



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

| | Three months ended | | |
|--|--------------------|---------------------|-------------------|
| | April 30, 2016 | January 31, 2016 | April 30, 2015 |
| Net revenue | \$ 12,711 | \$ 12,724 | \$ 12,549 |
| Costs and expenses: | | | |
| Cost of sales | 9,068 | 9,112 | 8,965 |
| Research and development | 624 | 585 | 552 |
| Selling, general and administrative | 2,021 | 1,998 | 1,974 |
| Amortization of intangible assets | 201 | 218 | 204 |
| Restructuring charges | 161 | 311 | 248 |
| Acquisition and other related charges | 53 | 37 | 19 |
| Separation costs | 91 | 79 | 159 |
| Total costs and expenses | <u>12,219</u> | <u>12,340</u> | <u>12,121</u> |
| Earnings from operations | 492 | 384 | 428 |
| Interest and other, net | <u>(129)</u> | <u>(65)</u> | <u>(30)</u> |
| Earnings before taxes | 363 | 319 | 398 |
| Provision for taxes | <u>(43)</u> | <u>(52)</u> | <u>(93)</u> |
| Net earnings | <u>\$ 320</u> | <u>\$ 267</u> | <u>\$ 305</u> |
| Net earnings per share: ^(a) | | | |
| Basic | \$ 0.19 | \$ 0.15 | \$ 0.17 |
| Diluted | \$ 0.18 | \$ 0.15 | \$ 0.16 |
| Cash dividends declared per share | \$ 0.06 | \$ 0.11 | \$ — |
| Weighted-average shares used to compute net earnings per share: ^(a) | | | |
| Basic | 1,725 | 1,761 | 1,804 |
| Diluted | 1,751 | 1,778 | 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
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF EARNINGS
(Unaudited)
(In millions, except per share amounts)

| | <u>Six months ended April 30,</u> | |
|--|-----------------------------------|---------------|
| | <u>2016</u> | <u>2015</u> |
| Net revenue | \$ 25,435 | \$ 25,602 |
| Costs and expenses: | | |
| Cost of sales | 18,180 | 18,398 |
| Research and development | 1,209 | 1,084 |
| Selling, general and administrative | 4,019 | 3,947 |
| Amortization of intangible assets | 419 | 407 |
| Restructuring charges | 472 | 380 |
| Acquisition and other related charges | 90 | 23 |
| Separation costs | 170 | 203 |
| Total costs and expenses | <u>24,559</u> | <u>24,442</u> |
| Earnings from operations | 876 | 1,160 |
| Interest and other, net | (194) | (48) |
| Earnings before taxes | 682 | 1,112 |
| Provision for taxes | (95) | (260) |
| Net earnings | <u>\$ 587</u> | <u>\$ 852</u> |
| Net earnings per share: ^(a) | | |
| Basic | \$ 0.34 | \$ 0.47 |
| Diluted | \$ 0.33 | \$ 0.46 |
| Cash dividends declared per share | \$ 0.17 | \$ — |
| Weighted-average shares used to compute net earnings per share: ^(a) | | |
| Basic | 1,743 | 1,804 |
| Diluted | 1,765 | 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)

| | <u>Three months ended April 30, 2016</u> | <u>Diluted net earnings per share</u> | <u>Three months ended January 31, 2016</u> | <u>Diluted net earnings per share</u> | <u>Three months ended April 30, 2015</u> | <u>Diluted net earnings per share</u> |
|---------------------------------------|--|---|--|---|--|---|
| GAAP net earnings | \$ 320 | \$ 0.18 | \$ 267 | \$ 0.15 | \$ 305 | \$ 0.16 |
| Non-GAAP adjustments: | | | | | | |
| Amortization of intangible assets | 201 | 0.11 | 218 | 0.12 | 204 | 0.11 |
| Restructuring charges | 161 | 0.09 | 311 | 0.17 | 248 | 0.14 |
| Acquisition and other related charges | 53 | 0.03 | 37 | 0.02 | 19 | 0.01 |
| Separation costs | 91 | 0.05 | 79 | 0.04 | 159 | 0.09 |
| Tax indemnification adjustments | 69 | 0.04 | (15) | (0.01) | — | — |
| Adjustments for taxes | (164) | (0.08) | (166) | (0.08) | (130) | (0.07) |
| Non-GAAP net earnings | <u>\$ 731</u> | <u>\$ 0.42</u> | <u>\$ 731</u> | <u>\$ 0.41</u> | <u>\$ 805</u> | <u>\$ 0.44</u> |
| GAAP earnings from operations | | | | | | |
| | \$ 492 | | \$ 384 | | \$ 428 | |
| Non-GAAP adjustments: | | | | | | |
| Amortization of intangible assets | 201 | | 218 | | 204 | |
| Restructuring charges | 161 | | 311 | | 248 | |
| Acquisition and other related charges | 53 | | 37 | | 19 | |
| Separation costs | 91 | | 79 | | 159 | |
| Non-GAAP earnings from operations | <u>\$ 998</u> | | <u>\$ 1,029</u> | | <u>\$ 1,058</u> | |
| GAAP operating margin | | | | | | |
| | 4% | | 3% | | 3% | |
| Non-GAAP adjustments | | | | | | |
| | 4% | | 5% | | 5% | |
| Non-GAAP operating margin | | | | | | |
| | <u>8%</u> | | <u>8%</u> | | <u>8%</u> | |

