



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

	Three months ended		
	January 31, 2016	October 31, 2015	January 31, 2015
Net revenue	\$ 12,724	\$ 13,448	\$ 13,053
Costs and expenses:			
Cost of sales	9,112	9,463	9,433
Research and development	585	652	532
Selling, general and administrative	1,998	2,038	1,973
Amortization of intangible assets	218	220	203
Restructuring charges	311	550	132
Acquisition and other related charges	37	20	4
Separation costs	79	339	44
Defined benefit plan settlement charges	-	47	-
Total costs and expenses	<u>12,340</u>	<u>13,329</u>	<u>12,321</u>
Earnings from operations	384	119	732
Interest and other, net	<u>(65)</u>	<u>(9)</u>	<u>(18)</u>
Earnings before taxes	319	110	714
(Provision) benefit for taxes	<u>(52)</u>	<u>1,275</u>	<u>(167)</u>
Net earnings	<u>\$ 267</u>	<u>\$ 1,385</u>	<u>\$ 547</u>
Net earnings per share: <sup>(a)</sup>			
Basic	\$ 0.15	\$ 0.76	\$ 0.30
Diluted	\$ 0.15	\$ 0.75	\$ 0.30
Cash dividends declared per share	\$ 0.11	\$ -	\$ -
Weighted-average shares used to compute net earnings per share: <sup>(a)</sup>			
Basic	1,761	1,804	1,804
Diluted	1,778	1,834	1,834

(a) 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. For comparative purposes, the same number of shares used to compute basic and diluted net earnings per share ("EPS") for the fiscal year ended October 31, 2015 is used for the calculation of basic and diluted net EPS for all periods in fiscal 2015.



HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES  
 ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,  
 OPERATING MARGIN AND DILUTED NET EARNINGS PER SHARE  
 (Unaudited)

(In millions, except percentages and per share amounts)

	Three months ended January 31, 2016	Diluted net earnings per share	Three months ended October 31, 2015	Diluted net earnings per share	Three months ended January 31, 2015	Diluted net earnings per share
GAAP net earnings	\$ 267	\$ 0.15	\$ 1,385	\$ 0.75	\$ 547	\$ 0.30
Non-GAAP adjustments:						
Amortization of intangible assets	218	0.12	220	0.12	203	0.11
Restructuring charges	311	0.17	550	0.30	132	0.07
Acquisition and other related charges	37	0.02	20	0.01	4	-
Separation costs	79	0.04	339	0.18	44	0.02
Defined benefit plan settlement charges	-	-	47	0.03	-	-
Separation costs in interest and other, net <sup>(a)</sup>	-	-	4	-	-	-
Valuation allowances, net, and separation taxes	-	-	(1,251)	(0.67)	-	-
Tax indemnification adjustments	(15)	(0.01)	-	-	-	-
Adjustments for taxes	(166)	(0.08)	(306)	(0.17)	(71)	(0.03)
Non-GAAP net earnings	<u>\$ 731</u>	<u>\$ 0.41</u>	<u>\$ 1,008</u>	<u>\$ 0.55</u>	<u>\$ 859</u>	<u>\$ 0.47</u>
GAAP earnings from operations	\$ 384		\$ 119		\$ 732	
Non-GAAP adjustments:						
Amortization of intangible assets	218		220		203	
Restructuring charges	311		550		132	
Acquisition and other related charges	37		20		4	
Separation costs	79		339		44	
Defined benefit plan settlement charges	-		47		-	
Non-GAAP earnings from operations	<u>\$ 1,029</u>		<u>\$ 1,295</u>		<u>\$ 1,115</u>	
GAAP operating margin	3%		1%		6%	
Non-GAAP adjustments	<u>5%</u>		<u>9%</u>		<u>3%</u>	
Non-GAAP operating margin	<u>8%</u>		<u>10%</u>		<u>9%</u>	

(a) Includes costs related to early debt settlement.



HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In millions)

	As of	
	January 31, 2016 (Unaudited)	October 31, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,505	\$ 9,842
Accounts receivable	7,898	8,538
Financing receivables	2,948	2,918
Inventory	2,345	2,198
Other current assets <sup>(a)</sup>	6,060	6,468
Total current assets	27,756	29,964
Property, plant and equipment	9,700	9,886
Long-term financing receivables and other assets <sup>(a)</sup>	10,730	10,875
Goodwill and intangible assets	29,166	29,191
Total assets <sup>(a)</sup>	\$ 77,352	\$ 79,916
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable and short-term borrowings	\$ 910	\$ 691
Accounts payable	4,908	5,828
Employee compensation and benefits	2,066	2,902
Taxes on earnings <sup>(a)</sup>	397	476
Deferred revenue	5,154	5,154
Other accrued liabilities	6,916	6,942
Total current liabilities	20,351	21,993
Long-term debt	15,229	15,103
Other liabilities <sup>(a)</sup>	10,138	8,902
Stockholders' equity:		
HPE stockholders' equity:		
Preferred stock, \$0.01 par value (300 shares authorized; none issued and outstanding)	-	-
Common stock, \$0.01 par value (9,600 shares authorized; 1,733 issued and outstanding at January 31, 2016)	17	-
Additional paid-in capital	36,238	-
Retained earnings	86	-
Former Parent Company investment	-	38,550
Accumulated other comprehensive loss	(5,092)	(5,015)
Total HPE stockholders' equity	31,249	33,535
Non-controlling interests	385	383
Total stockholders' equity	31,634	33,918
Total liabilities and stockholders' equity <sup>(a)</sup>	\$ 77,352	\$ 79,916

(a) During the first quarter of fiscal 2016, the Company early adopted ASU No. 2015-17 "Income - Taxes - Balance Sheet Classification of Deferred Taxes" and elected to apply it retrospectively for all periods presented. As such, prior period amounts have been reclassified to conform to the current presentation.



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

	Three months ended January 31,	
	2016	2015
Cash flows from operating activities:		
Net earnings	\$ 267	\$ 547
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities:		
Depreciation and amortization	989	997
Stock-based compensation expense	165	139
Provision for doubtful accounts and inventory	39	21
Restructuring charges	311	132
Deferred taxes on earnings	245	(1,107)
Excess tax benefit from stock-based compensation	(2)	(81)
Other, net	44	(66)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	612	682
Financing receivables	60	(63)
Inventory	(182)	(134)
Accounts payable	(788)	(467)
Taxes on earnings	(440)	1,333
Restructuring	(285)	(389)
Other assets and liabilities	(1,110)	(976)
Net cash (used in) provided by operating activities	(75)	568
Cash flows from investing activities:		
Investment in property, plant and equipment	(832)	(786)
Proceeds from sale of property, plant and equipment	76	98
Purchases of available-for-sale securities and other investments	(144)	(48)
Maturities and sales of available-for-sale securities and other investments	143	27
Payments made in connection with business acquisitions, net of cash acquired	-	(1)
Proceeds from business divestitures, net	65	-
Net cash used in investing activities	(692)	(710)
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	2	70
Issuance of debt	300	286
Payment of debt	(109)	(237)
Settlement of cash flow hedge	(8)	-
Issuance of common stock under employee stock plans	4	-
Repurchase of common stock	(1,197)	-
Net transfer from former Parent	532	145
Excess tax benefit from stock-based compensation	2	81
Cash dividends paid	(96)	(10)
Net cash (used in) provided by financing activities	(570)	335
(Decrease) Increase in cash and cash equivalents	(1,337)	193
Cash and cash equivalents at beginning of period	9,842	2,319
Cash and cash equivalents at end of period	\$ 8,505	\$ 2,512



