rating of BBB− or higher, while accounts rated moderate risk generally have the equivalent of BB+ or lower. The Company classifies accounts as high risk when it considers the financing receivable to be impaired or when management believes there is a significant near-term risk of impairment.

Note 10: Financing Receivables and Operating Leases (Continued)

Allowance for Doubtful Accounts

The allowance for doubtful accounts for financing receivables is comprised of a general reserve and a specific reserve. The Company maintains general reserve percentages on a regional basis and bases such percentages on several factors, including consideration of historical credit losses and portfolio delinquencies, trends in the overall weighted-average risk rating of the portfolio, current economic conditions and information derived from competitive benchmarking. The Company excludes accounts evaluated as part of the specific reserve from the general reserve analysis. The Company establishes a specific reserve for financing receivables with identified exposures, such as customer defaults, bankruptcy or other events, that make it unlikely the Company will recover its investment. For individually evaluated receivables, the Company determines the expected cash flow for the receivable, which includes consideration of estimated proceeds from disposition of the collateral, and calculates an estimate of the potential loss and the probability of loss. For those accounts where a loss is considered probable, the Company records a specific reserve. The Company generally writes off a receivable or records a specific reserve when a receivable becomes 180 days past due, or sooner if the Company determines that the receivable is not collectible.

The allowance for doubtful accounts related to financing receivables and changes therein were as follows:

	As of October 31,		
	2017	2016	2015
	In millions		
Balance at beginning of year	$ 89	$ 95	$111
Provision for doubtful accounts	23	11	25
Write-offs	(26)	(17)	(41)
Balance at end of year	$ 86	$ 89	$ 95

The gross financing receivables and related allowance evaluated for loss were as follows:

	As of October 31,	
	2017	2016
	In millions	
Gross financing receivables collectively evaluated for loss	$7,523	$7,750
Gross financing receivables individually evaluated for loss	321	283
Total	$7,844	$8,033
Allowance for financing receivables collectively evaluated for loss	$ 67	$ 73
Allowance for financing receivables individually evaluated for loss	19	16
Total	$ 86	$ 89

Non-Accrual and Past-Due Financing Receivables

The Company considers a financing receivable to be past due when the minimum payment is not received by the contractually specified due date. The Company generally places financing receivables on non-accrual status, which is the suspension of interest accrual, and considers such receivables to be non-performing at the earlier of the time at which full payment of principal and interest becomes doubtful or the receivable becomes 90 days past due. Subsequently, the Company may recognize revenue on non-accrual financing receivables as payments are received, which is on a cash basis, if the Company deems the recorded financing receivable to be fully collectible; however, if there is doubt regarding the ultimate collectability of the recorded financing receivable, all cash receipts are applied to the carrying amount of the financing receivable, which is the cost recovery method. In certain circumstances, such as when the Company deems a delinquency to be of an administrative nature, financing receivables may accrue interest after becoming 90 days past due. The non-accrual status of a financing receivable may not impact a customer's risk rating. After all of a

Note 10: Financing Receivables and Operating Leases (Continued)

customer's delinquent principal and interest balances are settled, the Company may return the related financing receivable to accrual status.

The following table summarizes the aging and non-accrual status of gross financing receivables:

	As of October 31,	
	2017	2016
	In millions	
Billed:[1]		
Current 1-30 days	$ 257	$ 389
Past due 31-60 days	52	54
Past due 61-90 days	15	14
Past due >90 days	58	68
Unbilled sales-type and direct-financing lease receivables	7,462	7,508
Total gross financing receivables	$7,844	$8,033
Gross financing receivables on non-accrual status[2]	$ 188	$ 163
Gross financing receivables 90 days past due and still accruing interest[2]	$ 133	$ 120

(1) Includes billed operating lease receivables and billed sales-type and direct-financing lease receivables.

(2) Includes billed operating lease receivables and billed and unbilled sales-type and direct-financing lease receivables.

Operating Leases

Operating lease assets included in Property, plant and equipment in the Consolidated Balance Sheets were as follows:

	As of October 31,	
	2017	2016
	In millions	
Equipment leased to customers	$ 7,356	$ 5,467
Accumulated depreciation	(2,943)	(2,134)
Total	$ 4,413	$ 3,333

The increase in operating lease assets during the fiscal year ended October 31, 2017 was primarily a result of the Everett Transaction, as operating leases held with the former ES segment were treated as intercompany leases until the close of the transaction. As of April 1, 2017, these leases became third party leases held with DXC.

As of October 31, 2017, minimum future rentals on non-cancelable operating leases related to leased equipment were as follows:

	2018	2019	2020	2021	2022	Thereafter	Total
	In millions						
Minimum future rentals on non-cancelable operating leases	$2,026	$1,284	$509	$73	$17	$1	$3,910

Note 11: Acquisitions and Divestitures

The purchase price allocations for the acquisitions described below reflect various preliminary fair value estimates and analysis, including preliminary work performed by third-party valuation specialists, certain

Note 11: Acquisitions and Divestitures (Continued)

tangible assets and liabilities acquired, the valuation of intangible assets acquired, certain legal matters, income and income based taxes, and residual goodwill, which are subject to change within the measurement period as valuations are finalized. Measurement period adjustments are recorded in the reporting period in which the estimates are finalized and adjustment amounts are determined.

Pro forma results of operations for these acquisitions have not been presented because they are not material to the Company's consolidated results of operations, either individually or in the aggregate. Goodwill, which represents the excess of the purchase price over the net tangible and intangible assets acquired, is not deductible for tax purposes.

Acquisitions in Fiscal 2017

During fiscal 2017, the Company completed six acquisitions. The following table presents the aggregate purchase price allocation, including those items that are still preliminary allocations, for the Company's acquisitions for the fiscal year ended October 31, 2017:

	In millions
Goodwill	$1,427
Amortizable intangible assets	603
In-process research and development	85
Net assets assumed	340
Total fair value consideration	$2,455

On September 15, 2017, the Company completed the acquisition of Cloud Technology Partners (''CTP''), a cloud consulting, design and advisory services company. CTP's results of operations are included within the Enterprise Group segment.

On April 17, 2017, the Company completed the acquisition of Nimble Storage, a provider of predictive all-flash and hybrid-flash storage solutions. Nimble Storage's results of operations are included within the Enterprise Group segment. The acquisition date fair value consideration of $1.2 billion primarily consisted of cash paid for outstanding common stock, vested in-the-money stock awards, and the estimated fair value of earned unvested stock awards assumed by the Company. In connection with this acquisition, the Company recorded approximately $755 million of goodwill, $291 million of intangible assets, and $31 million of in-process research and development. The Company is amortizing the intangible assets on a straight-line basis over an estimated weighted-average useful life of five years.

On February 17, 2017, the Company completed the acquisition of SimpliVity, a provider of software-defined, hyperconverged infrastructure. SimpliVity's results of operations are included within the Enterprise Group segment. The acquisition date fair value consideration of $651 million primarily consisted of cash paid for outstanding common stock, debt, and the estimated fair value of earned unvested stock awards assumed by the Company. In connection with this acquisition, the Company recorded approximately $442 million of goodwill, $118 million of intangible assets, and $24 million of in-process research and development. The Company is amortizing the intangible assets on a straight-line basis over an estimated weighted-average useful life of five years.

On November 1, 2016, the Company completed the acquisition of SGI, a provider of high-performance solutions for computer data analytics and data management. SGI's results of operations are included within the Enterprise Group segment. The acquisition date fair value consideration of $349 million consisted of cash paid for outstanding common stock, debt, and the estimated fair value of earned unvested stock awards assumed by the Company. In connection with this acquisition, the Company recorded approximately $75 million of goodwill, $150 million of intangible assets, and $30 million of in-process research and development. The

Note 11: Acquisitions and Divestitures (Continued)

Company is amortizing the intangible assets on a straight-line basis over an estimated weighted-average useful life of five years.

Divestitures in Fiscal 2016

In fiscal 2016, the Company completed three divestitures, which resulted in $3.0 billion of net proceeds. These divestitures primarily represent the sale of the Company's controlling interest in H3C and MphasiS, which are discussed further below. The gains associated with the sale of the Company's controlling interest in H3C and MphasiS are included in Gain on H3C and MphasiS divestitures in the Consolidated Statement of Earnings for the fiscal year ended October 31, 2016.

In May 2016, the Company executed its joint partnership agreement with Tsinghua Holdings to bring together the Chinese enterprise technology assets of the Company and Tsinghua University to create a Chinese business provider of technology infrastructure. Under the definitive agreement, Tsinghua Holdings' subsidiary, Unisplendour Corporation, purchased 51% of the new business named H3C for $2.6 billion, which includes purchase consideration adjustments. H3C is comprised of the Company's former H3C Technologies and China-based server, storage and technology services businesses (''H3C disposal group''), which were previously reported within the EG segment until the time of the sale. As a result of the H3C divestiture, the Company recognized a gain of $2.2 billion. The Company's remaining China subsidiary maintains 100% ownership of its existing China-based Enterprise Services, Software and Helion Cloud businesses. The new H3C is the exclusive provider of the Company's server and storage portfolio, as well as the Company's exclusive hardware support services provider in China, customized for that market.

The results of the H3C disposal group, which represented 100% of the Company's H3C Technologies and China-based server, storage and technology services businesses, were reflected in the Company's Consolidated and Combined Financial Statements through the date of closing. The pre-tax earnings for the fiscal years ended October 31, 2016 and 2015 were $182 million and $286 million, respectively. The Company's remaining 49% ownership is accounted for under the equity method of accounting, and its proportionate share of H3C's earnings are included in Loss from equity interests in the Consolidated and Combined Statements of Earnings. See Note 22, ''Equity Method Investments'' for additional information.

In April 2016, the Company signed a definitive agreement with The Blackstone Group to sell the Company's equity stake in MphasiS Limited, an IT services provider headquartered in Bangalore, India, for Indian Rupees (''INR'') 430 per share. On September 1, 2016, the Company closed the MphasiS divestiture by selling its full equity stake, which was valued at $824 million at the purchase price of INR 430 per share. As a result of the MphasiS divestiture, the Company recognized a gain of $253 million.

Acquisitions in Fiscal 2015

In fiscal 2015, the Company completed four acquisitions. The following table presents the aggregate purchase price allocation, including those items that were preliminary allocations, for the Company's acquisitions for the fiscal year ended October 31, 2015:

	In millions
Goodwill	$1,891
Amortizable intangible assets	656
In-process research and development	159
Net assets assumed	205
Total fair value of consideration	$2,911

Note 11: Acquisitions and Divestitures (Continued)

The Company's largest acquisition in fiscal 2015 was Aruba, which was completed in May 2015. The Company reports the financial results of Aruba's business in the Networking business unit within the EG segment. The acquisition date fair value of consideration of $2.8 billion consisted of cash paid for outstanding common stock, vested in-the-money stock awards and the estimated fair value of earned unvested stock awards assumed by the Company. In connection with this acquisition, the Company recorded approximately $1.8 billion of goodwill, $643 million of intangible assets and $153 million of in-process research and development. The Company is amortizing the intangible assets on a straight-line basis over an estimated weighted-average life of six years.

Note 12: Goodwill and Intangible Assets

Goodwill

Goodwill and related changes in the carrying amount by reportable segment were as follows:

	Enterprise Group	Financial Services	Corporate Investments[1]	Total
	In millions			
Balance at October 31, 2015	$18,712	$144	$ 92	$18,948
Goodwill acquired during the period	2	—	—	2
Goodwill divested during the period[2]	(3,000)	—	(90)	(3,090)
Changes due to foreign currency	(28)	—	(2)	(30)
Goodwill adjustments[3]	260	—	—	260
Balance at October 31, 2016	15,946	144	—	16,090
Goodwill acquired during the period	1,427	—	—	1,427
Changes due to foreign currency	1	—	—	1
Goodwill adjustments	(2)	—	—	(2)
Balance at October 31, 2017	$17,372	$144	$—	$17,516

(1) Goodwill related to MphasiS, which was divested in the fourth quarter of fiscal 2016.

(2) Goodwill divested as part of the H3C divestiture and sale of MphasiS, which were previously reported within the EG segment and Corporate Investments segment, respectively.

(3) Primarily measurement period adjustments to provisional tax items recorded in conjunction with the Aruba acquisition.

Goodwill Impairments

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2017, the Company's reporting units were consistent with the reportable segments identified in Note 3, ''Segment Information''. Based on the results of the Company's annual impairment tests for fiscal 2017, 2016, and 2015, the Company determined that no impairment of goodwill existed.

Note 12: Goodwill and Intangible Assets (Continued)

Intangible Assets

Intangible assets are comprised of:

	As of October 31, 2017			As of October 31, 2016		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	In millions					
Customer contracts, customer lists and distribution agreements	$ 268	$ (71)	$ 197	$ 173	$ (78)	$ 95
Developed and core technology and patents	1,133	(427)	706	1,037	(498)	539
Trade name and trade marks	87	(23)	64	49	(8)	41
In-process research and development	75	—	75	—	—	—
Total intangible assets	$1,563	$(521)	$1,042	$1,259	$(584)	$675

For fiscal 2017, the increase in gross intangible assets was due primarily to $688 million of purchases related to acquisitions, partially offset by $384 million of intangible assets which became fully amortized and were eliminated from gross intangible assets and accumulated amortization. Intangible asset amortization expense for the fiscal year ended October 31, 2017 was $321 million.