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

(In millions, except percentages and per share amounts)

| | <u>Six months ended April 30, 2016</u> | <u>Diluted net earnings per share</u> | <u>Six months ended April 30, 2015</u> | <u>Diluted net earnings per share</u> |
|---------------------------------------|--|---|--|---|
| GAAP net earnings | \$ 587 | \$ 0.33 | \$ 852 | \$ 0.46 |
| Non-GAAP adjustments: | | | | |
| Amortization of intangible assets | 419 | 0.24 | 407 | 0.22 |
| Restructuring charges | 472 | 0.27 | 380 | 0.21 |
| Acquisition and other related charges | 90 | 0.05 | 23 | 0.01 |
| Separation costs | 170 | 0.10 | 203 | 0.11 |
| Tax indemnification adjustments | 54 | 0.03 | — | — |
| Adjustments for taxes | (330) | (0.19) | (201) | (0.10) |
| Non-GAAP net earnings | <u>\$ 1,462</u> | <u>\$ 0.83</u> | <u>\$ 1,664</u> | <u>\$ 0.91</u> |
| GAAP earnings from operations | \$ 876 | | \$ 1,160 | |
| Non-GAAP adjustments: | | | | |
| Amortization of intangible assets | 419 | | 407 | |
| Restructuring charges | 472 | | 380 | |
| Acquisition and other related charges | 90 | | 23 | |
| Separation costs | 170 | | 203 | |
| Non-GAAP earnings from operations | <u>\$ 2,027</u> | | <u>\$ 2,173</u> | |
| GAAP operating margin | 3% | | 5% | |
| Non-GAAP adjustments | 5% | | 3% | |
| Non-GAAP operating margin | <u>8%</u> | | <u>8%</u> | |

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

| | As of | |
|--|-------------------------------|------------------|
| | April 30, 2016 (Unaudited) | October 31, 2015 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 9,010 | \$ 9,842 |
| Accounts receivable | 7,707 | 8,538 |
| Financing receivables | 3,017 | 2,918 |
| Inventory | 2,099 | 2,198 |
| Assets held for sale ^(b) | 4,077 | — |
| Other current assets ^(a) | 5,237 | 6,468 |
| Total current assets | 31,147 | 29,964 |
| Property, plant and equipment | 9,674 | 9,886 |
| Long-term financing receivables and other assets ^(a) | 11,563 | 10,875 |
| Goodwill and intangible assets | 25,680 | 29,191 |
| Total assets ^(a) | \$ 78,064 | \$ 79,916 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Notes payable and short-term borrowings | \$ 965 | \$ 691 |
| Accounts payable | 5,289 | 5,828 |
| Employee compensation and benefits | 2,212 | 2,902 |
| Taxes on earnings ^(a) | 462 | 476 |
| Deferred revenue | 4,817 | 5,154 |
| Liabilities held for sale ^(b) | 727 | — |
| Other accrued liabilities | 6,125 | 6,942 |
| Total current liabilities | 20,597 | 21,993 |
| Long-term debt | 15,247 | 15,103 |
| Other liabilities ^(a) | 10,196 | 8,902 |
| Stockholders' equity | | |
| HPE stockholders' equity: | | |
| Preferred stock, \$0.01 par value (300 shares authorized; none issued and outstanding at April 30, 2016) | — | — |
| Common stock, \$0.01 par value (9,600 shares authorized; 1,724 issued and outstanding at April 30, 2016) | 17 | — |
| Additional paid-in capital | 36,483 | — |
| Retained earnings | 301 | — |
| Former Parent company investment | — | 38,550 |
| Accumulated other comprehensive loss | (5,167) | (5,015) |
| Total HPE stockholders' equity | 31,634 | 33,535 |
| Non-controlling interests | 390 | 383 |
| Total stockholders' equity | 32,024 | 33,918 |
| Total liabilities and stockholders' equity ^(a) | \$ 78,064 | \$ 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.