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

	Three months ended		
	January 31, 2016	October 31, 2015	January 31, 2015
Net revenue: <sup>(a)</sup>			
Enterprise Group	\$ 7,051	\$ 7,358	\$ 6,982
Enterprise Services	4,688	5,020	4,993
Software	780	959	870
Financial Services	776	801	803
Corporate Investments	1	1	4
Total segments	<u>13,296</u>	<u>14,139</u>	<u>13,652</u>
Elimination of intersegment net revenue and other	<u>(572)</u>	<u>(691)</u>	<u>(599)</u>
Total Hewlett Packard Enterprise consolidated and combined net revenue	<u>\$ 12,724</u>	<u>\$ 13,448</u>	<u>\$ 13,053</u>
Earnings before taxes: <sup>(a)</sup>			
Enterprise Group	\$ 944	\$ 1,000	\$ 1,058
Enterprise Services	238	412	150
Software	136	287	157
Financial Services	100	87	90
Corporate Investments	(99)	(115)	(91)
Total segment earnings from operations	<u>1,319</u>	<u>1,671</u>	<u>1,364</u>
Corporate and unallocated costs and eliminations	(125)	(164)	(110)
Stock-based compensation expense	(165)	(212)	(139)
Amortization of intangible assets	(218)	(220)	(203)
Restructuring charges	(311)	(550)	(132)
Acquisition and other related charges	(37)	(20)	(4)
Separation costs	(79)	(339)	(44)
Defined benefit plan settlement charges	-	(47)	-
Interest and other, net	<u>(65)</u>	<u>(9)</u>	<u>(18)</u>
Total Hewlett Packard Enterprise consolidated and combined earnings before taxes	<u>\$ 319</u>	<u>\$ 110</u>	<u>\$ 714</u>

(a) Effective at the beginning of the fiscal 2016 first quarter, HPE 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, the consolidation of the Industry Standard Servers and Business Critical Systems business units into the newly formed Servers business unit; and (ii) the transfer of certain Cloud-related marketing headcount activities from the Corporate Investment segment to the Enterprise Group segment. HPE reflected these changes to its segment information retrospectively to the earliest period presented, which resulted in: (i) the consolidation of net revenue from the Industry Standard Servers and Business Critical Systems business units into the Servers business unit within the Enterprise Group segment; and (ii) the transfer of operating expenses from the Corporate Investment segment to the Enterprise Group segment. These changes had no impact on HPE's previously reported consolidated and combined net revenue, earnings from operations, net earnings or net earnings per share.



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

	Three months ended			Change (%)	
	January 31, 2016	October 31, 2015	January 31, 2015	Q/Q	Y/Y
Net revenue: <sup>(a)</sup>					
Enterprise Group					
Servers	\$ 3,568	\$ 3,772	\$ 3,595	(5%)	(1%)
Technology Services	1,810	1,862	1,988	(3%)	(9%)
Storage	810	819	837	(1%)	(3%)
Networking	863	905	562	(5%)	54%
Total Enterprise Group	<u>7,051</u>	<u>7,358</u>	<u>6,982</u>	(4%)	1%
Enterprise Services					
Infrastructure Technology Outsourcing	2,874	3,068	3,132	(6%)	(8%)
Application and Business Services	1,814	1,952	1,861	(7%)	(3%)
Total Enterprise Services	<u>4,688</u>	<u>5,020</u>	<u>4,993</u>	(7%)	(6%)
Software	780	959	870	(19%)	(10%)
Financial Services	776	801	803	(3%)	(3%)
Corporate Investments	1	1	4	0%	(75%)
Total segments	<u>13,296</u>	<u>14,139</u>	<u>13,652</u>	(6%)	(3%)
Elimination of intersegment net revenue and other	(572)	(691)	(599)	(17%)	(5%)
Total Hewlett Packard Enterprise consolidated and combined net revenue	<u>\$ 12,724</u>	<u>\$ 13,448</u>	<u>\$ 13,053</u>	(5%)	(3%)

