



Hewlett Packard
Enterprise

Proxy Statement

2015 Annual Report





Dear Stockholders,

On November 1st, we made history by launching Hewlett Packard Enterprise. I couldn't be more proud of how we executed this incredibly complex separation—one of the largest ever. Throughout the year-long separation process, we saw no disruption to our customers and partners, and we continued to drive the business forward.

And now, we're off and running as Hewlett Packard Enterprise. We have a focused, well-defined strategy to be more agile and flexible than ever before. Hewlett Packard Enterprise is already the No. 1 or No. 2 provider of servers, storage, software, and wired and wireless networking, and we are strongly positioned to deliver it all—hardware, software and services—to our customers.

As I've mentioned before, we're now living in an era of disruption, what we call the idea economy. Companies today can turn ideas into reality in a fraction of the time it took just five or ten years ago. And it's no secret that technology is fueling that speed.

In order to be successful today, organizations need a technology partner that allows them to pivot when the inevitable disruption arrives, execute on good ideas and deliver value faster than their competitors.

While each of our businesses faces different challenges and opportunities, Hewlett Packard Enterprise as a whole is tightly aligned around the following four critical transformation areas:

- Transform to a hybrid infrastructure. Ensuring customers have the right mix of traditional IT and cloud solutions to help them be agile in today's changing environment.
- Protect your digital enterprise. Building security into the fabric of the enterprise to help customers proactively detect and respond to threats across any device and location.

- Empower a data-driven organization. Helping customers generate real-time, actionable insights from 100% of the data that matters.
- Enable workplace productivity. Allowing organizations to deliver rich, secure digital experiences to their customers and partners, no matter where they are or how they connect.

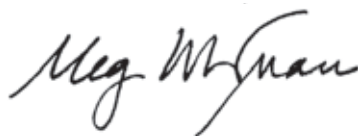
Innovation remains at our core. Hewlett Packard Enterprise has introduced breakthrough solutions and services that position us at the forefront of new markets. Our investments today and tomorrow will allow us to continue strengthening our market share and to drive long-term growth.

As a trusted partner, Hewlett Packard Enterprise provides not only the complete technology solutions to help transform customers, but the invaluable expertise gained from our own transformation. The result is a tremendous financial and growth opportunity.

Fortune favors the bold, and I am excited to be a part of this truly historic moment for our company, our customers, our partners, and the industry at large.

Here's to innovation. To new beginnings. And to going further, faster.

Sincerely,

A handwritten signature in black ink, reading "Meg Mynan". The signature is fluid and cursive, with the first name "Meg" and last name "Mynan" clearly distinguishable.

Board of Directors*

Dan Ammann
Marc L. Andreessen
Mike Angelakis
Les Brun
Pamela L. Carter
Klaus Kleinfeld
Raymond J. Lane

Ann M. Livermore
Raymond E. Ozzie
Gary M. Reiner
Patricia F. Russo
Lip-Bu Tan
Margaret C. Whitman
Mary Agnes Wilderotter**

Executive Team*

Martin Fink

Executive Vice President,
Chief Technology Officer and
Director of Hewlett Packard Labs

Antonio Neri

Executive Vice President and
General Manager,
Enterprise Group

Henry Gomez

Executive Vice President,
Chief Marketing and
Communications Officer

John Schultz

Executive Vice President,
General Counsel and
Corporate Secretary

John Hinshaw

Executive Vice President and
Chief Customer Officer

Tim Stonesifer

Executive Vice President,
Chief Financial Officer

Chris Hsu

Executive Vice President,
Chief Operating Officer

Meg Whitman

President and Chief Executive Officer

Alan May

Executive Vice President,
Human Resources

Robert Youngjohns

Executive Vice President and
General Manager,
HPE Software

Mike Nefkens

Executive Vice President and
General Manager,
Enterprise Services

*Members of the Board and Executive Team as of December 31, 2015.

**Member of the Board as of February 10, 2016.

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Hewlett Packard Enterprise

HEWLETT PACKARD ENTERPRISE COMPANY 2016 PROXY STATEMENT

Patricia F. Russo
Chairman of the Board
Margaret C. Whitman
President and Chief Executive Officer

Hewlett Packard Enterprise Company
3000 Hanover Street
Palo Alto, CA 94304
www.hpe.com

To our Stockholders:

We are pleased and excited to invite you to attend the first annual meeting of stockholders of Hewlett Packard Enterprise Company on March 23, 2016 at 2:00 p.m., Pacific Time. This annual meeting will be a completely virtual meeting of stockholders, which will be conducted via live webcast. You will be able to attend the annual meeting of stockholders online and submit your questions during the meeting by visiting HPE.onlineshareholdermeeting.com. You also will be able to vote your shares electronically at the annual meeting (other than shares held through our 401(k) Plan, which must be voted prior to the meeting).

For our first annual meeting of stockholders, we are excited to embrace the latest technology to provide ease of access, real-time communication and cost savings for our stockholders and the company. Hosting a virtual meeting will facilitate stockholder attendance and participation since stockholders can participate from any location around the world. In addition, the online format will allow us to communicate with you in advance of the meeting via a pre-meeting forum that you can enter by visiting www.theinvestornetwork.com/forum/hpe.

Details regarding how to attend the meeting online and the business to be conducted at the annual meeting are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement.

We are pleased to provide access to our proxy materials over the Internet under the U.S. Securities and Exchange Commission's "notice and access" rules. As a result, we are mailing to many of our stockholders a notice instead of a paper copy of this proxy statement and our 2015 Annual Report. The notice contains instructions on how to access those documents over the Internet. The notice also contains instructions on how each of those stockholders can receive a paper copy of our proxy materials, including this proxy statement, our 2015 Annual Report, and a form of proxy card or voting instruction card. All stockholders who do not receive a notice, including stockholders who have previously requested to receive paper copies of proxy materials, will receive a paper copy of the proxy materials by mail unless they have previously requested delivery of proxy materials electronically. Continuing to employ this distribution process will conserve natural resources and reduce the costs of printing and distributing our proxy materials.

Your vote is important. Regardless of whether you plan to participate in the annual meeting, we hope you will vote as soon as possible. You may vote by proxy over the Internet or by telephone, or, if you received paper copies of the proxy materials by mail, you may also vote by mail by following the instructions on the proxy card or voting instruction card. Voting over the Internet or by telephone, written proxy or voting instruction card will ensure your representation at the annual meeting regardless of whether you attend the virtual meeting.

Thank you for your ongoing support of, and continued interest in, Hewlett Packard Enterprise Company.

Sincerely,

Patricia F. Russo
Chairman of the Board

Margaret C. Whitman
President and Chief Executive Officer

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HEWLETT PACKARD ENTERPRISE COMPANY

3000 Hanover Street
Palo Alto, California 94304

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date	2:00 p.m., Pacific Time, on Wednesday, March 23, 2016
Place	Online at HPE.onlineshareholdermeeting.com
Items of Business	(1) To elect the 14 directors named in this proxy statement (2) To ratify the appointment of the independent registered public accounting firm for the fiscal year ending October 31, 2016 (3) To approve, on an advisory basis, the company's executive compensation (4) To approve, on an advisory basis, the frequency of future advisory votes on executive compensation (5) To consider such other business as may properly come before the meeting
Adjournments and Postponements	Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.
Record Date	You are entitled to vote only if you were a Hewlett Packard Enterprise Company stockholder as of the close of business on January 26, 2016.
Virtual Meeting Admission	Stockholders of record as of January 26, 2016 will be able to participate in the annual meeting by visiting HPE.onlineshareholdermeeting.com . To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials. The annual meeting will begin promptly at 2:00 p.m., Pacific Time. Online check-in will begin at 1:30 p.m., Pacific Time, and you should allow ample time for the online check-in procedures.
Pre-Meeting Forum	The online format for the annual meeting also allows us to communicate more effectively with you via a pre-meeting forum that you can enter by visiting www.theinvestornetwork.com/forum/hpe . On our pre-meeting forum, you can submit questions in advance of the annual meeting, and also access copies of our proxy statement and annual report.
Voting	Your vote is very important. Regardless of whether you plan to participate in the annual meeting, we hope you will vote as soon as possible. You may vote your shares over the Internet or via a toll-free telephone number. If you received a paper copy of a proxy or voting instruction card by mail, you may submit your proxy or voting instruction card for the annual meeting by completing, signing, dating and returning your proxy or voting instruction card in the pre-addressed envelope provided. Stockholders of record and beneficial owners will be able to vote their shares electronically at the annual meeting (other than shares held through the Hewlett Packard Enterprise Company 401(k) Plan, which must be voted prior to the meeting). For specific instructions on how to vote your shares, please refer to the section entitled <i>Questions and Answers—Voting Information</i> beginning on page 82 of the proxy statement.

By order of the Board of Directors,



JOHN F. SCHULTZ
Executive Vice President, General Counsel
and Secretary

This notice of annual meeting and proxy statement and form of proxy are being distributed and made available on or about February 11, 2016.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on March 23, 2016.
The proxy statement and Hewlett Packard Enterprise Company's 2015 Annual Report are available electronically at www.hpe.com/investor/stockholdermeeting2016 and with your 16-digit control number at HPE.onlineshareholdermeeting.com.

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Proxy Statement Summary

The following is a summary of certain key disclosures in our proxy statement. This is only a summary, and it may not contain all of the information that is important to you. For more complete information, please review the proxy statement as well as our 2015 Annual Report, which includes our Annual Report on Form 10-K. References to “Hewlett Packard Enterprise,” “HPE,” “the Company,” “we,” “us” or “our” refer to Hewlett Packard Enterprise Company.

On November 1, 2015, HP Inc., formerly known as Hewlett-Packard Company (referred to in this proxy statement as “HP”, “HP Inc.”, “HP Co.”, “Parent”, or “our former parent”) spun-off Hewlett Packard Enterprise Company, pursuant to a separation and distribution agreement. To effect the spin-off, HP Inc. distributed all of the shares of Hewlett Packard Enterprise common stock owned by HP Inc. to its stockholders on November 1, 2015. Holders of HP Inc. common stock received one share of Hewlett Packard Enterprise common stock for every share of HP Inc. stock held as of the record date. As a result of the spin-off, we now operate as an independent, publicly-traded company.

ANNUAL MEETING OF STOCKHOLDERS

Time and Date	2:00 p.m., Pacific Time, on Wednesday, March 23, 2016
Place	Online at HPE.onlineshareholdermeeting.com
Record Date	January 26, 2016

PROPOSALS TO BE VOTED ON AND BOARD VOTING RECOMMENDATIONS

PROPOSALS	RECOMMENDATION
Election of Directors	FOR EACH NOMINEE
Ratification of Independent Registered Public Accounting Firm	“FOR”
Advisory Vote to Approve Executive Compensation	“FOR”
Advisory Vote on the Frequency of Holding Future Advisory Votes on Executive Compensation	FOR “1 YEAR”

Proxy Statement Summary (continued)

Proposal No. 1—Election of Directors

The following table provides summary information about each of the 14 director nominees followed by a brief snapshot of our corporate governance best practices.

NAME	AGE	HPE DIRECTOR SINCE	NOTEWORTHY EXPERIENCE	INDEPENDENT	OTHER CURRENT PUBLIC COMPANY BOARDS
Daniel Ammann	43	2015	President, General Motors Company	Yes	
Marc L. Andreessen	44	2015	Co-Founder, AH Capital Management, LLC, doing business as Andreessen Horowitz	Yes	Facebook, Inc.
Michael J. Angelakis	51	2015	Chairman and Chief Executive Officer of Atairos Management; Senior Advisor to the Executive Management Committee, Comcast Corporation; former Vice Chairman and Chief Financial Officer, Comcast Corporation	Yes	
Leslie A. Brun	63	2015	Chairman and Chief Executive Officer, Sarr Group, LLC; former Managing Director and Head of Investor Relations for CCMP Capital Advisors, LLC; Founder and former Chairman and Chief Executive Officer for Hamilton Lane Advisors	Yes	CDK Global, Inc.; Broadridge Financial Solutions; Merck & Co., Inc.
Pamela L. Carter	66	2015	Former Vice President of Cummins Inc.; former President of the Cummins Distribution business unit	Yes	Spectra Energy Corp.; CSX Corp.
Klaus Kleinfeld	58	2015	Chairman and Chief Executive Officer, Alcoa Inc.; former Chief Executive Officer and President, Siemens Corporation	Yes	Alcoa Inc.; Morgan Stanley
Raymond J. Lane	69	2015	Partner Emeritus, Kleiner Perkins Caufield & Byers	No	
Ann M. Livermore	57	2015	Former Executive Vice President, Enterprise Business, Hewlett-Packard Company	No	United Parcel Service, Inc.
Raymond E. Ozzie	60	2015	Chief Executive Officer, Talko, Inc.; former Chief Software Architect, Microsoft Corporation	Yes	
Gary M. Reiner	61	2015	Operating Partner, General Atlantic; former Senior Vice President and Chief Information Officer, General Electric Company	Yes	Citigroup Inc.
Patricia F. Russo	63	2015	Former Chief Executive Officer, Alcatel-Lucent	Yes	Alcoa Inc.; General Motors Company; Merck & Co., Inc.; KKR Management LLC
Lip-Bu Tan	56	2015	President and Chief Executive Officer, Cadence Design Systems; Founder and Chairman, Walden International	Yes	Cadence Design Systems; Ambarella Inc.; SINA; Semiconductor Manufacturing International Corp.
Margaret C. Whitman	59	2015	President and Chief Executive Officer, Hewlett Packard Enterprise Company; former Chairman, President and Chief Executive Officer, Hewlett-Packard Company	No	The Procter & Gamble Company; HP Inc.
Mary Agnes Wilderotter	61	2015	Executive Chairman and Retired Chief Executive Officer, Frontier Communications Corporation	Yes	Frontier Communications Corporation; Dreamworks Animation SKG, Inc.; Costco Wholesale Corporation; Juno Therapeutics Inc.

Proxy Statement Summary (continued)

Governance Best Practices

Stockholder Rights	Board Independence and Participation	Other Best Practices
No staggered Board	Independent Chairman of the Board, Patricia F. Russo	Rigorous stock ownership guidelines for directors and executive officers
Proxy access right for eligible stockholders holding 3% or more of HPE's outstanding common stock for at least three years to nominate up to 20% of the Board	Eleven of our 14 directors are independent , and each member of the Audit Committee and HR and Compensation Committee meets the heightened independence standards for such committee members	Our Board regularly reviews and assesses the risks facing HPE and management's approach to addressing such risks
Special meeting right for stockholders of an aggregate of 25% of HPE's voting stock	Our directors may not serve on more than four other public company boards	Our standards of business conduct apply to all directors, executive officers and employees
Majority voting in uncontested director elections	Annual Board and committee evaluations	Annual review of developing governance best practices
No "poison pill" (stockholders' rights plan)	Direct Board engagement with stockholders	Board devotes significant time to management succession planning and leadership development efforts
No supermajority voting requirements to change our organization documents		

Proxy Statement Summary (continued)

PROPOSAL NO. 2—Ratification of Independent Registered Public Accounting Firm

We are asking our stockholders to ratify the selection of Ernst & Young LLP (“EY”) as our independent registered public accounting firm for fiscal 2016. The following table shows the fees paid or accrued by our former parent, Hewlett-Packard Company, for audit and other services provided by EY for fiscal 2015 and 2014. Prior to the separation of Hewlett Packard Enterprise from Hewlett-Packard Company, our former parent paid all audit, audit-related, tax and other fees of Ernst & Young LLP. As a result, the amounts reported below are not necessarily representative of the fees Hewlett Packard Enterprise would expect to pay its auditors in future years.

	2015	2014
	In millions	
Audit Fees	\$ 65.7	\$30.0
Audit-Related Fees	21.9	15.5
Tax Fees	21.0	4.9
All Other Fees	4.1	0.1
Total	\$112.7	\$50.5

PROPOSAL NO. 3—Advisory Vote to Approve Executive Compensation

Our Board of Directors (the “Board”) and HR and Compensation Committee of the Board (the “HRC Committee”) are committed to excellence in corporate governance and to executive compensation programs that align the interests of our executives with those of our stockholders. To fulfill this mission, we have a pay-for-performance philosophy that forms the foundation for all decisions regarding compensation. Our compensation programs have been structured to balance near-term results with long-term success, and enable us to attract, retain, focus and reward our executive team for delivering stockholder value. The table below summarizes key elements of our fiscal compensation programs relative to this philosophy.

ALIGNMENT WITH STOCKHOLDERS

PAY-FOR-PERFORMANCE	CORPORATE GOVERNANCE
- The majority of target total direct compensation for executives is performance-based as well as equity-based to align their rewards with stockholder value - Total direct compensation is targeted within a competitive range of the market median Actual realized total direct compensation and pay positioning is designed to fluctuate with, and be commensurate with, actual annual and long-term performance Incentive awards are heavily dependent upon our stock performance, and are measured against objective financial metrics that we believe link either directly or indirectly to the creation of value for our stockholders. In addition, 25% of our target annual incentives are contingent upon the achievement of qualitative objectives that we believe will contribute to our long-term success	- We generally do not enter into individual executive compensation agreements - We devote significant time to management succession planning and leadership development efforts - We maintain a market-aligned severance policy for executives that does not have automatic single-trigger equity vesting upon a change in control - The HRC Committee utilizes an independent compensation consultant - Our compensation programs do not encourage imprudent risk-taking - We maintain stock ownership guidelines for executive officers and non-employee directors

Proxy Statement Summary (continued)

ALIGNMENT WITH STOCKHOLDERS

PAY-FOR-PERFORMANCE	CORPORATE GOVERNANCE
- We balance growth and return objectives, top and bottom line objectives, and short-and long-term objectives to reward for overall performance that does not over-emphasize a singular focus - A significant portion of our long-term incentives are delivered in the form of PCSOs, which vest only if sustained stock price appreciation is achieved, and PARSUs, which vest only upon the achievement of two- and three-year RTSR and ROIC objectives - We provide no U.S. supplemental defined benefit pensions - We validate our pay-for-performance relationship on an annual basis	- We prohibit executive officers and directors from engaging in any form of hedging transaction, from holding HPE securities in margin accounts and pledging as collateral for loans - We conduct a robust stockholder outreach program throughout the year - We disclose our corporate performance goals and achievements relative to these goals

The Compensation Discussion and Analysis portion of this proxy statement contains a detailed description of our executive compensation philosophy and programs, the compensation decisions made under those programs and the factors considered in making those decisions, focusing on the historical compensation of our named executive officers (“NEOs”) for fiscal 2015.

We believe that we maintain a compensation program deserving of stockholder support. Accordingly, we are asking for stockholder approval of the compensation of our NEOs as disclosed in this proxy statement.

PROPOSAL NO. 4—Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation

The Dodd-Frank Act enables Hewlett Packard Enterprise stockholders to vote, on an advisory or non-binding basis, on how frequently they would like to cast an advisory vote on the compensation of Hewlett Packard Enterprise’s named executive officers. By voting on this proposal, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation once every one, two, or three years.

After careful consideration of the frequency alternatives, we believe that conducting advisory vote on executive compensation on an annual basis is appropriate for Hewlett Packard Enterprise and its stockholders at this time.

Corporate Governance

ESTABLISHMENT OF HEWLETT PACKARD ENTERPRISE BOARD OF DIRECTORS

As our former parent, Hewlett-Packard Company, prepared to separate into two independent publicly-traded companies, Hewlett Packard Enterprise and HP Inc., the Parent NGSR Committee sought to establish two new boards to provide excellent strategic direction and oversight to both Companies post-separation. In late 2014, the Parent NGSR Committee, working with management and an outside director search firm, embarked on a thorough, global search process with a focus on finding world-class directors with the diversity of skills, experience, ethnicity and gender mix to best compliment those of the existing directors and to result in exceptional leadership for both post-separation companies.

The Parent NGSR Committee used a variety of methods for identifying and evaluating nominees for director, solicited recommendations from stockholders and diversity advocate groups, and examined each candidate's professional background and business history extensively to achieve a balance of knowledge, experience and capability on our board. The selection criteria for new directors included:

- high professional and personal ethics and values consistent with our longstanding values and standards;
- broad policy-making experience in business, government, education, technology or public service;
- diversity of background and experience, including: senior leadership and operating experience in a publicly listed company; board experience in a publicly listed company; financial, industrial/technical, brand marketing or international expertise; and
- experience as an investor with a commitment to enhancing stockholder value and representation of the interests across our stockholder base.

Finally, each candidate was evaluated to assess whether he/she (i) had appropriate time to devote to the board and company, (ii) did not have any real or perceived conflicts, (iii) demonstrated the ability to develop a good working relationship with other members of the board of directors, and (iv) would contribute to the board's working relationship with senior management.

The allocation of legacy HP Co. board members to the new Hewlett Packard Enterprise Board was finalized upon completion of the assessment of the full portfolio of skills and experience of current and prospective board members in such a manner to achieve an optimal mix for each post-separation board and an effective committee composition, while maintaining strong continuity and institutional knowledge on each resulting board.

GOVERNANCE DOCUMENTS

We are committed to implementing and following high standards of corporate governance, which we believe are important to the success of our business, creating stockholder value and maintaining our integrity in the marketplace.

We maintain a code of business conduct and ethics for directors, officers and employees known as our Standards of Business Conduct. We also have adopted Corporate Governance Guidelines, which, in conjunction with our Certificate of Incorporation, Bylaws and respective charters of the Board committees, form the framework for our governance. All of these documents are available at investors.hpe.com/governance for review, downloading and printing. We will post on this website any amendments to the Standards of Business Conduct or waivers of the Standards of Business Conduct for directors and executive officers. Stockholders may request free printed copies of our Certificate of Incorporation, Bylaws, Standards of Business Conduct, Corporate Governance Guidelines and charters of the committees of the Board by contacting:

Hewlett Packard Enterprise Company
Attention: Investor Relations
3000 Hanover Street
Palo Alto, California 94304
www.investors.hpe.com/

Corporate Governance (continued)

BOARD LEADERSHIP STRUCTURE

The Board is currently led by Patricia F. Russo as the Chairman of the Board. Our Bylaws and Corporate Governance Guidelines permit the roles of chairman of the board and chief executive officer to be filled by the same or different individuals. This allows the Board flexibility to determine whether the two roles should be combined or separated based upon our needs and the Board's assessment of its leadership from time to time. The Board believes that our stockholders are best served at this time by having an independent director serve as chairman of the Board. Our Board believes this leadership structure effectively allocates authority, responsibility, and oversight between management and the independent members of our Board. It gives primary responsibility for the operational leadership and strategic direction of the Company to our CEO, while the Chairman facilitates our Board's independent oversight of management, promotes communication between senior management and our full Board about issues such as management development and succession planning, executive compensation, and company performance, engages with shareholders, and leads our Board's consideration of key governance matters.

The Chairman

- presides at all meetings of the Board, including executive sessions of the independent directors,
- oversees the planning of the annual Board calendar, schedules and sets the agenda for meetings of the Board in consultation with the other directors, and leads the discussion at such meetings,
- chairs the annual meeting of stockholders,
- is available in appropriate circumstances to speak on behalf of the Board, and
- performs such other functions and responsibilities as set forth in our Corporate Governance Guidelines or as requested by the Board from time to time.

