

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

	Three months ended		
	October 31, 2016	July 31, 2016	October 31, 2015
Net revenue	\$ 12,478	\$ 12,210	\$ 13,448
Costs and expenses:			
Cost of sales	8,689	8,638	9,463
Research and development	534	555	652
Selling, general and administrative	1,864	1,938	2,038
Amortization of intangible assets	126	210	220
Restructuring charges	395	369	550
Acquisition and other related charges	51	37	20
Separation costs	293	135	339
Defined benefit plan settlement charges	—	—	47
Gain on MphasiS and H3C divestitures	(251)	(2,169)	—
Total costs and expenses	11,701	9,713	13,329
Earnings from operations	777	2,497	119
Interest and other, net	(94)	(78)	(9)
Tax indemnification adjustments ^(a)	311	60	—
Loss from equity interests ^(b)	(4)	(72)	—
Earnings before taxes	990	2,407	110
Valuation allowances, net, and separation taxes	—	—	1,251
Tax settlements ^(a)	(647)	—	—
(Provision) benefit for taxes	(41)	(135)	24
Net earnings	\$ 302	\$ 2,272	\$ 1,385
Net earnings per share: ^(c)			
Basic	\$ 0.18	\$ 1.35	\$ 0.76
Diluted	\$ 0.18	\$ 1.32	\$ 0.75
Cash dividends declared per share	\$ —	\$ 0.055	\$ —
Weighted-average shares used to compute net earnings per share: ^(c)			
Basic	1,672	1,681	1,804
Diluted	1,709	1,715	1,834

(a) Related to the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities of which \$328 million (reported within Tax indemnification adjustments) is indemnified by HP Inc. through the Tax Matters Agreement.

(b) Primarily represents the Company's ownership interest in the net earnings of H3C, which it records as an equity method investment.

(c) 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.

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

	Twelve months ended October 31, 2016	
	2016	2015
	(Unaudited)	
Net revenue	\$ 50,123	\$ 52,107
Costs and expenses:		
Cost of sales	35,507	37,168
Research and development	2,298	2,338
Selling, general and administrative	7,821	8,025
Amortization of intangible assets	755	852
Restructuring charges	1,236	954
Acquisition and other related charges	178	89
Separation costs	598	797
Defined benefit plan settlement charges	—	225
Impairment of data center assets	—	136
Gain on MphasiS and H3C divestitures	(2,420)	—
Total costs and expenses	45,973	50,584
Earnings from operations	4,150	1,523
Interest and other, net	(312)	(51)
Tax indemnification adjustments ^(a)	317	—
Loss from equity interests ^(b)	(76)	(2)
Earnings before taxes	4,079	1,470
Valuation allowances, net, and separation taxes	—	1,251
Tax settlements ^(a)	(647)	—
Provision for taxes	(271)	(260)
Net earnings	\$ 3,161	\$ 2,461
Net earnings per share: ^(c)		
Basic	\$ 1.84	\$ 1.36
Diluted	\$ 1.82	\$ 1.34
Cash dividends declared per share	\$ 0.22	\$ —
Weighted-average shares used to compute net earnings per share: ^(c)		
Basic	1,715	1,804
Diluted	1,739	1,834

(a) Related to the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities of which \$328 million (reported within Tax indemnification adjustments) is indemnified by HP Inc. through the Tax Matters Agreement.

(b) Primarily represents the Company's ownership interest in the net earnings of equity method investments, primarily H3C.

(c) 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.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,
OPERATING MARGIN AND DILUTED NET EARNINGS PER SHARE
(Unaudited)
(In millions, except percentages and per share amounts)

