

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

	Three months ended		
	July 31, 2017	April 30, 2017	July 31, 2016
Net revenue	\$ 8,209	\$ 7,445	\$ 8,005
Costs and expenses:			
Cost of sales	5,496	4,927	5,089
Research and development	508	486	551
Selling, general and administrative	1,512	1,449	1,575
Amortization of intangible assets	132	107	111
Restructuring charges	165	118	93
Transformation costs	31	—	—
Acquisition and other related charges	56	51	34
Separation costs	186	141	76
Defined benefit plan settlement charges and remeasurement (benefit) ^(a)	(24)	(16)	—
Gain on H3C divestiture	—	—	(2,169)
Total costs and expenses	<u>8,062</u>	<u>7,263</u>	<u>5,360</u>
Earnings from continuing operations	147	182	2,645
Interest and other, net	(97)	(85)	(69)
Tax indemnification adjustments	10	7	60
Earnings (loss) from equity interests ^(b)	1	(3)	(72)
Earnings from continuing operations before taxes	61	101	2,564
Tax valuation allowances and divestiture taxes ^(c)	189	(593)	—
(Provision) benefit for taxes	(2)	5	(107)
Net earnings (loss) from continuing operations	248	(487)	2,457
Net loss from discontinued operations	(83)	(125)	(185)
Net earnings (loss)	<u>\$ 165</u>	<u>\$ (612)</u>	<u>\$ 2,272</u>
Net earnings (loss) per share:			
Basic			
Continuing operations	\$ 0.15	\$ (0.29)	\$ 1.46
Discontinued operations	(0.05)	(0.08)	(0.11)
Total basic net earnings (loss) per share	<u>\$ 0.10</u>	<u>\$ (0.37)</u>	<u>\$ 1.35</u>
Diluted			
Continuing operations	\$ 0.15	\$ (0.29)	\$ 1.43
Discontinued operations	(0.05)	(0.08)	(0.11)
Total diluted net earnings (loss) per share	<u>\$ 0.10</u>	<u>\$ (0.37)</u>	<u>\$ 1.32</u>
Cash dividends declared per share	\$ 0.065	\$ 0.065	\$ 0.055
Weighted-average shares used to compute net earnings (loss) per share:			
Basic	1,641	1,658	1,681
Diluted	1,667	1,658	1,715

- (a) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spin-off of the software business, Seattle SpinCo, Inc., and the merger of Seattle SpinCo, Inc. with Micro Focus International plc and the spin-off 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 amounts in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc. For the three months ended July 31, 2017, primarily represents \$164 million of income tax benefit on deferred losses. For the three months ended April 30, 2017, represents \$593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes.

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

	Nine Months Ended July 31,	
	2017	2016
Net revenue	\$ 23,210	\$ 25,046
Costs and expenses:		
Cost of sales	15,247	15,957
Research and development	1,475	1,754
Selling, general and administrative	4,415	4,899
Amortization of intangible assets	340	331
Restructuring charges	399	346
Transformation costs	31	—
Acquisition and other related charges	151	114
Separation costs	412	246
Defined benefit plan settlement charges and rereasurement (benefit) ^(a)	(45)	—
Gain on H3C divestiture	—	(2,169)
Total costs and expenses	<u>22,425</u>	<u>21,478</u>
Earnings from continuing operations	785	3,568
Interest and other, net	(260)	(195)
Tax indemnification adjustments	(1)	6
Loss from equity interests ^(b)	(24)	(72)
Earnings from continuing operations before taxes	500	3,307
Tax valuation allowances and divestiture taxes ^(c)	(404)	—
Provision for taxes	(80)	(166)
Net earnings from continuing operations	16	3,141
Net loss from discontinued operations	(196)	(282)
Net (loss) earnings	<u>\$ (180)</u>	<u>\$ 2,859</u>
Net (loss) earnings per share:		
Basic		
Continuing operations	\$ 0.01	\$ 1.82
Discontinued operations	(0.12)	(0.16)
Total basic net (loss) earnings per share	<u>\$ (0.11)</u>	<u>\$ 1.66</u>
Diluted		
Continuing operations	\$ 0.01	\$ 1.80
Discontinued operations	(0.12)	(0.16)
Total diluted net (loss) earnings per share	<u>\$ (0.11)</u>	<u>\$ 1.64</u>
Cash dividends declared per share	\$ 0.260	\$ 0.220
Weighted-average shares used to compute net (loss) earnings per share:		
Basic	1,656	1,722
Diluted	1,683	1,748