CORPORATE GOVERNANCE HIGHLIGHTS

We believe that the high standards set by our governance structure will have a direct impact on the strength of the Hewlett Packard Enterprise business. Robust and thoughtful governance practices will benefit all our stakeholders including our investors, customers, employees and communities.

Independence

- Board has adopted governance guidelines providing that the separation of the chairman and CEO roles is the Board's preferred governance structure. Ms. Russo is the Board's independent chairman.
- Eleven of our 14 directors are independent. The Board generally holds executive sessions of non-employee directors at each Board meeting, and expects to hold at least one executive session of the independent directors of the Board each year.
- The Board's Audit Committee, HRC Committee, and NGSR Committee are each made up entirely of independent directors.

Stockholder Engagement

- We conduct a robust stockholder outreach program. Our Board and our management are committed to continued active engagement with our stockholders throughout the year, and we will continue to engage with stockholders both directly and through an ongoing video interview series.
- Stockholders and other stakeholders may directly communicate with our Board by contacting: Secretary to the Board of Directors, 3000 Hanover Street, MS 1050, Palo Alto, California 94304; e-mail: bod-hpe@hpe.com

Corporate Governance (continued)

Pay for Performance

- The majority of target total direct compensation for executives is performance-based as well as equity-based to align their rewards with stockholder value.
- Total direct compensation is targeted within a competitive range of the market median.
- Actual realized total direct compensation and pay positioning is designed to fluctuate with, and be commensurate with, actual annual and long-term performance.
- Incentive awards are heavily dependent upon our stock performance, and are measured against objective financial metrics that we believe link either directly or indirectly to the creation of value for our stockholders. In addition, 25% of our target annual bonus is contingent upon the achievement of qualitative objectives that we believe will contribute to our long-term success.
- We balance growth and return objectives, top and bottom line objectives, and short- and long-term objectives to reward for overall performance that does not over-emphasize a singular focus.
- A significant portion of our long-term incentives are delivered in the form of performance-contingent stock options ("PCSOs"), which vest only if sustained stock price appreciation is achieved, and performance-adjusted restricted stock units ("PARSUs"), which vest only upon the achievement of two- and three-year relative total stockholder return ("RTSR") and return on invested capital ("ROIC") objectives.
- We provide no U.S. supplemental defined benefit pensions
- We validate our pay-for-performance relationship on an annual basis.

BOARD STRUCTURE AND COMMITTEE COMPOSITION

As of the date of this proxy statement, the Board has 14 directors and the following five standing committees: (1) Audit Committee; (2) Finance and Investment Committee; (3) HR and Compensation Committee; (4) Nominating, Governance, and Social Responsibility Committee; and (5) Technology Committee. Other than the Audit Committee, the remaining four committees were formed effective as of the separation date and, therefore, held no meetings during Fiscal 2015. The Audit Committee was formed on October 8, 2015. The current committee membership and the function of each of these standing committees are described below. Each of the standing committees operates under a written charter adopted by the Board. All of the committee charters are available on our website at investors.hpe.com/governance/committees#committee-charters. Each committee reviews and reassesses the adequacy of their charter annually, conducts annual evaluations of their performance with respect to their duties and responsibilities as laid out in the charter, and reports regularly to the Board with respect to the Committees' activities. Additionally, the Board and each of the committees has the authority to retain, terminate and receive appropriate funding for outside advisors as the Board and/or each committee deems necessary.

Corporate Governance (continued)

The composition of each standing committee is as follows:

NAME OF DIRECTOR	AUDIT	FINANCE AND INVESTMENT	HR AND COMPENSATION	NOMINATING, GOVERNANCE AND SOCIAL RESPONSIBILITY	TECHNOLOGY
<i>Independent Directors</i>					
Daniel Ammann		Member			
Marc L. Andreessen		Member			Member
Michael J. Angelakis	Member	Chair			
Leslie A. Brun	Member		Chair		
Pamela L. Carter	Member		Member		
Klaus Kleinfeld			Member	Member	
Raymond E. Ozzie		Member			Chair
Gary M. Reiner		Member		Chair	Member
Patricia F. Russo					
Lip-Bu Tan				Member	Member
Mary Agnes Wilderotter	Chair		Member		
<i>Other Directors</i>					
Ann M. Livermore		Member			
Margaret C. Whitman					
Raymond J. Lane		Member			Member

Audit Committee
Members:

Michael J. Angelakis
Leslie A. Brun
Pamela L. Carter
Mary Agnes Wilderotter

Member Skills and Experiences:

- Financial Statement Review
- Audit
- Compliance
- Risk Management

Primary Responsibilities:

- Oversee our financial reporting process and the audit and integrity of our financial statements on behalf of the Board.
- Review and discuss earnings press releases.
- Oversee our compliance with legal and regulatory requirements.
- Conduct investigations into complaints concerning the federal securities laws, review results of significant investigations, and review management's response to investigations.
- Review the qualifications, independence, work product and performance of the independent public accounting firm and evaluate and determine the firm's compensation.
- Oversee the performance of our internal audit function.
- Review identified risks to Hewlett Packard Enterprise and discuss risk assessment and risk management policies.

Risk Oversight Role:

- Oversee our financial reporting, audit, risk management, and compliance processes.

Qualifications Required:

- Each director on the Audit Committee must be independent within the meaning of the New York Stock Exchange ("NYSE") standards of independence for directors and audit committee members, and must meet applicable NYSE financial literacy requirements, each as the Board determines. Finally, at least one director on the Audit Committee must be an "audit committee financial expert," as determined by the Board in accordance with SEC rules.

Corporate Governance (continued)

The Board determined that each of the Audit Committee members is independent within the meaning of the NYSE and SEC standards of independence for directors and audit committee members and has satisfied the NYSE financial literacy requirements. The Board also determined that each of Mr. Angelakis, Mr. Brun, and Mrs. Wilderotter is an “audit committee financial expert” as defined by the SEC rules.

The report of the Audit Committee is included on page 78.

Finance and Investment Committee	
Members: Daniel Ammann Marc L. Andreessen Michael J. Angelakis Raymond J. Lane Ann M. Livermore Raymond E. Ozzie Gary M. Reiner Member Skills and Experiences: • Capital Structure and Strategy • Captive Finance • Venture Capital • Enterprise Information Technology	Primary Responsibilities: • Oversee significant treasury matters such as capital structure and allocation strategy, derivative policy, global liquidity, fixed income investments, borrowings, currency exposure, dividend policy, share issuances and repurchases, and capital spending. • Oversee our loans and loan guarantees of third parties. • Review and approve certain swaps and other derivative transactions. • Review capitalization and operations of our Financial Services business. • Assist the Board in evaluating investment, acquisition, enterprise services, joint venture and divestiture transactions. • Evaluate and revise our mergers and acquisitions approval policies • Evaluate the execution, financial results and integration of completed transactions. Risk Oversight Role: • Assist the Board in overseeing and evaluating the finance, investment, and mergers and acquisitions activities of Hewlett Packard Enterprise. Qualifications Required: • A majority of the directors on the Finance and Investment Committee must be independent within the meaning of applicable laws and listing standards, as the Board determines.

Corporate Governance (continued)

HR and Compensation Committee	
Members: Leslie A. Brun Pamela L. Carter Klaus Kleinfeld Mary Agnes Wilderotter Member Skills and Experiences: • Operations • Legal and Regulatory Compliance • Executive Compensation	Primary Responsibilities: • Discharge the Board's responsibilities relating to the compensation of our executives and directors, including annual review and evaluation of management's performance and compensation. • Review and discuss the Compensation Discussion and Analysis and make additional disclosures in compliance with SEC or listing standards. • Provide general oversight and risk management of our compensation structure, including our equity compensation and benefits programs. • Provide guidance over our human resources and workforce management programs. • Retain and oversee independent compensation consultants and other independent compensation experts. Risk Oversight Role: • Provide risk management over our compensation structure and strategy, human resources, and workforce management programs. Qualifications Required: • Each director on the HRC Committee must be independent within the meaning of applicable laws and listing standards, as the Board determines. In addition, members of the HRC Committee must qualify as "non-employee directors" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code.

The Board determined that each of Mr. Brun, chair of the HRC Committee, and the HRC Committee members, Ms. Carter, Mr. Kleinfeld, and Mrs. Wilderotter, is independent within the meaning of the NYSE standards of independence for directors and compensation committee members, and for purposes of Rule 16b-3 under the 1934 Act and Section 162(m) of the Internal Revenue Code.

Compensation Committee Interlocks and Insider Participation

During the company's fiscal year ended October 31, 2015, Hewlett Packard Enterprise was not an independent company and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who served as our executive officers for that fiscal year were made by HP Co., as described in the section of this information statement captioned "Executive Compensation."

Corporate Governance (continued)

Nominating, Governance, and Social Responsibility Committee

Members:

Klaus Kleinfeld

Gary M. Reiner

Lip-Bu Tan

Member Skills and Experiences:

- Corporate Governance
- Executive and Director-level Leadership Experience
- Operations

Primary Responsibilities:

- Identify, recruit and recommend candidates to be nominated for election as directors at our annual meeting.
- Develop and recommend to the Board criteria for identifying candidates.
- Develop and review our Corporate Governance Guidelines.
- Review proposed changes to our Certificate of Incorporation, Bylaws and Board committee charters.
- Oversee the organization and leadership structure of the Board to discharge its duties and responsibilities properly and efficiently.
- Conduct annual evaluations of the Board and its committees and oversee the HRC Committee's evaluation of senior management.
- Ensure that proper attention is given and effective responses are made to stockholder concerns.
- Evaluate director independence and financial literacy and expertise.
- Identify and monitor social, political, and environmental trends and provide guidance relating to public policy matters and global citizenship.

Risk Oversight Role:

- Develop and review our Corporate Governance Guidelines to ensure compliance and effective leadership procedure.
- Evaluate the performance, qualifications, independence, and organization of the Board to ensure that it can discharge its duties and responsibilities properly and efficiently.

Qualifications Required:

- Each director on the NGSR Committee must be independent within the meaning of applicable laws or listing standards, as the Board determines.

Corporate Governance (continued)

Technology Committee	
Members: Marc L. Andreessen Raymond J. Lane Raymond E. Ozzie Gary M. Reiner Lip-Bu Tan Member Skills and Experiences: • Entrepreneurship • Research and Development • Venture Capital • Enterprise Information Technology	Primary Responsibilities: • Make recommendations to the Board concerning our technology strategy. • Assess the health and oversee the execution of our technology strategies. • Assess the scope and quality of our intellectual property. • Provide guidance on technology as it may pertain to market entry and exit, investments, mergers, acquisitions and divestitures, research and development investments, and key competitor and partnership strategies. Risk Oversight Role: • Provide guidance on the impact of investment and other actions upon the strength of our intellectual property and technology strategies. Qualifications Required: • Each director on the Committee will have such qualifications as the Board determines.

Board Risk Oversight

The Board, with the assistance of committees of the Board as discussed below, reviews and oversees our enterprise risk management (“ERM”) program, which is an enterprise-wide program designed to enable effective and efficient identification of, and management visibility into, critical enterprise risks and to facilitate the incorporation of risk considerations into decision making. The ERM program was established to clearly define risk management roles and responsibilities, bring together senior management to discuss risk, promote visibility and constructive dialogue around risk at the senior management and Board levels and facilitate appropriate risk response strategies. Under the ERM program, management develops a holistic portfolio of our enterprise risks by facilitating business and function risk assessments, performing targeted risk assessments and incorporating information regarding specific categories of risk gathered from various internal Hewlett Packard Enterprise organizations. Management then develops risk response plans for risks categorized as needing management focus and response and monitors other identified risk focus areas. Management provides reports on the risk portfolio and risk response efforts to senior management and to the Audit Committee.

The Board oversees management’s implementation of the ERM program, including reviewing our enterprise risk portfolio and evaluating management’s approach to addressing identified risks. Various Board committees also have responsibilities for oversight of risk management that supplement the ERM program. For example, the HRC Committee considers the risks associated with our compensation policies and practices as discussed below, the Finance and Investment Committee is responsible for overseeing financial risks, and the NGSR Committee oversees risks associated with our governance structure and processes. The Board is kept informed of its committees’ risk oversight and related activities primarily through reports of the committee chairmen to the full Board. In addition, the Audit Committee escalates issues relating to risk oversight to the full Board as appropriate to keep the Board appropriately informed of developments that could affect our risk profile or other aspects of our business. The Board also considers specific risk topics in connection with strategic planning and other matters.

Corporate Governance (continued)**COMPENSATION RISK ASSESSMENT**

During fiscal 2015, we undertook a review of our material compensation processes, policies and programs for all employees and determined that our compensation programs and practices are not reasonably likely to have a material adverse effect on Hewlett Packard Enterprise. In conducting this assessment, we reviewed our compensation risk infrastructure, including our material plans, our risk control systems and governance structure, the design and oversight of our compensation programs and the developments, improvements and other changes made to those programs relative to those in place at our former parent since fiscal 2013, and presented a summary of the findings to the HRC Committee of our former parent. Overall, we believe that our programs contain an appropriate balance of fixed and variable features and short- and long-term incentives, as well as complementary metrics and reasonable, performance-based goals with linear payout curves under most plans. We believe that these factors, combined with effective Board and management oversight, operate to mitigate risk and reduce the likelihood of employees engaging in excessive risk-taking behavior with respect to the compensation-related aspects of their jobs.

Director Independence

Our Corporate Governance Guidelines provide that a substantial majority of the Board will consist of independent directors and that the Board can include no more than three directors who are not independent directors. These standards are available on our website at <http://investors.hpe.com/governance/guidelines>. Our director independence standards generally reflect the NYSE corporate governance listing standards. In addition, each member of the Audit Committee and the HRC Committee meets the heightened independence standards required for such committee members under the applicable listing standards.

Under our Corporate Governance Guidelines, a director will not be considered independent in the following circumstances:

- (1) The director is, or has been within the last three years, an employee of Hewlett Packard Enterprise, or an immediate family member of the director is, or has been within the last three years, an executive officer of Hewlett Packard Enterprise.
- (2) The director has been employed as an executive officer of Hewlett Packard Enterprise, its subsidiaries or affiliates within the last five years.
- (3) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from Hewlett Packard Enterprise, other than compensation for Board service, compensation received by a director's immediate family member for service as a non-executive employee of Hewlett Packard Enterprise, or pension or other forms of deferred compensation for prior service with Hewlett Packard Enterprise that is not contingent on continued service.
- (4) (A) The director or an immediate family member is a current partner of the firm that is our internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on our audit within that time.
- (5) The director or an immediate family member is, or has been in the past three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or has served on that company's compensation committee.
- (6) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Hewlett Packard Enterprise for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

Corporate Governance (continued)

- (7) The director is affiliated with a charitable organization that receives significant contributions from Hewlett Packard Enterprise.
- (8) The director has a personal services contract with Hewlett Packard Enterprise or an executive officer of Hewlett Packard Enterprise.

For these purposes, an “immediate family member” includes a director’s spouse, parents, step-parents, children, step-children, siblings, mother-in-law, father-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law, and any person (other than tenants or employees) who shares the director’s home.

In determining independence, the Board reviews whether directors have any material relationship with Hewlett Packard Enterprise. An independent director must not have any material relationship with Hewlett Packard Enterprise, either directly or as a partner, stockholder or officer of an organization that has a relationship with Hewlett Packard Enterprise, nor any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In assessing the materiality of a director’s relationship to Hewlett Packard Enterprise, the Board considers all relevant facts and circumstances, including consideration of the issues from the director’s standpoint and from the perspective of the persons or organizations with which the director has an affiliation, and is guided by the standards set forth above.

In making its independence determinations, the Board considered transactions occurring since the beginning of fiscal 2013 between Hewlett Packard Enterprise, and/or its former parent HP Inc., as applicable, and entities associated with the independent directors or their immediate family members. The Board’s independence determinations included consideration of the following transactions:

- Mr. Ammann is the President of General Motors Company. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with General Motors Company. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to General Motors Company, and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from General Motors Company, did not, in any of the previous three fiscal years exceed the greater of \$1 million or 2% of General Motors Company’s consolidated gross revenues.
- Mr. Angelakis is a senior advisor to the executive management committee of Comcast Corporation and until July 2015 served as Vice Chairman and Chief Financial Officer of Comcast Corporation. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Comcast Corporation. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Comcast Corporation, and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Comcast Corporation, did not, in any of the previous three fiscal years exceed the greater of \$1 million or 2% of Comcast Corporation’s consolidated gross revenues.
- Ms. Carter served as a Vice President of Cummins Inc. until April 2015. HP Inc. and/or Hewlett Packard Enterprise have entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Cummins Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Cummins Inc., and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Cummins Inc., did not, in any of the previous three fiscal years exceed the greater of \$1 million or 2% of Cummins Inc.’s consolidated gross revenues.
- Mr. Kleinfeld is the Chairman and Chief Executive Officer of Alcoa Inc. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Alcoa Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Alcoa Inc., and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Alcoa Inc., did not, in any of the previous three fiscal years exceed the greater of \$1 million or 2% of Alcoa Inc.’s consolidated gross revenues.
- Mr. Tan is the President and Chief Executive Officer of Cadence Design Systems, Inc. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services

Corporate Governance (continued)

in the ordinary course of its business during the past three fiscal years with Cadence Design Systems, Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Cadence Design Systems, Inc., and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Cadence Design Systems, Inc., did not, in any of the previous three fiscal years exceed the greater of \$1 million or 2% of Cadence Design Systems, Inc.'s consolidated gross revenues.

- Mrs. Wilderotter's sister, Denise M. Morrison, is the President and Chief Executive Officer of Campbell Soup Company. Ms. Morrison also serves as a director of the board of Campbell Soup Company. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Campbell Soup Company. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Campbell Soup Company, and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Campbell Soup Company, did not, in any of the previous three fiscal years exceed the greater of \$1 million or 2% of Campbell Soup Company's consolidated gross revenues.
- Each of Mr. Andreessen, Mr. Angelakis, Mr. Brun, Ms. Carter, Mr. Kleinfeld, Mr. Lane, Ms. Livermore, Mr. Ozzie, Mr. Reiner, Ms. Russo, Ms. Whitman and Mrs. Wilderotter, or one of their immediate family members, is a non-employee director, trustee or advisory board member of another company that did business with HP Inc. or Hewlett Packard Enterprise at some time during the past three fiscal years. These business relationships were as a supplier or purchaser of goods or services in the ordinary course of business.

As a result of this review, the Board has determined the transactions and relationships described above would not interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. The Board has also determined that, with the exception of Mr. Lane, each current non-employee director, including Mr. Ammann, Mr. Andreessen, Mr. Angelakis, Mr. Brun, Ms. Carter, Mr. Kleinfeld, Mr. Ozzie, Mr. Reiner, Ms. Russo, Mr. Tan, Mrs. Wilderotter and each of the members of the Audit Committee, the HRC Committee and the NGSR Committee, has no material relationship with Hewlett Packard Enterprise (either directly or as a partner, stockholder or officer of an organization that has a relationship with Hewlett Packard Enterprise) and is independent within the meaning of our and NYSE director independence standards. The Board has determined that (i) Mr. Lane is not independent because of his former role as executive chairman of the board of HP Inc., (ii) Ms. Livermore is not independent because she is an employee of Hewlett Packard Enterprise and was an executive officer of our former parent within the last five fiscal years, and (iii) Ms. Whitman is not independent because of her status as our current President and CEO.

Between October 8, 2015, when Hewlett Packard Enterprise's Registration Statement on Form 10, as amended, was declared effective, and November 1, 2015, when the separation of Hewlett Packard Enterprise from HP Inc. was consummated, the members of the Hewlett Packard Enterprise's Board of Directors consisted of Michael J. Angelakis, Jeremy K. Cox, Catherine A. Lesjak, Jim Rittinger and Rishi Varma. Effective November 1, 2015, each of Jeremy K. Cox, Catherine A. Lesjak, Jim Rittinger and Rishi Varma resigned from the Hewlett Packard Enterprise's Board of Directors. Mr. Cox, Ms. Lesjak, Mr. Rittinger and Mr. Varma were not considered independent between October 8, 2015 and November 1, 2015 due to their employment with HP Inc.

Corporate Governance (continued)**DIRECTOR NOMINEES****STOCKHOLDER RECOMMENDATIONS**

The policy of the NGSR Committee is to consider properly submitted stockholder recommendations of candidates for membership on the Board as described below under “Identifying and Evaluating Candidates for Directors.” In evaluating such recommendations, the NGSR Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth below under “Proposals to be Voted on—Proposal No. 1 Election of Directors—Director Nominee Experience and Qualifications.” Any stockholder recommendations submitted for consideration by the NGSR Committee should include verification of the stockholder status of the person submitting the recommendation and the recommended candidate’s name and qualifications for Board membership and should be addressed to:

Corporate Secretary
Hewlett Packard Enterprise Company
3000 Hanover Street MS 1050
Palo Alto, California 94304
Fax: (650) 857-4837
bod-hpe@hpe.com

STOCKHOLDER NOMINATIONS

In addition, our Bylaws permit stockholders to nominate directors for consideration at an annual stockholder meeting and, under certain circumstances, to include their nominees in the Hewlett Packard Enterprise proxy statement. For a description of the process for nominating directors in accordance with our Bylaws, see “Questions and Answers—Stockholder Proposals, Director Nominations and Related Bylaw Provisions—How may I recommend individuals to serve as directors and what is the deadline for a director recommendation?”

IDENTIFYING AND EVALUATING CANDIDATES FOR DIRECTORS

The NGSR Committee uses a variety of methods for identifying and evaluating nominees for director. The NGSR Committee, in consultation with the Chairman, assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise, or whether the Board would benefit from the addition of a director with a specific skillset. In the event that vacancies are anticipated, or otherwise arise, the NGSR Committee seeks to establish a diverse pool of qualified candidates for consideration. Candidates may come to the attention of the NGSR Committee through current Board members, professional search firms, stockholders or other persons. Identified candidates are evaluated at regular or special meetings of the NGSR Committee and may be considered at any point during the year. As described above, the NGSR considers properly submitted stockholder recommendations of candidates for the Board to be included in our proxy statement. Following verification of the stockholder status of individuals proposing candidates, recommendations are considered collectively by the NGSR Committee at a regularly scheduled meeting. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials are forwarded to the NGSR Committee. The NGSR Committee also reviews materials provided by professional search firms and other parties in connection with a nominee who is not proposed by a stockholder. In evaluating such nominations, the NGSR Committee seeks to achieve a balance of knowledge, experience and capability on the Board that will enable the board to effectively oversee the business. The NGSR Committee evaluates nominees recommended by stockholders using the same criteria as it uses to evaluate all other candidates.

We engage a professional search firm on an ongoing basis to identify and assist the NGSR Committee in identifying, evaluating and conducting due diligence on potential director nominees.

Corporate Governance (continued)**Succession Planning**

Among the HRC Committee's responsibilities described in its charter is to oversee succession planning and leadership development. The Board plans for succession of the CEO and annually reviews senior management selection and succession planning that is undertaken by the HRC Committee. As part of this process, the independent directors annually review the HRC Committee's recommended candidates for senior management positions to see that qualified candidates are available for all positions and that development plans are being utilized to strengthen the skills and qualifications of the candidates. The criteria used when assessing the qualifications of potential CEO successors include, among others, strategic vision and leadership, operational excellence, financial management, executive officer leadership development, ability to motivate employees, and an ability to develop an effective working relationship with the Board.