	Three months ended October 31, 2016	Diluted net earnings per share	Three months ended July 31, 2016	Diluted net earnings per share	Three months ended October 31, 2015	Diluted net earnings per share
GAAP net earnings	\$ 302	\$ 0.18	\$ 2,272	\$ 1.32	\$ 1,385	\$ 0.75
Non-GAAP adjustments:						
Amortization of intangible assets	126	0.07	210	0.12	220	0.12
Restructuring charges	395	0.23	369	0.22	550	0.30
Acquisition and other related charges	51	0.03	37	0.02	20	0.01
Separation costs	293	0.17	135	0.08	339	0.18
Defined benefit plan settlement charges	—	—	—	—	47	0.03
Gain on MphasiS and H3C divestitures	(251)	(0.15)	(2,169)	(1.26)	—	—
Separation costs in interest and other, net	—	—	—	—	4	—
Tax indemnification adjustments ^(a)	(311)	(0.18)	(60)	(0.03)	—	—
Loss from equity interests ^(b)	35	0.02	58	0.03	—	—
Adjustments for taxes	(252)	(0.14)	(12)	(0.01)	(306)	(0.17)
Valuation allowances, net, and separation taxes	—	—	—	—	(1,251)	(0.67)
Tax settlements ^(a)	647	0.38	—	—	—	—
Non-GAAP net earnings	<u>\$ 1,035</u>	<u>\$ 0.61</u>	<u>\$ 840</u>	<u>\$ 0.49</u>	<u>\$ 1,008</u>	<u>\$ 0.55</u>
GAAP earnings from operations	\$ 777		\$ 2,497		\$ 119	
Non-GAAP adjustments:						
Amortization of intangible assets	126		210		220	
Restructuring charges	395		369		550	
Acquisition and other related charges	51		37		20	
Separation costs	293		135		339	
Defined benefit plan settlement charges	—		—		47	
Gain on MphasiS and H3C divestitures	(251)		(2,169)		—	
Non-GAAP earnings from operations	<u>\$ 1,391</u>		<u>\$ 1,079</u>		<u>\$ 1,295</u>	
GAAP operating margin	6%		20 %		1%	
Non-GAAP adjustments	5%		(11%)		9%	
Non-GAAP operating margin	<u>11%</u>		<u>9 %</u>		<u>10%</u>	

(a) Related to the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities of which \$328 million (reported within Tax indemnification adjustments) is indemnified by HP Inc. through the Tax Matters Agreement.

(b) Represents the amortization of the basis difference adjustments related to the H3C divestiture.

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

(In millions, except percentages and per share amounts)

	Twelve months ended October 31, 2016	Diluted net earnings per share	Twelve months ended October 31, 2015	Diluted net earnings per share
GAAP net earnings	\$ 3,161	\$ 1.82	\$ 2,461	\$ 1.34
Non-GAAP adjustments:				
Amortization of intangible assets	755	0.43	852	0.46
Restructuring charges	1,236	0.71	954	0.52
Acquisition and other related charges	178	0.10	89	0.05
Separation costs	598	0.34	797	0.43
Defined benefit plan settlement charges	—	—	225	0.12
Impairment of data center assets	—	—	136	0.07
Gain on MphasiS and H3C divestitures	(2,420)	(1.39)	—	—
Separation costs in interest and other, net	—	—	4	—
Tax indemnification adjustments ^(a)	(317)	(0.18)	—	—
Loss from equity interests ^(b)	93	0.05	—	—
Adjustments for taxes	(594)	(0.33)	(724)	(0.39)
Valuation allowances, net, and separation taxes	—	—	(1,251)	(0.67)
Tax settlements ^(a)	647	0.37	—	—
Non-GAAP net earnings	<u>\$ 3,337</u>	<u>\$ 1.92</u>	<u>\$ 3,543</u>	<u>\$ 1.93</u>
GAAP earnings from operations	\$ 4,150		\$ 1,523	
Non-GAAP adjustments:				
Amortization of intangible assets	755		852	
Restructuring charges	1,236		954	
Acquisition and other related charges	178		89	
Separation costs	598		797	
Defined benefit plan settlement charges	—		225	
Impairment of data center assets	—		136	
Gain on MphasiS and H3C divestitures	(2,420)		—	
Non-GAAP earnings from operations	<u>\$ 4,497</u>		<u>\$ 4,576</u>	
GAAP operating margin	8%		3%	
Non-GAAP adjustments	1%		6%	
Non-GAAP operating margin	<u>9%</u>		<u>9%</u>	

(a) Related to the settlement of certain pre-separation Hewlett-Packard Company income tax liabilities of which \$328 million (reported within Tax indemnification adjustments) is indemnified by HP Inc. through the Tax Matters Agreement.

(b) Represents the amortization of the basis difference adjustments related to the H3C divestiture.