(b) During the second quarter of fiscal 2016, the Company received all the necessary regulatory approvals related to its partnership with Tsinghua Holdings, and as such, the transaction met all of the held for sale criteria. The transaction closed in May 2016.

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

| | Three months ended April 30, 2016 | Six months ended April 30, 2016 |
|--|--------------------------------------|------------------------------------|
| Cash flows from operating activities: | | |
| Net earnings | \$ 320 | \$ 587 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 960 | 1,949 |
| Stock-based compensation expense | 138 | 303 |
| Provision for doubtful accounts and inventory | 70 | 109 |
| Restructuring charges | 161 | 472 |
| Deferred taxes on earnings | (276) | (31) |
| Excess tax benefit from stock-based compensation | (2) | (4) |
| Other, net | 35 | 79 |
| Changes in operating assets and liabilities, net of acquisitions: ^(a) | | |
| Accounts receivable | (246) | 366 |
| Financing receivables | (269) | (209) |
| Inventory | (4) | (186) |
| Accounts payable | 376 | (412) |
| Taxes on earnings | 93 | (347) |
| Restructuring | (204) | (489) |
| Other assets and liabilities | (45) | (1,155) |
| Net cash provided by operating activities | <u>1,107</u> | <u>1,032</u> |
| Cash flows from investing activities: | | |
| Investment in property, plant and equipment | (720) | (1,552) |
| Proceeds from sale of property, plant and equipment | 124 | 200 |
| Purchases of available-for-sale securities and other investments | (197) | (341) |
| Maturities and sales of available-for-sale securities and other investments | 127 | 270 |
| Payments made in connection with business acquisitions, net of cash acquired | (13) | (13) |
| Proceeds from business divestitures, net | 250 | 315 |
| Net cash used in investing activities | <u>(429)</u> | <u>(1,121)</u> |
| Cash flows from financing activities: | | |
| Short-term borrowings with original maturities less than 90 days, net | (38) | (36) |
| Issuance of debt | 270 | 570 |
| Payment of debt | (245) | (354) |
| Settlement of cash flow hedge | 11 | 3 |
| Issuance of common stock under employee stock plans | 14 | 18 |
| Repurchase of common stock | (15) | (1,212) |
| Net transfer (to) from former Parent | (41) | 491 |
| Excess tax benefit from stock-based compensation | 2 | 4 |
| Cash dividends paid | (94) | (190) |
| Net cash used in financing activities | <u>(136)</u> | <u>(706)</u> |
| Increase (decrease) in cash and cash equivalents | 542 | (795) |
| Cash held for sale ^(a) | (37) | (37) |
| Cash and cash equivalents at beginning of period | 8,505 | 9,842 |
| Cash and cash equivalents at end of period | <u>\$ 9,010</u> | <u>\$ 9,010</u> |

(a) During the second quarter of fiscal 2016, the Company received all of the necessary regulatory approvals related to its partnership with Tsinghua Holdings, and as such, the transaction met all of the held for sale criteria. The transaction closed in May 2016. The impact of assets and liabilities reclassified as held for sale during the period was not considered in the changes in operating assets and liabilities, net of acquisitions reconciliation within cash flows from operating activities.