In fiscal 2015, with the separation in focus, the Parent HRC Committee conducted a full executive talent review of all proposed candidates for executive leadership positions to ensure that both companies were equipped with the necessary level of public company leadership experience and potential for the future needs of their respective organizations.

In addition, as part of the organization design and talent selection process to staff both companies, management reviewed selection recommendations below the senior leadership level, considering skill sets, performance, potential and diversity.

COMMUNICATIONS WITH THE BOARD

Individuals may communicate with the Board by contacting:

Secretary to the Board of Directors
3000 Hanover Street, MS 1050
Palo Alto, California 94304
e-mail: bod-hpe@hpe.com

All directors have access to this correspondence. In accordance with instructions from the Board, the Secretary to the Board reviews all correspondence, organizes the communications for review by the Board and posts communications to the full Board or to individual directors, as appropriate. Our independent directors have requested that certain items that are unrelated to the Board's duties, such as spam, junk mail, mass mailings, solicitations, resumes and job inquiries, not be posted.

Communications that are intended specifically for the Chairman of the Board, independent directors or the non-employee directors should be sent to the e-mail address or street address noted above, to the attention of the Chairman of the Board.

Director Compensation and Stock Ownership Guidelines

Directors who are employees of the Company or its affiliates do not receive any separate compensation for their Board activities. Non-employee director compensation is determined by the Board acting on the recommendation of the HRC Committee. In formulating its recommendation, the HRC Committee considers market data for our peer group and input from the third-party compensation consultant retained by the HRC Committee regarding market practices for director compensation.

Non-employee directors serving during fiscal 2015 were entitled to receive an annual cash retainer of \$100,000. Non-employee directors were also entitled to elect to defer up to 50% of their annual cash retainer. In lieu of the annual cash retainer, non-employee directors could elect to receive an equivalent value of equity either entirely in restricted stock units ("RSUs") or in equal values of RSUs and stock options.

Non-employee directors were also entitled to receive an annual equity retainer of \$175,000 for service during fiscal 2015, paid, at the election of the director, either entirely in RSUs or in equal values of RSUs and stock options, or, under special circumstances, in cash. Non-employee directors were entitled to receive dividend equivalent units with respect to RSUs, but not stock options. RSUs and stock options generally vest after one year from the date of grant. In addition, non-employee directors may elect to defer the settlement of all or a portion of any RSUs received in lieu of the annual cash retainer as part of the director compensation program; however, non-employee directors may not defer the settlement of any stock options received.

In addition to the above amounts, the non-employee Chairman of the Board is entitled to an additional annual cash retainer in the amount of \$200,000 (up to \$50,000 of which may be deferred), and non-employee directors serving as lead independent director (if applicable) or chairs of standing committees during fiscal 2015 were entitled to receive a retainer for such service, as follows:

- for the lead independent director (if applicable), \$35,000;
- for the Audit Committee Chair, \$25,000;
- for the HRC Committee Chair, \$20,000; and
- for other Board committees, \$15,000.

Each non-employee director was also entitled to receive \$2,000 for Board meetings attended in excess of ten meetings per Board term (which begins in March and ends the following February), and \$2,000 for each meeting of a committee attended in excess of a total of ten meetings of that committee per Board term.

Non-employee directors are reimbursed for their expenses in connection with attending Board meetings (including expenses related to spouses when spouses are invited to attend Board events), and non-employee directors may use the company aircraft for travel to and from Board meetings and other company events.

Non-employee director compensation for fiscal 2016 will be reviewed in March.

Fiscal 2015 Director Compensation

During fiscal 2015, Hewlett Packard Enterprise operated under HP Co. as a subsidiary, and, other than Mr. Angelakis, each of our directors was an employee of HP Co. or Hewlett Packard Enterprise and thus received no compensation for their service on our Board. Mr. Angelakis joined our Board effective as of October 8, 2015, and accordingly, became entitled to receive a pro-rata portion of the annual cash retainer in the amount \$6,575, and a pro-rata portion of the annual equity retainer, paid in cash, in the amount of \$11,507. Such amounts were paid in fiscal 2016.



Director Compensation and Stock Ownership Guidelines (continued)

Non-employee Director Stock Ownership Guidelines

Under our stock ownership guidelines, non-employee directors are required to accumulate, within five years of election to the Board, shares of Hewlett Packard Enterprise stock equal in value to at least five times the amount of their annual cash retainer. Service on the HP Co. board of directors immediately prior to the separation is recognized for purposes of such five-year period. Shares counted toward these guidelines include any shares held by the director directly or indirectly, including deferred vested awards.

Proposals To Be Voted On

Proposal No. 1

Election of Directors

On the recommendation of the NGSR Committee, the Board has nominated the 14 persons named below for election as directors this year, each to serve for a one-year term or until the director's successor is elected and qualified.

DIRECTOR NOMINEE EXPERIENCE AND QUALIFICATIONS

The Board annually reviews the appropriate skills and characteristics required of directors in the context of the current composition of the Board, our operating requirements and the long-term interests of our stockholders. The Board believes that its members should possess a variety of skills, professional experience and backgrounds in order to effectively oversee our business. In addition, the Board believes that each director should possess certain attributes, as reflected in the Board membership criteria described below.

Our Corporate Governance Guidelines contain the current Board membership criteria that apply to nominees recommended for a position on the Board. Under those criteria, members of the Board should have the highest professional and personal ethics and values, consistent with our longstanding values and standards. They should have broad experience at the policy-making level in business, government, education, technology or public service. They should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. In addition, the NGSR Committee takes into account a potential director's ability to contribute to the diversity of background and experience represented on the Board, and it reviews its effectiveness in balancing these considerations when assessing the composition of the Board. Directors' service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of all of our stockholders. Although the Board uses these and other criteria as appropriate to evaluate potential nominees, it has no stated minimum criteria for nominees.

The Board believes that all the nominees named below are highly qualified and have the skills and experience required for effective service on the Board. The nominees' individual biographies below contain information about their experience, qualifications and skills that led the Board to nominate them.

All of the nominees have indicated to us that they will be available to serve as directors. In the event that any nominee should become unavailable, the proxy holders, Margaret C. Whitman, Timothy C. Stonesifer and John F. Schultz, will vote for a nominee or nominees designated by the Board.

There are no family relationships among our executive officers and directors.

Our Board recommends a vote FOR the election to the Board of the each of the following nominees.

Proposal No. 1 Election of Directors (continued)

Daniel Ammann

Recent Career



Mr. Ammann has served as the President of General Motors Company, an automotive company, since January 2014. From April 2011 to January 2014, Mr. Ammann served as Chief Financial Officer and Executive Vice President of General Motors. Mr. Ammann joined General Motors in May 2010 as Vice President of Finance and Treasurer, a role he served in until April 2011.

Committee Membership: Finance and Investment

Public Directorships

None

Key Skills and Qualifications

- robust understanding of consumer, manufacturing and financial industries
- valuable insight into customer financial services gained through his leadership over the rebuilding of the captive finance company of General Motors Company
- executive experience helping lead an international, multibillion dollar company through a financial transformation including an initial public offering
- in-depth knowledge of financial statements, instruments, and strategy from roles as Treasurer and CFO at General Motors Company

Marc L. Andreessen

Recent Career



Mr. Andreessen is a co-founder of AH Capital Management, LLC, doing business as Andreessen Horowitz, a venture capital firm founded in July 2009. From 1999 to 2007, Mr. Andreessen served as Chairman of Opware, Inc., a software company that he co-founded. During a portion of 1999, Mr. Andreessen served as Chief Technology Officer of America Online, Inc., a software company. Mr. Andreessen co-founded Netscape Communications Corporation, a software company, and served in various positions, including Chief Technology Officer and Executive Vice President of Products, from 1994 to 1999.

Committee Membership: Finance and Investment; Technology

Public Directorships *

- Facebook, Inc.
- eBay (formerly)
- Hewlett-Packard Company (formerly)

Key Skills and Qualifications

- extensive experience as an Internet entrepreneur
- recognized expert and visionary in the IT industry
- extensive leadership, consumer industry, and technical expertise
- valuable insight and experience from serving on the boards of both public and private technology companies

* Facebook, Inc. is an online social networking service, eBay is an e-commerce company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.

Proposal No. 1 Election of Directors (continued)

Michael J. Angelakis

Recent Career



Mr. Angelakis has served as Chairman and Chief Executive Officer of Atairos Management, an investment firm, since January 2016. Additionally Mr. Angelakis has served as a senior advisor to the executive management committee of Comcast Corporation, a media and technology company, since July 2015. Previously, Mr. Angelakis served from November 2011 to July 2015 as Vice Chairman of Comcast and from March 2007 to July 2015 as Chief Financial Officer of Comcast. From 1999 to 2007, Mr. Angelakis was a Managing Director at Providence Equity Partners, LLC, a media and communications investment firm.

Committee Membership: Audit; Finance and Investment (Chair)

Public Directorships *

- Duke Energy
- NBC Universal (formerly)

Key Skills and Qualifications

- decades of investment, financial and managerial experience in the media and telecommunications industries
- repeatedly recognized as one of America's best CFOs
- extensive understanding of the financial, operational and technological concerns important to a complex global operation

* *Duke Energy is an energy company and NBC Universal is a media and entertainment company.*

Leslie A. Brun

Recent Career



Mr. Brun has served as the Chairman and Chief Executive Officer of Sarr Group, LLC, an investment holding company, since March 2006. From August 2011 to December 2013, Mr. Brun was managing director and head of investor relations for CCMP Capital Advisors, LLC, a private equity firm. Previously, from January 1991 to May 2005, Mr. Brun served as founder, Chairman and Chief Executive officer for Hamilton Lane Advisors, a private markets investment firm, and from April 1988 to September 1990 as co-founder and managing director of investment banking at Fidelity Bank in Philadelphia.

Committee Membership: Audit; HR and Compensation (Chair)

Public Directorships *

- CDK Global, Inc. (Chair)
- Broadridge Financial Solutions (Chair)
- Merck & Co., Inc.
- Automatic Data Processing (formerly)

Key Skills and Qualifications

- robust business experience from a long career as an investment banker and CEO
- advisory experience and knowledge of corporate governance from his service as a chairman and director on various public company boards
- valuable financial, management, investor relations, and operational advice and expertise

* *CDK Global, Inc. is a technology solutions company, Broadridge Financial Solutions is a financial industry servicing company, Merck & Co., Inc. is a pharmaceuticals company, and Automatic Data Processing, Inc. is a business outsourcing services company.*

Proposal No. 1 Election of Directors (continued)

Pamela L. Carter

Recent Career



Ms. Carter served as the Vice President of Cummins Inc., a machinery design and manufacturing company, and as President of the Cummins Distribution business unit from 2008 until May 2015. In 18 years at Cummins, Ms. Carter held executive positions in both their Filtration and Distribution business units after joining the company in 1997 as Vice President, General Counsel and Corporate Secretary.

Committee Membership: Audit; HR and Compensation

Public Directorships *

- Spectra Energy Corp.
- CSX Corp.

Key Skills and Qualifications

- strategic and operational expertise from hands-on experience leading and growing a complex design and manufacturing business
- variety of experienced roles in both legal and business leadership
- knowledge of corporate governance and executive compensation from her service on other public company boards, including her service as the Chairperson of the Corporate Governance Committee and member of the Compensation committee of Spectra Energy.
- valuable perspective of regulatory and policy knowledge coupled with clear understanding of business strategy

* *Spectra Energy Corp. is a natural gas company and CSX Corp is a rail-based freight transportation company.*

Klaus Kleinfeld

Recent Career



Mr. Kleinfeld has served since 2010 as Chairman and Chief Executive Officer of Alcoa Inc., a global leader in lightweight metals technology, engineering and manufacturing for industries including automotive, aerospace, defense and commercial transportation. He served as President and Chief Executive Officer of Alcoa from 2008 to 2010 and President and Chief Operating Officer from 2007 through 2008. Before his tenure at Alcoa, Mr. Kleinfeld served for twenty years at Siemens AG, from 1987 to 2007, in roles which included Chief Executive Officer and President, member of the Managing Board, and Executive Vice President and Chief Operating Officer of Siemens AG's principal U.S. subsidiary, Siemens Corporation.

Committee Membership: HR and Compensation; Nominating, Governance and Social Responsibility

Public Directorships *

- Alcoa, Inc.
- Morgan Stanley
- Bayer AG (former member of supervisory board)
- Hewlett-Packard Company (formerly)

Key Skills and Qualifications

- extensive international and senior executive experience
- strong leadership and corporate governance experience from his service on other public company boards, including as Chairman of Alcoa, Inc.
- robust understanding of business development, operations and strategic planning at complex multinational organizations

* *Alcoa, Inc. is a metals and manufacturing company, Morgan Stanley is a financial services corporation, Bayer AG is a chemicals and pharmaceuticals company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Proposal No. 1 Election of Directors (continued)

Raymond J. Lane

Recent Career



Mr. Lane served as executive Chairman of Hewlett-Packard Company from September 2011 to April 2013 and as non-executive Chairman of Hewlett-Packard Company from November 2010 to September 2011. Since April 2013, Mr. Lane has served as Partner Emeritus of Kleiner Perkins Caufield & Byers, a private equity firm, after having previously served as one of its Managing Partners from 2000 to 2013. Prior to joining Kleiner Perkins, Mr. Lane was President and Chief Operating Officer and a director of Oracle Corporation, a software company. Before joining Oracle in 1992, Mr. Lane was a senior partner of Booz Allen Hamilton, a consulting company. Prior to Booz Allen Hamilton, Mr. Lane served as a division vice president with Electronic Data Systems Corporation, an IT services company that Hewlett-Packard Company acquired in August 2008. He was with IBM Corporation from 1970 to 1977. Mr. Lane served as Chairman of the Board of Trustees of Carnegie Mellon University from July 2009 to July 2015. He also serves as Vice Chairman of Special Olympics International.

Committee Membership: Finance and Investment; Technology

Public Directorships *

- Quest Software, Inc. (formerly)
- Hewlett-Packard Company (formerly)

Key Skills and Qualifications

- significant experience as an early stage venture capital investor, principally in the information technology industry
- valuable insight into worldwide operations, management and the development of corporate strategy
- corporate governance experience from his service on other public company boards

* *Quest Software, Inc. was a software company before its acquisition by Dell Inc., a computer technology company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Proposal No. 1 Election of Directors (continued)

Ann M. Livermore

Recent Career



Ms. Livermore has served as Executive Advisor to Hewlett Packard Enterprise's Chief Executive Officer since November 2015. Previously, Ms. Livermore served as an Executive Advisor to Hewlett-Packard Company's Chief Executive Officer from June 2011 to November 2015, and as an Executive Vice President of the former Hewlett-Packard Company Enterprise Business from 2004 until June 2011. Prior to that, Ms. Livermore served in various other positions with Hewlett-Packard Company in marketing, sales, research and development, and business management since joining the company in 1982.

Committee Membership: Finance and Investment

Public Directorships *

- United Parcel Service, Inc.
- Hewlett-Packard Company (formerly)

Key Skills and Qualifications

- extensive experience in senior leadership positions from nearly 34 years at Hewlett-Packard Company
- vast knowledge and experience in the areas of technology, marketing, sales, research and development and business management
- knowledge of enterprise customers and their IT needs
- corporate governance experience from her service on other public company boards

* *United Parcel Service, Inc. is a package delivery and logistics company and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Raymond E. Ozzie

Recent Career



Mr. Ozzie has served as Chief Executive Officer of Talko Inc., a mobile communications applications and services company, since founding the company in December 2011. Previously, Mr. Ozzie served as Chief Software Architect of Microsoft Corporation from 2006 until December 2010, after having served as Chief Technical Officer of Microsoft from 2005 to 2006. Mr. Ozzie joined Microsoft in 2005 after Microsoft acquired Groove Networks, Inc., a collaboration software company he founded in 1997.

Committee Membership: Finance and Investment; Technology (Chair)

Public Directorships *

- Hewlett-Packard Company (formerly)

Key Skills and Qualifications

- recognized software industry executive and entrepreneur with significant experience in the software industry
- extensive leadership and technical expertise from positions at Microsoft and Groove Networks

* *Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Proposal No. 1 Election of Directors (continued)

Gary M. Reiner

Recent Career



Mr. Reiner has served as Operating Partner at General Atlantic LLC, a private equity firm, since November 2011. Previously, Mr. Reiner served as Special Advisor to General Atlantic LLC from September 2010 to November 2011. Prior to that, Mr. Reiner served as Senior Vice President and Chief Information Officer at General Electric Company, a technology, media and financial services company, from 1996 until March 2010. Mr. Reiner previously held other executive positions with General Electric since joining the company in 1991. Earlier in his career, Mr. Reiner was a partner at Boston Consulting Group, a consulting company, where he focused on strategic and process issues for technology businesses.

Committee Membership: Finance and Investment; Nominating, Governance and Social Responsibility (Chair); Technology

Public Directorships *

- CitiGroup Inc.
- Genpact Limited
- Hewlett-Packard Company (formerly)

Key Skills and Qualifications

- deep insight into how IT can help global companies succeed through his many years of experience as Chief Information Officer at General Electric
- decades of experience driving corporate strategy, information technology and best practices across complex organizations
- experience in private equity investing, with a particular focus on the IT industry

* *CitiGroup Inc. is an investment banking and financial services corporation, Genpact Limited is an outsourcing and information technology services company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Patricia F. Russo

Recent Career



Ms. Russo has served as the Chairman of our Board of Directors since November 2015. Previously, Ms. Russo served as the Lead Independent Director of Hewlett-Packard Company from July 2014 to November 2015. Ms. Russo served as Chief Executive Officer of Alcatel-Lucent, a communications company, from 2006 to 2008. Previously, Ms. Russo served as Chairman of Lucent Technologies Inc., a communications company, from 2003 to 2006 and Chief Executive Officer and President of Lucent from 2002 to 2006.

Committee Membership: None

Public Directorships *

- Alcoa, Inc.
- General Motors Company
- Merck & Co., Inc.
- KKR Management LLC
- Hewlett-Packard Company (formerly)

Key Skills and Qualifications

- extensive global business experience
- broad understanding of the technology industry
- strong management skills and operational expertise
- executive experience with a wide range of issues including mergers and acquisitions and business restructurings as she led Lucent's recovery through a severe industry downturn and later a merger with Alcatel
- strong leadership and corporate governance experience from robust service on other public company boards

* *Alcoa, Inc. is a metals and manufacturing company, General Motors Company is an automotive company, Merck & Co., Inc. is a pharmaceuticals company, KKR Management LLC is the managing partner of KKR & Co., L.P., an investment firm, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Proposal No. 1 Election of Directors (continued)

Lip-Bu Tan

Recent Career



Mr. Tan has served as the President and Chief Executive Officer of Cadence Design Systems, an electronic design automation company, since 2009. Mr. Tan has also served as Founder and Chairman of Walden International, a venture capital firm, since 1987.

Committee Membership: Nominating, Governance and Social Responsibility; Technology

Public Directorships *

- Cadence Design Systems
- Ambarella Inc.
- SINA
- Semiconductor Manufacturing International Corp.
- Flextronics International (formerly)
- Inphi Corporation (formerly)
- United Overseas Bank in Singapore (formerly)

Key Skills and Qualifications

- decades of experience pioneering venture capital investment in technology in the Asia-Pacific region
- corporate governance experience from service on numerous public and private boards of technology companies
- robust understanding of the electronic design and semiconductor industries
- extensive experience analyzing investments, managing companies and leading developments in the global technology industry

* *Cadence Design Systems is an electronic design automation company, Ambarella Inc. is a video compression and image processing company, SINA is a media company, Semiconductor Manufacturing International Corp. is a semiconductor company, Flextronics International is an electronics manufacturing company, Inphi Corporation is a semiconductor company, and United Overseas Bank in Singapore is a bank.*

Proposal No. 1 Election of Directors (continued)

Margaret C. Whitman

Recent Career



Ms. Whitman has served as President and Chief Executive Officer of Hewlett Packard Enterprise since November 2015. Prior to that, Ms. Whitman served as President, Chief Executive Officer, and Chairman of Hewlett-Packard Company from July 2014 to November 2015 and President and Chief Executive Officer of Hewlett-Packard Company from September 2011 to November 2015. From March 2011 to September 2011, Ms. Whitman served as a part-time strategic advisor to Kleiner Perkins Caufield & Byers, a private equity firm. Previously, Ms. Whitman served as President and Chief Executive Officer of eBay Inc., an online marketplace, from 1998 to 2008. Prior to joining eBay, Ms. Whitman held executive-level positions at Hasbro Inc., a toy company, FTD, Inc., a floral products company, The Stride Rite Corporation, a footwear company, The Walt Disney Company, an entertainment company, and Bain & Company, a consulting company.

Committee Membership: None

Public Directorships *

- The Procter & Gamble Company
- HP Inc.
- Zipcar, Inc. (formerly)

Key Skills and Qualifications

- unique experience in developing transformative business models, building global brands and driving sustained growth and expansion
- strong operational and strategic expertise built during executive positions at Hewlett-Packard Company and eBay
- public company governance experience from service on various public boards

* *The Procter & Gamble Company is a consumer goods company, HP Inc. is a technology company and the former parent of Hewlett Packard Enterprise, and Zipcar, Inc. is a car sharing service.*

Proposal No. 1 Election of Directors (continued)

Mary Agnes Wilderotter

Recent Career



Mary Agnes Wilderotter has served as Executive Chairman of Frontier Communications Corporation, a telecommunications company, since April 2015. Previously, Mrs. Wilderotter served as Chairman and Chief Executive Officer of Frontier from January 2006 to April 2015. From 2004 to 2006, Mrs. Wilderotter served as President, Chief Executive Officer, and a Director of Frontier. Prior to joining Frontier, Mrs. Wilderotter served in executive and managerial roles at Microsoft Corporation, a software company, and AT&T Wireless Services Inc., a telecommunications company.

Committee Membership: Audit (Chair); HR and Compensation

Public Directorships *

- Frontier Communications Corporation
- Dreamworks Animation SKG, Inc.
- Costco Wholesale Corporation
- Juno Therapeutics Inc.
- Xerox Corporation (formerly)
- The Procter & Gamble Company (formerly)

Key Skills and Qualifications

- expertise leading and managing companies in the telecommunications and technology industries
- in-depth understanding of financial statements and public company audit from membership on the Audit Committees of Juno Therapeutics and Procter & Gamble and the Finance Committee of Xerox
- strong leadership and corporate governance experience from robust service on other public company boards
- valuable insight into the financial, operational, and strategic questions addressed by the board

* *Frontier Communications Corporation is a telecommunications company, Dreamworks Animation SKG, Inc. is an animation company, Costco Wholesale Corporation is a retail company, Juno Therapeutics Inc. is a biopharmaceuticals company, Xerox Corporation is a technology company, and The Procter & Gamble Company is a consumer goods company.*

VOTE REQUIRED

Each director nominee who receives more “FOR” votes than “AGAINST” votes representing shares of Hewlett Packard Enterprise common stock present in person or represented by proxy and entitled to be voted at the annual meeting will be elected.