For fiscal 2016, the decrease in gross intangible assets was due primarily to $189 million of intangible assets which became fully amortized and were eliminated from gross intangible assets and accumulated amortization, and $355 million of intangible assets that were divested, of which $293 million was accumulated amortization. The decrease was partially offset by $7 million of purchases related to an acquisition. Intangible asset amortization expense for the fiscal year ended October 31, 2016 was $272 million.

In-process research and development consists of efforts that are in process on the date the Company acquires a business. Under the accounting guidance for intangible assets, in-process research and development acquired in a business combination is considered an indefinite-lived intangible asset until completion or abandonment of the associated research and development efforts. The Company begins amortizing its in-process research and development intangible assets upon completion of the projects. If an in-process research and development project is abandoned, the Company records an expense for the value of the related intangible asset to its Consolidated and Combined Statement of Earnings in the period of abandonment. The Company reclassified in-process research and development assets acquired of $10 million and $159 million to developed and core technology and patents as the projects were completed, and began amortization during fiscal 2017 and fiscal 2016, respectively.

As of October 31, 2017, the weighted-average remaining useful lives of the Company's finite-lived intangible assets were as follows:

Finite-Lived Intangible Assets	Weighted-Average Remaining Useful Lives
	In years
Customer contracts, customer lists and distribution agreements	4
Developed and core technology and patents	5
Trade name and trade marks	5

Note 12: Goodwill and Intangible Assets (Continued)

As of October 31, 2017, estimated future amortization expense related to finite-lived intangible assets was as follows:

Fiscal year	In millions
2018	$281
2019	227
2020	176
2021	108
2022	81
Thereafter	94
Total	$967

Note 13: Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy

The Company uses valuation techniques that are based upon observable and unobservable inputs. Observable inputs are developed using market data such as publicly available information and reflect the assumptions market participants would use, while unobservable inputs are developed using the best information available about the assumptions market participants would use. Assets and liabilities are classified in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2—Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3—Unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to observable inputs and lowest priority to unobservable inputs.

Note 13: Fair Value (Continued)

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis:

	As of October 31, 2017				As of October 31, 2016			
	Fair Value Measured Using				Fair Value Measured Using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	In millions							
Assets								
Cash Equivalents and Investments:								
Time deposits	$ —	$1,159	$—	$1,159	$ —	$4,074	$—	$ 4,074
Money market funds	5,592	—	—	5,592	6,549	—	—	6,549
Equity securities in public companies	—	—	—	—	16	—	—	16
Foreign bonds	9	214	—	223	—	153	—	153
Other debt securities	—	—	26	26	—	—	28	28
Derivative Instruments:								
Interest rate contracts	—	—	—	—	—	109	—	109
Foreign exchange contracts	—	259	—	259	—	608	—	608
Other derivatives	—	1	—	1	—	—	—	—
Total assets	$5,601	$1,633	$ 26	$7,260	$6,565	$4,944	$ 28	$11,537
Liabilities								
Derivative Instruments:								
Interest rate contracts	$ —	$ 142	$—	$ 142	$ —	$ 6	$—	$ 6
Foreign exchange contracts	—	335	—	335	—	211	—	211
Other derivatives	—	—	—	—	—	2	—	2
Total liabilities	$ —	$ 477	$—	$ 477	$ —	$ 219	$—	$ 219

For the fiscal year ended October 31, 2017, there were no transfers between levels within the fair value hierarchy. For the fiscal year ended October 31, 2016, there were no material transfers between levels within the fair value hierarchy.

Valuation Techniques

Cash Equivalents and Investments: The Company holds time deposits, money market funds, debt securities primarily consisting of corporate and foreign government notes and bonds, and equity securities. The Company values cash equivalents and equity investments using quoted market prices, alternative pricing sources, including net asset value, or models utilizing market observable inputs. The fair value of debt investments was based on quoted market prices or model-driven valuations using inputs primarily derived from or corroborated by observable market data, and, in certain instances, valuation models that utilize assumptions which cannot be corroborated with observable market data.

Derivative Instruments: The Company uses forward contracts, interest rate and total return swaps to hedge certain foreign currency and interest rate exposures. The Company uses industry standard valuation models to measure fair value. Where applicable, these models project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rate curves, the Company and counterparties' credit risk, foreign currency exchange rates, and forward and spot prices for currencies and interest rates. See Note 14, ''Financial Instruments'', for a further discussion of the Company's use of derivative instruments.

Note 13: Fair Value (Continued)

Other Fair Value Disclosures

Short- and Long-Term Debt: The Company estimates the fair value of its debt primarily using an expected present value technique, which is based on observable market inputs using interest rates currently available to companies of similar credit standing for similar terms and remaining maturities, and considering its own credit risk. The portion of the Company's debt that is hedged is reflected in the Consolidated Balance Sheets as an amount equal to the debt's carrying amount and a fair value adjustment representing changes in the fair value of the hedged debt obligations arising from movements in benchmark interest rates. At October 31, 2017, the estimated fair value of the Company's short-term and long-term debt was $14.6 billion and the carrying value was $14.0 billion. As of October 31, 2016, the estimated fair value of the Company's short-term and long-term debt was $16.3 billion and the carrying value was $15.7 billion. If measured at fair value in the Consolidated Balance Sheets, short-term and long-term debt would be classified in Level 2 of the fair value hierarchy.

Other Financial Instruments: For the balance of the Company's financial instruments, primarily accounts receivable, accounts payable and financial liabilities included in other accrued liabilities, the carrying amounts approximate fair value due to their short maturities. If measured at fair value in the Consolidated Balance Sheets, these other financial instruments would be classified in Level 2 or Level 3 of the fair value hierarchy.

Non-Marketable Equity Investments and Non-Financial Assets: The Company's non-marketable equity investments and non-financial assets, such as intangible assets, goodwill and property, plant and equipment, are recorded at fair value in the period an impairment charge is recognized. If measured at fair value in the Consolidated Balance Sheets, these would generally be classified in Level 3 of the fair value hierarchy.

Note 14: Financial Instruments

Cash Equivalents and Available-for-Sale Investments

Cash equivalents and available-for-sale investments were as follows:

	As of October 31, 2017				As of October 31, 2016			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	In millions							
Cash Equivalents:								
Time deposits	$1,159	$—	$—	$1,159	$ 4,074	$—	$—	$ 4,074
Money market funds	5,592	—	—	5,592	6,549	—	—	6,549
Total cash equivalents	6,751	—	—	6,751	10,623	—	—	10,623
Available-for-Sale Investments:								
Debt securities:								
Foreign bonds	183	40	—	223	111	42	—	153
Other debt securities	37	—	(11)	26	40	—	(12)	28
Total debt securities	220	40	(11)	249	151	42	(12)	181
Equity securities:								
Equity securities in public companies	—	—	—	—	20	—	(4)	16
Total equity securities	—	—	—	—	20	—	(4)	16
Total available-for-sale investments	220	40	(11)	249	171	42	(16)	197
Total cash equivalents and available-for-sale investments	$6,971	$40	$(11)	$7,000	$10,794	$42	$(16)	$10,820

Note 14: Financial Instruments (Continued)

All highly liquid investments with original maturities of three months or less at the date of acquisition are considered cash equivalents. As of October 31, 2017 and 2016, the carrying amount of cash equivalents approximated fair value due to the short period of time to maturity. Interest income related to cash, cash equivalents and debt securities was approximately $104 million in fiscal 2017, $105 million in fiscal 2016 and $54 million in fiscal 2015. Time deposits were primarily issued by institutions outside the U.S. as of October 31, 2017 and 2016. The estimated fair value of the available-for-sale investments may not be representative of values that will be realized in the future.

The gross unrealized loss as of October 31, 2017 and 2016 was due primarily to a decline in the fair value of a debt security of $11 million and $12 million, respectively, that has been in a continuous loss position for more than twelve months. The Company does not intend to sell this debt security, and it is not likely that the Company will be required to sell this debt security prior to the recovery of the amortized cost.

Contractual maturities of investments in available-for-sale debt securities were as follows:

	As of October 31, 2017	
	Amortized Cost	Fair Value
	In millions	
Due in more than five years	$220	$249

Equity securities in privately held companies that are accounted for as cost basis investments are included in Long-term financing receivables and other assets in the Consolidated Balance Sheets. These investments amounted to $149 million and $128 million at October 31, 2017 and 2016, respectively.

Investments in equity securities that are accounted for using the equity method are included in Investments in equity interests in the Consolidated Balance Sheet. These amounted to $2.5 billion and $2.6 billion at October 31, 2017 and 2016, respectively. For additional information, see Note 22, ''Equity Method Investments''.

Derivative Instruments

The Company is a global company exposed to foreign currency exchange rate fluctuations and interest rate changes in the normal course of its business. As part of its risk management strategy, the Company uses derivative instruments, primarily forward contracts, interest rate swaps and total return swaps to hedge certain foreign currency, interest rate and, to a lesser extent, equity exposures. The Company's objective is to offset gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them, thereby reducing volatility of earnings or protecting the fair value of assets and liabilities. The Company does not have any leveraged derivatives and does not use derivative contracts for speculative purposes. The Company may designate its derivative contracts as fair value hedges, cash flow hedges or hedges of the foreign currency exposure of a net investment in a foreign operation (''net investment hedges''). Additionally, for derivatives not designated as hedging instruments, the Company categorizes those economic hedges as other derivatives. Derivative instruments directly attributable to the Company are recognized at fair value in the Consolidated Balance Sheets. The change in fair value of the derivative instruments is recognized in the Consolidated and Combined Statements of Earnings or Consolidated and Combined Statements of Comprehensive Income depending upon the type of hedge as further discussed below. The Company classifies cash flows from its derivative programs with the activities that correspond to the underlying hedged items in the Consolidated and Combined Statements of Cash Flows.

As a result of its use of derivative instruments, the Company is exposed to the risk that its counterparties will fail to meet their contractual obligations. To mitigate counterparty credit risk, the Company has a policy of only entering into derivative contracts with carefully selected major financial institutions based on their credit

Note 14: Financial Instruments (Continued)

ratings and other factors, and the Company maintains dollar risk limits that correspond to each financial institution's credit rating and other factors. The Company's established policies and procedures for mitigating credit risk include reviewing and establishing limits for credit exposure and periodically reassessing the creditworthiness of its counterparties. Master netting agreements also mitigate credit exposure to counterparties by permitting the Company to net amounts due from the Company to a counterparty against amounts due to the Company from the same counterparty under certain conditions.

To further mitigate credit exposure to counterparties, the Company has collateral security agreements, which allows the Company to hold collateral from, or require the Company to post collateral to, counterparties when aggregate derivative fair values exceed contractually established thresholds which are generally based on the credit ratings of the Company and its counterparties. If the Company's credit rating falls below a specified credit rating, the counterparty has the right to request full collateralization of the derivatives' net liability position. Conversely, if the counterparty's credit rating falls below a specified credit rating, the Company has the right to request full collateralization of the derivatives' net liability position. Collateral is generally posted within two business days. The fair value of the Company's derivatives with credit contingent features in a net liability position was $265 million and $9 million at October 31, 2017 and 2016, respectively, all of which were fully collateralized within two business days.

Under the Company's derivative contracts, the counterparty can terminate all outstanding trades following a covered change of control event affecting the Company that results in the surviving entity being rated below a specified credit rating. This credit contingent provision did not affect the Company's financial position or cash flows as of October 31, 2017 and 2016.

Fair Value Hedges

The Company issues long-term debt in U.S. dollars based on market conditions at the time of financing. The Company may enter into fair value hedges, such as interest rate swaps, to reduce the exposure of its debt portfolio to changes in fair value resulting from changes in interest rates by achieving a primarily U.S. dollar LIBOR-based floating interest rate. The swap transactions generally involve principal and interest obligations for U.S. dollar-denominated amounts. Alternatively, the Company may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if it believes a larger proportion of fixed-rate debt would be beneficial. When investing in fixed-rate instruments, the Company may enter into interest rate swaps that convert the fixed interest payments into variable interest payments and may designate these swaps as fair value hedges.

For derivative instruments that are designated and qualify as fair value hedges, the Company recognizes the change in fair value of the derivative instrument, as well as the offsetting change in the fair value of the hedged item, in Interest and other, net in the Consolidated and Combined Statements of Earnings in the period of change.

Cash Flow Hedges

The Company uses forward contracts designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in its forecasted net revenue and, to a lesser extent, cost of sales, operating expenses, and intercompany loans denominated in currencies other than the U.S. dollar. The Company's foreign currency cash flow hedges mature generally within twelve months; however, forward contracts associated with sales-type and direct-financing leases and intercompany loans extend for the duration of the lease or loan term, which typically range from two to five years.

For derivative instruments that are designated and qualify as cash flow hedges, the Company initially records changes in fair value for the effective portion of the derivative instrument in Accumulated other comprehensive loss as a separate component of equity in the Consolidated Balance Sheets and subsequently

Note 14: Financial Instruments (Continued)

reclassifies these amounts into earnings in the period during which the hedged transaction is recognized in earnings. The Company reports the effective portion of its cash flow hedges in the same financial statement line item as changes in the fair value of the hedged item.

Net Investment Hedges

The Company uses forward contracts designated as net investment hedges to hedge net investments in certain foreign subsidiaries whose functional currency is the local currency. The Company records the effective portion of such derivative instruments together with changes in the fair value of the hedged items in Cumulative translation adjustment as a separate component of Equity in the Consolidated Balance Sheets.

