

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

	Three months ended		
	April 30, 2017	January 31, 2017	April 30, 2016
Net revenue	\$ 7,445	\$ 7,556	\$ 8,509
Costs and expenses:			
Cost of sales	4,927	4,824	5,467
Research and development	486	481	621
Selling, general and administrative	1,449	1,454	1,648
Amortization of intangible assets	107	101	101
Restructuring charges	118	116	87
Acquisition and other related charges	51	44	43
Separation costs	141	85	91
Defined benefit plan settlement charges and rereasurement (benefit) ^(a)	(16)	(5)	—
Total costs and expenses	<u>7,263</u>	<u>7,100</u>	<u>8,058</u>
Earnings from continuing operations	182	456	451
Interest and other, net	(85)	(78)	(52)
Tax indemnification adjustments	7	(18)	(69)
Loss from equity interests ^(b)	(3)	(22)	—
Earnings from continuing operations before taxes	101	338	330
Tax valuation allowances and divestiture taxes ^(c)	(593)	—	—
Benefit (provision) for taxes	5	(83)	(8)
Net (loss) earnings from continuing operations	(487)	255	322
Net (loss) earnings from discontinued operations	(125)	12	(2)
Net (loss) earnings	<u>\$ (612)</u>	<u>\$ 267</u>	<u>\$ 320</u>
Net (loss) earnings per share:			
Basic			
Continuing operations	\$ (0.29)	\$ 0.15	\$ 0.19
Discontinued operations	(0.08)	0.01	—
Total basic net (loss) earnings per share	<u>\$ (0.37)</u>	<u>\$ 0.16</u>	<u>\$ —</u>
Diluted			
Continuing operations	\$ (0.29)	\$ 0.15	\$ 0.18
Discontinued operations	(0.08)	0.01	—
Total diluted net (loss) earnings per share	<u>\$ (0.37)</u>	<u>\$ 0.16</u>	<u>\$ 0.18</u>
Cash dividends declared per share	\$ 0.065	\$ 0.130	\$ 0.055
Weighted-average shares used to compute net (loss) earnings per share:			
Basic	1,658	1,669	1,725
Diluted	1,658	1,700	1,751

- (a) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.
- (b) Primarily represents the Company's ownership interest in the net earnings of H3C, which it records as an equity method investment.
- (c) Represents \$593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes in connection with the spinoff of the enterprise services business, Everett SpinCo, Inc.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(In millions, except per share amounts)

	Six Months Ended April 30,	
	2017	2016
Net revenue	\$ 15,001	\$ 17,041
Costs and expenses:		
Cost of sales	9,751	10,868
Research and development	967	1,203
Selling, general and administrative	2,903	3,324
Amortization of intangible assets	208	220
Restructuring charges	234	253
Acquisition and other related charges	95	80
Separation costs	226	170
Defined benefit plan settlement charges and remeasurement (benefit) ^(a)	(21)	—
Total costs and expenses	14,363	16,118
Earnings from continuing operations	638	923
Interest and other, net	(163)	(126)
Tax indemnification adjustments	(11)	(54)
Loss from equity interests ^(b)	(25)	—
Earnings from continuing operations before taxes	439	743
Tax valuation allowances and divestiture taxes ^(c)	(593)	—
Provision for taxes	(78)	(59)
Net (loss) earnings from continuing operations	(232)	684
Net loss from discontinued operations	(113)	(97)
Net (loss) earnings	\$ (345)	\$ 587
Net (loss) earnings per share:		
Basic		
Continuing operations	\$ (0.14)	\$ 0.39
Discontinued operations	(0.07)	(0.06)
Total basic net (loss) earnings per share	\$ (0.21)	\$ 0.33
Diluted		
Continuing operations	\$ (0.14)	\$ 0.39
Discontinued operations	(0.07)	(0.06)
Total diluted net (loss) earnings per share	\$ (0.21)	\$ 0.33
Cash dividends declared per share	\$ 0.195	\$ 0.165
Weighted-average shares used to compute net (loss) earnings per share:		
Basic	1,664	1,743
Diluted	1,664	1,765

(a) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.

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

- (c) Represents \$593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes in connection with the spinoff of the enterprise services business, Everett SpinCo, Inc.