(a) Represents adjustment to net periodic pension cost resulting from rereasurements of the Hewlett Packard Enterprise pension plans in connection with the spin-off of the software business, Seattle SpinCo, Inc., and the merger of Seattle

SpinCo, Inc. with Micro Focus International plc and the spin-off 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 tax amounts in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc. Includes \$593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes and \$164 million income tax benefit on deferred losses.

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 July 31, 2017	Diluted net (loss) earnings per share	Three months ended April 30, 2017	Diluted net earnings per share	Three months ended July 31, 2016	Diluted net earnings per share
GAAP net earnings (loss) from continuing operations	\$ 248	\$ 0.15	\$ (487)	\$ (0.29)	\$ 2,457	\$ 1.43
Non-GAAP adjustments:						
Amortization of intangible assets	132	0.08	107	0.06	111	0.06
Restructuring charges	165	0.10	118	0.07	93	0.05
Transformation costs	31	0.02	—	—	—	—
Acquisition and other related charges	56	0.03	51	0.03	34	0.02
Separation costs	186	0.11	141	0.09	76	0.04
Defined benefit plan settlement charges and rereasurement (benefit) ^(a)	(24)	(0.01)	(16)	(0.01)	—	—
Gain on H3C divestiture	—	—	—	—	(2,169)	(1.26)
Tax indemnification adjustments	(10)	(0.01)	(7)	—	(60)	(0.03)
Loss from equity interests ^(b)	39	0.02	38	0.02	58	0.03
Separation costs in interest and other, net	11	0.01	—	—	—	—
Adjustments for taxes	(128)	(0.08)	(122)	(0.08)	83	0.06
Tax valuation allowances and divestiture taxes ^(c)	(189)	(0.11)	593	0.36	—	—
Non-GAAP net earnings from continuing operations	<u>\$ 517</u>	<u>\$ 0.31</u>	<u>\$ 416</u>	<u>\$ 0.25</u>	<u>\$ 683</u>	<u>\$ 0.40</u>
GAAP earnings from continuing operations	\$ 147		\$ 182		\$ 2,645	
Non-GAAP adjustments related to continuing operations:						
Amortization of intangible assets	132		107		111	
Restructuring charges	165		118		93	
Transformation costs	31		—		—	
Acquisition and other related charges	56		51		34	
Separation costs	186		141		76	
Defined benefit plan settlement charges and rereasurement (benefit) ^(a)	(24)		(16)		—	
Gain on H3C divestiture	—		—		(2,169)	
Non-GAAP earnings from continuing operations	<u>\$ 693</u>		<u>\$ 583</u>		<u>\$ 790</u>	
GAAP operating margin from continuing operations	2%		2%		33 %	
Non-GAAP adjustments from continuing operations	6%		6%		(23)%	
Non-GAAP operating margin from continuing operations	<u>8%</u>		<u>8%</u>		<u>10 %</u>	
GAAP net loss from discontinued operations	\$ (83)	\$ (0.05)	\$ (125)	\$ (0.08)	\$ (185)	\$ (0.11)

Non-GAAP adjustments related to discontinued operations:

Amortization of intangible assets	—	—	—	—	99	0.06
Restructuring charges	—	—	98	0.06	276	0.16
Acquisition and other related charges	—	—	—	—	3	—
Separation costs	72	0.04	337	0.20	59	0.03
Defined benefit plan settlement charges and remeasurement (benefit) ^(b)	—	—	(1)	—	—	—
Adjustments for taxes	(21)	(0.01)	(120)	(0.07)	(95)	(0.05)
Tax valuation allowances and divestiture taxes ^(c)	12	0.01	(18)	(0.01)	—	—
Non-GAAP net (loss) earnings from discontinued operations	\$ (20)	\$ (0.01)	\$ 171	\$ 0.10	\$ 157	\$ 0.09
Total GAAP net earnings (loss)	\$ 165	\$ 0.10	\$ (612)	\$ (0.37)	\$ 2,272	\$ 1.32
Total Non-GAAP net earnings	\$ 497	\$ 0.30	\$ 587	\$ 0.35	\$ 840	\$ 0.49

- (a) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spin-off of the software business, Seattle SpinCo, Inc., and the merger of Seattle SpinCo, Inc. with Micro Focus International plc and the spin-off of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.
- (b) Represents the amortization of basis difference adjustments related to the H3C divestiture.
- (c) Represents tax amounts in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc. For the three months ended July 31, 2017, primarily represents \$164 million of income tax benefit on deferred losses. For the three months ended April 30, 2017, represents \$593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes.

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)

	Nine Months Ended July 31, 2017	Diluted net (loss) earnings per share	Nine Months Ended July 31, 2016	Diluted net (loss) earnings per share
GAAP net earnings from continuing operations	\$ 16	\$ 0.01	\$ 3,141	\$ 1.80
Non-GAAP adjustments:				
Amortization of intangible assets	340	0.20	331	0.19
Restructuring charges	399	0.24	346	0.20
Transformation costs	31	0.02	—	—
Acquisition and other related charges	151	0.09	114	0.07
Separation costs	412	0.24	246	0.14
Defined benefit plan settlement charges and remeasurement (benefit) ^(a)	(45)	(0.03)	—	—
Gain on H3C divestiture	—	—	(2,169)	(1.24)
Tax indemnification adjustments	1	—	(6)	—
Loss from equity interests ^(b)	112	0.07	58	0.03
Separation costs in interest and other, net	11	0.01	—	—
Adjustments for taxes	(318)	(0.19)	(172)	(0.11)
Tax valuation allowances and divestiture taxes ^(c)	404	0.24	—	—
Non-GAAP net earnings from continuing operations	<u>\$ 1,514</u>	<u>\$ 0.90</u>	<u>\$ 1,889</u>	<u>\$ 1.08</u>
GAAP earnings from continuing operations	\$ 785		\$ 3,568	
Non-GAAP adjustments related to continuing operations:				
Amortization of intangible assets	340		331	
Restructuring charges	399		346	
Transformation costs	31		—	
Acquisition and other related charges	151		114	
Separation costs	412		246	
Defined benefit plan settlement charges and remeasurement (benefit) ^(a)	(45)		—	
Gain on H3C divestiture	—		(2,169)	
Non-GAAP earnings from continuing operations	<u>\$ 2,073</u>		<u>\$ 2,436</u>	
GAAP operating margin from continuing operations	3%		14 %	
Non-GAAP adjustments from continuing operations	6%		(4)%	
Non-GAAP operating margin from continuing operations	<u>9%</u>		<u>10 %</u>	
GAAP net loss from discontinued operations	\$ (196)	\$ (0.12)	\$ (282)	\$ (0.16)
Non-GAAP adjustments related to discontinued operations:				
Amortization of intangible assets	—	—	298	0.17
Restructuring charges	159	0.09	495	0.28
Acquisition and other related charges	—	—	13	0.01
Separation costs	600	0.36	59	0.03
Defined benefit plan settlement charges and remeasurement (benefit) ^(b)	(2)	—	—	—

Adjustments for taxes	(213)	(0.13)	(170)	(0.09)
Tax valuation allowances and divestiture taxes ^(c)	(6)	—	—	—
Non-GAAP net earnings from discontinued operations	\$ 342	\$ 0.20	\$ 413	\$ 0.24
Total GAAP net (loss) earnings	\$ (180)	\$ (0.11)	\$ 2,859	\$ 1.64
Total Non-GAAP net earnings	\$ 1,856	\$ 1.10	\$ 2,302	\$ 1.32