If you sign your proxy or voting instruction card but do not give instructions with respect to voting for directors, your shares will be voted by Margaret C. Whitman, Timothy C. Stonesifer and John F. Schultz, as proxy holders. If you wish to give specific instructions with respect to voting for directors, you may do so by indicating your instructions on your proxy or voting instruction card.

DIRECTOR ELECTION VOTING STANDARD AND RESIGNATION POLICY

Our Bylaws provide for a majority vote standard in the uncontested election of directors, meaning that, for a nominee to be elected, the number of shares voted “for” the nominee must exceed the votes cast “against” the nominee’s election. Stockholders are not permitted to cumulate their votes in favor of one or more director nominees. In addition, we have adopted a policy whereby any incumbent director nominee who receives a greater number of votes “against” his or her election than votes “for” such election will tender his or her resignation for consideration by the NGRS Committee. The NGRS Committee will recommend to the Board the action to be taken with respect to such offer of resignation.

Proposal No. 2

Ratification of Independent Registered Public Accounting Firm

The Audit Committee of the Board has appointed, and as a matter of good corporate governance, is requesting ratification by the stockholders of Ernst & Young LLP as the independent registered public accounting firm to audit our combined and consolidated financial statements for the fiscal year ending October 31, 2016. During fiscal 2015, while we were a subsidiary of our former parent, Ernst & Young LLP served as our independent registered public accounting firm and also provided certain other audit-related and tax services. See “Principal Accounting Fees and Services” on page 77 and “Report of the Audit Committee of the Board of Directors” on page 78. Representatives of Ernst & Young LLP are expected to participate in the annual meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

VOTE REQUIRED

Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2016 fiscal year requires the affirmative vote of a majority of the shares of Hewlett Packard Enterprise common stock present in person or represented by proxy and entitled to be voted at the annual meeting. If the appointment is not ratified, the Board will consider whether it should select another independent registered public accounting firm.

RECOMMENDATION OF THE BOARD OF DIRECTORS

Our Board recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2016 fiscal year.

Proposal No. 3

Advisory Vote to Approve Executive Compensation

In accordance with SEC rules, our stockholders are being asked to approve, on an advisory or non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement.

Our Board and the HRC Committee are committed to excellence in corporate governance and to executive compensation programs that align the interests of our executives with those of our stockholders. To fulfill this mission, we have a pay-for-performance philosophy that forms the foundation for decisions regarding compensation. Our compensation programs have been structured to balance near-term results with long-term success, and enable us to attract, retain, focus, and reward our executive team for delivering stockholder value. Please refer to “Executive Compensation—Compensation Discussion and Analysis—Executive Summary” for an overview of the compensation of our named executive officers.

Our Board and the HRC Committee believe that we maintain a compensation program that is tied to performance, aligns with stockholder interests and merits stockholder support. Accordingly, we are asking for stockholder approval of the compensation of our named executive officers as disclosed in this proxy statement in the Compensation Discussion and Analysis, the compensation tables and the narrative discussion following the compensation tables.

Although this vote is non-binding, the Board and the HRC Committee value the views of our stockholders and will review the voting results. If there are significant negative notes, we will take steps to understand those concerns that influenced the vote, and consider them in making future decisions about executive compensation. In addition, our Board is recommending that stockholders have the ability to vote (on an advisory basis) on the compensation of our named executive officers every year. Therefore, we expect to conduct the next advisory vote at our 2017 annual meeting of stockholders.

VOTE REQUIRED

The affirmative vote of a majority of the shares of Hewlett Packard Enterprise common stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting is required for advisory approval of this proposal.

RECOMMENDATION OF THE BOARD OF DIRECTORS

Our Board recommends a vote FOR the approval of the compensation of our named executive officers, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion following such compensation tables, and the other related disclosures in this proxy statement.

Proposal No. 4

Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation

Under the Dodd-Frank Act, Hewlett Packard Enterprise stockholders may vote, on an advisory or non-binding basis, on how frequently they would like to cast an advisory vote on the compensation of Hewlett Packard Enterprise's named executive officers. By voting on this proposal, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation once every one, two, or three years. Although this vote is non-binding, the Board and the HRC Committee value the views of our stockholders and will review the voting results.

After careful consideration of the frequency alternatives, and because Hewlett Packard Enterprise has recently become an independent public company, we believe that conducting an advisory vote on executive compensation on an annual basis is currently appropriate for Hewlett Packard Enterprise and its stockholders.

VOTE REQUIRED

The affirmative vote of a majority of the shares of Hewlett Packard Enterprise common stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting is required for advisory approval of this proposal.

RECOMMENDATION OF THE BOARD OF DIRECTORS

Our Board recommends a vote for the frequency of approval of the compensation of our named executive officers of 1 year.

Common Stock Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of December 31, 2015 concerning beneficial ownership by:

- holders of more than 5% of Hewlett Packard Enterprise's outstanding shares of common stock;
- our directors and nominees;
- each of the named executive officers listed in the Summary Compensation Table on page 60; and
- all of our directors and executive officers as a group.

The information provided in the table is based on our records, information filed with the SEC and information provided to Hewlett Packard Enterprise, except where otherwise noted.

The number of shares beneficially owned by each entity or individual is determined under SEC rules, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the entity or individual has sole or shared voting or investment power and also any shares that the entity or individual has the right to acquire as of February 29, 2016 (60 days after December 31, 2015) through the exercise of any stock options, through the vesting of RSUs payable in shares, or upon the exercise of other rights. Beneficial ownership excludes options or other rights vesting after February 29, 2016 and any RSUs vesting on or before February 29, 2016 that may be payable in cash or shares at Hewlett Packard Enterprise's election. Unless otherwise indicated, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table.

Beneficial Ownership Table

NAME OF BENEFICIAL OWNER	SHARES OF COMMON STOCK BENEFICIALLY OWNED	PERCENT OF COMMON STOCK OUTSTANDING
Dodge & Cox⁽¹⁾	217,283,857	12.47%
The Vanguard Group⁽²⁾	100,791,671	5.63%
Dan Ammann	—	*
Marc L. Andreessen⁽³⁾	78,630	*
Michael J. Angelakis⁽⁴⁾	34,000	*
Leslie A. Brun	—	*
Pamela L. Carter	— *	*
Klaus Kleinfeld	3,238	*
Raymond J. Lane⁽⁵⁾	504,794	*
Ann M. Livermore⁽⁶⁾	120,988	*
Raymond E. Ozzie	9,844	*
Gary M. Reiner⁽⁷⁾	172,396	*
Patricia F. Russo⁽⁸⁾	38,676	*
Lip-Bu Tan	— *	*
Margaret C. Whitman⁽⁹⁾	5,994,196	*
Mary Agnes Wilderotter	—	*
Catherine A. Lesjak	—	*
Tracy S. Keogh	113,582	*
Antonio F. Neri⁽¹⁰⁾	436,233	*
Michael G. Nefkens⁽¹¹⁾	930,320	*
All current executive officers and directors as a group (23 persons)⁽¹²⁾	9,907,652	*

* Represents holdings of less than 1% of outstanding shares of common stock as of December 31, 2015.

- (1) Based on the most recently available Schedule 13G filed with the SEC on December 10, 2015 by Dodge & Cox. According to its Schedule 13G, Dodge & Cox reported having sole voting power over 209,498,448 shares, shared voting power over no shares, sole dispositive power over 217,283,857 shares and shared dispositive power over no shares. The securities reported on the Schedule 13G are beneficially owned by clients of Dodge & Cox, which clients may include investment companies registered under the Investment Company Act of 1940 and other managed accounts, and which clients have the right to receive or the power to direct the receipt of dividends from, and the proceeds from the sale of, HPE's stock. The Schedule 13G contained information as of November 30, 2015 and may not reflect current holdings of HPE's stock. The address of Dodge & Cox is 555 California Street, 40th Floor, San Francisco, California 94104.
- (2) Based on the most recently available Schedule 13F filed with the SEC on September 30, 2015 by The Vanguard Group, Inc. ("Vanguard"). According to its Schedule 13F, Vanguard reported having shared voting and dispositive power over all shares beneficially owned. The Schedule 13F contained information as of September 30, 2015 and may not reflect current holdings of HPE's stock. The address for Vanguard is The Vanguard Group P.O. Box 2900, Valley Forge, Pennsylvania 19482.
- (3) Includes 64,158 shares that Mr. Andreessen elected to defer receipt of until the termination of his service as a member of the Board.
- (4) Represents 34,000 shares that Mr. Angelakis holds indirectly with his spouse.
- (5) Includes 359,706 shares that Mr. Lane has the right to acquire by exercise of stock options.
- (6) Includes 6,544 shares held by Ms. Livermore in the HPE 401(k) Plan, 100,727 shares that Ms. Livermore holds indirectly through a trust with her spouse.
- (7) Includes 151,663 shares that Mr. Reiner has the right to acquire by exercise of stock options.
- (8) Includes 26,924 shares that Ms. Russo elected to defer receipt of until the termination of her service as a member of the Board.
- (9) Includes 66 shares held by Ms. Whitman indirectly through a trust and 5,541,022 shares that Ms. Whitman has the right to acquire by exercise of stock options.
- (10) Includes 431,297 shares that Mr. Neri has the right to acquire by exercise of stock options.
- (11) Includes 118,421 shares held by Mr. Nefkens indirectly through a trust and 811,487 shares that Mr. Nefkens has the right to acquire by exercise of stock options.
- (12) Includes 8,743,705 shares that current executive officers and directors have the right to acquire.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, requires our directors, executive officers and holders of more than 10% of Hewlett Packard Enterprise's stock to file reports with the SEC regarding their ownership and changes in ownership of our securities. Based upon our examination of the copies of Forms 3, 4, and 5, and amendments thereto furnished to us and the written representations of our directors, executive officers and 10% stockholders, we believe that, during fiscal 2015, our directors, executive officers and 10% stockholders complied with all Section 16(a) filing requirements.

Related Person Transactions Policies and Procedures

We have adopted a written policy for approval of transactions between us and our directors, director nominees, executive officers, beneficial owners of more than 5% of Hewlett Packard Enterprise's stock, and their respective immediate family members where the amount involved in the transaction exceeds or is expected to exceed \$120,000 in a single twelve-month period.

The policy provides that the NGSR Committee reviews certain transactions subject to the policy and decides whether or not to approve or ratify those transactions. In doing so, the NGSR Committee determines whether the transaction is in the best interests of Hewlett Packard Enterprise. In making that determination, the NGSR Committee takes into account, among other factors it deems appropriate:

- the extent of the related person's interest in the transaction;
- whether the transaction is on terms generally available to an unaffiliated third party under the same or similar circumstances;
- the benefits to Hewlett Packard Enterprise;
- the impact or potential impact on a director's independence in the event the related party is a director, an immediate family member of a director or an entity in which a director is a partner, 10% stockholder or executive officer;
- the availability of other sources for comparable products or services; and
- the terms of the transaction.

The NGSR Committee has delegated authority to the chair of the NGSR Committee to pre-approve or ratify transactions where the aggregate amount involved is expected to be less than \$1 million. A summary of any new transactions pre-approved by the chair is provided to the full NGSR Committee for its review at each of the NGSR Committee's regularly scheduled meetings.

The NGSR Committee has adopted standing pre-approvals under the policy for limited transactions with related persons. Pre-approved transactions include:

1. compensation of executive officers that is excluded from reporting under SEC rules where the HRC Committee approved (or recommended that the Board approve) such compensation;
2. director compensation;
3. transactions with another company with a value that does not exceed the greater of \$1 million or 2% of the other company's annual revenues, where the related person has an interest only as an employee (other than executive officer), director or beneficial holder of less than 10% of the other company's shares;
4. contributions to a charity in an amount that does not exceed \$1 million or 2% of the charity's annual receipts, where the related person has an interest only as an employee (other than executive officer) or director; and



Related Person Transactions Policies and Procedures (continued)

5. transactions where all stockholders receive proportional benefits.

A summary of new transactions covered by the standing pre-approvals described in paragraphs 3 and 4 above is provided to the NGSR Committee for its review in connection with that committee's regularly scheduled meetings.

FISCAL 2015 RELATED PERSON TRANSACTIONS

We enter into commercial transactions with many entities for which our executive officers or directors serve as directors and/or executive officers in the ordinary course of our business. All of those transactions were pre-approved transactions as defined above or were ratified by the NGSR Committee or our Parent's NGSR Committee. Hewlett Packard Enterprise considers all pre-approved or ratified transactions to have been at arm's-length and does not believe that any of our executive officers or directors had a material direct or indirect interest in any of such commercial transactions. In addition, Mr. Lane's daughter, Kristi Rawlinson, serves as a non-executive employee of Hewlett Packard Enterprise. Prior to becoming an employee in 2013, Ms. Rawlinson previously served as a consultant to ArcSight Inc. and, subsequently, HP Inc., following its acquisition of ArcSight. The amount received by Ms. Rawlinson in her role at Hewlett Packard Enterprise (and, previously, at HP Inc.) totaled approximately \$150,000 in fiscal 2015.

Executive Compensation

Compensation Discussion and Analysis

INTRODUCTION

As discussed elsewhere in this proxy statement, effective November 1, 2015, our former parent, Hewlett-Packard Company, separated into two independent, publicly traded companies: HP Inc., which comprises now former Hewlett-Packard Company's printing and personal systems businesses and Hewlett Packard Enterprise, which comprises now former Hewlett-Packard Company's enterprise technology infrastructure, software, services and financing businesses.

Other than as specified herein, this discussion primarily reflects the compensation decisions made and actions taken by the HR and Compensation Committee of our former parent prior to the separation. All references to "HP", "Parent" and "former parent" refer to Hewlett-Packard Company with respect to events occurring on or prior to October 31, 2015.

This Compensation Discussion and Analysis contains a description of our executive compensation philosophy and programs, the compensation decisions made under those programs, and the considerations in making those decisions. Our named executive officers ("NEOs") for fiscal 2015 are determined as of the end of fiscal 2015, prior to our separation from HP Inc. Our fiscal 2015 NEOs and their designated titles at HP prior to the separation, are as follows:

- Margaret C. Whitman, President and CEO of Hewlett Packard Enterprise. Prior to the

separation, Ms. Whitman served as Chairman of the Board, President and CEO of HP;

- Catherine A. Lesjak. Prior to the separation, Ms. Lesjak served as Executive Vice President and Chief Financial Officer of HP;
- Antonio F. Neri, Executive Vice President and General Manager of the Enterprise Group of Hewlett Packard Enterprise. Prior to the separation, Mr. Neri served as Executive Vice President and General Manager, Enterprise Group of HP;
- Tracy S. Keogh. Prior to the separation, Ms. Keogh served as Executive Vice President and Chief Human Resources Officer of HP; and
- Michael G. Nefkens, Executive Vice President and General Manager, Enterprise Services of Hewlett Packard Enterprise. Prior to the separation, Mr. Nefkens served as Executive Vice President, Enterprise Services of HP.

Following the separation, Ms. Lesjak and Ms. Keogh continued to be employed by HP Inc., and are no longer affiliated with Hewlett Packard Enterprise.

EXECUTIVE SUMMARY

HISTORICAL BUSINESS OVERVIEW AND HP PERFORMANCE

We are a leading global provider of the cutting-edge technology solutions customers need to optimize their traditional Information Technology ("IT") while helping them build the secure, cloud-enabled, mobile-ready future that is uniquely suited to their needs. Our legacy dates back to a partnership founded in 1939 by William R. Hewlett and David Packard, and we strive every day to uphold and enhance that legacy through our dedication to providing innovative technological solutions to our customers. We believe

that we offer the most comprehensive portfolio of enterprise solutions in the IT industry. With an industry-leading position in servers, storage, networking, converged systems, software and services, combined with our customized financing solutions, we believe we are best equipped to deliver the right IT solutions to help drive optimal business outcomes for our customers.

Prior to our separation from our former parent, HP was organized into seven business segments: Personal Systems, Printing, the Enterprise Group ("EG"), Enterprise Services ("ES"), Software, HP

Executive Compensation — Compensation Discussion and Analysis (continued)

Financial Services, and Corporate Investments. Following the separation, HP Inc. comprises of Personal Systems, Printing, and Corporate Investments and Hewlett Packard Enterprise comprises of EG, ES, Software, Financial Services, and Corporate Investments.

In fiscal 2012, HP launched a five-year turnaround plan. The focus in fiscal 2012 was to stabilize HP's business, identify and define key challenges, develop crisp business strategies, and streamline and improve operations. HP's focus in fiscal 2013 was to "fix and rebuild," to strengthen HP's foundation for "recovery and expansion" in fiscal 2014 and beyond. In fiscal 2014, HP increased investment in research and development, strengthened HP's product portfolio, and improved HP's customer and partner experience, building a strong foundation for separating the company. In the process of the turnaround, management and the Board concluded that the tremendous potential available as a combined firm could be even greater as two separate entities with greater independence, focus and flexibility to adapt quickly to market and customer dynamics while generating long-term value for shareholders, and the decision was therefore made to separate into two firms. In fiscal 2015, HP's focus was on executing the separation while continuing to drive the business forward. HP's continued efforts through fiscal 2015 resulted in the following strategic accomplishments:

- executed one of the largest and most complex separations that has ever been undertaken; splitting a global entity with \$115 billion in total segment net revenues and over 300,000 employees (as of fiscal 2014 year-end) into two market-leading, independent, publicly traded Fortune 50 companies with strong financial foundations, compelling innovation roadmaps, sharp strategic focus, and experienced leadership teams. The separation was completed on-time and without disruptions to

customers, partners, or employees. HP created many new legal entities, new finance and IT systems, separated countries and locations, determined employee alignment, and created two new boards of directors;

- completed restructuring of commercial interests in China and established a joint venture with Tsinghua University;
- created a compelling brand for Hewlett Packard Enterprise while preserving the HP brand;
- launched innovative server, storage, security and cloud solutions, and a robust portfolio of enterprise-class and consumer PCs; and
- reinvigorated HP Labs as a talent incubator and innovation engine.

In a challenging global macroeconomic and foreign currency environment, HP's fiscal 2015 financial results were mixed and included:

- \$103.4 billion in Corporate Revenue (as defined on page 47);
- \$7.2 billion in Corporate Net Earnings (as defined on page 47);
- 3.2% Corporate Free Cash Flow (as a percentage of revenue; as defined on page 47); and
- returned \$4.1 billion to stockholders in the form of share repurchases and dividends.

Hewlett Packard Enterprise began fiscal 2016 with a dynamic leadership team, strong workforce, robust set of customers and partners, innovative product offerings, and a strong vision and roadmap for the future. We are in a strong position and are focused on continuing our tremendous momentum as Hewlett Packard Enterprise.

Executive Compensation — Compensation Discussion and Analysis (continued)

EXECUTIVE COMPENSATION PHILOSOPHY

Hewlett Packard Enterprise's compensation program, practices and policies have been structured to reflect the Board's commitment to excellence in corporate governance, and to reward short- and long-term performance that drives stockholder value. These principles are the same as those followed by HP in fiscal 2015. The table below summarizes key elements of the compensation programs applicable to our NEOs in fiscal 2015 relative to this philosophy.

ALIGNMENT WITH STOCKHOLDERS

PAY-FOR-PERFORMANCE	CORPORATE GOVERNANCE
The majority of target total direct compensation for executives is performance-based as well as equity-based to align their rewards with stockholder value	We generally do not enter into individual executive compensation agreements
Total direct compensation is targeted within a competitive range of the market median	We devote significant time to management succession planning and leadership development efforts
Actual realized total direct compensation and pay positioning is designed to fluctuate with, and be commensurate with, actual annual and long-term performance	We maintain a market-aligned severance policy for executives that does not have automatic single-trigger equity vesting upon a change in control
Incentive awards are heavily dependent upon our stock performance, and are measured against objective financial metrics that we believe link either directly or indirectly to the creation of value for our stockholders. In addition, 25% of our target annual incentives are contingent upon the achievement of qualitative objectives that we believe will contribute to our long-term success	The HRC Committee utilizes an independent compensation consultant
We balance growth and return objectives, top and bottom line objectives, and short-and long-term objectives to reward for overall performance that does not over-emphasize a singular focus	Our compensation programs do not encourage imprudent risk-taking
A significant portion of our long-term incentives are delivered in the form of PCSOs, which vest only if sustained stock price appreciation is achieved, and PARSUs, which vest only upon the achievement of two- and three-year RTSR and ROIC objectives	We maintain stock ownership guidelines for executive officers and non-employee directors
- We provide no U.S. supplemental defined benefit pensions - We validate our pay-for-performance relationship on an annual basis through analytics conducted by the HRC Committee's independent compensation consultant	We prohibit executive officers and directors from engaging in any form of hedging transaction, from holding HPE securities in margin accounts and pledging as collateral for loans in a manner that could create compensation-related risk for the Company
	We solicit detailed feedback regarding our compensation practices as part of our robust stockholder outreach program through the year
	We do not pay dividends before vesting of the underlying shares occurs in our long-term incentive program
	We disclose our corporate performance goals and achievements relative to these goals

Executive Compensation — Compensation Discussion and Analysis (continued)

COMPONENTS OF COMPENSATION

Hewlett Packard Enterprise's primary focus in compensating executives is on the longer-term and performance-based elements of compensation. These principles are the same as those followed by our former parent in fiscal 2015. The table below shows HP's pay components, along with the role and factors for determining each pay component applicable to our NEOs in fiscal 2015.

PAY COMPONENT	ROLE	DETERMINATION FACTORS
Base Salary	Fixed portion of annual cash income	- Value of role in competitive marketplace - Value of role to the company - Skills and performance of individual compared to the market as well as others in the company
Annual Incentive (i.e., PfR Plan)	- Variable portion of annual cash income - Focus executives on annual objectives that support the long-term strategy and creation of value	- Target awards based on competitive marketplace and level of experience - Actual awards based on actual performance against annual corporate, business unit, and individual goals
Long-term Incentives: - PCSOs/Stock Options - RSUs - PARSUs - Other, as needed	- Reinforce need for long-term sustained performance and completion of turnaround - Align interests of executives and stockholders, reflecting the time-horizon and risk to investors - Encourage equity ownership - Encourage retention	- Target awards based on competitive marketplace, level of executive, and skills and performance of executive - Actual value relative to target based on actual performance against corporate goals and stock price performance
All Other: - Benefits - Perquisites - Severance Protection	- Support the health and security of our executives, and their ability to save on a tax-deferred basis - Enhance executive productivity	- Competitive marketplace - Level of executive - Standards of good governance - Desire to emphasize performance-based pay

Executive Compensation — Compensation Discussion and Analysis (continued)

OVERSIGHT AND AUTHORITY OVER EXECUTIVE COMPENSATION

ROLE OF THE HRC COMMITTEE AND ITS ADVISORS

The Parent HRC Committee oversaw and provided strategic direction to management regarding all aspects of HP's pay program for senior executives. It made recommendations regarding the CEO's compensation to the independent members of the Parent Board for approval, and it reviewed and approved the compensation of the remaining Section 16 officers. Each Parent HRC Committee member was an independent non-employee director with significant experience in executive compensation matters. The Parent HRC Committee employed its own independent compensation consultant as well as its own independent legal counsel.