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 April 30, 2017	Diluted net (loss) earnings per share	Three months ended January 31, 2017	Diluted net earnings per share	Three months ended April 30, 2016	Diluted net earnings per share
GAAP net (loss) earnings from continuing operations	\$ (487)	\$ (0.29)	\$ 255	\$ 0.15	\$ 322	\$
Non-GAAP adjustments:						
Amortization of intangible assets	107	0.06	101	0.06	101	0.06
Restructuring charges	118	0.07	116	0.07	87	0.05
Acquisition and other related charges	51	0.03	44	0.03	43	0.02
Separation costs	141	0.09	85	0.05	91	0.05
Defined benefit plan settlement charges and rereasurement (benefit) ^(a)	(16)	(0.01)	(5)	—	—	—
Tax indemnification adjustments	(7)	—	18	0.01	69	0.04
Loss from equity interests ^(b)	38	0.02	35	0.02	—	—
Adjustments for taxes	(122)	(0.08)	(68)	(0.05)	(127)	(0.07)
Tax valuation allowances and divestiture taxes ^(c)	593	0.36	—	—	—	—
Non-GAAP net earnings from continuing operations	\$ 416	\$ 0.25	\$ 581	\$ 0.34	\$ 586	\$ 0.33
GAAP earnings from continuing operations	182		456		451	
Non-GAAP adjustments related to continuing operations:						
Amortization of intangible assets	107		101		101	
Restructuring charges	118		116		87	
Acquisition and other related charges	51		44		43	
Separation costs	141		85		91	
Defined benefit plan settlement charges and rereasurement (benefit) ^(a)	(16)		(5)		—	
Non-GAAP earnings from continuing operations	\$ 583		\$ 797		\$ 773	
GAAP operating margin from continuing operations	2%		6%		5%	
Non-GAAP adjustments from continuing operations	6%		5%		4%	
Non-GAAP operating margin from continuing operations	8%		11%		9%	
GAAP net (loss) earnings from discontinued operations	\$ (125)	\$ (0.08)	\$ 12	\$ 0.01	\$ (2)	\$ —
Non-GAAP adjustments related to discontinued operations:						
Amortization of intangible assets	—	—	—	—	100	0.06
Restructuring charges	98	0.06	61	0.04	74	0.04

Acquisition and other related charges	—	—	—	—	10	0.01
Separation costs	337	0.20	191	0.11	—	—
Defined benefit plan settlement charges and rereasurement (benefit) ^(a)	(1)	—	(1)	—	—	—
Adjustments for taxes	(120)	(0.07)	(72)	(0.05)	(37)	(0.02)
Tax valuation allowances and divestiture taxes ^(c)	(18)	(0.01)	—	—	—	—
Non-GAAP net earnings from discontinued operations	\$ 171	\$ 0.10	\$ 191	\$ 0.11	\$ 145	\$ 0.09
Total GAAP net (loss) earnings	\$ (612)	\$ (0.37)	\$ 267	\$ 0.16	\$ 320	\$ 0.18
Total Non-GAAP net earnings	\$ 587	\$ 0.35	\$ 772	\$ 0.45	\$ 731	\$ 0.42

- (a) Represents adjustment to net periodic pension cost resulting from rereasurements of the Hewlett Packard Enterprise pension plans in connection with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.
- (b) Represents the amortization of the basis difference adjustments related to the H3C divestiture.
- (c) Represents \$593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes in connection with the spinoff of the enterprise services business, Everett SpinCo, Inc.

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)