- (a) Represents adjustment to net periodic pension cost resulting from remeasurements of the Hewlett Packard Enterprise pension plans in connection with the spin-off of the software business, Seattle SpinCo, Inc., and the merger of Seattle SpinCo, Inc. with Micro Focus International plc and the spin-off of the enterprise services business, Everett SpinCo, Inc., and the merger of Everett SpinCo, Inc. with Computer Sciences Corporation.
- (b) Represents the amortization of basis difference adjustments related to the H3C divestiture.
- (c) Represents tax amounts in connection with the spin-off of the enterprise services business, Everett SpinCo, Inc. Includes \$593 million of income tax expense from valuation allowances on certain U.S. deferred tax assets and other divestiture related taxes and \$164 million income tax benefit on deferred losses.

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

	As of	
	July 31, 2017	October 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,757	\$ 12,987
Accounts receivable	3,845	3,816
Financing receivables	3,295	3,360
Inventory	2,144	1,740
Other current assets ^(a)	6,102	2,771
Current assets of discontinued operations	—	4,243
Total current assets	23,143	28,917
Property, plant and equipment	6,730	6,304
Long-term financing receivables and other assets ^(b)	11,530	11,575
Investments in equity interests	2,626	2,648
Goodwill and intangible assets	26,902	25,262
Non-current assets of discontinued operations	—	4,923
Total assets	\$ 70,931	\$ 79,629
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings ^(b)	\$ 2,069	\$ 3,527
Accounts payable	5,717	5,010
Employee compensation and benefits	1,306	1,526
Taxes on earnings	467	365
Deferred revenue	3,828	3,761
Accrued restructuring	229	301
Other accrued liabilities	4,663	3,857
Current liabilities of discontinued operations	—	4,182
Total current liabilities	18,279	22,529
Long-term debt ^(b)	14,527	12,168
Other non-current liabilities	9,075	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 July 31, 2017)	—	—
Common stock, \$0.01 par value (9,600 shares authorized; 1,624 and 1,666 shares issued and outstanding at July 31, 2017 and October 31, 2016, respectively)	16	17
Additional paid-in capital	34,032	35,248
Retained earnings	(1,676)	2,782
Accumulated other comprehensive loss	(3,360)	(6,599)
Total HPE stockholders' equity	29,012	31,448
Non-controlling interests of continuing operations	38	40
Non-controlling interests of discontinued operations	—	30

Total stockholders' equity	29,050	31,518
Total liabilities and stockholders' equity	\$ 70,931	\$ 79,629

- (a) During the third quarter of fiscal 2017, Seattle SpinCo, Inc., the Company's wholly owned subsidiary entered into a term loan facility in the principal amount of \$2.6 billion. The cash proceeds are presented as restricted cash within Other current assets in the Condensed Consolidated Balance Sheet. At the close of the Seattle Transaction and spin-off of Seattle SpinCo, Inc., on September 1, 2017, the obligation under this borrowing arrangement was retained by Seattle SpinCo, Inc.
- (b) 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 July 31, 2017	Nine months ended July 31, 2017
Cash flows from operating activities:		
Net earnings (loss)	\$ 165	\$ (180)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	737	2,369
Stock-based compensation expense	97	349
Provision for doubtful accounts and inventory	43	82
Restructuring charges	165	558
Deferred taxes on earnings	(361)	145
Excess tax benefit from stock-based compensation	(18)	(116)
(Earnings) loss from equity interests	(1)	24
Other, net	82	392
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(51)	250
Financing receivables	(247)	(127)
Inventory	(131)	(341)
Accounts payable	523	652
Taxes on earnings	(216)	(602)
Restructuring	(143)	(688)
Other assets and liabilities ^(a)	247	(2,704)
Net cash provided by operating activities	<u>891</u>	<u>63</u>
Cash flows from investing activities:		
Investment in property, plant and equipment	(724)	(2,405)
Proceeds from sale of property, plant and equipment	261	403
Purchases of available-for-sale securities and other investments	(5)	(31)
Maturities and sales of available-for-sale securities and other investments	12	14
Financial collateral posted	(158)	(384)
Financial collateral returned	—	49
Payments made in connection with business acquisitions, net of cash acquired	—	(2,050)
Payments from business divestitures, net ^(b)	—	(20)
Net cash used in investing activities	<u>(614)</u>	<u>(4,424)</u>
Cash flows from financing activities:		
Short-term borrowings with original maturities less than 90 days, net	2	30
Proceeds from debt, net of issuance costs	2,799	3,340
Restricted cash- Seattle debt issuance ^(c)	(2,620)	(2,620)
Payment of debt	(194)	(2,296)
Settlement of cash flow hedge	5	5
Issuance of common stock under employee stock plans	101	366
Repurchase of common stock	(625)	(1,936)
Cash dividend from Everett ^(d)	—	3,008
Net transfer of cash and cash equivalents to Everett	—	(559)