Other Derivatives

Other derivatives not designated as hedging instruments consist primarily of forward contracts used to hedge foreign currency-denominated balance sheet exposures. The Company also uses total return swaps and, to a lesser extent, interest rate swaps, based on equity or fixed income indices, to hedge its executive deferred compensation plan liability.

For derivative instruments not designated as hedging instruments, the Company recognizes changes in fair value of the derivative instrument, as well as the offsetting change in the fair value of the hedged item, in Interest and other, net in the Consolidated and Combined Statements of Earnings in the period of change.

Hedge Effectiveness

For interest rate swaps designated as fair value hedges, the Company measures hedge effectiveness by offsetting the change in fair value of the hedged items with the change in fair value of the derivative. For forward contracts designated as cash flow or net investment hedges, the Company measures hedge effectiveness by comparing the cumulative change in fair value of the hedge contract with the cumulative change in fair value of the hedged item, both of which are based on forward rates. The Company recognizes any ineffective portion of the hedge in the Consolidated and Combined Statements of Earnings in the same period in which ineffectiveness occurs. Amounts excluded from the assessment of effectiveness are recognized in the Consolidated and Combined Statements of Earnings in the period they arise.

Note 14: Financial Instruments (Continued)

Fair Value of Derivative Instruments in the Consolidated Balance Sheets

The gross notional and fair value of derivative instruments in the Consolidated Balance Sheets was as follows:

	As of October 31, 2017					As of October 31, 2016				
		Fair Value					Fair Value			
	Outstanding Gross Notional	Other Current Assets	Long-Term Financing Receivables and Other Assets	Other Accrued Liabilities	Long-Term Other Liabilities	Outstanding Gross Notional	Other Current Assets	Long-Term Financing Receivables and Other Assets	Other Accrued Liabilities	Long-Term Other Liabilities
	In millions									
Derivatives designated as hedging instruments										
Fair value hedges:										
Interest rate contracts	$ 9,500	$—	$—	$ 16	$126	$ 9,500	$—	$109	$—	$ 6
Cash flow hedges:										
Foreign currency contracts	7,202	105	45	101	70	6,295	244	172	31	15
Net investment hedges:										
Foreign currency contracts	1,944	35	10	36	41	1,891	53	28	23	28
Total derivatives designated as hedging instruments	18,646	140	55	153	237	17,686	297	309	54	49
Derivatives not designated as hedging instruments										
Foreign currency contracts	9,552	61	3	79	8	16,496	100	11	103	11
Other derivatives	96	1	—	—	—	124	—	—	2	—
Total derivatives not designated as hedging instruments	9,648	62	3	79	8	16,620	100	11	105	11
Total derivatives	$28,294	$202	$58	$232	$245	$34,306	$397	$320	$159	$60

Offsetting of Derivative Instruments

The Company recognizes all derivative instruments on a gross basis in the Consolidated Balance Sheets. The Company's derivative instruments are subject to master netting arrangements and collateral security arrangements. The Company does not offset the fair value of its derivative instruments against the fair value of cash collateral posted under collateral security agreements. As of October 31, 2017 and 2016, information

Note 14: Financial Instruments (Continued)

related to the potential effect of the Company's use of the master netting agreements and collateral security agreements was as follows:

	As of October 31, 2017					
	In the Consolidated Balance Sheets					
	(i)	(ii)	(iii) = (i) − (ii)	(iv)	(v)	(vi) = (iii) − (iv) − (v)
				Gross Amounts Not Offset		
	Gross Amount Recognized	Gross Amount Offset	Net Amount Presented	Derivatives	Financial Collateral	Net Amount
	In millions					
Derivative assets	$260	$—	$260	$209	$ 34[1]	$17
Derivative liabilities	$477	$—	$477	$209	$242[2]	$26

	As of October 31, 2016					
	In the Consolidated Balance Sheets					
	(i)	(ii)	(iii) = (i) − (ii)	(iv)	(v)	(vi) = (iii) − (iv) − (v)
				Gross Amounts Not Offset		
	Gross Amount Recognized	Gross Amount Offset	Net Amount Presented	Derivatives	Financial Collateral	Net Amount
	In millions					
Derivative assets	$717	$—	$717	$207	$465[1]	$45
Derivative liabilities	$219	$—	$219	$207	$ 10[3]	$ 2

(1) Represents the cash collateral posted by counterparties as of the respective reporting date for the Company's asset position, net of derivative amounts that could be offset, as of, generally, two business days prior to the respective reporting date.

(2) Represents the collateral posted by the Company in cash or through re-use of counterparty cash collateral as of the respective reporting date for the Company's liability position, net of derivative amounts that could be offset, as of, generally, two business days prior to the respective reporting date. Of the $242 million of collateral posted, $220 million was in cash and $22 million was through re-use of counterparty collateral.

(3) Represents the collateral posted by the Company through re-use of counterparty cash collateral as of the respective reporting date for the Company's liability position, net of derivative amounts that could be offset, as of, generally, two business days prior to the respective reporting date.

Effect of Derivative Instruments on the Consolidated and Combined Statements of Earnings

The pre-tax effect of derivative instruments and related hedged items in a fair value hedging relationship for the fiscal years ended October 31, 2017, 2016 and 2015 was as follows:

	Gains (Losses) Recognized in Income on Derivative and Related Hedged Item								
Derivative Instrument	**Location**	**2017**	**2016**	**2015**	**Hedged Item**	**Location**	**2017**	**2016**	**2015**
		In millions					In millions		
Interest rate contracts	Interest and other, net	$(245)	$158	$ (55)	Fixed-rate debt	Interest and other, net	$245	$(158)	$55

Note 14: Financial Instruments (Continued)

The pre-tax effect of derivative instruments in cash flow and net investment hedging relationships for the fiscal years ended October 31, 2017, 2016 and 2015 was as follows:

	Gains (Losses) Recognized in OCI on Derivatives (Effective Portion)			Gains (Losses) Reclassified from Accumulated OCI Into Earnings (Effective Portion)			
	2017	2016	2015	Location	2017	2016	2015
	In millions				In millions		
Cash flow hedges:							
Foreign currency contracts	$(113)	$ (71)	$159	Net revenue	$ (68)	$ (48)	$156
Foreign currency contracts	(1)	1	—	Cost of products	—	—	—
Foreign currency contracts	—	—	(1)	Other operating expenses	—	—	—
Foreign currency contracts	—	—	—	Gain on H3C and MphasiS divestitures	—	8	—
Foreign currency contracts	159	236	207	Interest and other, net	170	243	202
Subtotal	45	166	365	Net earnings from continuing operations	102	203	358
Foreign currency contracts	1	60	116	Net loss from discontinued operations	43	67	122
Total cash flow hedges	$ 46	$226	$481	Net earnings	$145	$270	$480
Net investment hedges:							
Foreign currency contracts	$ (71)	$ (58)	$228	Interest and other, net	$—	$—	$—

As of October 31, 2017, 2016 and 2015 no portion of the hedging instruments' gain or loss was excluded from the assessment of effectiveness for fair value, cash flow or net investment hedges. Hedge ineffectiveness for fair value, cash flow and net investment hedges was not material for fiscal 2017, 2016 and 2015.

As of October 31, 2017, the Company expects to reclassify an estimated net accumulated other comprehensive loss of approximately $41 million, net of taxes, to earnings in the next twelve months along with the earnings effects of the related forecasted transactions associated with cash flow hedges.

The pre-tax effect of derivative instruments not designated as hedging instruments on the Consolidated and Combined Statements of Earnings for the fiscal years ended October 31, 2017, 2016 and 2015 was as follows:

	Gains (Losses) Recognized in Income on Derivatives			
	Location	2017	2016	2015
		In millions		
Foreign currency contracts	Interest and other, net	$(443)	$(425)	$11
Other derivatives	Interest and other, net	3	(4)	1
Total		$(440)	$(429)	$12

Note 15: Borrowings

Notes Payable and Short-Term Borrowings

Notes payable and short-term borrowings, including the current portion of long-term debt, were as follows:

	As of October 31,			
	2017		2016	
	Amount Outstanding	Weighted-Average Interest Rate	Amount Outstanding	Weighted-Average Interest Rate
	Dollars in millions			
Current portion of long-term debt	$3,005	3.2%	$2,772	1.7%
FS Commercial paper	401	(0.1)%	326	0.1%
Notes payable to banks, lines of credit and other[1]	444	1.8%	427	2.0%
Total notes payable and short-term borrowings	$3,850		$3,525	

[1] Notes payable to banks, lines of credit and other includes $390 million and $381 million at October 31, 2017 and 2016, respectively, of borrowing- and funding-related activity associated with FS and its subsidiaries.

Note 15: Borrowings (Continued)

Long-Term Debt

	As of October 31, 2017	As of October 31, 2016
	In millions	
Hewlett Packard Enterprise Senior Notes[1]		
$2,250 issued at discount to par at a price of 99.944% in October 2015 at 2.45%, due October 5, 2017, interest payable semi-annually on April 5 and October 5 of each year	$ —	$ 2,249
$2,650 issued at discount to par at a price of 99.872% in October 2015 at 2.85%, due October 5, 2018, interest payable semi-annually on April 5 and October 5 of each year	2,648	2,648
$1,100 issued at discount to par at a price of 99.994% in September 2017 at 2.10%, due October 4, 2019, interest payable semi-annually on April 4 and October 4 of each year	1,100	—
$3,000 issued at discount to par at a price of 99.972% in October 2015 at 3.6%, due October 15, 2020, interest payable semi-annually on April 15 and October 15 of each year	3,000	2,999
$1,350 issued at discount to par at a price of 99.802% in October 2015 at 4.4%, due October 15, 2022, interest payable semi-annually on April 15 and October 15 of each year	1,348	1,348
$2,500 issued at discount to par at a price of 99.725% in October 2015 at 4.9%, due October 15, 2025, interest payable semi-annually on April 15 and October 15 of each year	2,495	2,494
$750 issued at discount to par at a price of 99.942% in October 2015 at 6.2%, due October 15, 2035, interest payable semi-annually on April 15 and October 15 of each year	750	750
$1,500 issued at discount to par at a price of 99.932% in October 2015 at 6.35%, due October 15, 2045, interest payable semi-annually on April 15 and October 15 of each year	1,499	1,499
$350 issued at par in October 2015 at three-month USD LIBOR plus 1.74%, due October 5, 2017, interest payable quarterly on January 5, April 5, July 5 and October 5 of each year	—	350
$250 issued at par in October 2015 at three-month USD LIBOR plus 1.93%, due October 5, 2018, interest payable quarterly on January 5, April 5, July 5 and October 5 of each year	250	250
Other, including capital lease obligations, at 0.00%-6.05%, due in calendar years 2017-2030[2]	286	300
Fair value adjustment related to hedged debt	(142)	103
Unamortized debt issuance costs[3]	(47)	(50)
Less: current portion	(3,005)	(2,772)
Total long-term debt	$10,182	$12,168

(1) The Company may redeem some or all of the fixed-rate Hewlett Packard Enterprise Senior Notes at any time in accordance with the terms thereof.

(2) Other, including capital lease obligations includes $160 million and $181 million as of October 31, 2017 and 2016, respectively, of borrowing- and funding-related activity associated with FS and its subsidiaries that are collateralized by receivables and underlying assets associated with the related capital and operating leases. For both the periods presented, the carrying amount of the assets approximated the carrying amount of the borrowings.

(3) In April 2015, the FASB issued ASU 2015-03, which simplifies the presentation of debt issuance costs by requiring debt issuance costs to be presented as a deduction from the corresponding debt liability rather

Note 15: Borrowings (Continued)

than an asset that is amortized. During the first quarter of fiscal 2017, the Company adopted the standard retrospectively for the prior period presented.

Interest expense on borrowings recognized in the Consolidated and Combined Statements of Earnings was as follows:

Expense	Location	Fiscal years ended October 31, 2017	2016	2015
		In millions		
Financing interest	Financing interest	$265	$249	$240
Interest expense	Interest and other, net	334	298	9
Total interest expense		$599	$547	$249

Hewlett Packard Enterprise Senior Notes

On October 9, 2015, Hewlett Packard Enterprise completed its offering of $14.0 billion of fixed rate notes and $0.6 billion of floating rate notes, with the interest rate and maturity date described in the table above. The Notes are Hewlett Packard Enterprise's senior unsecured obligations and rank equally in right of payment with all of Hewlett Packard Enterprise's existing and future senior unsecured indebtedness. Hewlett Packard Enterprise distributed approximately $14.5 billion of net proceeds from the Notes offering to HP Co.

On December 30, 2016, Hewlett Packard Enterprise exchanged new registered Notes for all of the outstanding $14.6 billion of unregistered Senior Notes. The terms of the new registered Notes in the exchange offer are substantially identical to the terms of the previously unregistered Senior Notes, except that the new Notes are registered under the Securities Act, and certain transfer restrictions, registration rights and additional interest provisions relating to the outstanding Senior Notes do not apply to the new Notes.

On April 28, 2017, the Company used a portion of the $3.0 billion cash dividend received from Everett to redeem $1.5 billion face value of the 2.450% Senior Notes with an original maturity date of October 5, 2017. A proportional amount of unamortized discount and debt issuance costs were allocated to the retired debt. These costs, along with the redemption price of $1.5 billion resulted in an immaterial loss.