During fiscal 2015, the Parent HRC Committee retained Farient Advisors LLC ("Farient") as its independent compensation consultant and Dentons US LLP ("Dentons") as its independent legal counsel. Farient provided analyses, market comparator benchmarking and recommendations that informed the Parent HRC Committee's decisions. Pursuant to SEC rules the Parent HRC Committee assessed the independence of Farient and Dentons, and concluded each is independent and that no conflict of interest exists that would prevent Farient or Dentons from independently providing service to the Parent HRC Committee.

Going forward, our HRC Committee has also retained Farient (pending the outcome of an RFP) and Dentons and concluded each is independent and that no conflict of interest exists that would prevent Farient or Dentons from independently providing service to the HRC Committee. Neither Farient nor Dentons performs other services for Hewlett Packard Enterprise, and neither will do so without the prior consent of the HRC Committee chair. Both Dentons and Farient meet with the HRC Committee chair and the HRC Committee outside the presence of management.

The Parent HRC Committee met ten times in fiscal 2015, and seven of these meetings included an executive session. The Parent HRC Committee's independent advisors participated in most of the

meetings and, when requested by the Parent HRC Committee chair, in the preparatory meetings and the executive sessions.

ROLE OF MANAGEMENT AND THE CEO IN SETTING EXECUTIVE COMPENSATION

Both prior to, and following the separation, management has played, and continues to play, an active role in our compensation programs. Management considers market competitiveness, business results, experience, and individual performance in evaluating NEO compensation. The Executive Vice President, Human Resources and other members of our human resources organization, together with members of our finance and legal organizations, work with the CEO to design and develop compensation programs, to recommend changes to existing plans and programs applicable to NEOs and other senior executives, as well as financial and other targets to be achieved under those programs, prepare analyses of financial data, peer comparisons and other briefing materials to assist the HRC Committee in making its decisions, and implement the decisions of the HRC Committee. During fiscal 2015, Parent management engaged Meridian Compensation Partners, LLC ("Meridian") as their compensation consultant. The Parent HRC Committee took into consideration that Meridian provided executive compensation-related services to management when it evaluated any information and analyses provided by Meridian, all of which were also reviewed by Farient.

During fiscal 2015, Ms. Whitman provided input to the Parent HRC Committee regarding performance metrics and the setting of appropriate performance targets. Ms. Whitman also recommended MBOs for the NEOs and the other senior executives who reported directly to her. All modifications to the compensation programs were assessed by Farient, on behalf of the Parent HRC Committee, and discussed and approved by the Parent HRC Committee. Ms. Whitman was subject to the same financial performance goals as the executives who led global functions and Ms. Whitman's MBOs and compensation were established by the Parent HRC Committee in executive session and recommended to the independent members of the Board for approval.

Executive Compensation — Compensation Discussion and Analysis (continued)

USE OF COMPARATIVE COMPENSATION DATA AND COMPENSATION PHILOSOPHY

Each year, the Parent HRC Committee historically reviewed Section 16 officer compensation and compared it to that of executives in similar positions with the peer group companies. This process starts with the selection of an appropriate relevant group of peer companies for comparison purposes. In fiscal 2015, two primary screening criteria were used to develop a pool of potential peers that were subject to further consideration based on additional factors.

The two primary screening criteria were:

- Revenue within a range comparable to HP: revenue in excess of 25% of HP's revenue for technology companies and between 50% and 250% of HP's revenue for companies in other industries; and
- Publicly traded companies in relevant industries: information technology, industrials, materials, energy, health care, telecommunications services, consumer discretionary, and consumer staples.

Additional factors considered included: business similarities, companies that generally use U.S.-based compensation practices, global and organization complexity, avoiding industry overweighting, market cap, U.S.-based companies, absence of anomalous pay practices, research and development spending as a percent of revenue, peers of peers, competition for talent, and ISS and Glass Lewis peer selections.

The use of this rules-based methodology results in an appropriate peer group for comparison purposes, as well as a group that is large and diverse enough so that addition or elimination of any one company does not alter the overall analysis. As a result of the screening process, Accenture plc and QUALCOMM Incorporated were added to, and Dell Inc. was removed from, the fiscal 2015 peer group.

The peer group for fiscal 2015 consisted of the following companies:

Company Name	Revenue (\$ in billions)*
Apple Inc.	233.7
Chevron Corporation	212.0
General Electric Company	148.6
Ford Motor Company	144.1
AT&T Inc.	132.4
Verizon Communications Inc.	127.1
Hewlett-Packard Company	103.4
Microsoft Corporation	93.6
International Business Machines Corporation	92.8
The Boeing Company	90.8
The Procter & Gamble Company	76.3
Johnson & Johnson	74.3
PepsiCo, Inc.	66.7
Google Inc.	66.0
United Technologies Corporation	65.1
Intel Corporation	55.9
Caterpillar	55.2
Cisco Systems, Inc.	49.2
Oracle Corporation	38.2
Accenture	30.0
Qualcomm	25.3
EMC Corporation	24.4

* Represents fiscal 2014 reported revenue, except fiscal 2015 reported revenue is provided for Apple, HP, Microsoft, Procter & Gamble, Cisco Systems, Oracle and Qualcomm.

Executive Compensation — Compensation Discussion and Analysis (continued)

In reviewing comparative pay data from these companies against pay for Section 16 officers, the Parent HRC Committee evaluated some data using regression analysis to adjust for size differences between our company and the peer group companies. Exclusions were made for particular data points of certain companies if they were anomalous and not representative of market practices.

In fiscal 2015, the Parent HRC Committee continued to set target compensation levels generally at or near the market median, although in some cases higher for attraction and retention purposes. Following the separation, our HRC Committee approved a new peer group appropriate for the post-separation company for fiscal 2016.

PROCESS FOR SETTING AND AWARDING EXECUTIVE COMPENSATION

A broad range of facts and circumstances was considered in setting our overall executive compensation levels. Among the factors considered for our executives generally, and for the NEOs in particular, are market competitiveness, internal equity and individual performance. The weight given to each factor may differ from year to year, is not formulaic and may differ among individual NEOs in any given year. For example, when we recruit externally, market competitiveness, experience and the circumstances unique to a particular candidate may weigh more heavily in the compensation analysis. In contrast, when determining year-over-year compensation for current NEOs, internal equity and individual performance may factor more heavily in the analysis.

Because such a large percentage of NEO pay is performance based, the Parent HRC Committee spent significant time determining the appropriate goals for HP's annual- and long-term incentive pay plans. In general, management made an initial recommendation for the goals, which was then assessed by Farient, and discussed and approved by the Parent HRC Committee. Major factors considered in setting goals for each fiscal year include business results from the most recently completed fiscal year, segment-level strategic plans, macroeconomic factors, competitive performance results and goals, conditions or goals specific to a particular business segment and strategic

initiatives. To permit eligible compensation to qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), the Parent HRC Committee set the overall funding target for the "umbrella" structure for the annual incentives, and set performance goals for annual incentives and equity awards within the first 90 days of the fiscal year.

Following the close of the fiscal year, the HRC Committee reviewed actual financial results and MBO performance against the goals set by the Parent HRC Committee under our incentive compensation plans for that year, with payouts under the plans determined by reference to performance against the established goals. A similar process was followed by the Parent HRC Committee with respect to Ms. Lesjak and Ms. Keogh. The HRC Committee met in executive session to review the MBO results for the CEO and to determine a recommendation for her annual incentive award to be approved by the independent members of the Board.

In setting incentive compensation for the NEOs, the Parent HRC Committee, generally did not consider the effect of past changes in stock price or expected payouts or earnings under other plans. In addition, incentive compensation decisions were made without regard to length of service or prior awards.

DETERMINATION OF FISCAL 2015 EXECUTIVE COMPENSATION

Under the Total Rewards Program, executive compensation consisted of: base salary, annual incentives, long-term incentives, benefits and perquisites.

FISCAL 2015 COMPENSATION HIGHLIGHTS

The Parent Board and the Parent HRC Committee regularly explored ways to improve the executive compensation program. In making changes for fiscal

2015, our former parent considered the evolution of HP's turnaround and HP's current business needs and the anticipated impact of the separation. The objectives were to encourage strong performance from HP's executives, pay commensurately with the performance delivered, and align the interests of HP's executives with those of HP's stockholders and reflect HP's stockholders' perspectives and input. While many elements of the fiscal 2015 executive

Executive Compensation — Compensation Discussion and Analysis (continued)

compensation program remained consistent with prior years, some changes were made:

- **Added funding caps that link key performance metrics in the Pay-for-Results (PfR) Plan.** For fiscal 2015, the maximum funding of Corporate Free Cash Flow as a % of Revenue (25% weighting within the PfR Plan) was capped at 150% of target if Corporate Net Earnings achievement was below target and capped at 100% of target if Corporate Net Earnings achievement was below threshold. If Corporate Net Earnings achievement was above target, the maximum funding level remained 250% of target. This adjustment was made to further balance our executives' focus on all performance metrics in the PfR Plan by avoiding outsized awards tied to revenue or cash flow if the profit measure of performance was more moderate.
- **Streamlined vesting criteria for Performance-contingent Stock Options ("PCSOs").** PCSOs granted in fiscal 2015 will vest solely based on stock price appreciation goals and related service requirements, which remain the same as for grants made in fiscal 2014. But in contrast to the 2014 PCSOs, the fiscal 2015 PCSOs no longer include the opportunity to vest at the end of a 7-year performance period based on relative TSR performance. Relative TSR ("RTSR") remained a part of the performance-adjusted restricted stock units ("PARSUs") design.
- **Adjustments to compensation structures in connection with the separation.** In connection with the separation of HP into two companies, the structure of some legacy equity awards needed to be adjusted. Certain awards had performance requirements that would not be relevant after the separation, and required early measurement, or required generation of new goals that would be relevant to HPE, while other awards could be more readily converted into HPE awards through straightforward adjustments for stock price. Details of these adjustments are discussed in detail beginning at page 49.

2015 BASE SALARY

Consistent with a philosophy of tying pay to performance, our executives received a small percentage of their overall compensation in the form of base salary. The NEOs are paid an amount in the form of base salary sufficient to attract qualified executive talent and maintain a stable management

team. The Parent HRC Committee targeted executive base salaries to be at or near the market median for comparable positions and to comprise 10% to 20% of the NEOs' overall compensation, which is consistent with the practice of peer group companies.

When Ms. Whitman joined HP as CEO, the Parent Board established an initial salary of \$1 per year, reflecting the company's plan for a turnaround. For fiscal 2014, considering the stage of HP's planned turnaround, the Parent Board decided it would be appropriate to begin paying Ms. Whitman a salary consistent with the peer group median. Accordingly, Ms. Whitman received a salary of \$1.5 million for fiscal 2014, and the Parent Board made no change to this salary level for fiscal 2015. The Parent Board maintained a total CEO target compensation package that approximated the competitive median of HP's peer group and was consistent with HP's pay positioning strategy and pay-for-performance philosophy.

The Parent HRC Committee did not change the salaries of the other NEOs in fiscal 2015. Our HRC Committee did not change the salaries for any HPE NEOs for fiscal 2016.

2015 ANNUAL INCENTIVES

PfR Plan Structure

The NEOs are eligible to earn an annual incentive under the PfR Plan. For fiscal 2015, the Parent HRC Committee established an "umbrella" formula for the maximum bonus and then exercised negative discretion in setting actual bonuses. Under the umbrella formula, each Section 16 officer was allocated a pro rata share of 0.75% of net earnings based on his or her target annual incentive award, subject to a maximum bonus of 250% of each NEO's target bonus, and the maximum \$10 million cap under the PfR Plan. Below this umbrella funding structure, actual payouts were determined based upon financial metrics and MBOs established by the Parent HRC Committee for Section 16 officers and by the independent members of the Parent Board of Directors for the CEO.

For fiscal 2015, the funding metric used to determine deductibility under Section 162(m) of the Code was approved, as required, within the first 90 days of the fiscal year. After the end of the fiscal year, the actual funding based on this metric was certified, and it exceeded the maximum potential bonus for the combined covered officers.

Executive Compensation — Compensation Discussion and Analysis (continued)

The target annual incentive awards for fiscal 2015 were set at 200% of salary for the CEO and 125% of salary for the other NEOs, with a maximum of 250% of target.

The performance metrics approved by the Parent HRC Committee aligned with HP's intention to focus

business leaders more directly on the financial performance of their own businesses. The fiscal 2015 annual incentive plan consisted of three core financial metrics (*i.e.*, revenue, net earnings/profit, and free cash flow as a percentage of revenue) and, as a fourth metric, MBOs, with each metric weighted equally at 25% of the target award value.

The 2015 incentive plan structure is shown in the chart below, with the financial metric referring to Parent metrics:

Fiscal 2015 Annual Incentive Plan					
Key Design Elements	Corporate or Business Unit ("BU") Goals			MBOs	% Payout ⁽³⁾ (%)
	Revenue ⁽¹⁾ (\$ in billions)	Net Earnings/ Profit (\$ in billions)	Free Cash Flow as a % of Revenue ⁽²⁾ (%)		
Weight:	25%	25%	25%	25%	
Linkage: Global Function Executives ⁽⁴⁾ Business Unit Executives ⁽⁵⁾	Corporate BU	Corporate BU	Corporate Corporate	Individual Individual	
Corporate Performance Goals: ⁽⁶⁾					
Maximum	N/A	—	—	Various	250%
Target	\$111.3	\$8.3	7.2%	Various	100%
Threshold	—	—	—	Various	0%

(1) For revenue above target, weight was moved to net earnings/profit if net earnings/profit was also above target; otherwise, it was capped at target.

(2) Maximum funding for corporate free cash flow as a percentage of revenue was capped at 150% of target if corporate net earnings/profit achievement was below target and was capped at 100% of target if corporate net earnings/profit achievement was below threshold. If corporate net earnings achievement was above target, the maximum funding level was 250% of target.

(3) Interpolate for performance between discrete points.

(4) The Global Function Executives include Ms. Whitman, Ms. Lesjak, and Ms. Keogh.

(5) The BU Executives include Mr. Neri and Mr. Nefkens.

(6) Only corporate targets are disclosed after the end of the performance period, out of concern for competitive harm.

The specific metrics, their linkage to corporate/business unit results, and the weighting that was placed on each were chosen because the Parent HRC Committee believed that:

- performance against these metrics, in combination, would link to enhanced value for stockholders, capturing both the top and bottom line, as well as cash and capital efficiency;
- requiring both revenue and profitability above target in order to achieve an above-target payout on these two measures would encourage the pursuit of profitable revenue;
- a linkage to business unit results for business unit executives would help strengthen line of sight and drive accountability;

- a balanced weighting and various caps would limit the likelihood of rewarding executives for excessive risk-taking;
- different measures would avoid paying for the same performance twice; and
- MBOs would enhance focus on business objectives, such as operational objectives, strategic initiatives, succession planning, and people development, which will be important to the long-term success of the company.

Fiscal 2015 threshold goals were set closer to target goals than prior years, which created aggressive goals that were more difficult to achieve in the fiscal year. Ultimately, this led to more conservative payouts against financial performance, even after adjusting for foreign exchange.

Executive Compensation — Compensation Discussion and Analysis (continued)

The definition of and rationale for each of the Parent financial performance metrics that was used is described in greater detail below:

Fiscal 2015 PfR		
Financial Performance Metrics ⁽¹⁾	Definition	Rationale for Metric
Corporate Revenue	Net revenue as reported in HP Inc.'s Annual Report on Form 10-K for fiscal 2015	Reflects top line financial performance, which is a strong indicator of our long-term ability to drive stockholder value
Business Revenue⁽²⁾	Business net revenue as reported in HP Inc.'s Annual Report on Form 10-K for fiscal 2015	
Corporate Net Earnings	Non-GAAP net earnings, as defined and reported in HP Inc.'s fourth quarter fiscal 2015 earnings press release, excluding bonus net of income tax ⁽³⁾	Reflects bottom line financial performance, which is directly tied to stockholder value on a short-term basis
Business Net Profit ("BNP")⁽²⁾	Business owned net profit, excluding bonus net of income tax	
Corporate Free Cash Flow	Cash flow from operations less net capital expenditures (gross purchases less retirements) divided by net revenue (expressed as a percentage of revenue)	Reflects efficiency of cash management practices, including working capital and capital expenditures

- (1) While financial results are reported in accordance with generally accepted accounting principles ("GAAP"), financial performance targets and results under incentive plans were sometimes based on non-GAAP financial measures. The financial results, whether GAAP or non-GAAP, may be further adjusted as permitted by those plans and approved by the applicable HRC Committee. HP reviewed GAAP to non-GAAP adjustments and any other adjustments with the Parent HRC Committee to ensure performance takes into account the way the goals were set and executive accountability for performance. These metrics and the related performance targets are relevant only to HP's executive compensation program and should not be used or applied in other contexts.
- (2) For fiscal 2015, PfR Plan payments for Mr. Neri and Mr. Nefkens were determined partly based on the Business Revenue and BNP for their respective business units, and partly on Corporate Free Cash Flow.
- (3) Fiscal year 2015 non-GAAP net earnings of \$6.6 billion excludes after-tax costs of \$2.0 billion related to the amortization of intangible assets, restructuring charges, acquisition and other-related charges, separation costs, defined benefit plan settlement charges and impairment of data center assets. HP's management used non-GAAP net earnings to evaluate and forecast HP's performance before gains, losses, or other charges that were considered by HP's management to be outside of HP's core business segment operating results. HP believed that presenting non-GAAP net earnings provided investors with greater visibility to the information used by HP's management in its financial and operational decision making. HP further believed that providing this additional non-GAAP information helped management to evaluate and measure such performance. This additional non-GAAP information is not intended to be considered in isolation or as a substitute for GAAP diluted net earnings.

At its November 2015 meeting, our HRC Committee, with pre-separation input from the Parent HRC Committee, reviewed and certified performance against the financial metrics as follows:

Fiscal 2015 PfR Plan Hewlett-Packard Company Performance Against Financial Metrics ⁽¹⁾				
Metric	Weight ⁽²⁾	Target (\$ in billions)	Result ⁽³⁾ (\$ in billions)	Percentage of Target Annual Incentive Funded
Corporate Revenue	25.0%	111.3	Below threshold	0%
Corporate Net Earnings	25.0%	8.3	8.0	19.3%
Corporate Free Cash Flow (% of revenue)	25.0%	7.2%	Below threshold	0%
Total	75.0%	—	—	19.3%

- (1) Ms. Whitman, Ms. Lesjak, and Ms. Keogh received PfR Plan payments based on corporate financial metrics. Mr. Neri received a PfR Plan payment based on Enterprise Group Business Revenue and BNP, and Corporate Free Cash Flow. Mr. Nefkens received a PfR Plan payment based on Enterprise Services Business Revenue and BNP, and Corporate Free Cash Flow.
- (2) The financial metrics were equally weighted to account for 75% of the target annual incentive.
- (3) Financial results have been adjusted to exclude the impact of foreign currency fluctuations, within the funding level of the umbrella plan, based on Parent HRC Committee and HRC Committee discretion. After careful consideration, the committees determined that adjustment would be appropriate considering the magnitude and speed of foreign currency changes occurring after the goals had been set, and the infeasibility of managerial action to counter such changes within the fiscal year. This increased the total payout from 0% to 19.3% with respect to financial metrics used for Ms. Whitman, Ms. Lesjak, and Ms. Keogh, increased the total payout from 19.4% to 48% with respect to the financial metrics used for Mr. Neri and increased the total payout from 1.8% to 14.4% with respect to the financial metrics used for Mr. Nefkens.

Executive Compensation — Compensation Discussion and Analysis (continued)

DETAILED DISCUSSION OF MBO's

With respect to performance against the MBOs, the independent members of our Board evaluated the CEO's performance during an executive session held in November 2015. The evaluation included an analysis of Ms. Whitman's performance against all of her MBOs, which included, but were not limited to: leading the effective separation of HP, focus on 2015 Parent Company financial performance, delivering 2016 budgets and 3-year plans for Hewlett Packard Enterprise and HP Inc. as two separate companies, delivering new Hewlett Packard Enterprise strategy, helping update HP Inc. strategy, ensuring business groups make appropriate progress on their turnarounds, building business group capability and confidence for the future, and continuing to make progress in Cloud. After conducting a thorough review of Ms. Whitman's performance, the independent members of the HPE Board determined that Ms. Whitman's MBO performance had been achieved above target. Ms. Whitman's accomplishments included:

- defined and skillfully orchestrated one of the largest and most complex global corporate separations in history, resulting in the creation of two Fortune 50 companies;
- established 2016 budgets and three-year plans for Hewlett Packard Enterprise and HP Inc. as separate companies;
- refreshed HP Inc. strategy and introduced new framework for transformation areas for Hewlett Packard Enterprise;
- directed turnarounds in business units across different regions;
- acquired Aruba Networks, Inc. ("Aruba") and made what we believe to be sound decisions with respect to mergers, acquisitions, and divestitures;
- achieved appropriate cost reductions; and
- restructured commercial interests in China and established a historic joint venture with Tsinghua University.

As CEO of HP, Ms. Whitman evaluated the performance of each of the other Section 16 officers and presented the results of those evaluations to the Parent HRC Committee at its October 2015 meeting. The evaluations included an analysis of the officers' performance against all of their MBOs. MBOs are

intended to be differentiated performance metrics. The Parent HRC Committee noted the difference between the performance against the MBOs and the performance against the financial metrics, and concluded the difference in the performance against the MBOs was accurate and appropriate due to many factors, including the remarkable performance related to the separation of the companies. At its November 2015 meeting, our HRC Committee concurred in the CEO's assessment of the degree of attainment of the MBOs of Mr. Neri and Mr. Nefkens. The results of these evaluations and selected MBOs for the other NEOs are summarized below.

Ms. Lesjak. The Parent HRC Committee determined that Ms. Lesjak's MBO performance had been achieved above target. She drove one of the most complex financial process and systems separations in corporate history while meeting all financial control, reporting and regulatory obligations. She executed and led all aspects of the separation work including the split of numerous legal entities in a timely manner while minimizing foreign tax exposure, effectuating IP division, and protecting and separating all assets and liabilities.

Mr. Neri. The HRC Committee determined that Mr. Neri's MBO performance had been achieved above target. He orchestrated a significant turnaround in the Enterprise Group, accelerated growth in 3Par, strengthened performance in the Technology Services business, helped restructure commercial interest in China, successfully integrated Aruba and strengthened his leadership team in key roles.

Ms. Keogh. The Parent HRC Committee determined that Ms. Keogh's MBO performance had been achieved above target. While continuing to increase employee engagement and leadership succession across the Company, she acted as a catalyst and driver for one of the largest and most complex global business separations to date. She also drove a rigorous recruitment process for the new board directors of both companies, and created two of the most diverse boards in the technology industry.

Mr. Nefkens. The HRC Committee determined that Mr. Nefkens' MBO performance had been achieved above target. He drove significant cost reductions, accelerated business progress, improved operating margins and delivery quality, secured key client wins, and initiated lean practices to sharpen the focus on operational performance and sustainable results.