Excess tax benefit from stock-based compensation	18	116
Cash dividends paid	(107)	(323)
Net cash used in financing activities	(621)	(869)
Decrease in cash and cash equivalents	(344)	(5,230)
Cash and cash equivalents at beginning of period	8,101	12,987
Cash and cash equivalents at end of period	\$ 7,757	\$ 7,757
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 spin-off 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.
- (c) During the third quarter of fiscal 2017, Seattle SpinCo, Inc., the Company's wholly owned subsidiary entered into a term loan facility in the principal amount of \$2.6 billion. The proceeds from the term loan were held in escrow. Just prior to the close of the Seattle Transaction on September 1, 2017, the proceeds from the term loan were released to Seattle and used to fund a \$2.5 billion dividend payment from Seattle SpinCo, Inc. to HPE. The obligation under the debt issuance was retained by Seattle SpinCo, Inc.
- (d) Represents a \$3.0 billion cash dividend payment from Everett SpinCo, Inc. to HPE in the nine months ended July 31, 2017. 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		
	July 31, 2017	April 30, 2017	July 31, 2016
Net revenue: ^(a)			
Enterprise Group	\$ 6,791	\$ 6,243	\$ 6,615
Software	718	685	738
Financial Services	897	872	812
Corporate Investments	—	—	185
Total segment net revenue	8,406	7,800	8,350
Elimination of intersegment net revenue and other	(197)	(355)	(345)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 8,209</u>	<u>\$ 7,445</u>	<u>\$ 8,005</u>
Earnings from continuing operations before taxes: ^(a)			
Enterprise Group	\$ 634	\$ 548	\$ 849
Software	179	181	131
Financial Services	70	78	80
Corporate Investments	(34)	(38)	(41)
Total segment earnings from operations	849	769	1,019
Corporate and unallocated costs and eliminations	(59)	(90)	(129)
Stock-based compensation expense	(97)	(96)	(100)
Amortization of intangible assets	(132)	(107)	(111)
Restructuring charges	(165)	(118)	(93)
Transformation costs	(31)	—	—
Acquisition and other related charges	(56)	(51)	(34)
Separation costs	(186)	(141)	(76)
Defined benefit plan settlement charges and rereasurement (benefit) ^(b)	24	16	—
Gain on H3C divestiture	—	—	2,169
Interest and other, net	(97)	(85)	(69)
Tax indemnification adjustments	10	7	60
Earnings (loss) from equity interests ^(c)	1	(3)	(72)
Total Hewlett Packard Enterprise consolidated earnings from continuing operations before taxes	<u>\$ 61</u>	<u>\$ 101</u>	<u>\$ 2,564</u>

- (a) As of April 1, 2017, with the spin-off 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 spin-off 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 spin-off of the software business, Seattle SpinCo, Inc., and the merger of Seattle SpinCo, Inc. with Micro Focus International plc and the spin-off 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)