On September 20, 2017, Hewlett Packard Enterprise completed its offering of $1.1 billion of new 2.100% registered notes due October 4, 2019. The Company used the net proceeds to fund the repayment of the remaining $750 million outstanding principal amount of its 2.450% notes due October 5, 2017 and the repayment of the $350 million outstanding principal amount of its floating rate notes due October 5, 2017.

As disclosed in Note 14, ''Financial Instruments'', the Company uses interest rate swaps to mitigate the exposure of its debt portfolio to changes in fair value resulting from changes in interest rates by achieving a primarily U.S. dollar LIBOR-based floating interest rate. As of October 31, 2017, the Company entered into interest rate swaps to reduce the exposure of $9.5 billion of aggregate principal amount of fixed rate Senior Notes to changes in fair value resulting from changes in interest rates by achieving LIBOR-based floating interest rate. Interest rates on long-term debt in the table above have not been adjusted to reflect the impact of any interest rate swaps.

Commercial Paper

Hewlett Packard Enterprise's Board of Directors has authorized the issuance of up to $4.0 billion in aggregate principal amount of commercial paper by Hewlett Packard Enterprise. Hewlett Packard Enterprise's subsidiaries are authorized to issue up to an additional $500 million in aggregate principal amount of commercial paper. Hewlett Packard Enterprise maintains two commercial paper programs, and a wholly-owned

Note 15: Borrowings (Continued)

subsidiary maintains a third program. Hewlett Packard Enterprise's U.S. program provides for the issuance of U.S. dollar-denominated commercial paper up to a maximum aggregate principal amount of $4.0 billion. Hewlett Packard Enterprise's euro commercial paper program provides for the issuance of commercial paper outside of the U.S. denominated in U.S. dollars, euros or British pounds up to a maximum aggregate principal amount of $3.0 billion or the equivalent in those alternative currencies. The combined aggregate principal amount of commercial paper outstanding under those programs at any one time cannot exceed the $4.0 billion authorized by Hewlett Packard Enterprise's Board of Directors. The Hewlett Packard Enterprise subsidiary's euro Commercial Paper/Certificate of Deposit Program provides for the issuance of commercial paper in various currencies of up to a maximum aggregate principal amount of $500 million. As of October 31, 2017 and 2016, no borrowings were outstanding under Hewlett Packard Enterprise's two commercial paper programs, and $401 million and $326 million, respectively, were outstanding under the subsidiary's program.

Revolving Credit Facility

On November 1, 2015, the Company entered into a revolving credit facility (the ''Credit Agreement''), together with the lenders named therein, JPMorgan Chase Bank, N.A. (''JPMorgan''), as co-administrative agent and administrative processing agent, and Citibank, N.A., as co-administrative agent, providing for a senior, unsecured revolving credit facility with aggregate lending commitments of $4.0 billion. Loans under the revolving credit facility may be used for general corporate purposes. Commitments under the Credit Agreement are available for a period of five years, which period may be extended, subject to satisfaction of certain conditions, by up to two, one-year periods. Commitment Fees, interest rates and other terms of borrowing under the credit facility vary based on Hewlett Packard Enterprise's external credit rating. As of October 31, 2017 and 2016, no borrowings were outstanding under the Credit Agreement.

Future Maturities of Long-term Debt

As of October 31, 2017, aggregate future maturities of the Company's long-term debt at face value (excluding a fair value adjustment related to hedged debt of $142 million and a net discount on debt issuance of $10 million), including capital lease obligations were as follows:

Fiscal year	In millions
2018	$ 3,023
2019	1,129
2020	3,028
2021	47
2022	1,354
Thereafter	4,805
Total	$13,386

Note 16: Related Party Transactions and Former Parent Company Investment

Prior to November 1, 2015, the Company consisted of the enterprise technology infrastructure, software, services, and financing businesses of former Parent and thus, transactions with former Parent were considered related party transactions. Following the Separation, the Company became an independent publicly-traded company. As a result, transactions with HP Inc. are no longer considered related party transactions.

On October 31, 2015 and November 1, 2015, in connection with the Separation, the Company entered into several agreements with former Parent that govern the relationship between the Company and former Parent following the Distribution, including the following:

- Separation and Distribution Agreement;

Note 16: Related Party Transactions and Former Parent Company Investment (Continued)

- Transition Services Agreement;
- Tax Matters Agreement;
- Employee Matters Agreement;
- Real Estate Matters Agreement;
- Master Commercial Agreement; and
- Information Technology Service Agreement.

These agreements provided for the allocation between the Company and former Parent's assets, employees, liabilities, and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the Separation. Obligations under the service and commercial contracts generally extend through five years.

Final Cash Allocation from former Parent

In December 2015, in connection with the Separation and Distribution Agreement, the Company received a net cash allocation of $526 million from former Parent. The cash allocation was based on the projected cash requirements of the Company, in light of the intended investment grade credit rating, business plan and anticipated operations and activities.

Purchases from former Parent

During fiscal 2015, the Company purchased equipment from other businesses of former Parent in the amount of $1.3 billion.

Net Transfers from former Parent

Former Parent historically used a centralized approach to cash management and the financing of its operations. Prior to the Separation, transactions between the Company and former Parent were considered to be effectively settled for cash at the time the transaction was recorded. The net effect of these transactions is included in Net transfer from former Parent in the Consolidated and Combined Statements of Cash Flows.

Transactions with DXC and Micro Focus

Prior to April 1, 2017, the Company's operations were organized into five segments for financial reporting purposes, which included the former Enterprise Services segment, and therefore, transactions with the segment were considered related party transactions. On April 1, 2017, HPE completed the Everett Transaction. As a result, transactions with DXC are no longer considered related party transactions. Following April 1, 2017, but prior to September 1, 2017, the Company's operations were organized into four segments for financial reporting purposes, which included the former Software segment, and therefore, transactions with that segment were considered related party transactions. On September 1, 2017, HPE completed the Seattle Transaction. As a result, transactions with Micro Focus are no longer considered related party transactions. For further information, see Note 2, ''Discontinued Operations''.

Note 16: Related Party Transactions and Former Parent Company Investment (Continued)

HPE has entered into several agreements with each of DXC and Micro Focus that govern the relationship between the parties, including the following:

- Separation and Distribution Agreement;
- Transition Services Agreement;
- Tax Matters Agreement;
- Employee Matters Agreement;
- Real Estate Matters Agreement;
- Intellectual Property Matters Agreement;
- Information Technology Service Agreement; and
- Preferred Vendor Agreements

These agreements provide for the allocation of assets, employees, liabilities and obligations (including its investments, property, employee benefits, litigation, and tax-related assets and liabilities) between HPE and DXC and HPE and Micro Focus, respectively, attributable to periods prior to, at and after the separation. Obligations under the service and commercial contracts generally extend through five years.

Note 17: Stockholders' Equity

Taxes related to Other Comprehensive Income (Loss)

	Fiscal years ended October 31,		
	2017	2016	2015
	In millions		
Taxes on change in net unrealized losses on available-for-sale securities:			
Tax (provision) benefit on net unrealized losses arising during the period	$ (2)	$ 2	$ 2
Tax provision (benefit) on (gains) losses reclassified into earnings	1	(2)	—
	(1)	—	2
Taxes on change in net unrealized (losses) gains on cash flow hedges:			
Tax benefit (provision) on net unrealized gains arising during the period	6	(14)	(69)
Tax provision on net gains reclassified into earnings	10	25	76
	16	11	7
Taxes on change in unrealized components of defined benefit plans:			
Tax (provision) benefit on gains (losses) arising during the period	(49)	63	30
Tax provision on amortization of actuarial loss and prior service benefit	(19)	(20)	(10)
Tax provision on curtailments, settlements and other	(91)	(1)	—
Tax benefit on plans transferred from former Parent during the period	—	—	255
	(159)	42	275
Taxes on change in cumulative translation adjustment:			
Tax on cumulative translation adjustment arising during the period	(1)	20	(73)
Tax on release of cumulative translation adjustment as a result of H3C and MphasiS divestitures	—	(22)	—
	(1)	(2)	(73)
Tax (provision) benefit on other comprehensive loss	$(145)	$ 51	$211

Note 17: Stockholders' Equity (Continued)

Changes and reclassifications related to Other Comprehensive Income (Loss), net of taxes

	Fiscal years ended October 31,		
	2017	2016	2015
		In millions	
Other comprehensive income (loss), net of taxes:			
Change in net unrealized losses on available-for-sale securities:			
Net unrealized losses arising during the period	$ (10)	$ (2)	$ (8)
(Gains) losses reclassified into earnings	(3)	1	—
	(13)	(1)	(8)
Change in net unrealized (losses) gains on cash flow hedges:			
Net unrealized gains arising during the period	52	212	412
Net gains reclassified into earnings[1]	(135)	(245)	(404)
	(83)	(33)	8
Change in unrealized components of defined benefit plans:			
Gains (losses) arising during the period	895	(1,714)	(352)
Amortization of actuarial loss and prior service benefit[2]	266	264	204
Curtailments, settlements and other	(76)	(19)	4
Plans transferred from former Parent during the period	—	—	(2,352)
	1,085	(1,469)	(2,496)
Change in cumulative translation adjustment:			
Cumulative translation adjustment arising during the period	(15)	(134)	(271)
Release of cumulative translation adjustment as a result of H3C and MphasiS divestitures	—	53	—
	(15)	(81)	(271)
Other comprehensive income (loss), net of taxes	$ 974	$(1,584)	$(2,767)

(1) For more details on reclassification of pre-tax (gains) losses on cash flow hedges into the Consolidated and Combined Statements of Earnings, see Note 14, ''Financial Instruments''.

(2) These components are included in the computation of net pension and post-retirement benefit (credit) cost in Note 6, ''Retirement and Post-Retirement Benefit Plans''.

Note 17: Stockholders' Equity (Continued)

The components of accumulated other comprehensive loss, net of taxes as of October 31, 2017 and changes during fiscal 2017 were as follows:

	Net unrealized gains (losses) on available-for-sale securities	Net unrealized gains (losses) on cash flow hedges	Unrealized components of defined benefit plans	Cumulative translation adjustment	Accumulated other comprehensive loss
			In millions		
Balance at beginning of period	$ 54	$ 35	$(5,642)	$(1,046)	$(6,599)
Transfer related to the Everett Transaction	(9)	—	1,820	768	2,579
Transfer related to the Seattle Transaction	(3)	—	47	107	151
Other comprehensive (loss) income before reclassifications	(10)	52	895	(15)	922
Reclassifications of (gains) losses into earnings	(3)	(135)	190	—	52
Balance at end of period	$ 29	$ (48)	$(2,690)	$ (186)	$(2,895)

Dividends

On November 11, 2015, the Company's Board of Directors authorized a regular quarterly cash dividend for its common stock. The stockholders of HPE common stock are entitled to receive dividends when and as declared by HPE's Board of Directors. Dividends declared were $0.26 per common share in fiscal 2017 and $0.22 per common share in fiscal 2016.

Share Repurchase Program

On October 13, 2015, the Company's Board of Directors approved a share repurchase program with an authorization of $3.0 billion, which was refreshed with additional share repurchase authorizations of $3.0 billion and $5.0 billion on May 24, 2016 and October 16, 2017, respectively. The Company's share repurchase program authorizes both open market and private repurchase transactions and does not have a specific expiration date. The Company may choose to repurchase shares when sufficient liquidity exists and the shares are trading at a discount relative to estimated intrinsic value.

The Company entered into two separate accelerated share repurchase agreements (''ASR Agreements'') with financial institutions in November 2015 and May 2016. Under the ASR agreements, the Company paid upfront amounts of $1,075 million and $1,450 million, respectively. For fiscal 2016, the Company retired a total of 158 million shares as a result of its share repurchase program, which included purchases of 148 million shares under the ASR Agreements with the remainder under open market repurchases. The 158 million shares were retired and recorded as a $2.7 billion reduction to stockholder's equity. For fiscal 2017, the Company repurchased and retired 136 million shares as a result of its share repurchase program and recorded a $2.6 billion reduction to stockholders' equity. Share repurchases settled in fiscal 2017 were open market purchases. As of October 31, 2017, the Company had unsettled open market repurchases of 1.7 million shares, which were recorded as a $24 million reduction to stockholders' equity. As of October 31, 2017, the Company had a remaining authorization of $5.8 billion for future share repurchases.

Note 18: Net Earnings Per Share

The Company calculates basic net EPS using net earnings and the weighted-average number of shares outstanding during the reporting period. Diluted net EPS includes the weighted-average dilutive effect of restricted stock units, stock options, and performance-based awards.

Note 18: Net Earnings Per Share (Continued)

The reconciliations of the numerators and denominators of each of the basic and diluted net EPS calculations were as follows:

	Fiscal years ended October 31,		
	2017	2016	2015
	In millions, except per share amounts		
Numerator:			
Earnings from continuing operations	$ 436	$3,237	$2,640
Loss from discontinued operations	(92)	(76)	(179)
Net earnings	$ 344	$3,161	$2,461
Denominator:			
Weighted-average shares used to compute basic net EPS	1,646	1,715	1,804
Dilutive effect of employee stock plans[(1)]	28	24	30
Weighted-average shares used to compute diluted net EPS	1,674	1,739	1,834
Basic net earnings (loss) per share:			
Continuing operations	$ 0.26	$ 1.89	$ 1.46
Discontinued operations	(0.05)	(0.05)	(0.10)
Basic net earnings per share	$ 0.21	$ 1.84	$ 1.36
Diluted net earnings (loss) per share:			
Continuing operations	$ 0.26	$ 1.86	$ 1.44
Discontinued operations[(2)]	(0.05)	(0.04)	(0.10)
Diluted net earnings per share	$ 0.21	$ 1.82	$ 1.34
Anti-dilutive weighted-average stock awards[(3)]	8	32	28

(1) For fiscal 2015, the Company calculated the weighted-average dilutive effect of employee stock plans after conversion by multiplying the dilutive Hewlett-Packard Company stock-based awards attributable to Hewlett Packard Enterprise employees for the fiscal year ended October 31, 2015 by the price conversion ratio used to convert those awards to equivalent units of Hewlett Packard Enterprise awards on the Separation date. The price conversion ratio was calculated using the closing price of Hewlett-Packard Company common shares on October 31, 2015 divided by the opening price of Hewlett Packard Enterprise common shares on November 2, 2015.