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

| | Three months ended | | |
|--|--------------------|---------------------|-------------------|
| | April 30, 2016 | January 31, 2016 | April 30, 2015 |
| Net revenue: ^(a) | | | |
| Enterprise Group | \$ 7,010 | \$ 7,051 | \$ 6,560 |
| Enterprise Services | 4,723 | 4,688 | 4,817 |
| Software | 774 | 780 | 892 |
| Financial Services | 788 | 776 | 805 |
| Corporate Investments | 2 | 1 | 1 |
| Total segment net revenue | 13,297 | 13,296 | 13,075 |
| Elimination of intersegment net revenue and other | (586) | (572) | (526) |
| Total Hewlett Packard Enterprise consolidated and combined net revenue | <u>\$ 12,711</u> | <u>\$ 12,724</u> | <u>\$ 12,549</u> |
| Earnings before taxes: ^(a) | | | |
| Enterprise Group | \$ 817 | \$ 944 | \$ 923 |
| Enterprise Services | 317 | 238 | 172 |
| Software | 192 | 136 | 159 |
| Financial Services | 73 | 100 | 85 |
| Corporate Investments | (87) | (99) | (108) |
| Total segment earnings from operations | 1,312 | 1,319 | 1,231 |
| Corporate and unallocated costs and eliminations | (176) | (125) | (76) |
| Stock-based compensation expense | (138) | (165) | (97) |
| Amortization of intangible assets | (201) | (218) | (204) |
| Restructuring charges | (161) | (311) | (248) |
| Acquisition and other related charges | (53) | (37) | (19) |
| Separation costs | (91) | (79) | (159) |
| Interest and other, net | (129) | (65) | (30) |
| Total Hewlett Packard Enterprise consolidated and combined earnings before taxes | <u>\$ 363</u> | <u>\$ 319</u> | <u>\$ 398</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.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
SEGMENT INFORMATION

(Unaudited)
(In millions)

| | Six months ended April 30, | |
|--|----------------------------|------------------|
| | 2016 | 2015 |
| Net revenue: ^(a) | | |
| Enterprise Group | \$ 14,061 | \$ 13,542 |
| Enterprise Services | 9,411 | 9,810 |
| Software | 1,554 | 1,762 |
| Financial Services | 1,564 | 1,608 |
| Corporate Investments | 3 | 5 |
| Total segment net revenue | 26,593 | 26,727 |
| Elimination of intersegment net revenue and other | (1,158) | (1,125) |
| Total Hewlett Packard Enterprise consolidated and combined net revenue | <u>\$ 25,435</u> | <u>\$ 25,602</u> |
| Earnings before taxes: ^(a) | | |
| Enterprise Group | \$ 1,761 | \$ 1,981 |
| Enterprise Services | 555 | 322 |
| Software | 328 | 316 |
| Financial Services | 173 | 175 |
| Corporate Investments | (186) | (199) |
| Total segment earnings from operations | 2,631 | 2,595 |
| Corporate and unallocated costs and eliminations | (301) | (186) |
| Stock-based compensation expense | (303) | (236) |
| Amortization of intangible assets | (419) | (407) |
| Restructuring charges | (472) | (380) |
| Acquisition and other related charges | (90) | (23) |
| Separation costs | (170) | (203) |
| Interest and other, net | (194) | (48) |
| Total Hewlett Packard Enterprise consolidated and combined earnings before taxes | <u>\$ 682</u> | <u>\$ 1,112</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.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
SEGMENT/BUSINESS UNIT INFORMATION

(Unaudited)

(In millions, except percentages)

| | Three months ended | | | Change (%) | |
|--|--------------------|---------------------|-------------------|------------|-------|
| | April 30, 2016 | January 31, 2016 | April 30, 2015 | Q/Q | Y/Y |
| Net revenue: ^(a) | | | | | |
| Enterprise Group | | | | | |
| Servers | \$ 3,561 | \$ 3,568 | \$ 3,332 | (0)% | 7% |
| Technology Services | 1,823 | 1,810 | 1,932 | 1% | (6)% |
| Networking | 874 | 863 | 556 | 1% | 57% |
| Storage | 752 | 810 | 740 | (7)% | 2% |
| Total Enterprise Group | <u>7,010</u> | <u>7,051</u> | <u>6,560</u> | (1)% | 7% |
| Enterprise Services | | | | | |
| Infrastructure Technology Outsourcing | 2,839 | 2,874 | 2,871 | (1)% | (1)% |
| Application and Business Services | 1,884 | 1,814 | 1,946 | 4% | (3)% |
| Total Enterprise Services | <u>4,723</u> | <u>4,688</u> | <u>4,817</u> | 1% | (2)% |
| Software | <u>774</u> | <u>780</u> | <u>892</u> | (1)% | (13)% |
| Financial Services | <u>788</u> | <u>776</u> | <u>805</u> | 2% | (2)% |
| Corporate Investments | 2 | 1 | 1 | 100% | 100% |
| Total segment net revenue | <u>13,297</u> | <u>13,296</u> | <u>13,075</u> | 0% | 2% |
| Elimination of intersegment net revenue and other | <u>(586)</u> | <u>(572)</u> | <u>(526)</u> | 2% | 11% |
| Total Hewlett Packard Enterprise consolidated and combined net revenue | <u>\$ 12,711</u> | <u>\$ 12,724</u> | <u>\$ 12,549</u> | (0)% | 1% |