Executive Compensation — Compensation Discussion and Analysis (continued)

Based on the findings of these performance evaluations, the Parent HRC Committees and our HRC Committee (and, in the case of the CEO, the independent members of our Board) evaluated performance against the non-financial metrics for the NEOs as follows:

Fiscal 2015 PfR Plan Performance Against Non-Financial Metrics (MBOs)			
Named Executive Officer	Actual Performance as a Percentage of Target Performance (%)	Weight (%)	Percentage of Target Annual Incentive Funded (%)
Margaret C. Whitman	250	25	62.5
Catherine A. Lesjak	250	25	62.5
Antonio F. Neri	175	25	43.8
Tracy S. Keogh	250	25	62.5
Michael G. Nefkens	175	25	43.8

Based on the level of performance described above on both the financial and non-financial metrics for fiscal 2015, the payouts to the NEOs under the PfR Plan were as follows:

Fiscal 2015 PfR Plan Annual Incentive Payout				
Named Executive Officer	Percentage of Target Annual Incentive Funded		Total Annual Incentive Payout	
	Financial Metrics (%)	Non-Financial Metrics (%)	As % of Target Annual Incentive (%)	Payout (\$)
Margaret C. Whitman	19.3	62.5	81.8	2,453,262
Catherine A. Lesjak	19.3	62.5	81.8	868,864
Antonio F. Neri	48.0	43.8	91.8	831,709
Tracy S. Keogh	19.3	62.5	81.8	715,535
Michael G. Nefkens	14.4	43.8	58.1	508,635

LONG-TERM INCENTIVE INCENTIVES

At the beginning of fiscal 2015, the Parent HRC Committee established a total long-term incentive target value for each NEO that was 40% weighted in the form of PCSOs, 30% weighted in the form of PARSUs and 30% weighted in the form of time-based RSUs. The high proportion of performance-based awards reflects HP's pay-for-performance philosophy. The time-based awards help retention, and are linked to stockholder value and ownership, which were also important goals of HP's executive compensation program.

2015 PCSOs

The fiscal 2015 PCSO awards will vest in three tranches provided certain stock price requirements are met. Specifically,

- one-third of the PCSO award will vest upon continued service of one year and our closing

stock price is at least 10% over the grant date stock price for at least 20 consecutive trading days within two years from the date of grant;

- one-third will vest upon continued service for two years and our closing stock price is at least 20% over the grant date stock price for at least 20 consecutive trading days within three years from the date of grant; and
- one-third will vest upon continued service of three years and our closing stock price is at least 30% over the grant date stock price for at least 20 consecutive trading days within four years from the date of grant.

The Parent HRC Committee determined this vesting structure to encourage consistent stockholder value creation over time while maintaining comparable stock increase requirements to prior designs. In contrast to the PCSOs granted in fiscal 2014, in response to

Executive Compensation — Compensation Discussion and Analysis (continued)

stockholder feedback, the Parent HRC Committee did not include a seven-year relative TSR vesting alternative. The PCSOs will be forfeited if the stock price goals are not attained in the applicable time periods.

As of the end of fiscal 2015, none of the Parent company stock price appreciation conditions for the fiscal 2015 PCSO awards had been met. For additional information, please see “Executive Compensation—Grants of Plan-Based Awards in Fiscal 2015.”

2015 PARSUs

The PARSUs have two- and three-year performance periods that began at the start of fiscal 2015 and continue through the end of fiscal 2016 and 2017, respectively. Under this program, 50% of the PARSUs are eligible for vesting based on performance over two years with continued service, and 50% are eligible for vesting based on performance over three years with continued service. The two- and three-year awards are equally weighted between RTSR and ROIC performance. This structure is depicted in the chart below.

2015-2017 PARSUs					
Key Design Elements		ROIC vs. Internal Goals		Relative TSR vs. S&P 500	
Weight		25%	25%	25%	25%
Performance/Vesting Periods ⁽¹⁾		2 years	3 years	2 years	3 years
Performance Levels:		Target to be disclosed after the end of the performance periods only, out of concern for competitive harm		> 90 th percentile	200%
	Max			70 th percentile	150%
	> Target			50th percentile	100%
	Target			25 th percentile	50%
	Threshold			< 25 th percentile	0%
	< Threshold				

(1) Performance measurement and vesting occur at the end of the two- and three-year periods, subject to continued service.

(2) Interpolate for performance between discrete points.

Internal ROIC goals were set after consideration of historical performance, internal budgets, external expectations, and peer group performance.

Relative TSR was chosen as a performance measure because it is a direct measure of stockholder value, and complements the absolute measure of stock price growth in the PCSOs. ROIC was chosen because it measures capital efficiency, which is a key driver of stockholder value.

For more information on grants of PARSUs to the NEOs during fiscal 2015, see “Executive Compensation—Grants of Plan-Based Awards in Fiscal 2015.”

2015 RSUs

2015 RSUs vest ratably on an annual basis over three years from the grant date. Three year vesting is common in our industry and supports executive retention and stockholder alignment.

For more information on grants of RSUs to the NEOs during fiscal 2015, see “Executive Compensation—Grants of Plan-Based Awards in Fiscal 2015.”

SPECIAL RETENTION RSUs

In June 2011, the Parent HRC Committee granted special retention awards of restricted stock units (“SRRSUs”) to key members of the executive team, including Ms. Lesjak, upon the recommendation of the then-current CEO. The awards were intended to provide both performance and retention incentives and vest after four years with accelerated vesting possible upon the attainment of certain stock price increases. The SRRSUs vested in June 2015.

SEPARATION-RELATED EQUITY AWARD AMENDMENTS

In connection with the separation of HP into two separate companies, the Parent HRC Committee approved certain accelerated vesting, truncating the performance period for fiscal 2014 PARSUs, and settlement of equity awards as described below in order to: (i) enable employees to become HP shareholders with respect to equity awards substantially earned based on service with HP and HP’s performance through the time of the separation; (ii) acknowledge that PARSU performance goals set for HP would no longer be relevant post-separation,

Executive Compensation — Compensation Discussion and Analysis (continued)

and that 73% of the fiscal 2014 PARSU performance period had been completed; and (iii) ensure that employees who would otherwise vest in awards during the equity administration systems blackout period, before and after the separation, could exercise options and receive vested shares in a timely manner.

On July 29, 2015, the Parent HRC Committee approved amendments to certain outstanding long-term incentive awards. These amendments affected most outstanding awards that were originally scheduled to vest between September 18, 2015 and December 31, 2015, including such awards held by HP's NEOs. The amendments provided for the accelerated vesting on September 17, 2015, of any time-based RSUs and related accrued dividend equivalent shares, stock options, PCSOs, or SARs that were otherwise scheduled to vest between September 18, 2015 and December 31, 2015. Vesting was accelerated for such PCSOs only to the extent that the underlying performance conditions had been satisfied by September 16, 2015. RSUs and related accrued dividend equivalent shares held by U.S. employees who qualified for retirement treatment (i.e., those who have attained age 55 with 15 years of qualifying service), including Ms. Lesjak, were settled as originally scheduled in order to comply with Section 409A of the Code.

Prior to July 31, 2015, the Parent HRC Committee determined to end the performance period for

outstanding PARSUs at the end of the last fiscal quarter before separation (i.e., on July 31, 2015) because it allowed accurate measurement of the performance results as of that date and would allow equity awards to reflect pre-separation performance of HP. Accordingly, the Parent HRC Committee amended the fiscal 2014 PARSUs (those granted in December 2013) to provide that vesting and settlement with respect to 50% of the target units and accrued dividend equivalent shares subject to each award that were scheduled to vest in October 2015 (i.e., that portion near the end of the second year of a two-year performance period) were accelerated to September 17, 2015 (based on relative TSR and ROIC performance as of July 31, 2015); and the remaining target units that were scheduled to vest in October 2016 (i.e., those near the end of the second year of a three-year performance period) were converted to time-vested RSUs (based on relative TSR and ROIC performance as of July 31, 2015), and will vest on the original vesting date, October 31, 2016, subject to continued employment through such date. For the fiscal 2014 PARSUs granted to Ms. Lesjak, 50% of the target units subject to such award were settled on October 1, 2015 (based on relative TSR and ROIC performance as of July 31, 2015) in order to comply with Section 409A of the Code due to her retirement eligibility; and the remaining target units were converted to RSUs on the same basis and subject to the same vesting conditions as for other Section 16 officers.

The fiscal 2014 PARSUs were subject to equally weighted RTSR and ROIC performance goals. The actual performance achievement as a percent of target for the fiscal 2014 PARSUs as of July 31, 2015 is summarized in the table below, based on Parent metrics:

Fiscal 2014 PARSUs ⁽¹⁾							
Segment	ROIC vs. Internal Goals ⁽²⁾ (% of target earned)				Relative TSR vs. S&P 500 ⁽³⁾ (% of target earned)		Percent of Target Vested (Segment 1) or Converted to RSUs (Segment 2) Fiscal 2016
	Fiscal 2014	Fiscal 2015	Fiscal 2016	Average	Fiscal 2014-Fiscal 2015 Q3	Fiscal 2014-Fiscal 2016	
Segment 1 (50%)	95.4%	54.9%	—	75.2%	109.0%	—	92.1%
Segment 2 (50%)	95.4%	54.9%	N/A	75.2%	109.0%	N/A	92.1%

- (1) The fiscal 2014 PARSUs performance period was truncated and based on performance as of July 31, 2015. The fiscal 2015 result was annualized from three to four quarters.
- (2) For fiscal 2014 and fiscal 2015, the ROIC target was 11.0% and the actual results were 10.9% and 9.7%, respectively.
- (3) For the truncated performance period from November 1, 2013 to July 31, 2015, HP's relative TSR performance was at the 53rd percentile of the S&P 500. The target was the 50th percentile as disclosed in the fiscal 2014 proxy. This is the same as for 2015 PARSUs.

Executive Compensation — Compensation Discussion and Analysis (continued)

Awards that were originally scheduled to vest after December 31, 2015 are generally expected to continue to vest in accordance with the original terms of such grants.

TREATMENT OF HP EQUITY FOLLOWING THE SEPARATION

Half of Ms. Whitman's HP stock options that were outstanding and vested immediately prior to the separation were converted into HP Inc. stock options, and half of Ms. Whitman's HP stock options that were outstanding and vested immediately prior to the separation were converted into Hewlett Packard Enterprise stock options. The exercise price, and number of shares of HP Inc. common stock or Hewlett Packard Enterprise common stock, as applicable, were determined in a manner intended to preserve the aggregate intrinsic value of the HP stock options as measured immediately before and immediately after the separation, subject to rounding. The adjusted awards are otherwise subject to the same terms and conditions that applied to the original HP stock options immediately prior to the separation. The reasons for the treatment of her outstanding and vested stock options include: Ms. Whitman's continued leadership obligations in both companies as CEO of Hewlett Packard Enterprise and Chairman of HP Inc., Ms. Whitman had not exercised any vested options during her tenure as HP's CEO and any HP options exercises on her part leading up to separation would be viewed negatively by investors and employees, and Ms. Whitman's significant contributions over the past 4 years in establishing both companies. Ms. Whitman's stock options that were unvested immediately prior to the separation as well as her other outstanding equity awards were treated the same way as HP equity awards held by individuals that would become employees or directors of Hewlett Packard Enterprise following the separation, as described below.

Other than as discussed above with respect to Ms. Whitman's outstanding and vested HP stock options, equity awards held by individuals that would become employees or directors of Hewlett Packard

Enterprise following the separation, including the NEOs, as applicable, were converted into equity awards with respect to Hewlett Packard Enterprise common stock. The exercise price of (in the case of stock options or SARs), and number of shares subject to, each such award were adjusted in a manner intended to preserve the aggregate intrinsic value of the original HP awards as measured immediately before and immediately after the separation, subject to rounding. The adjusted awards are otherwise subject to the same terms and conditions that applied to the original HP awards immediately prior to the separation, except that, for PCSOs, the performance requirements were adjusted to relate to the price of Hewlett Packard Enterprise common stock in a manner that preserves the original ratio of stock price hurdle to exercise price, and except as provided above for fiscal 2014 PARSUs, granted in December 2013 the performance conditions applicable to such awards were adjusted to relate to Hewlett Packard Enterprise for the remainder of the performance period.

Equity awards held by Ms. Keogh and Ms. Lesjak following the separation, will relate to HP Inc. common stock, provided that the exercise price of (for stock options or SARs), and number of shares subject to, each such award were adjusted in a manner intended to preserve the aggregate intrinsic value of the original HP award as measured immediately before and immediately after the separation, subject to rounding. The adjusted awards are otherwise subject to the same terms and conditions that applied to the original HP award immediately prior to the separation, except that for PCSOs, the performance requirements were be adjusted in a manner that preserves the original ratio of stock price hurdle to exercise price, and for fiscal 2014 PARSUs granted in December 2013, the performance conditions applicable to such awards were adjusted to relate to HP Inc. for the remainder of the performance period.

Executive Compensation — Compensation Discussion and Analysis (continued)

RELATIONSHIP BETWEEN CEO PAY AND PERFORMANCE

The Parent HRC Committee assessed the potential pay-for-performance relationships inherent in HP's pay programs. The table below shows various definitions of pay that could be used in conducting such an assessment:

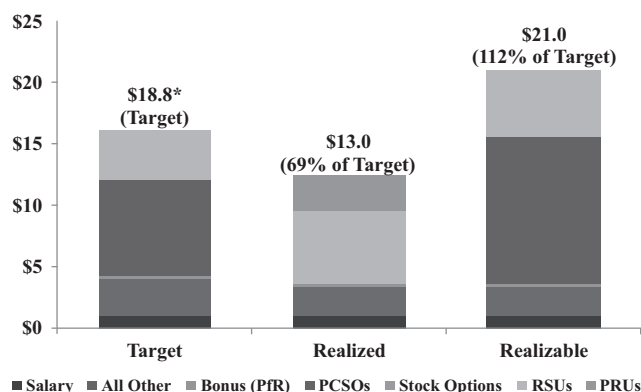
Rationale/Pay Component	Target	Realized	Realizable
Rationale for use of definition	- Represents intended value of compensation - Treats options and other equity as though it were currency based on accounting value (grant date fair value)	- Recognizes that there is no assurance that this pay opportunity will be earned until it is actually earned - Represents income earned	- Matches time horizon of compensation with performance - Recognizes that unexercised options and unvested awards have inherent potential value
Base Salary	Actual salary in fiscal year earned		
Annual Incentive (PfR Plan)	Amount that would be earned for fiscal year if goals were achieved at 100%	Actual bonus in fiscal year earned	
PCSOs	# of PCSOs granted multiplied by the grant date fair value	# of PCSOs exercised multiplied by the intrinsic value at time of exercise	# of PCSOs outstanding for which performance goals have been met multiplied by the Black-Scholes-Merton value at end of fiscal 2015
RSUs	# of RSUs granted multiplied by the grant date price	# of RSUs vested multiplied by the price at the time of vesting	# of RSUs outstanding multiplied by the price at end of fiscal 2015
PARSUs/PRUs *	# of target PARSUs granted multiplied by the grant date fair value	# of PARSUs/PRUs vested multiplied by the price at the time of vesting	# of PARSUs outstanding for which performance goals have been met multiplied by the price at end of fiscal 2015 (no such PARSUs were outstanding at the end of fiscal 2015)
All Other	Actual value of all other compensation as reported		

* Performance restricted stock units (PRUs) were last granted in fiscal 2012, paid out at the beginning of fiscal 2015, and are included in realized compensation only for fiscal 2015. They were included in target and realizable compensation in the fiscal 2014 proxy.

Executive Compensation — Compensation Discussion and Analysis (continued)

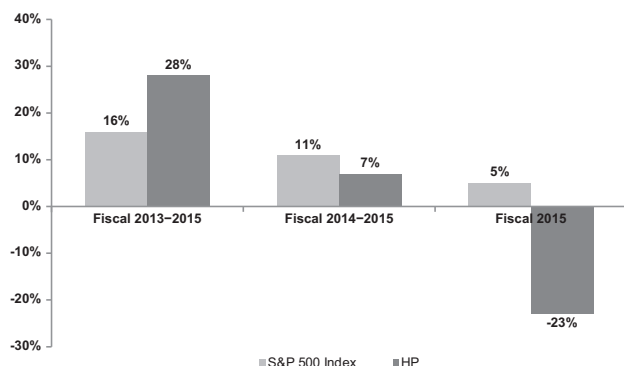
The first chart below shows Ms. Whitman's three-year average annual pay for fiscal 2013-2015 calculated as target compensation, realized compensation, and realizable compensation. The second chart below shows annualized total stockholder return ("TSR") for HP during fiscal 2013-2015, fiscal 2014-2015, and fiscal 2015.

3-Year Average Total Compensation
By Pay Definition, Fiscal 2013-2015 (\$ in millions)



* The Parent Board set CEO target total direct compensation (salary, target annual incentive, and long-term incentive value) at \$17.5 million for fiscal 2015. The numbers shown here are three-year averages, and include additional "All Other Compensation" and the actual grant date fair value of equity as determined after the grant for financial reporting purposes.

Annualized HP
Total Stockholder Return



The charts above demonstrate a strong relationship between CEO's pay and HP performance since:

- 93% of target pay is variable and 77% of target pay is equity-oriented, with the pay mix evaluated annually by the Board;
- Although share price declined significantly in Fiscal 2015 in the context of currency headwinds, HP's TSR over the past three years (both

absolutely and relative to the S&P 500 Index) reflects HP's turnaround results; and

- realizable pay is 112% of target pay consistent with HP's stock price performance over the past three years and as HP's CEO, Ms. Whitman received most of her target pay in equity, especially in fiscal 2013 when her annual salary was \$1 and the amount that would have been a "normal" salary was delivered in HP equity, and has not exercised any of her vested options. As a result, equity makes up 83% of realizable pay, with 57% coming from PCSOs, versus only 5% from salary.

FISCAL 2016 COMPENSATION PROGRAM

Prior to separation, the Parent Board and the Parent HRC Committee identified and evaluated ways to improve our executive compensation program. Both engaged with HP's stockholders to elicit their feedback, and took this feedback very seriously. Beginning in fiscal 2016, our Board and HRC Committee plan to continue this strong partnership. In 2015, HP's "say-on-pay" proposal was approved by 95% of the voted shares. Our former parent did not make any specific program changes for 2016 in response to this vote and determined that it would be appropriate to maintain the same overall program structure for 2016.

However, as we plan to discuss in further detail in the fiscal 2016 proxy statement, the Parent HRC Committee made the following changes within the overall structure that it believed would be in our stockholders' interests and appropriate to the characteristics of the post-separation company. Our HRC Committee ratified these changes for fiscal 2016:

- **PfR Plan.** For fiscal 2016, the maximum funding level for each of the individual annual incentive metrics remains 250% of target, however, the maximum annual incentive for each executive will be capped at 200% of target. This adjustment was made to further support stockholder alignment.
- **Long-Term Incentive Compensation Program.** To simplify the long-term incentive program and further support stockholder alignment, fiscal 2016 annual equity grants were made 50% in PARSUs, 25% in RSUs and 25% in stock options. This equity mix is more aligned with stockholder interests since more equity is granted in the form of PARSUs with multi-year RTSR and ROIC metrics. PCSOs are not part of

Executive Compensation — Compensation Discussion and Analysis (continued)

Hewlett Packard Enterprise's fiscal 2016 annual equity program. Hewlett Packard Enterprise considers stock options to be performance-based since all value is achieved only through stock price appreciation.

In fiscal 2016, the HRC Committee plans to continue to carefully review Hewlett Packard Enterprise's talent needs, and compensation programs and actions to:

- achieve a successful transition following the separation;
- continue to align pay with stockholder interests after the separation; and
- maintain good governance standards after the separation.

LAUNCH GRANTS

As will be discussed in further detail in the fiscal 2016 proxy statement, the Parent HRC Committee approved a launch grant program pursuant to which selective equity grants would be made in connection with the separation to key talent, including the NEOs. The Parent HRC Committee reviewed outstanding unvested equity hold, common market practices in similar externals, corporate events, and retention considerations. After such review, consideration, and advice from the Committee's independent consultant, throughout the year, the Parent HRC Committee determined that such a program was integral for the retention and continuity of leadership at a critical time for both companies, and that through the selected award design, would strengthen alignment with stockholders' interests. The launch grants to the NEOs were approved and granted by our HRC Committee on November 2, 2015, and were granted 50% in PCSOs and 50% in RSUs, vesting ratably over three years (contingent on achievement of performance conditions for the PCSOs), and subject to continued employment at each vesting date.

BENEFITS

We do not provide our executives, including the NEOs, with special or supplemental U.S. defined benefit pension or health benefits. Our NEOs receive health and welfare benefits (including retiree medical benefits, if eligibility conditions are met) under the same programs and subject to the same eligibility requirements that apply to our employees generally.

Benefits under all Parent U.S. pension plans were frozen effective December 31, 2007. Benefits under

the EDS Pension Plan ceased upon HP's acquisition of EDS in 2009. As a result, no NEO or any other employee accrued a benefit under any HP U.S. defined benefit pension plan during fiscal 2015. The amounts reported as an increase in pension benefits are for those NEOs who previously accrued a benefit in a defined benefit pension plan prior to the cessation of accruals and reflect changes in actuarial values only, not additional benefit accruals.

The NEOs, along with other executives who earn base pay or an annual incentive in excess of certain limits of the Internal Revenue Service (the "IRS"), were eligible in fiscal 2015 to participate in the HP Executive Deferred Compensation Plan (the "EDCP"). This plan was maintained to permit executives to defer a portion of their compensation in order to also defer taxation on such amounts. This is a standard benefit plan also offered by most of our peer group companies. The EDCP permits deferral of base pay in excess of the amount taken into account under the qualified HP 401(k) Plan (\$265,000 in fiscal 2015) and up to 95% of the annual incentive payable under the PFR Plan. In addition, HP made a 4% matching contribution to the plan on base pay contributions in excess of IRS limits up to a maximum of two times that limit. This is the same percentage as that which those executives are eligible to receive under the HP 401(k) Plan. In effect, the EDCP permits these executives and all employees to receive a 401(k)-type matching contribution on a portion of base-pay deferrals in excess of IRS limits. Amounts deferred or matched under the EDCP are credited with investment earnings based on investment options selected by the participant from among mutual and proprietary funds available to employees under the HP 401(k) Plan. No amounts earn above-market returns. Following the separation, our HRC Committee adopted the Hewlett Packard Enterprise Executive Deferred Compensation Plan, which follows the same terms as the Parent EDCP.

Consistent with its practice of not providing any special or supplemental executive defined benefit programs, including arrangements that would otherwise provide special benefits to the family of a deceased executive, in 2011 the Parent HRC Committee adopted a policy that, unless approved by HP's stockholders pursuant to an advisory vote, HP would not enter into a new plan, program or agreement or modify an existing plan, program or agreement with a Section 16 officer that provides for payments, grants or awards following the death of the officer in the form of unearned salary or unearned

Executive Compensation — Compensation Discussion and Analysis (continued)

annual incentives, accelerated vesting or the continuation in force of unvested equity grants, perquisites, and other payments or awards made in lieu of compensation, except to the extent that such payments, grants or awards are provided or made available to HP's employees generally.