(2) U.S. GAAP requires the denominator used in the diluted net EPS calculation for discontinued operations to be the same as that of continuing operations, regardless of net earnings (loss) from continuing operations.

(3) The Company excludes shares potentially issuable under employee stock plans that could dilute basic net EPS in the future from the calculation of diluted net earnings (loss) per share, as their effect, if included, would have been anti-dilutive for the periods presented. For the fiscal year ended October 31, 2015, the Company's anti-dilutive shares were calculated by multiplying the anti-dilutive Hewlett-Packard Company stock-based awards attributable to Hewlett Packard Enterprise employees for the fiscal year ended October 31, 2015 by the price conversion ratio used to convert those awards to equivalent units of Hewlett Packard Enterprise awards on the Separation date. The price conversion ratio was calculated using the closing price of Hewlett-Packard Company common shares on October 31, 2015 divided by the opening price of Hewlett Packard Enterprise common shares on November 2, 2015.

Note 19: Litigation and Contingencies

Hewlett Packard Enterprise is involved in various lawsuits, claims, investigations and proceedings including those consisting of IP, commercial, securities, employment, employee benefits and environmental

Note 19: Litigation and Contingencies (Continued)

matters, which arise in the ordinary course of business. In addition, as part of the Separation and Distribution Agreement, Hewlett Packard Enterprise and HP Inc. (formerly known as ''Hewlett-Packard Company'') agreed to cooperate with each other in managing certain existing litigation related to both parties' businesses. The Separation and Distribution Agreement included provisions that allocate liability and financial responsibility for pending litigation involving the parties, as well as provide for cross-indemnification of the parties against liabilities to one party arising out of liabilities allocated to the other party. The Separation and Distribution Agreement also included provisions that assign to the parties responsibility for managing pending and future litigation related to the general corporate matters of HP Inc. arising prior to the Separation. Hewlett Packard Enterprise records a liability when it believes that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Significant judgment is required to determine both the probability of having incurred a liability and the estimated amount of the liability. Hewlett Packard Enterprise reviews these matters at least quarterly and adjusts these liabilities to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other updated information and events pertaining to a particular matter. Litigation is inherently unpredictable. However, Hewlett Packard Enterprise believes it has valid defenses with respect to legal matters pending against us. Nevertheless, cash flows or results of operations could be materially affected in any particular period by the resolution of one or more of these contingencies. Hewlett Packard Enterprise believes it has recorded adequate provisions for any such matters and, as of October 31, 2017, it was not reasonably possible that a material loss had been incurred in connection with such matters in excess of the amounts recognized in its financial statements.

Litigation, Proceedings and Investigations

India Directorate of Revenue Intelligence Proceedings. On April 30 and May 10, 2010, the India Directorate of Revenue Intelligence (the ''DRI'') issued show cause notices to Hewlett-Packard India Sales Private Ltd (''HP India''), a subsidiary of HP Inc., seven HP India employees and one former HP India employee alleging that HP India underpaid customs duties while importing products and spare parts into India and seeking to recover an aggregate of approximately $370 million, plus penalties. Prior to the issuance of the show cause notices, HP India deposited approximately $16 million with the DRI and agreed to post a provisional bond in exchange for the DRI's agreement to not seize HP India products and spare parts and to not interrupt the transaction of business by HP India.

On April 11, 2012, the Bangalore Commissioner of Customs issued an order on the products-related show cause notice affirming certain duties and penalties against HP India and the named individuals of approximately $386 million, of which HP India had already deposited $9 million. On December 11, 2012, HP India voluntarily deposited an additional $10 million in connection with the products-related show cause notice. On April 20, 2012, the Commissioner issued an order on the parts-related show cause notice affirming certain duties and penalties against HP India and certain of the named individuals of approximately $17 million, of which HP India had already deposited $7 million. After the order, HP India deposited an additional $3 million in connection with the parts-related show cause notice so as to avoid certain penalties.

HP India filed appeals of the Commissioner's orders before the Customs Tribunal along with applications for waiver of the pre-deposit of remaining demand amounts as a condition for hearing the appeals. The Customs Department has also filed cross-appeals before the Customs Tribunal. On January 24, 2013, the Customs Tribunal ordered HP India to deposit an additional $24 million against the products order, which HP India deposited in March 2013. The Customs Tribunal did not order any additional deposit to be made under the parts order. In December 2013, HP India filed applications before the Customs Tribunal seeking early hearing of the appeals as well as an extension of the stay of deposit as to HP India and the individuals already granted until final disposition of the appeals. On February 7, 2014, the application for extension of the stay of deposit was granted by the Customs Tribunal until disposal of the appeals. On October 27, 2014, the Customs Tribunal commenced hearings on the cross-appeals of the Commissioner's orders. The Customs Tribunal rejected HP India's request to remand the matter to the Commissioner on procedural grounds. The hearings

Note 19: Litigation and Contingencies (Continued)

were scheduled to reconvene on April 6, 2015, and again on November 3, 2015 and April 11, 2016, but were canceled at the request of the Customs Tribunal. No new hearing date has been set.

Department of Justice, Securities and Exchange Commission Proceedings. In April 2014, HP Inc. and HP Inc. subsidiaries in Russia, Poland, and Mexico collectively entered into agreements with the U.S. Department of Justice (''DOJ'') and the Securities and Exchange Commission (''SEC'') to resolve claims of Foreign Corrupt Practices Act (''FCPA'') violations. Pursuant to the terms of the resolutions with the DOJ and SEC, HP Inc. was required to undertake certain compliance, reporting and cooperation obligations for a three year period. In October of 2015, Hewlett Packard Enterprise contractually undertook the same compliance, reporting and cooperation obligations that were held by HP Inc. under the DOJ resolutions for the balance of the three year period. Hewlett Packard Enterprise has reached a similar agreement with the Staff of the SEC, which is set forth in an amended SEC administrative order dated July 15, 2016. Hewlett Packard Enterprise's obligations to the SEC expired in April 2017. Hewlett Packard Enterprise's obligations to the DOJ ran for three years following a court proceeding held in connection with the resolution, and were satisfied in September 2017.

ECT Proceedings. In January 2011, the postal service of Brazil, Empresa Brasileira de Correios e Telégrafos (''ECT''), notified a former subsidiary of HP Inc. in Brazil (''HP Brazil'') that it had initiated administrative proceedings to consider whether to suspend HP Brazil's right to bid and contract with ECT related to alleged improprieties in the bidding and contracting processes whereby employees of HP Brazil and employees of several other companies allegedly coordinated their bids and fixed results for three ECT contracts in 2007 and 2008. In late July 2011, ECT notified HP Brazil it had decided to apply the penalties against HP Brazil and suspend HP Brazil's right to bid and contract with ECT for five years, based upon the evidence before it. In August 2011, HP Brazil appealed ECT's decision. In April 2013, ECT rejected HP Brazil's appeal, and the administrative proceedings were closed with the penalties against HP Brazil remaining in place. In parallel, in September 2011, HP Brazil filed a civil action against ECT seeking to have ECT's decision revoked. HP Brazil also requested an injunction suspending the application of the penalties until a final ruling on the merits of the case. The court of first instance has not issued a decision on the merits of the case, but it has denied HP Brazil's request for injunctive relief. HP Brazil appealed the denial of its request for injunctive relief to the intermediate appellate court, which issued a preliminary ruling denying the request for injunctive relief but reducing the length of the sanctions from five to two years. HP Brazil appealed that decision and, in December 2011, obtained a ruling staying enforcement of ECT's sanctions until a final ruling on the merits of the case. HP Brazil expects the decision to be issued in 2018 and any subsequent appeal on the merits to last several years.

Forsyth, et al. vs. HP Inc. and Hewlett Packard Enterprise: This purported class and collective action was filed on August 18, 2016 and an amended complaint was filed on December 19, 2016 in the United States District Court for the Northern District of California, against HP Inc. and Hewlett Packard Enterprise alleging defendants violated the Federal Age Discrimination in Employment Act (''ADEA''), the California Fair Employment and Housing Act, California public policy and the California Business and Professions Code by terminating older workers and replacing them with younger workers. Plaintiffs seek to certify a nationwide collective action under the ADEA comprised of all individuals aged 40 and older who had their employment terminated by an HP entity pursuant to a work force reduction (''WFR'') plan on or after December 9, 2014 for individuals terminated in deferral states and on or after April 8, 2015 in non-deferral states. Plaintiffs also seek to certify a Rule 23 class under California law comprised of all persons 40 years or older employed by defendants in the state of California and terminated pursuant to a WFR plan on or after August 18, 2012. On September 20, 2017, the court granted the defendants' motion to compel arbitration and administratively closed the case pending resolution of the arbitration proceedings. The court held that an arbitrator must first decide whether the release provisions contained in the relevant arbitration agreements are enforceable. On October 18, 2017, plaintiffs moved for reconsideration of the court's order.

Note 19: Litigation and Contingencies (Continued)

Jackson, et al. v. HP Inc. and Hewlett Packard Enterprise: This putative nationwide class action was filed on July 24, 2017 in federal district court in San Jose. Plaintiffs purport to bring the lawsuit on behalf of themselves and other similarly situated African-Americans and individuals over the age of forty. Plaintiffs allege that defendants engaged in a pattern and practice of racial and age discrimination in lay-offs and promotions. Plaintiffs filed an amended complaint on September 29, 2017.

Wall v. Hewlett Packard Enterprise Company and HP Inc. This certified California class action and Private Attorney General Act action was filed against Hewlett-Packard Company on January 17, 2012 and the fifth amended (and operative) complaint was filed against HP Inc. and Hewlett Packard Enterprise on June 28, 2016. The complaint alleges that the defendants paid earned incentive compensation late and failed to timely pay final wages in violation of the California Labor Code. On August 9, 2016, the court ordered the class certified without prejudice to a future motion to amend or modify the class certification order or to decertify. Trial is set to begin on January 22, 2018.

Hewlett-Packard Company v. Oracle (Itanium): On June 15, 2011, HP Inc. filed suit against Oracle in Santa Clara Superior Court in connection with Oracle's March 2011 announcement that it was discontinuing software support for HP Inc.'s Itanium-based line of mission critical servers. HP Inc. asserted, among other things, that Oracle's actions breached the contract that was signed by the parties as part of the settlement of the litigation relating to Oracle's hiring of Mark Hurd. The matter eventually progressed to trial, which was bifurcated into two phases. HP Inc. prevailed in the first phase of the trial, in which the court ruled that the contract at issue required Oracle to continue to offer its software products on HP Inc.'s Itanium-based servers for as long as HP Inc. decided to sell such servers. Phase 2 of the trial was then postponed by Oracle's appeal of the trial court's denial of Oracle's ''anti-SLAPP'' motion, in which Oracle argued that HP Inc.'s damages claim infringed on Oracle's First Amendment rights. On August 27, 2015, the Court of Appeal rejected Oracle's appeal. The matter was remanded to the trial court for Phase 2 of the trial, which began on May 23, 2016, and was submitted to the jury on June 29, 2016. On June 30, 2016, the jury returned a verdict in favor of HP Inc., awarding HP Inc. approximately $3 billion in damages: $1.7 billion for past lost profits and $1.3 billion for future lost profits. On October 20, 2016, the court entered judgment for this amount with interest accruing until the judgment is paid. Oracle's motion for a new trial was denied on December 19, 2016, and Oracle filed its notice of appeal from the trial court's judgment on January 17, 2017. On February 2, 2017, HP Inc. filed a notice of cross-appeal challenging the trial court's denial of prejudgment interest. The schedule for appellate briefing and argument has not yet been established. HP Inc. expects that the appeals process could take several years to complete. Pursuant to the terms of the Separation and Distribution Agreement, HP Inc. and Hewlett Packard Enterprise will share equally in any recovery from Oracle once Hewlett Packard Enterprise has been reimbursed for all costs incurred in the prosecution of the action prior to the HP Inc./Hewlett Packard Enterprise separation on November 1, 2015.

Network-1 Technologies, Inc. v. Alcatel-Lucent USA Inc., et al. This patent infringement action was filed in September 2011 in the United States District Court for the Eastern District of Texas and alleges that various Hewlett Packard Enterprise switches and access points infringe Network-1's patent relating to the 802.3af and 802.3at ''Power over Ethernet'' standards. The Network-1 patent at issue expires in 2020. A jury trial was conducted beginning on November 6, 2017. On November 13, 2017, the jury returned a verdict in favor of HPE, finding that HPE did not infringe Network-1's patent and that the patent was invalid. The Company expects Network-1 to appeal following post-trial motion practice and the entry of judgment.