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

	As of	
	October 31, 2016	October 31, 2015
	Unaudited	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,987	\$ 9,842
Accounts receivable	6,909	8,538
Financing receivables	2,923	2,918
Inventory	1,774	2,198
Other current assets ^(a)	4,324	6,468
Total current assets	28,917	29,964
Property, plant and equipment	9,636	9,886
Long-term financing receivables and other assets ^(a)	13,216	10,875
Investments in equity interests	2,648	—
Goodwill and intangible assets	25,262	29,191
Total assets ^(a)	\$ 79,679	\$ 79,916
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	\$ 3,532	\$ 691
Accounts payable	5,943	5,828
Employee compensation and benefits	2,364	2,902
Taxes on earnings	420	476
Deferred revenue	4,610	5,154
Other accrued liabilities	5,662	6,942
Total current liabilities	22,531	21,993
Long-term debt	12,608	15,103
Other liabilities ^(a)	13,022	8,902
Stockholders' equity		
HPE stockholders' equity:		
Preferred stock, \$0.01 par value (300 shares authorized; none issued and outstanding at October 31, 2016)	—	—
Common stock, \$0.01 par value (9,600 shares authorized; 1,666 issued and outstanding at October 31, 2016)	17	—
Additional paid-in capital	35,248	—
Retained earnings	2,782	—
Former Parent company investment	—	38,550
Accumulated other comprehensive loss	(6,599)	(5,015)
Total HPE stockholders' equity	31,448	33,535
Non-controlling interests	70	383
Total stockholders' equity	31,518	33,918
Total liabilities and stockholders' equity ^(a)	\$ 79,679	\$ 79,916

- (a) During the first quarter of fiscal 2016, the Company early adopted the guidance on the balance sheet classification of deferred taxes and elected to apply it retrospectively to 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 October 31, 2016	Twelve months ended October 31, 2016
Cash flows from operating activities:		
Net earnings	\$ 302	\$ 3,161
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	872	3,775
Stock-based compensation expense	126	558
Provision for doubtful accounts and inventory	66	232
Restructuring charges	395	1,236
Deferred taxes on earnings	(333)	(1,345)
Excess tax benefit from stock-based compensation	(11)	(20)
Gain from MphasiS and H3C divestitures	(251)	(2,420)
Loss from equity interests	4	76
Other, net	81	195
Changes in operating assets and liabilities, net of acquisitions: ^(a)		
Accounts receivable	3	991
Financing receivables	(49)	(301)
Inventory	31	34
Accounts payable	749	66
Taxes on earnings	834	1,615
Restructuring	(298)	(1,044)
Other assets and liabilities	(309)	(1,851)
Net cash provided by operating activities	<u>2,212</u>	<u>4,958</u>
Cash flows from investing activities:		
Investment in property, plant and equipment	(868)	(3,280)
Proceeds from sale of property, plant and equipment	133	450
Purchases of available-for-sale securities and other investments	(116)	(656)
Maturities and sales of available-for-sale securities and other investments	86	585
Payments made in connection with business acquisitions, net of cash acquired	—	(22)
Proceeds from business divestitures, net	554	3,342
Net cash (used in) provided by investing activities	<u>(211)</u>	<u>419</u>
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	(20)	(71)
Issuance of debt	292	1,074
Payment of debt	(265)	(833)
Settlement of cash flow hedge	—	3
Issuance of common stock under employee stock plans	40	119
Repurchase of common stock	—	(2,662)
Net transfer from former Parent	—	491
Excess tax benefit from stock-based compensation	11	20
Cash dividends paid	(92)	(373)
Net cash (used in) financing activities	<u>(34)</u>	<u>(2,232)</u>

Increase in cash and cash equivalents	1,967	3,145
Cash held for sale ^(a)	277	—
Cash and cash equivalents at beginning of period	10,743	9,842
Cash and cash equivalents at end of period	<u>\$ 12,987</u>	<u>\$ 12,987</u>

- (a) During the third quarter of fiscal 2016, the Company signed a definitive agreement with The Blackstone Group to sell at least 84% of its equity stake in MphasiS Limited and as such, the transaction met all of the held for sale criteria. The transaction was completed in September 2016, and all assets and liabilities identified as a part of the MphasiS transaction were divested.