BROAD-BASED CHANGES TO EQUITY PROVISIONS

The Parent HRC Committee approved in fiscal 2015 and our HRC Committee ratified at its November 2015 meeting, three changes to equity provisions for all employees generally:

- Effective August 1, 2015, employees will generally have up to three months to exercise vested stock options following termination. Previously, employees generally had to exercise their vested options no later than the date of termination. This change was made considering market practice and to enable employees subject to insider trading restrictions sufficient time to reach the next open trading window.
- Effective January 1, 2016, employees will fully vest in RSUs and PARSUs upon termination due to death or complete and permanent disability. PARSUs will vest at target. Previously, employees were entitled to prorated vesting upon death and full vesting upon disability for RSUs, and prorated vesting upon either death or disability for PARSUs. These changes were made to align with market practice and the existing treatment of options, and to enable attraction and retention of talent.
- Also effective January 1, 2016, for U.S. employees, the definition of retirement with respect to treatment of equity is: at least 55 years of age and age plus years of service of at least 70 at termination. Previously, the definition was: at least 55 years of age and 15 years of service. Employees who meet the retirement definition are entitled to full vesting in equity upon termination, except that pro-rata vesting in PARSUs occurs at the end of the applicable performance period subject to performance, and pro-rata vesting in PCSOs will only occur if performance conditions are met, and pro-rata vesting for launch grants. This change will not affect any of our current NEOs in fiscal 2016, and was made to enable healthy turnover and present a more attractive compensation package for potential employees who are closer to retirement.

PERQUISITES

Consistent with the practices of many of our peer group companies, we provide a small number of perquisites to our senior executives, including the NEOs, as discussed below.

We provide our NEOs with financial counseling services to assist them in obtaining professional financial advice, which is a common benefit among our peer group companies, for convenience and to increase the understanding and effectiveness of our executive compensation program.

Due to our global presence, we maintain a certain number of corporate aircraft. Personal use of these aircraft by the CEO and some of her direct reports, including all of the NEOs, is permitted, subject to availability. The CEO may use company aircraft for personal purposes in her own discretion and, at times, is advised to use company aircraft for personal travel for security reasons. Executive Council members may use company aircraft for personal purposes under certain limited circumstances, if available and approved in advance by the CEO. The CEO and Executive Council members are taxed on the value of this usage according to IRS rules. There is no tax gross-up paid on the income attributable to this value. In fiscal 2012, Ms. Whitman entered into a "time-sharing agreement", under which she reimburses the Company for costs incurred in connection with certain personal travel on corporate aircraft above a certain amount in a given fiscal year.

Following a global risk management review commissioned by the Parent Audit Committee, security systems were installed at the personal residences of some of our executives, including the NEOs. These protections are provided due to the range of security issues that may be encountered by key executives of any large, multinational corporation.

SEVERANCE FOR EXECUTIVE OFFICERS

In fiscal 2015, Parent's Section 16 officers (including all of the NEOs) were covered by the HP Severance Plan for Executive Officers ("Parent SPEO"), which was intended to protect HP and its stockholders, and provide a level of transition assistance in the event of an involuntary termination of employment. Under the Parent SPEO, participants who incur an involuntary termination, not for cause, and who execute a full release of claims following such termination, which release has not been revoked or attempted to be revoked, are eligible to receive severance benefits in

Executive Compensation — Compensation Discussion and Analysis (continued)

an amount determined as a multiple of base pay, plus the average of the actual annual incentives paid for the preceding three years. In the case of the NEOs, the multiplier is 1.5. In the case of the CEO, the multiplier would have been 2.0 under the terms of the Parent SPEO, but Ms. Whitman has elected to be eligible for the same multiplier as the other NEOs. In all cases, this benefit will not exceed 2.99 times the sum of the executive's base pay plus target annual incentive as in effect immediately prior to the termination of employment.

In addition to the cash benefit, Parent SPEO participants were eligible to receive (1) a pro-rata annual incentive for the year of termination based on actual performance results, at the discretion of the HRC Committee, (2) pro-rata vesting of unvested equity awards, if the executive has worked at least 25% of the applicable service vesting period and only if any applicable performance conditions have been satisfied, and (3) for payment of a lump-sum health-benefit stipend of an amount equal to 18 months' COBRA premiums for continued group medical coverage for the executive and his or her eligible dependents, to the extent those premiums exceed 18 times the monthly premiums for active employees in the same plan with the same level of coverage as of the date of termination.

Effective November 1, 2015, our HRC Committee approved the Hewlett Packard Enterprise Severance Plan and Long-term Incentive Change in Control for Executive Officers ("Severance and Change in Control Plan"). Absent a change in control, the new plan provides for the same benefits as under the Parent SPEO. Although the majority of compensation for our executives is performance-based and largely contingent upon achievement of financial goals, the HRC Committee believes that the Severance and Change in Control Plan provides important protection to the Section 16 officers and is appropriate for the attraction and retention of executive talent. In addition, we find it more equitable to offer severance benefits based on a standard formula for the Section 16 officers because severance often serves as a bridge when employment is involuntarily terminated, and should therefore not be affected by other, longer-term accumulations. As a result, and consistent with the practice of our peer group companies, other compensation decisions are not generally based on the existence of this severance protection.

Effective November 1, 2015, the Severance and Change in Control Plan effected a change to pro-rata vesting of outstanding equity awards. Consistent with general market practice, there is no longer a requirement that the executive must work at least 25% of the applicable service vesting period to receive pro-rata equity vesting. This avoids situations that might be affected by the "cliff nature" of the previous design. In addition, the pro-rated vesting provision by itself acknowledges situations where termination occurs shortly after an award.

BENEFITS IN THE EVENT OF A CHANGE IN CONTROL

Until November 1, 2015, we did not provide specific change in control benefits to our executive officers. While the Parent Board or the Parent HRC Committee had broad discretion to accelerate vesting of all stock and stock option awards upon a change in control, accelerated vesting was not automatic. This approach allowed the Parent Board or the Parent HRC Committee to decide whether to vest equity after taking into consideration the facts and circumstances of a given transaction.

Effective November 1, 2015, our HRC Committee approved the Severance and Change in Control Plan. Absent change in control, the new plan provides for the same benefits as the Parent SPEO. In addition, the Change in Control Plan provides for full accelerated vesting of outstanding stock options, RSUs, and PCSOs upon involuntary termination not for cause or voluntary termination for good reason (as defined in the plan) within 24 months after a change in control ("double trigger"), and in situations where equity awards are not assumed by the surviving corporation (a "modified double trigger"). The Change in Control Plan further provides accelerated vesting under a double trigger, PARSUs will vest based on target performance, whereas under a modified double trigger, PARSUs will vest based upon the greater of the number of PARSUs that would vest based on actual performance and the number of PARSUs that would vest pro-rata based upon target performance.

Our HRC Committee approved the Change in Control Plan as it determined that providing for double trigger and modified double trigger equity acceleration is consistent with market practice, helps attract talent, and aligns executive efforts and stockholder interests by retaining key executives as needed during critical transition periods.

Executive Compensation — Compensation Discussion and Analysis (continued)**OTHER COMPENSATION-RELATED MATTERS****STOCK OWNERSHIP GUIDELINES**

Our stock ownership guidelines are designed to align executives' interests more closely with those of stockholders and mitigate compensation-related risk for Hewlett Packard Enterprise. The Parent company guidelines, which were adopted by Hewlett Packard Enterprise, provide that, within five years of assuming a designated position, the CEO should attain an investment position in our stock equal to seven times her base salary and all other EVPs should attain an investment position equal to five times their base salaries. Shares counted toward these guidelines include any shares held by the executive directly or through a broker, shares held through the Company's 401(k) Plan, shares held as restricted stock, shares underlying time-vested RSUs, and shares underlying vested but unexercised stock options (50% of the in-the-money value of such options is used for this calculation). For fiscal 2015, Ms. Lesjak was the only NEO who had been in a role covered by the Parent's stock ownership guidelines for over five years and she was in compliance with the stock ownership guidelines. In addition, the remaining NEOs were on track for compliance within the required time or held the required investment position in HP's stock as of the end of fiscal 2015.

The Parent HRC Committee had adopted a policy prohibiting HP's executive officers from engaging in any form of hedging transaction (derivatives, equity swaps, forwards, etc.) including, among other things, short sales and transactions involving publicly traded options. In addition, with limited exceptions, HP's executive officers are prohibited from holding HP securities in margin accounts and from pledging HP securities as collateral for loans. We believe that these policies further align executives' interests with those of stockholders.

ACCOUNTING AND TAX EFFECTS

The impact of accounting treatment is considered in developing and implementing our compensation programs, including the accounting treatment as it applies to amounts awarded or paid to our executives.

The impact of federal tax laws on our compensation programs is also considered, including the deductibility of compensation paid to the NEOs, as limited by Section 162(m) of the Code. Our compensation program is designed with the intention that compensation paid in various forms may be eligible to qualify for deductibility under Section 162(m), but there may be exceptions for administrative or other reasons.

POLICY ON RECOVERY OF ANNUAL INCENTIVE IN EVENT OF FINANCIAL RESTATEMENT

In fiscal 2006, the Parent Board adopted a "clawback" policy that permits the Parent Board to recover certain annual incentives from senior executives whose fraud or misconduct resulted in a significant restatement of financial results. The policy allows for the recovery of annual incentives paid at or above target from those senior executives whose fraud or misconduct resulted in the restatement where the annual incentives would have been lower absent the fraud or misconduct, to the extent permitted by applicable law. Our incentive plan document allows for the recoupment of performance-based annual incentives and long-term incentives consistent with applicable law and the clawback policy. Also, in fiscal 2014, Parent added a provision to equity grant agreements to clarify that they are subject to the clawback policy. We have adopted a clawback policy consistent with our former Parent's policy.



Executive Compensation — Compensation Discussion and Analysis (continued)

HRC Committee Report on Executive Compensation

The undersigned members of the HRC Committee of the Board of Hewlett Packard Enterprise have reviewed and discussed with management this Compensation Discussion and Analysis. Mrs. Wilderotter joined the Board, and became a member of the HRC Committee, only as of February 10, 2016. Accordingly, she did not participate in this review. Based on this review and discussion, it has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and in the Annual Report on Form 10-K of Hewlett Packard Enterprise filed for the fiscal year ended October 31, 2015.

HRC Committee of the Board of Directors

Leslie A. Brun, Chair
Pamela L. Carter
Klaus Kleinfeld

Executive Compensation — Compensation Discussion and Analysis (continued)

Summary Compensation Table

The following table sets forth information concerning the compensation of our CEO, our chief financial officer, and our three other most highly compensated executive officers serving during fiscal 2015.

Name and Principal Position	Year	Salary ⁽¹⁾ (\$)	Bonus ⁽²⁾ (\$)	Stock Awards ⁽³⁾⁽⁴⁾ (\$)	Option Awards ⁽⁵⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽⁶⁾ (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁶⁾ (\$)	All Other Compensation ⁽⁹⁾ (\$)	Total (\$)
Margaret C. Whitman President and Chief Executive Officer	2015	1,500,058	—	7,771,200	5,113,585	2,453,262	—	297,441	17,135,546
	2014	1,500,058	—	8,147,637	5,355,075	4,314,000	—	295,394	19,612,164
	2013	1	—	4,394,475	12,713,433	260,000⁽⁷⁾	—	275,334	17,643,243
Catherine A. Lesjak Executive Vice President and Chief Financial Officer	2015	850,033	—	3,287,819	2,163,437	868,864	95,650	51,862	7,317,665
	2014	850,033	—	3,447,082	2,265,610	1,421,392	356,262	33,137	8,373,516
	2013	835,032	—	1,500,002	4,460,404	1,380,469	—	40,600	8,216,507
Antonio F. Neri Executive Vice President and General Manager, Enterprise Group	2015	725,028	1,500,000	1,999,993	1,264,048	831,709	8,338	262,489	6,591,605
Tracy S. Keogh Executive Vice President, Human Resources	2015	700,027	—	3,793,332	1,180,059	715,535	—	55,847	6,444,800
Michael G. Nefkens Executive Vice President, Enterprise Services	2015	700,027	—	2,988,392	1,966,763	508,635	19,005	61,532	6,244,354
	2014	700,027	—	3,437,154	1,977,266	747,199	107,736	19,575	6,988,957
	2013	691,693	—	1,050,017	3,332,493	1,288,668	—	2,663,130	9,026,001

- (1) Amounts shown represent base salary earned or paid during the fiscal year, as described under "Compensation Discussion and Analysis—Analysis of Elements of Fiscal 2015 Executive Compensation—Base Pay."
- (2) The fiscal 2015 bonus amount for Mr. Neri represents a signing bonus for an internal employment offer he received in fiscal 2014. Mr. Neri became a Section 16 Officer on August 1, 2015.
- (3) The grant date fair value of all stock awards has been calculated in accordance with applicable accounting standards. In the case of RSUs, the value is determined by multiplying the number of units granted by the closing price of Parent stock on the grant date. For PARSUs awarded in fiscal 2015, amounts shown reflect the grant date fair value of the PARSUs for the two- and three-year performance periods beginning with fiscal 2015 based on

the probable outcome of performance conditions related to these PARSUs at the grant date. For PARSUs awarded in fiscal 2014, amounts shown reflect the grant date fair value of the PARSUs for the two- and three-year performance periods beginning with fiscal 2014 based on the probable outcome of performance conditions related to these PARSUs at the grant date. The 2014 and 2015 PARSUs include both market-related (TSR) and internal (ROIC) performance goals as described under the "Compensation Discussion and Analysis—Long-term Incentives." Consistent with the applicable accounting standards, the grant date fair value of the market-related TSR component has been determined using a Monte Carlo simulation model. The table below sets forth the grant date fair value for the PARSUs granted in fiscal 2015:

Name	Probable Outcome of Performance Conditions Grant Date Fair Value (\$)*	Maximum Outcome of Performance Conditions Grant Date Fair Value (\$)	Market-related Component Grant Date Fair Value (\$)**
Margaret C. Whitman	1,703,056	3,406,111	2,134,973
Catherine A. Lesjak	720,525	1,441,050	903,260
Antonio F. Neri	—	—	—
Tracy S. Keogh	393,027	786,054	492,657
Michael G. Nefkens	655,033	1,310,066	821,111

* Amounts shown represent the grant date fair value of the PARSUs subject to the internal ROIC performance goal (i) based on the probable or target outcome as of the date the goals were set and (ii) based on achieving the maximum level of performance for the two- and three-year performance periods beginning in fiscal 2015. The grant date fair value of the ROIC goal component of the PARSUs awarded on

December 10, 2014 was \$37.36 per unit, which was the closing share price of HP common stock on December 10, 2014.

** Amounts shown represent the grant date fair value of PARSUs subject to the market-related TSR goal component of the PARSUs, for which expense recognition is not subject to probable or maximum outcome assumptions. The weighted-average grant date fair value of the market-related TSR goal

Executive Compensation — Compensation Discussion and Analysis (continued)

component of the PARSUs awarded on December 10, 2014 was \$46.84 per unit, which was determined using a Monte Carlo simulation model. The significant assumptions used in this simulation model were a volatility rate of 33.59%, a risk-free interest rate of 0.97%, and a dividend yield rate of 1.7%.

- (4) In connection with the separation of Hewlett Packard Enterprise from HP Inc., Segment 1 of fiscal year 2014 PARSUs were vested and settled during fiscal year 2015 (based on relative TSR and ROIC performance as of July 31,

2015). Please see section *Separation-Related Equity Award Amendments* of the Compensation Discussion and Analysis for additional information, including rationale. This settlement resulted in incremental compensation cost that is reflected in this column and is shown in the table below. The incremental cost of \$1.0171 per TSR Segment 1 target unit was determined using a Monte Carlo simulation model. The significant assumptions used in this simulation were a volatility rate of 24.82%, a risk-free interest rate of 0.43% and a dividend yield rate of 2.32%.

Name	Incremental Compensation Cost (\$)
Margaret C. Whitman	33,161
Catherine A. Lesjak	14,030
Antonio F. Neri	—
Tracy S. Keogh	7,653
Michael G. Nefkens	12,244

- (5) The grant date fair value of PCSO awards is calculated using a combination of a Monte Carlo simulation model and a lattice model as these awards contain market conditions. For information on the assumptions used to calculate the fair value of the awards, refer to Note 5 to our combined and consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended October 31, 2015, as filed with the SEC on December 17, 2015.
- (6) Amounts shown represent payouts under the Pfr Plan (amounts earned during the applicable fiscal year but paid after the end of that fiscal year). Fiscal 2015 amounts for Ms. Lesjak and Ms. Keogh were determined and paid by HP Inc. following the end of fiscal 2015.
- (7) Based on the previously established fiscal 2013 financial metrics and MBOs under the Pfr Plan, the independent directors of the Parent Board determined that Ms. Whitman's bonus for fiscal 2013 was approximately \$3,970,000, or 132.3% of target, reflecting outstanding performance for the year. This reflected the Parent Board's recognition of Ms. Whitman's performance on behalf of HP, and the members' assessment that her performance in fiscal 2013 was above target. In 2013, the Parent HRC Committee established a target compensation level for Ms. Whitman aligned with the market median. This amount included a target LTI award of \$13.4 million. Due to timing delays with the grant that were necessary to accommodate stock plan share limits and the associated stock price changes during those delays, and higher-than-planned financial valuations of the grant, the aggregate grant date fair value of the LTI award was \$17.11 million or \$3.71 million higher than the established target LTI. Accordingly, the independent directors determined it was in the best interest of HP and its stockholders to offset this higher financial LTI valuation by the cash bonus otherwise payable to

Ms. Whitman under the Pfr Plan, resulting in Ms. Whitman receiving \$3,710,000 of her \$3,970,000 bonus through LTI grant value, and \$260,000 in cash payment. This is reflected in the amount above.

- (8) Amounts shown represent the increase in the actuarial present value of NEO pension benefits during the applicable fiscal year. There is no amount shown for NEOs in a year where there has been a decrease in the actuarial present value of pension benefits, which occurred for Ms. Lesjak and Mr. Nefkens due to an increase in the discount rates used to determine these present values as of October 31, 2013 compared to those used as of October 31, 2012. As described in more detail under "Narrative to the Fiscal 2015 Pension Benefits Table" below, pension accruals have ceased for all NEOs, and NEOs hired after the dates that pension accruals ceased are not eligible to participate in any such pension plan. Although due to his current participation in the International Retirement Guarantee, Mr. Neri could accrue additional benefits if he were transferred at HPE's request to another country. Since this event has not occurred, there are no additional pension accruals for any NEOs. Accordingly, the amounts reported for the NEOs do not reflect additional accruals but reflect the passage of one more year from the prior present value calculation and changes in other actuarial assumptions. The assumptions used in calculating the changes in pension benefits are described in footnote (2) to the "Fiscal 2015 Pension Benefits Table" below. No HP Inc. or Hewlett Packard Enterprise plan provides for above-market earnings on deferred compensation amounts, so the amounts reported in this column do not reflect any such earnings.
- (9) The amounts shown are detailed in the "All Other Compensation Table" below.

Executive Compensation — Compensation Discussion and Analysis (continued)

Fiscal 2015 All Other Compensation Table

The following table provides additional information about the amounts that appear in the “All Other Compensation” column in the “Summary Compensation Table” above:

Name	401(k) Company Match ⁽¹⁾ (\$)	NQDC Company Match ⁽²⁾ (\$)	Mobility Program ⁽³⁾ (\$)	Security Services/ Systems ⁽⁴⁾ (\$)	Legal Fees (\$)	Severance Payments (\$)	Personal Aircraft Usage ⁽⁵⁾ (\$)	Tax Benefit ⁽⁶⁾ (\$)	Miscellaneous ⁽⁷⁾ (\$)	Total AOC (\$)
Margaret C. Whitman	10,600	—	—	719	—	—	268,122	—	18,000	297,441
Catherine A. Lesjak	10,600	9,600	—	12,662	—	—	—	—	19,000	51,862
Antonio F. Neri	7,950	—	140,057	—	—	—	1,729	101,100	11,653	262,489
Tracy S. Keogh	10,267	10,400	10,693	1,285	—	—	5,202	—	18,000	55,847
Michael G. Nefkens	7,950	—	37,143	—	—	—	16,439	—	—	61,532

- (1) Represents matching contributions made under the HP 401(k) Plan.
- (2) Represents matching contributions credited during fiscal 2015 under the HP Executive Deferred Compensation Plan with respect to the 2014 calendar year of that plan.
- (3) For Mr. Neri, Ms. Keogh, and Mr. Nefkens, represents benefits provided under our executive mobility program. Mr. Neri relocated from Houston, Texas to Palo Alto, California in November 2014 and Ms. Keogh relocated from Deerfield, Illinois to Palo Alto, California in April 2011. Mr. Nefkens was on an assignment in the United Kingdom and relocated to Palo Alto, California in June 2013.
- (4) Represents home security services provided to the NEOs. Although security systems were installed at company request, consistent with SEC guidance, the expense is reported here as a perquisite due to the fact that there is an incidental personal benefit.
- (5) Represents the value of personal usage of HP corporate aircraft. For purposes of reporting the value of such personal usage in

this table, we use data provided by an outside firm to calculate the hourly cost of operating each type of aircraft. These costs include the cost of fuel, maintenance, landing and parking fees, crew, catering and supplies. For trips by NEOs that involve mixed personal and business usage, we include the incremental cost of such personal usage (*i.e.*, the excess of the cost of the actual trip over the cost of a hypothetical trip without the personal usage). For income tax purposes, the amounts included in NEO income are calculated based on the standard industry fare level valuation method. No tax gross-ups are provided for this imputed income.

- (6) For Mr. Neri, represents tax assistance benefits provided under the domestic executive mobility program.
- (7) Includes amounts paid either directly to the executives or on their behalf for financial counseling, as follows: Ms. Whitman: \$18,000; Ms. Lesjak: \$18,000; Mr. Neri \$10,125; and Ms. Keogh: \$18,000. In addition, includes an employer charitable donation match of \$1,000 for Ms. Lesjak and \$1,528 of imputed income with respect to attendance at an HP event by a personal guest for Mr. Neri.

NARRATIVE TO THE SUMMARY COMPENSATION TABLE

The amounts reported in the “Summary Compensation Table,” including base pay, annual and LTI award amounts, benefits and perquisites, are described more fully under “Compensation Discussion and Analysis.”

The amounts reported in “Non-Equity Incentive Plan Compensation” column include amounts earned in fiscal 2015 by each of the NEOs under the PfR Plan. The narrative description of the remaining information in the “Summary Compensation Table” is provided in the narrative to the other compensation tables.