	Six Months Ended April 30, 2017	Diluted net (loss) earnings per share	Six Months Ended April 30, 2016	Diluted net (loss) earnings per share
GAAP net (loss) earnings from continuing operations	\$ (232)	\$ (0.14)	\$ 684	\$ 0.39
Non-GAAP adjustments:				
Amortization of intangible assets	208	0.13	220	0.12
Restructuring charges	234	0.14	253	0.14
Acquisition and other related charges	95	0.06	80	0.05
Separation costs	226	0.14	170	0.10
Defined benefit plan settlement charges and remeasurement (benefit) ^(a)	(21)	(0.01)	—	—
Tax indemnification adjustments	11	0.01	54	0.03
Loss from equity interests ^(b)	73	0.04	—	—
Adjustments for taxes	(190)	(0.13)	(255)	(0.15)
Tax valuation allowances and divestiture taxes ^(c)	593	0.35	—	—
Non-GAAP net earnings from continuing operations	\$ 997	\$ 0.59	\$ 1,206	\$ 0.68
GAAP earnings from continuing operations	\$ 638		\$ 923	
Non-GAAP adjustments related to continuing operations:				
Amortization of intangible assets	208		220	
Restructuring charges	234		253	
Acquisition and other related charges	95		80	
Separation costs	226		170	
Defined benefit plan settlement charges and remeasurement (benefit) ^(a)	(21)		—	
Non-GAAP earnings from continuing operations	\$ 1,380		\$ 1,646	
GAAP operating margin from continuing operations	4%		5%	
Non-GAAP adjustments from continuing operations	5%		5%	
Non-GAAP operating margin from continuing operations	9%		10%	
GAAP net loss from discontinued operations	\$ (113)	\$ (0.07)	\$ (97)	\$ (0.06)
Non-GAAP adjustments related to discontinued operations:				
Amortization of intangible assets	\$ —	—	\$ 199	0.11
Restructuring charges	159	0.10	219	0.12
Acquisition and other related charges	—	—	10	0.01
Separation costs	528	0.32	—	—
Defined benefit plan settlement charges and remeasurement (benefit) ^(a)	(2)	—	—	—
Adjustments for taxes	(192)	(0.13)	(75)	(0.03)
Tax valuation allowances and divestiture taxes ^(c)	(18)	(0.01)	—	—
Non-GAAP net earnings from discontinued operations	\$ 362	\$ 0.21	\$ 256	\$ 0.15
Total GAAP net (loss) earnings	\$ (345)	\$ (0.21)	\$ 587	\$ 0.33
Total Non-GAAP net earnings	\$ 1,359	\$ 0.80	\$ 1,462	\$ 0.83

- (a) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.
- (b) Represents the amortization of the basis difference adjustments related to the H3C divestiture.
- (c) Represents \$593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes in connection with the spinoff of the enterprise services business, Everett SpinCo, Inc.

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

	As of	
	April 30, 2017	October 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,101	\$ 12,987
Accounts receivable	3,810	3,816
Financing receivables	3,229	3,360
Inventory	2,041	1,740
Other current assets	3,092	2,771
Current assets of discontinued operations	—	4,243
Total current assets	20,273	28,917
Property, plant and equipment	6,692	6,304
Long-term financing receivables and other assets ^(a)	10,847	11,575
Investments in equity interests	2,620	2,648
Goodwill and intangible assets	27,038	25,262
Non-current assets of discontinued operations	—	4,923
Total assets	\$ 67,470	\$ 79,629
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings ^(a)	\$ 2,010	\$ 3,527
Accounts payable	5,194	5,010
Employee compensation and benefits	1,189	1,526
Taxes on earnings	755	365
Deferred revenue	3,829	3,761
Accrued restructuring	228	301
Other accrued liabilities	4,373	3,857
Current liabilities of discontinued operations	—	4,182
Total current liabilities	17,578	22,529
Long-term debt ^(a)	11,904	12,168
Other non-current liabilities	8,941	9,401
Non-current liabilities of discontinued operations	—	4,013
Stockholders' equity		
HPE stockholders' equity:		
Preferred stock, \$0.01 par value (300 shares authorized; none issued and outstanding at April 30, 2017)	—	—
Common stock, \$0.01 par value (9,600 shares authorized; 1,646 and 1,666 shares issued and outstanding at April 30, 2017 and October 31, 2016, respectively)	16	17
Additional paid-in capital	34,406	35,248
Retained earnings	(1,867)	2,782
Accumulated other comprehensive loss	(3,544)	(6,599)
Total HPE stockholders' equity	29,011	31,448
Non-controlling interests of continuing operations	36	40
Non-controlling interests of discontinued operations	—	30

Total stockholders' equity	29,047	31,518
Total liabilities and stockholders' equity	\$ 67,470	\$ 79,629

- (a) During the first quarter of fiscal 2017, the Company adopted on a retrospective basis the guidance on the presentation of debt issuance cost as a direct deduction from the related debt liability. As such, prior period amounts have been reclassified to conform to the current presentation.