	Nine Months Ended July 31,	
	2017	2016
Net revenue: ^(a)		
Enterprise Group	\$ 19,359	\$ 20,956
Software	2,124	2,292
Financial Services	2,592	2,376
Corporate Investments	—	533
Total segment net revenue	24,075	26,157
Elimination of intersegment net revenue and other	(865)	(1,111)
Total Hewlett Packard Enterprise consolidated net revenue	<u>\$ 23,210</u>	<u>\$ 25,046</u>
Earnings from continuing operations before taxes: ^(a)		
Enterprise Group	\$ 1,984	\$ 2,660
Software	514	459
Financial Services	226	253
Corporate Investments	(115)	(176)
Total segment earnings from operations	2,609	3,196
Corporate and unallocated costs and eliminations	(220)	(430)
Stock-based compensation expense	(316)	(330)
Amortization of intangible assets	(340)	(331)
Restructuring charges	(399)	(346)
Transformation costs	(31)	—
Acquisition and other related charges	(151)	(114)
Separation costs	(412)	(246)
Defined benefit plan settlement charges and rereasurement (benefit) ^(b)	45	—
Gain on H3C divestiture	—	2,169
Interest and other, net	(260)	(195)
Tax indemnification adjustments	(1)	6
Loss from equity interests ^(c)	(24)	(72)
Total Hewlett Packard Enterprise consolidated earnings from continuing operations before taxes	<u>\$ 500</u>	<u>\$ 3,307</u>

- (a) As of April 1, 2017, with the spin-off 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 spin-off 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 spin-off of the software business, Seattle SpinCo, Inc., and the merger of Seattle SpinCo, Inc. with Micro Focus International plc and the spin-off 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/BUSINESS UNIT INFORMATION
(Unaudited)
(In millions, except percentages)

	Three months ended			Change (%)	
	July 31, 2017	April 30, 2017	July 31, 2016	Q/Q	Y/Y
Net revenue: ^(a)					
Enterprise Group					
Servers	\$ 3,298	\$ 2,991	\$ 3,316	10%	(1%)
Technology Services	1,947	1,971	1,933	(1%)	1%
Storage	844	699	763	21%	11%
Networking	702	582	603	21%	16%
Total Enterprise Group	6,791	6,243	6,615	9%	3%
Software	718	685	738	5%	(3%)
Financial Services	897	872	812	3%	10%
Corporate Investments	—	—	185	—	(100%)
Total segment net revenue	8,406	7,800	8,350	8%	1%
Elimination of intersegment net revenue and other	(197)	(355)	(345)	(45%)	(43%)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 8,209	\$ 7,445	\$ 8,005	10%	3%

(a) As of April 1, 2017, with the spin-off 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 spin-off 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)

	Nine Months Ended July 31,		Change (%)
	2017	2016	Y/Y
Net revenue: ^(a)			
Enterprise Group			
Servers	\$ 9,392	\$ 10,350	(9%)
Technology Services	5,861	5,937	(1%)
Storage	2,273	2,408	(6%)
Networking	1,833	2,261	(19%)
Total Enterprise Group	19,359	20,956	(8%)
Software	2,124	2,292	(7%)
Financial Services	2,592	2,376	9%
Corporate Investments	—	533	(100%)
Total segment net revenue	24,075	26,157	(8%)
Elimination of intersegment net revenue and other	(865)	(1,111)	(22%)
Total Hewlett Packard Enterprise consolidated net revenue	\$ 23,210	\$ 25,046	(7%)

- (a) As of April 1, 2017, with the spin-off 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 spin-off 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 OPERATING MARGIN SUMMARY DATA
(Unaudited)

	Three months ended	Change in Operating Margin (pts)	
	July 31, 2017	Q/Q	Y/Y
Segment operating margin: ^(a)			
Enterprise Group	9.3%	0.5 pts	(3.5) pts
Software	24.9%	(1.5) pts	7.1 pts
Financial Services	7.8%	(1.1) pts	(2.1) pts
Corporate Investments ^(b)	NM	NM	NM
Total segment operating margin	10.1%	0.2 pts	(2.1) pts