(a) Effective at the beginning of the fiscal 2016 first quarter, HPE 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, the consolidation of the Industry Standard Servers and Business Critical Systems business units into the newly formed Servers business unit; and (ii) the transfer of certain Cloud-related marketing headcount activities from the Corporate Investment segment to the Enterprise Group segment. HPE reflected these changes to its segment information retrospectively to the earliest period presented, which resulted in: (i) the consolidation of net revenue from the Industry Standard Servers and Business Critical Systems business units into the Servers business unit within the Enterprise Group segment; and (ii) the transfer of operating expenses from the Corporate Investment segment to the Enterprise Group segment. These changes had no impact on HPE's previously reported consolidated and combined net revenue, earnings from operations, net earnings or net earnings per share.



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

	Three months ended	Change in Operating Margin (pts)	
	January 31, 2016	Q/Q	Y/Y
Segment operating margin: <sup>(a)</sup>			
Enterprise Group	13.4%	(0.2 pts)	(1.8 pts)
Enterprise Services	5.1%	(3.1 pts)	2.1 pts
Software	17.4%	(12.5 pts)	(0.6 pts)
Financial Services	12.9%	2.0 pts	1.7 pts
Corporate Investments <sup>(b)</sup>	NM	NM	NM
Total segments	9.9%	(1.9 pts)	(0.1 pts)

(a) Effective at the beginning of the fiscal 2016 first quarter, HPE 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, the consolidation of the Industry Standard Servers and Business Critical Systems business units into the newly formed Servers business unit; and (ii) the transfer of certain Cloud-related marketing headcount activities from the Corporate Investment segment to the Enterprise Group segment. HPE reflected these changes to its segment information retrospectively to the earliest period presented, which resulted in: (i) the consolidation of net revenue from the Industry Standard Servers and Business Critical Systems business units into the Servers business unit within the Enterprise Group segment; and (ii) the transfer of operating expenses from the Corporate Investment segment to the Enterprise Group segment. These changes had no impact on HPE's previously reported consolidated and combined net revenue, earnings from operations, net earnings or net earnings per share.

(b) "NM" represents not meaningful.



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

	Three months ended		
	January 31, 2016	October 31, 2015	January 31, 2015
Numerator:			
GAAP net earnings	\$ 267	\$ 1,385	\$ 547
Non-GAAP net earnings	<u>\$ 731</u>	<u>\$ 1,008</u>	<u>\$ 859</u>
Denominator: <sup>(a)</sup>			
Weighted-average shares used to compute basic net earnings per share <sup>(b)</sup>	1,761	1,804	1,804
Dilutive effect of employee stock plans <sup>(c)(d)</sup>	<u>17</u>	<u>30</u>	<u>30</u>
Weighted-average shares used to compute diluted net earnings per share	<u>1,778</u>	<u>1,834</u>	<u>1,834</u>
GAAP diluted net earnings per share	<u>\$ 0.15</u>	<u>\$ 0.75</u>	<u>\$ 0.30</u>
Non-GAAP diluted net earnings per share	<u>\$ 0.41</u>	<u>\$ 0.55</u>	<u>\$ 0.47</u>

(a) 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. For comparative purposes, the same number of shares used to compute diluted net earnings per share for the three months ended October 31, 2015 is used for the calculation of basic and diluted net earnings per share for all periods in fiscal 2015.

(b) For the periods presented in fiscal 2015, the number of shares outstanding is the number of Hewlett-Packard Company shares outstanding at October 31, 2015.

(c) Includes any dilutive effect of restricted stock units, stock options and performance-based awards.

(d) For the periods presented in fiscal 2015, the Company calculates the weighted-average dilutive effect of employee stock plans after conversion, by multiplying the fiscal year ended 2015 dilutive Hewlett-Packard Company stock-based awards attributable to Hewlett Packard Enterprise employees 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.