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

	Three months ended April 30, 2017	Six months ended April 30, 2017
Cash flows from operating activities:		
Net loss	\$ (612)	\$ (345)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	792	1,632
Stock-based compensation expense	107	252
Provision for doubtful accounts and inventory	32	39
Restructuring charges	216	393
Deferred taxes on earnings	631	506
Excess tax benefit from stock-based compensation	(24)	(98)
Loss from equity interests	3	25
Other, net	185	310
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(165)	301
Financing receivables	(6)	120
Inventory	(78)	(210)
Accounts payable	360	129
Taxes on earnings	(364)	(386)
Restructuring	(219)	(545)
Other assets and liabilities ^(a)	(222)	(2,951)
Net cash provided by (used in) operating activities	<u>636</u>	<u>(828)</u>
Cash flows from investing activities:		
Investment in property, plant and equipment	(758)	(1,681)
Proceeds from sale of property, plant and equipment	58	142
Purchases of available-for-sale securities and other investments	(19)	(26)
Maturities and sales of available-for-sale securities and other investments	1	2
Financial collateral posted	(226)	(226)
Financial collateral returned	49	49
Payments made in connection with business acquisitions, net of cash acquired	(1,758)	(2,050)
Payments from business divestitures, net ^(b)	—	(20)
Net cash used in investing activities	<u>(2,653)</u>	<u>(3,810)</u>
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	4	28
Proceeds from debt, net of issuance costs	293	541
Payment of debt	(1,840)	(2,102)
Issuance of common stock under employee stock plans	107	265
Repurchase of common stock	(670)	(1,311)
Cash dividend from Everett ^(c)	3,008	3,008
Net transfer of cash and cash equivalents to Everett	(559)	(559)
Excess tax benefit from stock-based compensation	24	98
Cash dividends paid	<u>(107)</u>	<u>(216)</u>

Net cash provided by (used in) financing activities	260	(248)
Decrease in cash and cash equivalents	(1,757)	(4,886)
Cash and cash equivalents at beginning of period	9,858	12,987
Cash and cash equivalents at end of period	\$ 8,101	\$ 8,101
Supplemental schedule of non-cash investing and financing activities:		
Net assets transferred to Everett	\$ 322	\$ —

- (a) Includes \$1.9 billion of funding payments made in the six months ended April 30, 2017 related to pension liabilities in connection with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.
- (b) Primarily relates to a H3C working capital adjustment payment in the six months ended April 30, 2017.
- (c) 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 aggregate debt by Everett SpinCo, Inc. The obligations under the debt issuance were retained by Everett SpinCo, Inc.

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

	Three months ended		
	April 30, 2017	January 31, 2017	April 30, 2016
Net revenue: ^(a)			
Enterprise Group	\$ 6,243	\$ 6,325	\$ 7,159
Software	685	721	774
Financial Services	872	823	788
Corporate Investments	—	—	172
Total segment net revenue	7,800	7,869	8,893
Elimination of intersegment net revenue and other	(355)	(313)	(384)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 7,445	\$ 7,556	\$ 8,509
Earnings from continuing operations before taxes: ^(a)			
Enterprise Group	\$ 548	\$ 802	\$ 847
Software	181	154	192
Financial Services	78	78	73
Corporate Investments	(38)	(43)	(59)
Total segment earnings from operations	769	991	1,053
Corporate and unallocated costs and eliminations	(90)	(71)	(177)
Stock-based compensation expense	(96)	(123)	(103)
Amortization of intangible assets	(107)	(101)	(101)
Restructuring charges	(118)	(116)	(87)
Acquisition and other related charges	(51)	(44)	(43)
Separation costs	(141)	(85)	(91)
Defined benefit plan settlement and rereasurement charges ^(b)	16	5	—
Interest and other, net	(85)	(78)	(52)
Tax indemnification adjustments	7	(18)	(69)
Loss from equity interests ^(c)	(3)	(22)	—
Total Hewlett Packard Enterprise consolidated earnings from continuing operations before taxes	\$ 101	\$ 338	\$ 330

- (a) As of April 1, 2017, with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation, the Company reclassified the historical net (loss) earnings from the former enterprise services segment ("former ES segment"), to Net (loss) earnings from discontinued operations in its Condensed Consolidated 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 business unit; and (ii) the transfer of the CMS product group previously reported within the former ES segment to the Technology Services 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 Technology Services 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 spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation, the Company transferred 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 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.