Environmental

The Company's operations and products are or may in the future become subject to various federal, state, local and foreign laws and regulations concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites, the substances and materials used in the Company's products, the energy consumption of products, services and operations and the operational or financial responsibility for

Note 19: Litigation and Contingencies (Continued)

recycling, treatment and disposal of those products. This includes legislation that makes producers of electrical goods, including servers and networking equipment, financially responsible for specified collection, recycling, treatment and disposal of past and future covered products (sometimes referred to as ''product take-back legislation''). The Company could incur substantial costs, its products could be restricted from entering certain jurisdictions, and it could face other sanctions, if it were to violate or become liable under environmental laws or if its products become non-compliant with environmental laws. The Company's potential exposure includes impacts on revenue, fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs to comply with environmental laws are difficult to predict.

In particular, the Company may become a party to, or otherwise involved in, proceedings brought by U.S. or state environmental agencies under the Comprehensive Environmental Response, Compensation and Liability Act (''CERCLA''), known as ''Superfund,'' or other federal, state or foreign laws and regulations addressing the clean-up of contaminated sites, and may become a party to, or otherwise involved in, proceedings brought by private parties for contribution towards clean-up costs. The Company is also contractually obligated to make financial contributions to address actions related to certain environmental liabilities, both ongoing and arising in the future, pursuant to its Separation and Distribution Agreement with HP Inc.

Other Contingencies

During the fourth quarter of fiscal 2017, the Company's facilities in Houston, Texas sustained significant damage as a result of Hurricane Harvey. For fiscal 2017, the Company recorded $52 million in Disaster charges in its Consolidated Statement of Earnings, which primarily represents the deductible under the Company's insurance plans. The Company continues to evaluate the impact of Hurricane Harvey on the business and has filed a claim under its insurance program for property damage and incremental expenses. However, as of October 31, 2017, the final claim amount was not quantified, and as such, no insurance receivable was recorded.

As a result of the damage caused by Hurricane Harvey, the Company further recognized an asset impairment charge of $41 million for the buildings it owns in Houston, Texas. The impairment charge represented the difference between the carrying value of the buildings and estimated market value.

Note 20: Guarantees, Indemnifications and Warranties

Guarantees

In the ordinary course of business, the Company may issue performance guarantees to certain of its clients, customers and other parties pursuant to which the Company has guaranteed the performance obligations of third parties. Some of those guarantees may be backed by standby letters of credit or surety bonds. In general, the Company would be obligated to perform over the term of the guarantee in the event a specified triggering event occurs as defined by the guarantee. The Company believes the likelihood of having to perform under a material guarantee is remote.

The Company has entered into service contracts with certain of its clients that are supported by financing arrangements. With the completion of the Everett Transaction, these service contracts now primarily relate to TS contracts. If a service contract is terminated as a result of the Company's non-performance under the contract or failure to comply with the terms of the financing arrangement, the Company could, under certain circumstances, be required to acquire certain assets related to the service contract. The Company believes the likelihood of having to acquire a material amount of assets under these arrangements is remote.

Note 20: Guarantees, Indemnifications and Warranties (Continued)

Indemnifications

In the ordinary course of business, the Company enters into contractual arrangements under which the Company may agree to indemnify a third party to such arrangement from any losses incurred relating to the services they perform on behalf of the Company or for losses arising from certain events as defined within the particular contract, which may include, for example, litigation or claims relating to past performance. The Company also provides indemnifications to certain vendors and customers against claims of IP infringement made by third parties arising from the use by such vendors and customers of the Company's software products and support services and certain other matters. Some indemnifications may not be subject to maximum loss clauses. Historically, payments made related to these indemnifications have been immaterial.

General Cross-indemnification

In connection with the Separation, the Company entered into a Separation and Distribution Agreement with HP Inc. effective November 1, 2015 where the Company agreed to indemnify HP Inc., each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to the Company as part of the Separation. HP Inc. similarly agreed to indemnify the Company, each of its subsidiaries and each of their respective directors, officers and employees from and against all claims and liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to HP Inc. as part of the Separation. As a result, as of October 31, 2017 and October 31, 2016 the Company has recorded both a receivable from HP Inc. of $48 million and $56 million, respectively, and a payable to HP Inc. of $41 million and $41 million, respectively, related to litigation matters and other contingencies.

In connection with the Everett Transaction, the Company entered into a Separation and Distribution Agreement with DXC, effective April 1, 2017, where DXC agreed to indemnify HPE, each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to DXC as part of the Everett Transaction. HPE similarly agreed to indemnify DXC, each of its subsidiaries and each of their respective directors, officers and employees from and against all claims and liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to the Company as part of the Everett Transaction. As a result, as of October 31, 2017, the Company has recorded both a receivable from DXC of $87 million and a payable to DXC of $27 million related to litigation matters and other contingencies.

In connection with the Seattle Transaction, the Company entered into a Separation and Distribution Agreement with Micro Focus, effective September 1, 2017, where Micro Focus agreed to indemnify HPE, each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to Micro Focus as part of the Seattle Transaction. HPE similarly agreed to indemnify Micro Focus, each of its subsidiaries and each of their respective directors, officers and employees from and against all claims and liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to the Company as part of the Seattle Transaction. As a result, as of October 31, 2017, the Company has recorded both a receivable from Micro Focus of $14 million and a payable to Micro Focus of $24 million related to litigation matters and other contingencies.

Shared Litigation with HP Inc., DXC and Micro Focus

As part of the Separation and Distribution Agreements between Hewlett Packard Enterprise and HP Inc., Hewlett Packard Enterprise and DXC, and Hewlett Packard Enterprise and Seattle SpinCo, the parties to each agreement agreed to cooperate with each other in managing certain existing litigation related to both parties' businesses. The Separation and Distribution Agreements also included provisions that assign to the parties responsibility for managing pending and future litigation related to the general corporate matters of HP Inc. (in the case of the separation of Hewlett Packard Enterprise from HP Inc.) or of Hewlett Packard Enterprise (in the

Note 20: Guarantees, Indemnifications and Warranties (Continued)

case of the separation of DXC from Hewlett Packard Enterprise and the separation of Seattle SpinCo from Hewlett Packard Enterprise), in each case arising prior to the applicable separation.

Tax Matters Agreement with HPI and Other Income Tax Matters

In connection with the Separation, the Company entered into a Tax Matters Agreement (the ''Tax Matters Agreement'') with HP Inc. effective November 1, 2015 that governs the rights and obligations of the Company and HP Inc. for certain pre-Separation tax liabilities. The Tax Matters Agreement provides that the Company and HP Inc. will share certain pre-Separation income tax liabilities that arise from adjustments made by tax authorities to the Company and HP Inc.'s U.S. and certain non-U.S. income tax returns. In certain jurisdictions, the Company and HP Inc. have joint and several liability for past income tax liabilities and accordingly, the Company could be legally liable under applicable tax law for such liabilities and required to make additional tax payments. In these cases, the Company records the entire liability, which is partially offset by the indemnification receivable from HP Inc., thereby reflecting the Company's net exposure in its Consolidated Balance Sheets.

In addition, if the Distribution of Hewlett Packard Enterprise's common shares to the HP Inc. stockholders are determined to be taxable, the Company and HP Inc. would share the tax liability equally, unless the taxability of the Distribution is the direct result of action taken by either the Company or HP Inc. subsequent to the Distribution in which case the party causing the Distribution to be taxable would be responsible for any taxes imposed on the Distribution.

As of October 31, 2017, the Company recorded a net long-term receivable of $1.3 billion from HP Inc. for certain tax liabilities that the Company is joint and severally liable for, but for which it is indemnified by HP Inc. under the Tax Matters Agreement. The actual amount that the Company may receive could vary depending upon the outcome of certain unresolved tax matters, which may not be resolved for several years.

Tax Matters Agreement with DXC and Other Income Tax Matters

In connection with the Everett Transaction, the Company entered into a Tax Matters Agreement (the ''DXC Tax Matters Agreement'') with DXC effective on April 1, 2017 that governs the rights and obligations of the Company and DXC for certain pre-divestiture tax liabilities and tax receivables. The DXC Tax Matters Agreement generally provides that the Company will be responsible for pre-divestiture tax liabilities and will be entitled to pre-divestiture tax receivables that arise from adjustments made by tax authorities to the Company and DXC's U.S. and certain non-U.S. tax returns. In certain jurisdictions the Company and DXC have joint and several liability for past tax liabilities and accordingly, the Company could be legally liable under applicable tax law for such liabilities and required to make additional tax payments.

In addition, if the distribution of Everett's common shares to Hewlett Packard Enterprise's stockholders is determined to be taxable, the Company would generally bear the tax liability, unless the taxability of the distribution is the direct result of actions taken by DXC, in which case DXC would be responsible for any taxes imposed on the distribution.

As of October 31, 2017, the Company recorded a net tax indemnification receivable of $109 million from DXC for certain tax liabilities and tax receivables. The actual amount that DXC may be obligated to pay the Company could vary depending upon the outcome of certain unresolved tax matters, which may not be resolved for several years.

Tax Matters Agreement with Seattle and Other Income Tax Matters

In connection with the Seattle Transaction, the Company entered into a Tax Matters Agreement (the ''Micro Focus Tax Matters Agreement'') with Micro Focus effective on September 1, 2017 that governs the

Note 20: Guarantees, Indemnifications and Warranties (Continued)

rights and obligations of the Company and Micro Focus for certain pre-divestiture tax liabilities and tax receivables. The Micro Focus Tax Matters Agreement generally provides that the Company will be responsible for pre-divestiture tax liabilities and will be entitled to pre-divestiture tax receivables that arise from adjustments made by tax authorities to the Company and Micro Focus's U.S. and certain non-U.S. tax returns. In certain jurisdictions the Company and Micro Focus have joint and several liability for past tax liabilities and accordingly, the Company could be legally liable under applicable tax law for such liabilities and required to make additional tax payments.

In addition, if the distribution of Seattle's common shares to Hewlett Packard Enterprise's stockholders is determined to be taxable, the Company would generally bear the tax liability, unless the taxability of the distribution is the direct result of actions taken by Micro Focus, in which case Micro Focus would be responsible for any taxes imposed on the distribution.

As of October 31, 2017, the Company recorded a net tax indemnification payable of $31 million to Micro Focus for certain tax liabilities and tax receivables. The actual amount that the Company may be obligated to pay Micro Focus could vary depending upon the outcome of certain unresolved tax matters, which may not be resolved for several years.

Warranties

The Company accrues the estimated cost of product warranties at the time it recognizes revenue. The Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers; however, contractual warranty terms, repair costs, product call rates, average cost per call, current period product shipments and ongoing product failure rates, as well as specific product class failures outside of the Company's baseline experience, affect the estimated warranty obligation.

The Company's aggregate product warranty liabilities and changes therein were as follows:

	Fiscal years ended October 31,	
	2017	2016
	In millions	
Balance at beginning of year	$ 497	$ 523
Accruals for warranties issued	292	305
Adjustments related to pre-existing warranties (including changes in estimates)	(8)	1
Divested as part of the H3C transaction	—	(19)
Settlements made (in cash or in kind)	(306)	(313)
Balance at end of year	$ 475	$ 497

Note 21: Commitments

Lease Commitments

The Company leases certain real and personal property under non-cancelable operating leases. Certain leases require the Company to pay property taxes, insurance and routine maintenance, and include renewal options and escalation clauses. Rent expense on operating leases was approximately $0.3 billion, $0.3 billion and $0.4 billion for fiscal 2017, 2016 and 2015, respectively.

Property under capital leases is comprised primarily of building, equipment and furniture. Capital lease assets included in Property, plant and equipment in the Consolidated Balance Sheets were $75 million and

Note 21: Commitments (Continued)

$65 million as of October 31, 2017 and 2016, respectively. Accumulated depreciation on the property under capital lease was $16 million and $63 million as of October 31, 2017 and 2016, respectively.

As of October 31, 2017, future minimum lease commitments on the Company's operating leases were as follows:

Fiscal Year	In millions
2018	$ 255
2019	201
2020	171
2021	129
2022	103
Thereafter	379
Less: Sublease rental income	(294)
Total	$ 944

Unconditional Purchase Obligations

At October 31, 2017, the Company had unconditional purchase obligations of approximately $0.8 billion. These unconditional purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on the Company and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the approximate timing of the transaction, as well as settlements that the Company has reached with third parties, requiring it to pay determined amounts over a specified period of time. These unconditional purchase obligations are related principally to software maintenance and support services and other items. Unconditional purchase obligations exclude agreements that are cancelable without penalty.

As of October 31, 2017, future unconditional purchase obligations were as follows:

Fiscal Year	In millions
2018	$273
2019	255
2020	168
2021	74
2022	22
Thereafter	—
Total	$792

Note 22: Equity Method Investments

The Company includes investments which are accounted for using the equity method, under Investments in equity interests on the Company's Consolidated Balance Sheets. As of October 31, 2017 and October 31, 2016, the Company's Investments in equity interests were $2.5 billion and $2.6 billion, respectively, primarily related to a 49% equity interest in H3C.

Investment in H3C

In May 2016, Tsinghua Holdings' subsidiary, Unisplendour Corporation, purchased 51% of a new business named H3C, which is comprised of Hewlett Packard Enterprise's former H3C Technologies and China-based servers, storage and technology services businesses which were previously reported within the

Note 22: Equity Method Investments (Continued)

EG segment. The Company retained a 49% interest in the new company, which it records as an equity method investment.