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

	Three months ended		
	October 31, 2016	July 31, 2016	October 31, 2015
Net revenue: ^(a)			
Enterprise Group	\$ 6,682	\$ 6,476	\$ 7,358
Enterprise Services	4,736	4,725	5,020
Software	903	738	959
Financial Services	814	812	801
Corporate Investments	—	—	1
Total segment net revenue	13,135	12,751	14,139
Elimination of intersegment net revenue and other	(657)	(541)	(691)
Total Hewlett Packard Enterprise consolidated and combined net revenue	<u>\$ 12,478</u>	<u>\$ 12,210</u>	<u>\$ 13,448</u>
Earnings before taxes: ^(a)			
Enterprise Group	\$ 883	\$ 815	\$ 1,000
Enterprise Services	509	393	412
Software	290	131	287
Financial Services	83	80	87
Corporate Investments	(79)	(83)	(115)
Total segment earnings from operations	1,686	1,336	1,671
Corporate and unallocated costs and eliminations	(169)	(128)	(164)
Stock-based compensation expense	(126)	(129)	(212)
Amortization of intangible assets	(126)	(210)	(220)
Restructuring charges	(395)	(369)	(550)
Acquisition and other related charges	(51)	(37)	(20)
Separation costs	(293)	(135)	(339)
Defined benefit plan settlement charges	—	—	(47)
Gain on MphasiS and H3C divestiture	251	2,169	—
Interest and other, net	(94)	(78)	(9)
Tax indemnification adjustments	311	60	—
Loss from equity interests ^(b)	(4)	(72)	—
Total Hewlett Packard Enterprise consolidated and combined earnings before taxes	<u>\$ 990</u>	<u>\$ 2,407</u>	<u>\$ 110</u>

- (a) Effective at the beginning of the first quarter of fiscal 2016, 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) Represents the Company's ownership interest in the net earnings of equity method investments, primarily H3C.

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

	Twelve months ended October 31,	
	2016	2015
Net revenue: ^(a)		
Enterprise Group	\$ 27,219	\$ 27,907
Enterprise Services	18,872	19,806
Software	3,195	3,622
Financial Services	3,190	3,216
Corporate Investments	3	7
Total segment net revenue	<u>52,479</u>	<u>54,558</u>
Elimination of intersegment net revenue and other	(2,356)	(2,451)
Total Hewlett Packard Enterprise consolidated and combined net revenue	<u>\$ 50,123</u>	<u>\$ 52,107</u>
Earnings before taxes: ^(a)		
Enterprise Group	\$ 3,459	\$ 3,862
Enterprise Services	1,457	1,019
Software	749	788
Financial Services	336	349
Corporate Investments	(348)	(423)
Total segment earnings from operations	<u>5,653</u>	<u>5,595</u>
Corporate and unallocated costs and eliminations	(598)	(454)
Stock-based compensation expense	(558)	(565)
Amortization of intangible assets	(755)	(852)
Restructuring charges	(1,236)	(954)
Acquisition and other related charges	(178)	(89)
Separation costs	(598)	(797)
Defined benefit plan settlement charges	—	(225)
Impairment of data center assets	—	(136)
Gain on MphasiS and H3C divestiture	2,420	—
Interest and other, net	(312)	(51)
Tax indemnification adjustments	317	—
Loss from equity interests ^(b)	(76)	(2)
Total Hewlett Packard Enterprise consolidated and combined earnings before taxes	<u>\$ 4,079</u>	<u>\$ 1,470</u>

- (a) Effective at the beginning of the first quarter of fiscal 2016, 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) Represents the Company's ownership interest in the net earnings of equity method investments, primarily H3C.

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

	Three months ended			Change (%)	
	October 31, 2016	July 31, 2016	October 31, 2015	Q/Q	Y/Y
Net revenue: ^(a)					
Enterprise Group					
Servers	\$ 3,522	\$ 3,368	\$ 3,772	5%	(7%)
Technology Services	1,782	1,745	1,862	2%	(4%)
Networking	599	639	905	(6%)	(34%)
Storage	779	724	819	8%	(5%)
Total Enterprise Group	<u>6,682</u>	<u>6,476</u>	<u>7,358</u>	3%	(9%)
Enterprise Services					
Infrastructure Technology Outsourcing	2,846	2,866	3,068	(1%)	(7%)
Application and Business Services	1,890	1,859	1,952	2%	(3%)
Total Enterprise Services	<u>4,736</u>	<u>4,725</u>	<u>5,020</u>	0%	(6%)
Software	903	738	959	22%	(6%)
Financial Services	814	812	801	0%	2%
Corporate Investments	—	—	1	0%	(100%)
Total segment net revenue	<u>13,135</u>	<u>12,751</u>	<u>14,139</u>	3%	(7%)
Elimination of intersegment net revenue and other	(657)	(541)	(691)	21%	(5%)
Total Hewlett Packard Enterprise consolidated and combined net revenue	<u>\$ 12,478</u>	<u>\$ 12,210</u>	<u>\$ 13,448</u>	2%	(7%)