- (a) As of April 1, 2017, with the spin-off 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 spin-off 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		
	July 31, 2017	April 30, 2017	July 31, 2016
Numerator:			
GAAP net earnings (loss) from continuing operations	\$ 248	\$ (487)	\$ 2,457
GAAP net loss from discontinued operations	\$ (83)	\$ (125)	\$ (185)
Non-GAAP net earnings from continuing operations	\$ 517	\$ 416	\$ 683
Non-GAAP net (loss) earnings from discontinued operations	\$ (20)	\$ 171	\$ 157
Denominator:			
Weighted-average shares used to compute basic net earnings (loss) per share and diluted net (loss) per share	1,641	1,658	1,681
Dilutive effect of employee stock plans ^(a)	26	27	34
Weighted-average shares used to compute diluted net earnings per share	1,667	1,685	1,715
GAAP net earnings (loss) per share from continuing operations			
Basic	\$ 0.15	\$ (0.29)	\$ 1.46
Diluted ^(a)	\$ 0.15	\$ (0.29)	\$ 1.43
GAAP net loss per share from discontinued operations			
Basic	\$ (0.05)	\$ (0.08)	\$ (0.11)
Diluted ^(a)	\$ (0.05)	\$ (0.08)	\$ (0.11)
Non-GAAP net earnings per share from continuing operations			
Basic	\$ 0.32	\$ 0.25	\$ 0.41
Diluted ^(b)	\$ 0.31	\$ 0.25	\$ 0.40
Non-GAAP net (loss) earnings per share from discontinued operations			
Basic	\$ (0.02)	\$ 0.10	\$ 0.09
Diluted ^(b)	\$ (0.01)	\$ 0.10	\$ 0.09
Total Hewlett Packard Enterprise GAAP basic net earnings (loss) per share	\$ 0.10	\$ (0.37)	\$ 1.35
Total Hewlett Packard Enterprise GAAP diluted net earnings (loss) per share	\$ 0.10	\$ (0.37)	\$ 1.32
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share	\$ 0.30	\$ 0.35	\$ 0.50
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share	\$ 0.30	\$ 0.35	\$ 0.49

(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 there is a net (loss) from continuing operations 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)

	Nine Months Ended July 31,	
	2017	2016
Numerator:		
GAAP net earnings from continuing operations	\$ 16	\$ 3,141
GAAP net loss from discontinued operations	\$ (196)	\$ (282)
Non-GAAP net earnings from continuing operations	\$ 1,514	\$ 1,889
Non-GAAP net earnings from discontinued operations	\$ 342	\$ 413
Denominator:		
Weighted-average shares used to compute basic net (loss) earnings per share and diluted net (loss) per share	1,656	1,722
Dilutive effect of employee stock plans ^(a)	27	26
Weighted-average shares used to compute diluted net earnings per share	1,683	1,748
GAAP net earnings per share from continuing operations		
Basic	\$ 0.01	\$ 1.82
Diluted ^(a)	\$ 0.01	\$ 1.80
GAAP net loss per share from discontinued operations		
Basic	\$ (0.12)	\$ (0.16)
Diluted ^(a)	\$ (0.12)	\$ (0.16)
Non-GAAP net earnings per share from continuing operations		
Basic	\$ 0.91	\$ 1.10
Diluted ^(b)	\$ 0.90	\$ 1.08
Non-GAAP net earnings per share from discontinued operations		
Basic	\$ 0.21	\$ 0.24
Diluted ^(b)	\$ 0.20	\$ 0.24
Total Hewlett Packard Enterprise GAAP basic net (loss) earnings per share		
	\$ (0.11)	\$ 1.66
Total Hewlett Packard Enterprise GAAP diluted net (loss) earnings per share		
	\$ (0.11)	\$ 1.64
Total Hewlett Packard Enterprise Non-GAAP basic net earnings per share		
	\$ 1.12	\$ 1.34
Total Hewlett Packard Enterprise Non-GAAP diluted net earnings per share		
	\$ 1.10	\$ 1.32

(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 there is a net (loss) from continuing operations 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.