In the periods presented, the Company recorded its interest in the net earnings of H3C along with an adjustment to eliminate unrealized profits on intra-entity sales, and the amortization of basis difference, within Loss from equity interests in the Consolidated and Combined Statements of Earnings.

During the fourth quarter of fiscal 2017, the Company received a cash dividend of $98 million from H3C. This amount was accounted for as a return on investment and reflected as a reduction in the carrying balance of the Company's Investments in equity interests in its Consolidated Balance Sheet.

The difference between the sale date carrying value of the Company's investment in H3C and its proportionate share of the net assets of H3C, created a basis difference of $2.5 billion, which was allocated as follows:

	In millions
Equity method goodwill	$1,674
Intangible assets	749
In-process research and development	188
Deferred tax liabilities	(152)
Other	75
Basis difference	$2,534

The Company amortizes the basis difference over the estimated useful lives of the assets that gave rise to this difference. The weighted-average life of the H3C intangible assets is five years and will be amortized using a straight-line method. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. If an IPR&D project is abandoned, the Company will record the full basis difference charge for the value of the related intangible asset to its Consolidated and Combined Statements of Earnings in the period of abandonment. Equity method goodwill is not amortized or tested for impairment; instead the equity method investment is tested for impairment whenever factors indicate that the carrying value of the investment may not be recoverable. As of October 31, 2017 and 2016, the Company determined that no impairment of its equity method investments existed.

The Company recorded a Loss from equity interests of $23 million and $76 million during fiscal 2017 and 2016 respectively, in the Consolidated and Combined Statement of Earnings. For fiscal 2017, Loss from equity interests consists of basis difference amortization of $155 million, partially offset by the Company's share of H3C's net income of $127 million and an adjustment related to elimination of profit on intra-entity sales and withholding taxes of $5 million. For fiscal 2016, Loss from equity interests consists of basis difference amortization of $93 million and adjustment related to elimination of profit on intra-entity sales of $15 million, partially offset by the Company's share of H3C's net income of $32 million. This loss was reflected as a reduction in the carrying amount of Investments in equity interests in the Consolidated Balance Sheets as of October 31, 2017 and 2016.

The Company also has commercial arrangements with H3C to buy and sell HPE branded servers, storage, networking and technology services. During fiscal 2017 and 2016, HPE recorded approximately $1.2 billion and $0.5 billion in sales to H3C and $331 million and $169 million in purchases from H3C, respectively. Net payables due to H3C as of October 31, 2017 and 2016 were approximately $64 million and $71 million, respectively.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Quarterly Summary
(Unaudited)
(In millions, except per share amounts)

	For the three-month periods ended in fiscal 2017			
	January 31	April 30	July 31	October 31
Net revenue	$6,902	$6,808	$7,501	$7,660
Cost of sales	4,689	4,799	5,306	5,383
Research and development	356	376	390	364
Selling, general and administrative	1,204	1,229	1,285	1,288
Amortization of intangible assets	66	72	97	86
Restructuring charges	83	69	152	113
Transformation costs[1]	—	—	31	328
Disaster charges[2]	—	—	—	93
Acquisition and other related charges	44	50	56	53
Separation costs	11	30	5	202
Defined benefit plan settlement charges and remeasurement (benefit)[3]	(4)	(12)	(22)	(26)
Total costs and expenses	6,449	6,613	7,300	7,884
Earnings from continuing operations	453	195	201	(224)
Interest and other, net	(78)	(86)	(87)	(76)
Tax indemnification adjustments	(18)	7	10	(2)
(Loss) earnings from equity interests[4]	(22)	(3)	1	1
Earnings (loss) from continuing operations before taxes	335	113	125	(301)
(Provision) benefit for taxes	(84)	(591)	160	679
Net earnings (loss) from continuing operations	251	(478)	285	378
Net earnings (loss) from discontinued operations	16	(134)	(120)	146
Net earnings (loss)	$ 267	$ (612)	$ 165	$ 524
Net earnings (loss) per share:				
Basic				
Continuing operations	$ 0.15	$ (0.29)	$ 0.17	$ 0.23
Discontinued operations	0.01	(0.08)	(0.07)	0.09
Total basic net earnings (loss) per share	$ 0.16	$ (0.37)	$ 0.10	$ 0.32
Diluted				
Continuing operations	$ 0.15	$ (0.29)	$ 0.17	$ 0.23
Discontinued operations	0.01	(0.08)	(0.07)	0.09
Total diluted net earnings (loss) per share	$ 0.16	$ (0.37)	$ 0.10	$ 0.32
Cash dividends declared per share	$0.130	$0.065	$0.065	$ —
Weighted-average shares used to compute net earnings (loss) per share:				
Basic	1,669	1,658	1,641	1,618
Diluted	1,700	1,658	1,667	1,647

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Quarterly Summary
(Unaudited)
(In millions, except per share amounts)

	For the three-month periods ended in fiscal 2016			
	January 31	April 30	July 31	October 31
Net revenue	$7,811	$7,807	$ 7,338	$7,324
Cost of sales	5,243	5,316	4,952	4,996
Research and development	437	462	414	401
Selling, general and administrative	1,388	1,435	1,304	1,253
Amortization of intangible assets	80	62	73	57
Restructuring charges	129	71	89	128
Acquisition and other related charges	36	43	20	46
Separation costs	79	90	75	118
Gain on H3C and MphasiS divestitures	—	—	(2,169)	(251)
Total costs and expenses	7,392	7,479	4,758	6,748
Earnings from continuing operations	419	328	2,580	576
Interest and other, net	(75)	(50)	(68)	(91)
Tax indemnification adjustments	15	(69)	60	311
Loss from equity interests[(4)]	—	—	(72)	(4)
Earnings from continuing operations before taxes	359	209	2,500	792
Provision for taxes	(49)	(16)	(92)	(466)
Net earnings from continuing operations	310	193	2,408	326
Net (loss) earnings from discontinued operations	(43)	127	(136)	(24)
Net earnings	$ 267	$ 320	$ 2,272	$ 302
Net earnings (loss) per share:				
Basic				
Continuing operations	$ 0.18	$ 0.11	$ 1.43	$ 0.19
Discontinued operations	(0.03)	0.08	(0.08)	(0.01)
Total basic net earnings per share	$ 0.15	$ 0.19	$ 1.35	$ 0.18
Diluted				
Continuing operations	$ 0.17	$ 0.11	$ 1.40	$ 0.19
Discontinued operations	(0.02)	0.07	(0.08)	(0.01)
Total diluted net earnings per share	$ 0.15	$ 0.18	$ 1.32	$ 0.18
Cash dividends declared per share	$0.110	$0.055	$ 0.055	$ —
Weighted-average shares used to compute net earnings (loss) per share:				
Basic	1,761	1,725	1,681	1,672
Diluted	1,778	1,751	1,715	1,709

(1) Represents amounts incurred in connection with the HPE Next initiative and includes costs related to labor and non-labor restructuring, program management costs and IT costs, partially offset by a gain on the sale of real estate.

(2) Represents amounts incurred in connection with damages sustained by the Company as a result of Hurricane Harvey.

(3) Represents adjustments to the net periodic pension cost resulting from remeasurements of certain Hewlett Packard Enterprise pension plans due to plan separations in connection with the Everett and Seattle Transactions.

(4) Primarily represents the Company's ownership interest in the net earnings of H3C.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

ITEM 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this report (the ''Evaluation Date''). Based on this evaluation, our principal executive officer and principal financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to Hewlett Packard Enterprise, including our consolidated subsidiaries, required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to Hewlett Packard Enterprise's management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

See Management's Report of Internal Control Over Financial Reporting and the Report of Independent Registered Public Accounting Firm on our internal control over financial reporting in Item 8, which are incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter. Based on that evaluation, our principal executive officer and principal financial officer concluded that there has not been any change in our internal control over financial reporting during that quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information.

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

The names of the executive officers of Hewlett Packard Enterprise and their ages, titles and biographies as of the date hereof are incorporated by reference from Part I, Item 1, above.

The following information is included in Hewlett Packard Enterprise's Proxy Statement related to its 2018 Annual Meeting of Stockholders to be filed within 120 days after Hewlett Packard Enterprise's fiscal year end of October 31, 2017 (the ''Proxy Statement'') and is incorporated herein by reference:

- Information regarding directors of Hewlett Packard Enterprise including those who are standing for reelection and any persons nominated to become directors of Hewlett Packard Enterprise is set forth under ''Corporate Governance—Board Leadership Structure'' and/or ''Proposals to be Voted On—Proposal No. 1—Election of Directors''.
- Information regarding Hewlett Packard Enterprise's Audit Committee and designated ''audit committee financial experts'' is set forth under ''Board Structure and Committee Composition—Audit Committee''.
- Information on Hewlett Packard Enterprise's code of business conduct and ethics for directors, officers and employees, also known as the ''Standards of Business Conduct,'' and on Hewlett Packard Enterprise's Corporate Governance Guidelines is set forth under ''Corporate Governance Principles and Board Matters''.
- Information regarding Section 16(a) beneficial ownership reporting compliance is set forth under ''Section 16(a) Beneficial Ownership Reporting Compliance''.

ITEM 11. Executive Compensation.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding Hewlett Packard Enterprise's compensation of its named executive officers is set forth under ''Executive Compensation''.
- Information regarding Hewlett Packard Enterprise's compensation of its directors is set forth under ''Director Compensation and Stock Ownership Guidelines''.
- The report of Hewlett Packard Enterprise's HR and Compensation Committee is set forth under ''HR and Compensation Committee Report on Executive Compensation''.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding security ownership of certain beneficial owners, directors and executive officers is set forth under ''Common Stock Ownership of Certain Beneficial Owners and Management''.
- Information regarding Hewlett Packard Enterprise's equity compensation plans, including both stockholder approved plans and non-stockholder approved plans, is set forth in the section entitled ''Equity Compensation Plan Information''.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding transactions with related persons is set forth under ''Transactions with Related Persons''.
- Information regarding director independence is set forth under ''Corporate Governance Principles and Board Matters—Director Independence''.

ITEM 14. Principal Accounting Fees and Services.

Information regarding principal accounting fees and services is set forth under ''Principal Accounting Fees and Services'' in the Proxy Statement, which information is incorporated herein by reference.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. All Financial Statements:

The following financial statements are filed as part of this report under Item 8—''Financial Statements and Supplementary Data.''

2. Financial Statement Schedules:

All schedules are omitted as the required information is not applicable or the information is presented in the Consolidated and Combined Financial Statements and notes thereto in Item 8 above.

3. Exhibits:

A list of exhibits filed or furnished with this Annual Report on Form 10-K (or incorporated by reference to exhibits previously filed or furnished by Hewlett Packard Enterprise) is provided in the accompanying Exhibit Index. Hewlett Packard Enterprise will furnish copies of exhibits for a reasonable fee (covering the expense of furnishing copies) upon request. Stockholders may request exhibits copies by contacting:

Hewlett Packard Enterprise Company
Attn: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
2.1	Separation and Distribution Agreement, dated as of October 31, 2015, by and among Hewlett-Packard Company, Hewlett Packard Enterprise Company and the Other Parties Thereto	8-K	001-37483	2.1	November 5, 2015
2.2	Transition Services Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.2	November 5, 2015
2.3	Tax Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.3	November 5, 2015
2.4	Employee Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.4	November 5, 2015
2.5	Real Estate Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.5	November 5, 2015
2.6	Master Commercial Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.6	November 5, 2015
2.7	Information Technology Service Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and HP Enterprise Services, LLC	8-K	001-37483	2.7	November 5, 2015
2.8	Agreement and Plan of Merger, dated as of May 24, 2016, among Hewlett Packard Enterprise Company, Computer Sciences Corporation, Everett SpinCo, Inc. and Everett Merger Sub, Inc.	8-K	001-37483	2.1	May 26, 2016
2.9	Separation and Distribution Agreement, dated as of May 24, 2016, between Hewlett Packard Enterprise Company and Everett SpinCo, Inc.	8-K	001-37483	2.2	May 26, 2016
2.10	Agreement and Plan of Merger, dated as of September 7, 2016, by and among Hewlett Packard Enterprise Company, Micro Focus International plc, Seattle SpinCo, Inc., Seattle Holdings, Inc. and Seattle MergerSub, Inc.	8-K	001-37483	2.1	September 7, 2016
2.11	Separation and Distribution Agreement, dated as of September 7, 2016, by and between Hewlett Packard Enterprise Company and Seattle SpinCo, Inc.	8-K	001-37483	2.2	September 7, 2016