- (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)

| | <u>Six months ended April 30,</u> | | <u>Change (%)</u> |
|--|-----------------------------------|------------------|-------------------|
| | <u>2016</u> | <u>2015</u> | <u>Y/Y</u> |
| Net revenue: ^(a) | | | |
| Enterprise Group | | | |
| Servers | \$ 7,129 | \$ 6,927 | 3% |
| Technology Services | 3,633 | 3,920 | (7)% |
| Networking | 1,737 | 1,118 | 55% |
| Storage | 1,562 | 1,577 | (1)% |
| Total Enterprise Group | <u>14,061</u> | <u>13,542</u> | 4% |
| Enterprise Services | | | |
| Infrastructure Technology Outsourcing | 5,713 | 6,003 | (5)% |
| Application and Business Services | 3,698 | 3,807 | (3)% |
| Total Enterprise Services | <u>9,411</u> | <u>9,810</u> | (4)% |
| Software | <u>1,554</u> | <u>1,762</u> | (12)% |
| Financial Services | <u>1,564</u> | <u>1,608</u> | (3)% |
| Corporate Investments | <u>3</u> | <u>5</u> | (40)% |
| Total segment net revenue | <u>26,593</u> | <u>26,727</u> | (1)% |
| Elimination of intersegment net revenue and other | <u>(1,158)</u> | <u>(1,125)</u> | 3% |
| Total Hewlett Packard Enterprise consolidated and combined net revenue | <u>\$ 25,435</u> | <u>\$ 25,602</u> | (1)% |

- (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)

| | <u>Three months ended</u> | <u>Change in Operating Margin (pts)</u> | |
|--|---------------------------|---|------------|
| | <u>April 30, 2016</u> | <u>Q/Q</u> | <u>Y/Y</u> |
| Segment operating margin: ^(a) | | | |
| Enterprise Group | 11.7% | (1.7) pts | (2.4) pts |
| Enterprise Services | 6.7% | 1.6 pts | 3.1 pts |
| Software | 24.8% | 7.4 pts | 7.0 pts |
| Financial Services | 9.3% | (3.6) pts | (1.3) pts |
| Corporate Investments ^(b) | NM | NM | NM |
| Total segment operating margin | 9.9% | 0.0 pts | 0.5 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 | | |
|---|--------------------|---------------------|-------------------|
| | April 30, 2016 | January 31, 2016 | April 30, 2015 |
| Numerator: | | | |
| GAAP net earnings | \$ 320 | \$ 267 | \$ 305 |
| Non-GAAP net earnings | <u>\$ 731</u> | <u>\$ 731</u> | <u>\$ 805</u> |
| Denominator: ^(a) | | | |
| Weighted-average shares used to compute basic net earnings per share ^(b) | 1,725 | 1,761 | 1,804 |
| Dilutive effect of employee stock plans ^{(c)(d)} | 26 | 17 | 30 |
| Weighted-average shares used to compute diluted net earnings per share | <u>1,751</u> | <u>1,778</u> | <u>1,834</u> |
| GAAP diluted net earnings per share | \$ 0.18 | \$ 0.15 | \$ 0.16 |
| Non-GAAP diluted net earnings per share | <u>\$ 0.42</u> | <u>\$ 0.41</u> | <u>\$ 0.44</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 EPS for all periods in fiscal 2015.
- (b) For all periods 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 awards, stock options and performance-based awards.
- (d) For all periods in 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)

| | Six months ended April 30, | |
|---|-----------------------------------|-------------|
| | 2016 | 2015 |
| Numerator: | | |
| GAAP net earnings | \$ 587 | \$ 852 |
| Non-GAAP net earnings | \$ 1,462 | \$ 1,664 |
| Denominator: ^(a) | | |
| Weighted-average shares used to compute basic net earnings per share ^(b) | 1,743 | 1,804 |
| Dilutive effect of employee stock plans ^{(c)(d)} | 22 | 30 |
| Weighted-average shares used to compute diluted net earnings per share | 1,765 | 1,834 |
| GAAP diluted net earnings per share | \$ 0.33 | \$ 0.46 |
| Non-GAAP diluted net earnings per share | \$ 0.83 | \$ 0.91 |

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- (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 all periods 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 awards, stock options and performance-based awards.
- (d) For all periods in 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.
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