- (b) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.
- (c) 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)

	Six Months Ended April 30,	
	2017	2016
Net revenue: ^(a)		
Enterprise Group	\$ 12,568	\$ 14,341
Software	1,406	1,554
Financial Services	1,695	1,564
Corporate Investments	—	348
Total segment net revenue	15,669	17,807
Elimination of intersegment net revenue and other	(668)	(766)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 15,001	\$ 17,041
Earnings from continuing operations before taxes: ^(a)		
Enterprise Group	\$ 1,350	\$ 1,811
Software	335	328
Financial Services	156	173
Corporate Investments	(81)	(135)
Total segment earnings from operations	1,760	2,177
Corporate and unallocated costs and eliminations	(161)	(301)
Stock-based compensation expense	(219)	(230)
Amortization of intangible assets	(208)	(220)
Restructuring charges	(234)	(253)
Acquisition and other related charges	(95)	(80)
Separation costs	(226)	(170)
Defined benefit plan settlement and remeasurement charges ^(b)	21	—
Interest and other, net	(163)	(126)
Tax indemnification adjustments	(11)	(54)
Loss from equity interests ^(c)	(25)	—
Total Hewlett Packard Enterprise consolidated earnings from continuing operations before taxes	\$ 439	\$ 743

- (a) As of April 1, 2017, with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation, the Company reclassified the historical net (loss) earnings from the former enterprise services segment ("former ES segment"), to Net (loss) earnings from discontinued operations in its Condensed Consolidated 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 business unit; and (ii) the transfer of the CMS product group previously reported within the former ES segment to the Technology Services 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 Technology Services 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 spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation, the Company transferred 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 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.

- (b) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in anticipation of the spin-off and merger of Everett Spinco, Inc. with Computer Sciences Corporation.
- (c) 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 (%)	
	April 30, 2017	January 31, 2017	April 30, 2016	Q/Q	Y/Y
Net revenue: ^(a)					
Enterprise Group					
Servers	\$ 2,991	\$ 3,103	\$ 3,498	(4%)	(14%)
Technology Services	1,971	1,943	2,019	1%	(2%)
Storage	699	730	808	(4%)	(13%)
Networking	582	549	834	6%	(30%)
Total Enterprise Group	6,243	6,325	7,159	(1%)	(13%)
Software	685	721	774	(5%)	(11%)
Financial Services	872	823	788	6%	11%
Corporate Investments	—	—	172	—	(100%)
Total segment net revenue	7,800	7,869	8,893	(1%)	(12%)
Elimination of intersegment net revenue and other	(355)	(313)	(384)	13%	(8%)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 7,445	\$ 7,556	\$ 8,509	(1%)	(13%)

- (a) As of April 1, 2017, with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation, the Company reclassified the historical net (loss) earnings from the former enterprise services segment ("former ES segment"), to Net (loss) earnings from discontinued operations in its Condensed Consolidated 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 business unit; and (ii) the transfer of the CMS product group previously reported within the former ES segment to the Technology Services 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 Technology Services 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 spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation, the Company transferred 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 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.

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

	Six Months Ended April 30,		Change (%)
	2017	2016	Y/Y
Net revenue: ^(a)			
Enterprise Group			
Servers	\$ 6,094	\$ 7,034	(13%)
Technology Services	3,914	4,004	(2%)
Storage	1,429	1,645	(13%)
Networking	1,131	1,658	(32%)
Total Enterprise Group	12,568	14,341	(12%)
Software	1,406	1,554	(10%)
Financial Services	1,695	1,564	8%
Corporate Investments	—	348	(100%)
Total segment net revenue	15,669	17,807	(12%)
Elimination of intersegment net revenue and other			
	(668)	(766)	(13%)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 15,001	\$ 17,041	(12%)

- (a) As of April 1, 2017, with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation, the Company reclassified the historical net (loss) earnings from the former enterprise services segment ("former ES segment"), to Net (loss) earnings from discontinued operations in its Condensed Consolidated Statements of Earnings.

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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 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.

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

	Three months ended	Change in Operating Margin (pts)	
	April 30, 2017	Q/Q	Y/Y
Segment operating margin: ^(a)			
Enterprise Group	8.8%	(3.9) pts	(3.0) pts
Software	26.4%	5.0 pts	1.6 pts
Financial Services	8.9%	(0.6) pts	(0.4) pts
Corporate Investments ^(b)	NM	NM	NM
Total segment operating margin	9.9%	(2.7) pts	(1.9) pts

- (a) As of April 1, 2017, with the spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation, the Company reclassified the historical net (loss) earnings from the former enterprise services segment ("former ES segment"), to Net (loss) earnings from discontinued operations in its Condensed Consolidated 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 business unit; and (ii) the transfer of the CMS product group previously reported within the former ES segment to the Technology Services 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 Technology Services 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 spinoff of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation, the Company transferred 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 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.