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
2.12	Employee Matters Agreement, dated as of September 7, 2016, by and among Hewlett Packard Enterprise Company, Seattle SpinCo, Inc. and Micro Focus International plc	8-K	001-37483	2.3	September 7, 2016
2.13	First Amendment to the Agreement and Plan of Merger, dated as of May 24, 2016, among Hewlett Packard Enterprise Company, Computer Sciences Corporation, Everett SpinCo, Inc. and Everett Merger Sub, Inc.	8-K	001-37483	2.1	November 2, 2016
2.14	First Amendment to the Separation and Distribution Agreement, dated as of May 24, 2016, between Hewlett Packard Enterprise Company and Everett SpinCo, Inc.	8-K	001-37483	2.2	November 2, 2016
2.15	Agreement and Plan of Merger, dated as of March 6, 2017, by and among Hewlett Packard Enterprise Company, Nimble Storage, Inc. and Nebraska Merger Sub, Inc.	8-K	001-37483	99.1	March 7, 2017
2.16	Tender and Support Agreement, dated as of March 6, 2017, by and among Hewlett Packard Enterprise Company, Nebraska Merger Sub, Inc. and each of the persons set forth on Schedule A thereto	8-K	001-37483	99.2	March 7, 2017
2.17	Employee Matters Agreement, dated March 31, 2017, by and among Computer Sciences Corporation, Hewlett Packard Enterprise Company and Everett SpinCo, Inc.	8-K	001-38033	2.1	April 6, 2017
2.18	Tax Matters Agreement, dated March 31, 2017, by and among Computer Sciences Corporation, Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (Incorporated by reference to Exhibit 2.2 to DXC Technology Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on April 6, 2017.)	8-K	001-38033	2.2	April 6, 2017
2.19	Intellectual Property Matters Agreement, dated March 31, 2017, by and among Hewlett Packard Enterprise Company, Hewlett Packard Enterprise Development LP and Everett SpinCo, Inc.	8-K	001-38033	2.3	April 6, 2017
2.20	Transition Services Agreement, dated March 31, 2017, between Hewlett Packard Enterprise Company and Everett SpinCo, Inc.	8-K	001-38033	2.4	April 6, 2017
2.21	Real Estate Matters Agreement, dated March 31, 2017, between Hewlett Packard Enterprise Company and Everett SpinCo, Inc.	8-K	001-38033	2.5	April 6, 2017
2.22	Fourth Amendment to the Separation and Distribution Agreement, dated March 31, 2017, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc.	8-K	001-38033	2.6	April 6, 2017

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
2.23	Tax Matters Agreement, dated September 1, 2017, by and among Hewlett Packard Enterprise Company, Seattle SpinCo, Inc., and Micro Focus International plc	8-K	001-37483	2.1	September 1, 2017
2.24	Intellectual Property Matters Agreement, dated September 1, 2017, by and among Hewlett Packard Enterprise Company, Seattle SpinCo, Inc., and Micro Focus International plc	8-K	001-37483	2.2	September 1, 2017
2.25	Transition Services Agreement, dated September 1, 2017, by and among Hewlett Packard Enterprise Company, Seattle SpinCo, Inc., and Micro Focus International plc	8-K	001-37483	2.3	September 1, 2017
2.26	Real Estate Matters Agreement, dated September 1, 2017, by and among Hewlett Packard Enterprise Company, Seattle SpinCo, Inc., and Micro Focus International plc	8-K	001-37483	2.4	September 1, 2017
3.1	Registrant's Amended and Restated Certificate of Incorporation	8-K	001-37483	3.1	November 5, 2015
3.2	Registrant's Amended and Restated Bylaws effective October 31, 2015	8-K	001-37483	3.2	November 5, 2015
3.3	Certificate of Designation of Series A Junior Participating Redeemable Preferred Stock	8-K	001-37483	3.1	March 20, 2017
3.4	Certificate of Designation of Series B Junior Participating Redeemable Preferred Stock	8-K	001-37483	3.2	March 20, 2017
4.1	Senior Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee	8-K	001-37483	4.1	October 13, 2015
4.2	First Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 2.450% notes due 2017	8-K	001-37483	4.2	October 13, 2015
4.3	Second Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 2.850% notes due 2018	8-K	001-37483	4.3	October 13, 2015
4.4	Third Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 3.600% notes due 2020	8-K	001-37483	4.4	October 13, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
4.5	Fourth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 4.400% notes due 2022	8-K	001-37483	4.5	October 13, 2015
4.6	Fifth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 4.900% notes due 2025	8-K	001-37483	4.6	October 13, 2015
4.7	Sixth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 6.200% notes due 2035	8-K	001-37483	4.7	October 13, 2015
4.8	Seventh Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 6.350% notes due 2045	8-K	001-37483	4.8	October 13, 2015
4.9	Eighth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's floating rate notes due 2017	8-K	001-37483	4.9	October 13, 2015
4.10	Ninth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's floating rate notes due 2018	8-K	001-37483	4.10	October 13, 2015
4.11	Guarantee Agreement, dated as of October 9, 2015, between Hewlett-Packard Company, Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, in favor of the holders of the Notes	8-K	001-37483	4.11	October 13, 2015
4.12	Registration Rights Agreement, dated as of October 9, 2015, among Hewlett Packard Enterprise Company, Hewlett-Packard Company, and the representatives of the initial purchasers of the Notes	8-K	001-37483	4.12	October 13, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
4.13	Eighth Supplemental Indenture, dated as of November 1, 2015, among Hewlett Packard Enterprise Company, HP Enterprise Services, LLC and the Bank of New York Mellon Trust Company, N.A., as Trustee, relating to HP Enterprise Services LLC's 7.45% Senior Notes due October 2029	10-K	001-04423	4.13	December 17, 2015
4.14	Hewlett Packard Enterprise 401(k) Plan	S-8	333-207680	4.3	October 30, 2015
4.15	Term Loan Agreement, dated as of December 16, 2016, by and among Everett SpinCo, Inc., the lenders and arrangers party thereto and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent	8-K	001-37483	10.1	December 22, 2016
4.2	Tenth Supplemental Indenture, dated as of September 20, 2017, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 2.100% notes due 2019	8-K	001-37483	4.1	September 20, 2017
10.1	Amended and Restated Hewlett Packard Enterprise Company 2015 Stock Incentive Plan*	8-K	001-37483	10.1	January 30, 2017
10.2	Hewlett Packard Enterprise Company 2015 Employee Stock Purchase Plan	10	001-37483	10.2	September 28, 2015
10.3	Hewlett Packard Enterprise Company Severance and Long-Term Incentive Change in Control Plan for Executive Officers*	10	001-37483	10.4	September 28, 2015
10.4	Hewlett Packard Enterprise Executive Deferred Compensation Plan*	S-8	333-207679	4.3	October 30, 2015
10.5	Hewlett Packard Enterprise Grandfathered Executive Deferred Compensation Plan*	S-8	333-207679	4.4	October 30, 2015
10.6	Form of Non-Qualified Stock Option Grant Agreement*	8-K	001-37483	10.4	November 5, 2015
10.7	Form of Restricted Stock Unit Grant Agreement*	8-K	001-37483	10.5	November 5, 2015
10.8	Form of Performance-Adjusted Restricted Stock Unit Grant Agreement*	8-K	001-37483	10.6	November 5, 2015
10.9	Form of Restricted Stock Unit Launch Grant Agreement*	8-K	001-37483	10.7	November 5, 2015
10.10	Form of Performance-Contingent Non-Qualified Stock Option Launch Grant Agreement*	8-K	001-37483	10.8	November 5, 2015
10.11	Form of Non-Employee Director Stock Options Grant Agreement*	8-K	001-37483	10.9	November 5, 2015
10.12	Form of Non-Employee Director Restricted Stock Unit Grant Agreement*	8-K	001-37483	10.10	November 5, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10.13	Credit Agreement, dated as of November 1, 2015, by and among Hewlett Packard Enterprise Company, JPMorgan Chase Bank, N.A., Citibank, N.A., and the other parties thereto	8-K	001-37483	10.1	November 5, 2015
10.14	Form of Restricted Stock Units Grant Agreement, as amended and restated effective January 1, 2016*	10-Q	001-37483	10.14	March 10, 2016
10.15	Form of Performance-Adjusted Restricted Stock Unit Agreement, as amended and restated effective January 1, 2016*	10-Q	001-37483	10.15	March 10, 2016
10.16	Description of Amendment to Equity Awards (incorporated by reference to Item 5.02 of the 8-K filed on May 26, 2016)*	8-K	001-37483	10.1	May 26, 2016
10.17	Niara, Inc. 2013 Equity Incentive Plan*	S-8	333-207679	4.3	March 6, 2017
10.18	Nimble Storage, Inc. 2008 Equity Incentive Plan*	S-8	001-37483	4.3	April 18, 2017
10.19	Nimble Storage, Inc. 2013 Equity Incentive Plan	S-8	001-37483	4.4	April 18, 2017
10.20	SimpliVity Corporation 2009 Stock Plan*	S-8	001-37483	4.3	April 24, 2017
10.21	Silicon Graphics International Corp. 2014 Omnibus Incentive Plan, as amended*	10-Q	000-51333	10.1	January 29, 2016
10.22	Silicon Graphics International Corp. 2006 New Recruit Equity Incentive Plan, as amended and restated*	10-K	000-51333	10.48	February 28, 2007
10.23	Silicon Graphics International Corp. 2005 Equity Incentive Plan, as amended*	10-K	000-51333	10.3	September 10, 2012
10.24	Silicon Graphics International Corp. 2005 Non-Employee Directors' Stock Option*	S-1	000-51333	10.10	February 4, 2005
12	Statement of Computation of Ratio of Earnings to Fixed Charges‡				
21	Subsidiaries of Hewlett Packard Enterprise Company‡				
23.1	Consent of Independent Registered Public Accounting Firm‡				
24	Power of Attorney (included on the signature page)				
31.1	Certification of Chief Executive Officer pursuant to Rule 13a- 14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended‡				
31.2	Certification of Chief Financial Officer pursuant to Rule 13a- 14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended‡				

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002†				
101.INS	XBRL Instance Document‡				
101.SCH	XBRL Taxonomy Extension Schema Document‡				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document‡				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document‡				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document‡				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document‡				

* Indicates management contract or compensation plan, contract or arrangement
‡ Filed herewith
† Furnished herewith

The registrant agrees to furnish to the Commission supplementally upon request a copy of (1) any instrument with respect to long-term debt not filed herewith as to which the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis and (ii) schedules or exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K of any material plan of acquisition, disposition or reorganization set forth above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 15, 2017

HEWLETT PACKARD ENTERPRISE COMPANY

By: /s/ TIMOTHY C. STONESIFER

Timothy C. Stonesifer
Executive Vice President and
Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Timothy C. Stonesifer, John F. Schultz and Rishi Varma, or any of them, his or her attorneys-in-fact, for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated

Signature	Title(s)	Date
/s/ MARGARET C. WHITMAN Margaret C. Whitman	Chief Executive Officer (Principal Executive Officer)	December 15, 2017
/s/ TIMOTHY C. STONESIFER Timothy C. Stonesifer	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	December 15, 2017
/s/ JEFF T. RICCI Jeff T. Ricci	Senior Vice President and Controller (Principal Accounting Officer)	December 15, 2017
/s/ PATRICIA F. RUSSO Patricia F. Russo	Chairman	December 15, 2017
/s/ DANIEL L. AMMANN Daniel L. Ammann	Director	December 15, 2017
/s/ MARC L. ANDREESSEN Marc L. Andreessen	Director	December 15, 2017
/s/ MICHAEL J. ANGELAKIS Michael J. Angelakis	Director	December 15, 2017
/s/ LESLIE A. BRUN Leslie A. Brun	Director	December 15, 2017
/s/ PAMELA L. CARTER Pamela L. Carter	Director	December 15, 2017

Signature	Title(s)	Date
/s/ RAYMOND J. LANE Raymond J. Lane	Director	December 15, 2017
/s/ ANN M. LIVERMORE Ann M. Livermore	Director	December 15, 2017
/s/ RAYMOND E. OZZIE Raymond E. Ozzie	Director	December 15, 2017
/s/ GARY M. REINER Gary M. Reiner	Director	December 15, 2017
/s/ LIP-BU TAN Lip-Bu Tan	Director	December 15, 2017
/s/ MARY AGNES WILDEROTTER Mary Agnes Wilderotter	Director	December 15, 2017

Hewlett Packard Enterprise

Proxy Statement
2017 Annual Report

Hewlett Packard Enterprise

Forward-looking statements

This document contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett Packard Enterprise and its consolidated subsidiaries may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, deferred tax assets, share repurchases, currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring charges; any statements of the plans, strategies and objectives of management for future operations, as well as the execution of transformation and restructuring plans and any resulting cost savings, revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on Hewlett Packard Enterprise and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing Hewlett Packard Enterprise's businesses; the competitive pressures faced by Hewlett Packard Enterprise's businesses; risks associated with executing Hewlett Packard Enterprise's strategy; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of Hewlett Packard Enterprise's products and the delivery of Hewlett Packard Enterprise's services effectively; the protection of Hewlett Packard Enterprise's intellectual property assets, including intellectual property licensed from third parties and intellectual property shared with its former Parent; risks associated with Hewlett Packard Enterprise's international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by Hewlett Packard Enterprise and its suppliers, customers, clients and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; and the execution, timing and results of any transformation or restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of Hewlett Packard Enterprise's business) and the anticipated benefits of the transformation and restructuring plans; the resolution of pending investigations, claims and disputes; and other risks that are described in Hewlett Packard Enterprise's Annual Report on Form 10-K for the fiscal year ended October 31, 2017 and that are otherwise described or updated from time to time in Hewlett Packard Enterprise's Securities and Exchange Commission reports. Hewlett Packard Enterprise assumes no obligation and does not intend to update these forward-looking statements.

MIX
Paper from responsible sources
FSC® C012076
www.fsc.org

The cover of this annual report is printed on 80 lb Cougar 10% Recycled Cover and the text is printed on 35lb. White Financial Opaque, FSC® Certified stock, 3-10% Recycled content, both being environmentally and socially responsible papers. The cover and text contain fibers from well-managed forests, independent certified according to the standards of the Forest Stewardship Council® ("FSC").

HPE18-ARNPS10KW, Created January 2018