- (a) Effective at the beginning of the first quarter of fiscal 2016, 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)

	Twelve months ended October 31,		Change (%)
	2016	2015	Y/Y
Net revenue: ^(a)			
Enterprise Group			
Servers	\$ 14,019	\$ 14,219	(1%)
Technology Services	7,160	7,662	(7%)
Networking	2,975	2,846	5%
Storage	3,065	3,180	(4%)
Total Enterprise Group	<u>27,219</u>	<u>27,907</u>	(2%)
Enterprise Services			
Infrastructure Technology Outsourcing	11,425	12,107	(6%)
Application and Business Services	7,447	7,699	(3%)
Total Enterprise Services	<u>18,872</u>	<u>19,806</u>	(5%)
Software	3,195	3,622	(12%)
Financial Services	3,190	3,216	(1%)
Corporate Investments	3	7	(57%)
Total segment net revenue	<u>52,479</u>	<u>54,558</u>	(4%)
Elimination of intersegment net revenue and other	(2,356)	(2,451)	(4%)
Total Hewlett Packard Enterprise consolidated and combined net revenue	<u>\$ 50,123</u>	<u>\$ 52,107</u>	(4%)

- (a) Effective at the beginning of the first quarter of fiscal 2016, 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)	
	October 31, 2016	Q/Q	Y/Y
Segment operating margin: ^(a)			
Enterprise Group	13.2%	0.6 pts	(0.4) pts
Enterprise Services	10.7%	2.4 pts	2.5 pts
Software	32.1%	14.3 pts	2.2 pts
Financial Services	10.2%	0.3 pts	(0.7) pts
Corporate Investments ^(b)	NM	NM	NM
Total segment operating margin	12.8%	2.3 pts	1.0 pts

(a) Effective at the beginning of the first quarter of fiscal 2016, 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 per share amounts)

	Three months ended		
	October 31, 2016	July 31, 2016	October 31, 2015
Numerator:			
GAAP net earnings	\$ 302	\$ 2,272	\$ 1,385
Non-GAAP net earnings	\$ 1,035	\$ 840	\$ 1,008
Denominator: ^(a)			
Weighted-average shares used to compute basic net earnings per share ^(b)	1,672	1,681	1,804
Dilutive effect of employee stock plans ^{(c) (d)}	37	34	30
Weighted-average shares used to compute diluted net earnings per share	1,709	1,715	1,834
GAAP diluted net earnings per share	\$ 0.18	\$ 1.32	\$ 0.75
Non-GAAP diluted net earnings per share	\$ 0.61	\$ 0.49	\$ 0.55

- (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 EPS for all periods in fiscal 2015.
- (b) For period ended 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 awards, stock options and performance-based awards.
- (d) For period ended fiscal 2015, the Company calculates the weighted-average dilutive effect of employee stock plans after conversion, by multiplying the fiscal 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.

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

	Twelve months ended October 31,	
	2016	2015
Numerator:		
GAAP net earnings	\$ 3,161	\$ 2,461
Non-GAAP net earnings	\$ 3,337	\$ 3,543
Denominator: ^(a)		
Weighted-average shares used to compute basic net earnings per share ^(b)	1,715	1,804
Dilutive effect of employee stock plans ^{(c)(d)}	24	30
Weighted-average shares used to compute diluted net earnings per share	1,739	1,834
GAAP diluted net earnings per share	\$ 1.82	\$ 1.34
Non-GAAP diluted net earnings per share	\$ 1.92	\$ 1.93

- (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 EPS for all periods in fiscal 2015.
- (b) For period ended 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 awards, stock options and performance-based awards.
- (d) For period ended fiscal 2015, the Company calculates the weighted-average dilutive effect of employee stock plans after conversion, by multiplying the fiscal 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.