- (b) "NM" represents not meaningful.

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

	Three months ended		
	April 30, 2017	January 31, 2017	April 30, 2016
Numerator:			
GAAP net (loss) earnings from continuing operations	\$ (487)	\$ 255	\$ 322
GAAP net (loss) earnings from discontinued operations	\$ (125)	\$ 12	\$ (2)
Non-GAAP net earnings from continuing operations	\$ 416	\$ 581	\$ 586
Non-GAAP net earnings from discontinued operations	\$ 171	\$ 191	\$ 145
Denominator:			
Weighted-average shares used to compute basic net (loss) earnings per share and diluted net (loss) per share	1,658	1,669	1,725
Dilutive effect of employee stock plans ^(a)	27	31	26
Weighted-average shares used to compute diluted net earnings per share	1,685	1,700	1,751
GAAP net (loss) earnings per share from continuing operations			
Basic	\$ (0.29)	\$ 0.15	\$ 0.19
Diluted ^(a)	\$ (0.29)	\$ 0.15	\$ 0.18
GAAP net (loss) earnings per share from discontinued operations			
Basic	\$ (0.08)	\$ 0.01	\$ —
Diluted ^(a)	\$ (0.08)	\$ 0.01	\$ —
Non-GAAP net earnings per share from continuing operations			
Basic	\$ 0.25	\$ 0.35	\$ 0.34
Diluted ^(b)	\$ 0.25	\$ 0.34	\$ 0.33
Non-GAAP net earnings per share from discontinued operations			
Basic	\$ 0.10	\$ 0.11	\$ 0.08
Diluted ^(b)	\$ 0.10	\$ 0.11	\$ 0.09
Total Hewlett Packard Enterprise GAAP basic net (loss) earnings per share	\$ (0.37)	\$ 0.16	\$ 0.19
Total Hewlett Packard Enterprise GAAP diluted net (loss) earnings per share	\$ (0.37)	\$ 0.16	\$ 0.18
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	\$ 0.35	\$ 0.46	\$ 0.42
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	\$ 0.35	\$ 0.45	\$ 0.42

(a) GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based awards, but the effect is excluded when calculating GAAP diluted net (loss) per share because it would be anti-dilutive.

(b) Non-GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based awards.

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

	Six Months Ended April 30,	
	2017	2016
Numerator:		
GAAP net (loss) earnings from continuing operations	\$ (232)	\$ 684
GAAP net (loss) earnings from discontinued operations	\$ (113)	\$ (97)
Non-GAAP net earnings from continuing operations	\$ 997	\$ 1,206
Non-GAAP net earnings from discontinued operations	\$ 362	\$ 256
Denominator:		
Weighted-average shares used to compute basic net (loss) earnings per share and diluted net (loss) per share	1,664	1,743
Dilutive effect of employee stock plans ^(a)	28	22
Weighted-average shares used to compute diluted net earnings per share	1,692	1,765
GAAP net (loss) earnings per share from continuing operations		
Basic	\$ (0.14)	\$ 0.39
Diluted ^(a)	\$ (0.14)	\$ 0.39
GAAP net (loss) earnings per share from discontinued operations		
Basic	\$ (0.07)	\$ (0.06)
Diluted ^(a)	\$ (0.07)	\$ (0.06)
Non-GAAP net earnings per share from continuing operations		
Basic	\$ 0.60	\$ 0.69
Diluted ^(b)	\$ 0.59	\$ 0.68
Non-GAAP net earnings per share from discontinued operations		
Basic	\$ 0.22	\$ 0.15
Diluted ^(b)	\$ 0.21	\$ 0.15
Total Hewlett Packard Enterprise GAAP basic net (loss) earnings per share	\$ (0.21)	\$ 0.33
Total Hewlett Packard Enterprise GAAP diluted net (loss) earnings per share	\$ (0.21)	\$ 0.33
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	\$ 0.82	\$ 0.84
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	\$ 0.80	\$ 0.83

- (a) GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based awards, but the effect is excluded when calculating GAAP diluted net (loss) per share because it would be anti-dilutive.
- (b) Non-GAAP diluted net earnings per share reflects any dilutive effect of restricted stock awards, stock options and performance-based awards.