Executive Compensation — Compensation Discussion and Analysis (continued)

Grants of Plan-Based Awards in Fiscal 2015

The following table provides information on awards granted under the PfR Plan for fiscal 2015 and awards of RSUs, PCSOs, and PARSUs granted as part of fiscal 2015 long-term incentive compensation:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽²⁾⁽³⁾			All Other Stock Awards: Number of Shares of Stock or Units ⁽³⁾⁽⁴⁾⁽⁵⁾	All Other Option Awards: Number of Securities Underlying Options ⁽⁶⁾	All Other Option Awards: Exercise or Base Price of Option Awards (\$)	Grant-Date Fair Value of Stock and Option Awards ⁽⁷⁾ (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Margaret C. Whitman											
PfR		30,000	3,000,000	7,500,000				104,390			3,900,010
RSU	12/10/2014										
PCSO	12/10/2014					605,158				37.36	5,113,585
PARSU	12/10/2014				45,585	91,170	182,340				3,838,028
PARSU Modification	12/11/2013							32,603			33,161
Catherine A. Lesjak											
PfR		10,625	1,062,500	2,656,250				44,165			1,650,004
RSU	12/10/2014										
PCSO	12/10/2014					256,028				37.36	2,163,437
PARSU	12/10/2014				19,286	38,572	77,144				1,623,785
PARSU Modification	12/11/2013							13,794			14,030
Antonio F. Neri											
PfR		9,063	906,250	2,265,625							
RSU	12/10/2014							53,533			1,999,993
Stock Options	12/10/2014								160,616	37.36	1,264,048
Tracy S. Keogh											
PfR		8,750	875,000	2,187,500							
RSU	12/10/2014							53,533			1,999,993
RSU	12/10/2014							24,090			900,002
PCSO	12/10/2014					139,652				37.36	1,180,059
PARSU	12/10/2014				10,520	21,039	42,078				885,684
PARSU Modification	12/11/2013							7,524			7,653
Michael G. Nefkens											
PfR		8,750	875,000	2,187,500							
RSU	12/10/2014							40,150			1,500,004
PCSO	12/10/2014					232,753				37.36	1,966,763
PARSU	12/10/2014				17,533	35,065	70,130				1,476,144
PARSU Modification	12/11/2013							12,038			12,244

(1) Amounts represent the range of possible cash payouts for fiscal 2015 awards under the PFR Plan.

(2) PCSO awards vest as follows: one third of the PCSO award will vest upon continued service of one year and our closing stock price is at least 10% over the grant date stock price for at least 20 consecutive trading days within two years from the date of grant; one third will vest upon continued service for two years and our closing stock price is at least 20% over the grant date stock price for at least 20 consecutive trading days within three years from the date of grant; and one third will vest upon continued service of three years and our closing stock price is at least 30% over the grant date stock price for at least 20 consecutive trading days within four years from the date of grant. All PCSO awards have an eight-year term.

(3) PARSU award amounts represent the range of shares that may be released at the end of the two- and three-year performance periods applicable to the PARSU award assuming achievement of threshold, target and maximum performance. PARSUs vest as follows: 50% of the PARSUs are eligible for vesting based on performance over two years with continued service, and 50% of the PARSUs are eligible for vesting based on performance over three years with continued

service. The awards eligible for two-year vesting are 50% contingent upon our two-year RTSR and 50% contingent on our ROIC performance, and similarly, the awards eligible for three-year vesting are 50% contingent upon our three-year RTSR and 50% contingent on our ROIC performance. If our RTSR and ROIC performance is below threshold for the performance period, no shares will be released for the applicable segment. For additional details, see the discussion of PARSU awards under "Compensation Discussion and Analysis—Determination of Fiscal 2015 Executive Compensation—Long-Term Incentives—2015 PARSUs."

(4) RSUs vest as to one-third of the units on each of the first three anniversaries of the grant date, subject to continued service, except Ms. Keogh's RSU grant valued at \$1,999,993 vests as to one-fourth of the units on each of the first four anniversaries of the grant date, subject to continued service.

(5) In connection with the separation of Hewlett Packard Enterprise from HP Inc., the Parent HRC committee approved amendments to certain outstanding long-term incentive awards including the PARSUs that were granted on December 11, 2013 (fiscal 2014) and labeled PARSU Modification in this table. For PARSU Modification, these values do not represent



Executive Compensation — Compensation Discussion and Analysis (continued)

grants of new units. Instead, the values represent the number of target units associated with the incremental compensation cost of accelerating vesting of Segment 1, fiscal 2014 PARSUs to September 17, 2015. For additional information, see section “*Separation-Related Equity Award Amendments*” of the Compensation Discussion and Analysis.

- (6) Stock option awards vest as to one-third of the shares on each of the first, second and third anniversaries of the date of grant.

- (7) See footnote (3) to the “Summary Compensation Table” for a description of the method used to determine the grant date fair value of stock awards. For PARSU Modification, values represent the incremental compensation cost of accelerating Segment 1, fiscal 2014 PARSUs to September 17, 2015.

Executive Compensation — Compensation Discussion and Analysis (continued)

Outstanding Equity Awards at 2015 Fiscal Year-End

The following table provides information on stock and option awards held by the NEOs as of October 31, 2015.

Name	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options ⁽¹⁾ (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options ⁽²⁾ (#)	Option Exercise Price ⁽³⁾ (\$)	Option Expiration Date ⁽⁴⁾	Number of Shares or Units of Stock That Have Not Vested ⁽⁵⁾⁽⁶⁾ (#)	Market Value of Shares or Units of Stock That Have Not Vested ⁽⁷⁾ (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested ⁽⁸⁾ (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽⁷⁾ (\$)
Margaret C. Whitman	1,900,000	—	—	23.59	9/27/2019	184,928	4,985,659	93,117	2,510,434
	636,847	—	—	26.38	12/14/2019	—	—	—	—
	1,500,000	—	—	13.83	12/6/2020	—	—	—	—
	1,212,943	—	—	15.02	1/2/2021	—	—	—	—
	393,996	—	196,998	26.99	12/11/2021	—	—	—	—
	—	—	605,158	37.36	12/10/2022	—	—	—	—
Catherine A. Lesjak	—	—	109,730	27.34	12/12/2019	152,524	4,112,047	39,396	1,062,116
	306,147	—	—	13.83	12/6/2020	—	—	—	—
	83,345	—	83,346	26.99	12/11/2021	—	—	—	—
	—	—	256,028	37.36	12/10/2022	—	—	—	—
Antonio F. Neri	5,000	—	—	48.45	4/21/2016	64,026	1,726,141	—	—
	2,500	—	—	33.44	12/1/2016	—	—	—	—
	16,300	—	—	23.59	9/27/2019	—	—	—	—
	16,500	—	—	28.41	12/7/2019	—	—	—	—
	107,142	—	—	13.83	12/6/2020	—	—	—	—
	38,826	19,413	—	26.99	12/11/2021	—	—	—	—
	53,538	107,078	—	37.36	12/10/2022	—	—	—	—
Tracy S. Keogh	—	—	54,865	27.34	12/12/2019	83,383	2,248,006	21,488	579,316
	263,196	—	—	13.83	12/6/2020	—	—	—	—
	45,461	—	45,462	26.99	12/11/2021	—	—	—	—
	—	—	139,652	37.36	12/10/2022	—	—	—	—
Michael G. Nefkens	21,000	—	—	28.41	12/7/2019	90,437	2,438,182	35,814	965,545
	—	—	284,719	17.21	1/16/2021	—	—	—	—
	145,476	—	72,738	26.99	12/11/2021	—	—	—	—
	—	—	232,753	37.36	12/10/2022	—	—	—	—

(1) The 19,413 share option held by Mr. Neri fully vests with continued service as to 19,413 of the shares on the third anniversary of December 11, 2013, the date of the grant. The 107,078 share option held by Mr. Neri vests with continued service as to 53,539 of the shares on each of the second and third anniversaries of December 10, 2014, the date of the grant.

(2) Option awards in this column vest upon satisfaction of certain stock price performance conditions of the FY12 annual PCSOs granted on December 12, 2011, and subject to continued service or as to one-third of the shares on each of the first, second, and third anniversaries of December 11, 2013 and December 10, 2014, the date of grant, or upon later satisfaction of certain stock price performance conditions, and subject to continued service in each case except for the following:

- the 109,730 share option held by Ms. Lesjak will vest upon satisfaction of certain stock price performance conditions

prior to the fourth anniversary of December 12, 2011, the date of grant, and continued service on the third anniversary of the grant date. If Ms. Lesjak retires prior to the achievement of the stock price performance conditions, the share option will vest pro-rata based on the number of months served during the first 36 months following the grant date; and

- the 284,719 share option held by Mr. Nefkens fully vests on third anniversary of January 16, 2013, the date of grant, subject to the satisfaction of certain stock price performance conditions, and continued service until the stock price conditions are met.

(3) Option exercise prices are the fair market value of our stock on the grant date.

(4) All options have an eight-year term.

(5) The amounts in this column include shares underlying dividend equivalent units granted with respect to outstanding stock awards through October 31, 2015. The release dates and

Executive Compensation — Compensation Discussion and Analysis (continued)

release amounts for all unvested stock awards are as follows, assuming continued employment and satisfaction of any applicable financial performance conditions:

- Ms. Whitman: March 20, 2016 (1,206 shares plus accrued dividend equivalent shares); December 10, 2016 (34,797 shares plus accrued dividend equivalent shares); December 11, 2016 (48,166 shares plus accrued dividend equivalent shares); and December 10, 2017 (34,797 shares plus accrued dividend equivalent shares);
- Ms. Lesjak: December 6, 2015 (36,154 shares plus accrued dividend equivalent shares); December 10, 2015 (14,721 shares plus accrued dividend equivalent shares); December 11, 2015 (20,378 shares plus accrued dividend equivalent shares); December 10, 2016 (14,722 shares plus accrued dividend equivalent shares); December 11, 2016 (20,378 shares plus accrued dividend equivalent shares); and December 10, 2017 (14,722 shares plus accrued dividend equivalent shares);
- Mr. Neri: June 16, 2016 (10,163 shares plus accrued dividend equivalent shares); December 10, 2016 (17,844 shares plus accrued dividend equivalent shares); December 11, 2016 (6,471 shares plus accrued dividend equivalent shares); June 16, 2017 (10,164 shares plus accrued dividend equivalent shares); and December 10, 2017 (17,844 shares plus accrued dividend equivalent shares);
- Ms. Keogh: December 10, 2016 (21,413 shares plus accrued dividend equivalent shares); December 11, 2016 (11,116 shares plus accrued dividend equivalent shares); December 10, 2017 (21,413 shares plus accrued dividend equivalent shares); and December 10, 2018 (13,384 shares plus accrued dividend equivalent shares); and

- Mr. Nefkens: January 16, 2016 (20,338 shares plus accrued dividend equivalent shares); December 10, 2016 (13,383 shares plus accrued dividend equivalent shares); December 11, 2016 (17,785 shares plus accrued dividend equivalent shares); and December 10, 2017 (13,384 shares plus accrued dividend equivalent shares).

- (6) The amounts in this column also include fiscal year 2014 PARSUs that were scheduled to vest in October 2016 and were converted to RSUs (see section “Separation-Related Equity Award Amendments” of the Compensation Discussion and Analysis for more information). The release date and release amounts are as follows, assuming continued employment and satisfaction of any applicable financial performance conditions:
 - Ms. Whitman: October 31, 2016 (60,043 shares plus accrued dividend equivalent shares)
 - Ms. Lesjak: October 31, 2016 (25,403 shares plus accrued dividend equivalent shares)
 - Ms. Keogh: October 31, 2016 (13,856 shares plus accrued dividend equivalent shares)
 - Mr. Nefkens: October 31, 2016 (22,170 shares plus accrued dividend equivalent shares)
- (7) Value calculated based on the \$26.96 closing price of our stock on October 31, 2015.
- (8) The amounts in this column include the amounts of PARSUs granted in fiscal 2015 plus accrued dividend equivalent shares. The shares are reported at target, but actual payout will be on achievement of performance goals at the end of the two- and three-year performance periods.

Executive Compensation — Compensation Discussion and Analysis (continued)

Option Exercises and Stock Vested in Fiscal 2015

The following table provides information about options exercised and stock awards vested for the NEOs during the fiscal year ended October 31, 2015:

Name	Option Awards		Stock Awards ⁽¹⁾	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ⁽²⁾ (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ⁽³⁾ (\$)
Margaret C. Whitman	—	—	454,376	14,852,119
Catherine A. Lesjak	899,220	17,213,726	197,554	6,547,833
Antonio F. Neri	53,571	1,320,525	83,262	2,680,328
Tracy S. Keogh	363,522	6,668,699	130,836	4,303,765
Michael G. Nefkens	298,718	6,121,327	115,511	3,758,400

(1) Includes PARSUs, RSUs and accrued dividend equivalent shares.

(2) Represents the amounts realized based on the difference between the market price of HP stock on the date of grant and the exercise price.

(3) Represents the amounts realized based on the fair market value of HP stock on the vesting date for PARSUs, RSUs and accrued dividend equivalent shares. Fair market value is determined based on the closing price of our stock on the applicable vesting date.

Executive Compensation — Compensation Discussion and Analysis (continued)

Fiscal 2015 Pension Benefits Table

The following table provides information about the present value of accumulated pension benefits payable to each NEO:

Name	Plan Name ⁽¹⁾	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit ⁽²⁾ (\$)	Payments During Last Fiscal Year (\$)
Margaret C. Whitman⁽³⁾	—	—	—	—
Catherine A. Lesjak	RP	21.3	336,721	—
	EBP	21.3	2,316,067	—
Antonio F. Neri	Nederland Plan	3.2	52,923	—
	RP	6.8	69,802	—
	EBP	6.8	20,138	—
	IRG	19.5	81,039	—
Tracy S. Keogh⁽³⁾	—	—	—	—
Michael G. Nefkens	EDS RP	7.5	276,423	—
	Restoration Plan	7.5	315,707	—

(1) The “RP” and the “EBP” are the qualified HP Retirement Plan and the nonqualified HP Excess Benefit Plan, respectively. The “EDS RP” and “Restoration Plan” are the qualified EDS Retirement Plan and the nonqualified EDS Restoration Plan, respectively. All benefits are frozen under these plans. The RP and the EDS RP have been merged into the HP Pension Plan, although benefits continue to be determined under the separate formulas. The “Nederland Plan” refers to the Stichting Pensioenfonds Hewlett Packard Nederland, a multiple employer pension plan under which HPE currently participates. The “IRG” stands for the International Retirement Guarantee.

(2) The present value of accumulated benefits is shown at the age 65 unreduced retirement age for the RP and the EBP using the assumptions under Accounting Standards Codification (ASC) Topic 715 30 Defined Benefit Plans—Pension for the 2015 fiscal year-end measurement (as of October 31, 2015). The present value is based on a discount rate of 4.43% for the RP and EDS RP, 4.51% for the Restoration Plan, and 3.32% for the EBP, lump sum interest rates of 1.69% for the first five years, 4.11% for the next 15 years and 5.07% thereafter, and applicable mortality for lump sums and the RP-2014 White-Collar Table Projected Generationally with MP-2015 for annuity payment forms. As of October 31, 2014 (the prior measurement date), the ASC Topic 715 30 assumptions included a discount rate of 4.39% for the RP and EDS RP, 4.46% for the Restoration Plan and 3.34% for the EBP, lump sum interest rates of 1.40% for the first five years, 3.98% for the next 15 years and 5.04% thereafter, and applicable mortality and the RP-2014 White-Collar Table Projected

Generationally with MP-2014 for annuity payment forms. Since there are no early retirement reductions in the EDS RP or the Restoration Plan and since the earliest retirement age would be age 56 for Mr. Nefkens, the present value of accumulated benefits is shown at an age 56 retirement age. Mr. Neri participated in a Hewlett-Packard pension plan while employed in the Netherlands. The present value for this plan is based on a discount rate of 2.47% and mortality in accordance with the AG forecast table 2014. As of October 31, 2014, the assumptions included a discount rate of 2.77% and mortality in accordance with the AG forecast table 2014. The earliest unreduced retirement age in the Dutch pension plan is age 67. Due to his company requested transfer from the Netherlands to the US, Mr. Neri is also covered under the IRG. The present value of IRG benefits is based on a discount rate of 3.55%, lump sum interest rates of 1.69% for the first five years, 4.11% for the next 15 years and 5.07% thereafter, and applicable mortality. As of October 31, 2014, the assumptions included a discount rate of 3.47%, lump sum interest rates of 1.40% for the first five years, 3.98% for the next 15 years and 5.04% thereafter, and applicable mortality. The earliest unreduced retirement age for the IRG based on Mr. Neri’s employment history is age 65.

(3) Ms. Whitman and Ms. Keogh are not eligible to receive benefits under any defined benefit pension plan because we ceased benefit accruals under all of our U.S.-qualified defined benefit pension plans prior to the commencement of their employment with HP.

NARRATIVE TO THE FISCAL 2015 PENSION BENEFITS TABLE

Due to the separation, all employees of HP Inc. and Hewlett Packard Enterprise have been considered in determining the pension benefits table for NEOs for the period ending October 31, 2015. Additionally, the pension benefits table also reflects benefits under the RP, EBP, EDS RP, and Restoration Plan to the extent these pension plans cover NEOs as of October 31, 2015, even though these pension plans have been maintained solely by HP Inc. as of November 1, 2015. In future years, only pension benefits to our NEOs under pension plans

Executive Compensation — Compensation Discussion and Analysis (continued)

maintained by HPE will be considered in this disclosure. The Stichting Pensioenfonds Hewlett Packard Nederland is a multiple employer pension plan under which HPE currently participates. In connection with the separation, the IRG plan was split into two plans, one of which HPE currently maintains.

Following the separation, Mr. Neri is an HPE employee and as noted above, the Nederland Plan and the IRG (but not the RP nor the EBP) are two plans that will be maintained by HPE in the future. Mr. Neri will be considered a terminated vested participant in the RP and EBP as of October 31, 2015, but since the separation of the companies is not deemed a separation from service, his EBP benefit will not become payable until he terminates employment with HPE. Mr. Nefkens who is also an HPE employee following the separation will be considered a terminated vested participant in the EDS RP and Restoration Plan as of October 31, 2015, but since the separation of the companies is not deemed a separation from service, his Restoration Plan benefit will not become payable until he terminates employment with HPE. As a result of the separation, Mr. Nefkens lost continued vesting service credit under the EDS RP and Restoration Plan, and this changed his earliest retirement age from age 55 to age 56. Ms. Lesjak and Ms. Keogh are HP Inc. employees following the separation.

No NEO currently accrues a benefit under any U.S. qualified or non-qualified defined benefit pension plan because HP ceased benefit accruals in all of its U.S.-qualified defined benefit pension plans (and their non-qualified plan counterparts) in prior years. Benefits previously accrued by the NEOs under HP pension plans are payable to them following termination of employment, subject to the terms of the applicable plan. Mr. Neri has the potential to accrue a benefit under the IRG, but only in the event that HPE requires him to change the country of his employment.

TERMS OF THE HP RETIREMENT PLAN

Ms. Lesjak and Mr. Neri earned benefits under the RP and the EBP based on pay and service prior to 2008. The RP is a traditional defined benefit plan that provided a benefit based on years of service and the participant's "highest average pay rate," reduced by a portion of Social Security earnings. "Highest average pay rate" was determined based on the 20 consecutive fiscal quarters when pay was the highest. Pay for this purpose included base pay and bonus, subject to applicable IRS limits. Benefits under the RP may be taken in one of several different annuity forms or in an actuarially equivalent lump sum. Benefits calculated under the RP are offset by the value of benefits earned under the HP Deferred Profit Sharing Plan (the "DPSP") before November 1, 1993. Together, the RP and the DPSP constitute a "floor-offset" arrangement for periods before November 1, 1993.

Benefits not payable from the RP and the DPSP due to IRS limits are paid from the nonqualified EBP under which benefits are unfunded and unsecured. When an EBP participant terminates employment, the benefit liability is transferred to the EDCP, where an account is established for the participant. That account is then credited with hypothetical investment earnings (gains or losses) based upon the investment election made by participants from among investment options similar to those offered under the HP 401(k) Plan. There is no formula that would result in above-market earnings or payment of a preferential interest rate on this benefit.

At the time of distribution, amounts representing EBP benefits are paid from the EDCP in a lump sum or installment form, according to pre-existing elections made by those participants, except that participants with a small benefit or who have not qualified for retirement status (age 55 with at least 15 years of service) are paid their EBP benefit in January of the year following their separation from service, subject to any delay required by Section 409A of the Code.

TERMS OF THE EDS RETIREMENT PLAN AND RESTORATION PLAN

Prior to joining HP from EDS in 2009, Mr. Nefkens earned benefits under the EDS RP, which is a cash balance plan that provides pension benefits determined by reference to a hypothetical account balance.

Prior to this plan being frozen, participants received "pay credits" which varied with age and years of service (points) and differed for pay above and below the taxable wage base. Currently, participants who have not taken

Executive Compensation — Compensation Discussion and Analysis (continued)

a distribution receive interest credits at the rate equal to the 30 year Treasury bond yield plus 0.5% but not less than 5%; the “interest credit” rate is adjusted annually. Benefits are available in several different annuity forms which are calculated at retirement age (age 65 or age 55 or older with combined age and service equal to 70 or more) by dividing the hypothetical account balance by 120 to determine a monthly benefit. This resulting monthly benefit is payable over the participant’s lifetime with annual cost-of-living increases beginning at age 62 which are based on the annual CPI but not higher than 3% or the monthly benefit can be converted to actuarially equivalent optional forms of annuity payment. These optional forms can include cost-of-living increases or higher level amounts; the hypothetical account balance is not available as a lump sum except for small amounts or to the beneficiary of the participant upon his or her death before commencement.

Prior to joining HP from EDS in 2009, Mr. Nefkens also received pay and interest credits to a hypothetical account balance under the Restoration Plan established for EDS RP participants on pay in excess of certain IRS limits at the same rates as had been credited under the EDS RP. Benefits under the Restoration Plan are unfunded and unsecured. Upon retirement eligibility, a Restoration Plan participant commences his or her benefit, subject to any delay required by Section 409A of the Code.

TERMS OF THE STICHTING PENSIOENFONDS HP NEDERLAND PLAN

Mr. Neri earned a pension benefit based on his final pay and years of service while employed by Hewlett-Packard in the Netherlands. The pension plan considers a pensionable base which is salary less an offset; the offset reflects the Social Security benefits which do not vary with pay levels and for 2015 was €12,642. The annual accrual that was provided when Mr. Neri participated was 1.75% of his final pensionable base. There is also a 70% spouse’s benefit provided upon his death while receiving retirement payments. The benefit under the Dutch pension plan is subject to an annual conditional indexation. In 2014, with Dutch law changes to extend unreduced retirement ages, all previously accrued benefits were converted to a pension commencing at age 67.

TERMS OF THE INTERNATIONAL RETIREMENT GUARANTEE (IRG)

Employees who transferred internationally at the Company’s request prior to 2000 were put into an international umbrella plan. This plan determines the country of guarantee which is generally the country in which an employee has spent the longest portion of his HP or HPE career. For Mr. Neri, the country of guarantee is currently the U.S. The IRG determines the present value of a full career benefit for Mr. Neri under the U.S. plan terms and U.S. Social Security (since the U.S. is his country of guarantee) then offsets the present value of the retirement benefits from plans and Social insurance systems in the countries in which he earned retirement benefits for his total period of HP and HPE employment. The net benefit value is payable as a single sum as soon as practicable after termination or retirement. This is a nonqualified retirement plan.

We do not sponsor any other U.S. supplemental defined benefit pension plans or special retiree medical benefit plans for executive officers.

Executive Compensation — Compensation Discussion and Analysis (continued)

Fiscal 2015 Non-qualified Deferred Compensation Table

The following table provides information about contributions, earnings, withdrawals, distributions, and balances under the EDCP:

Name	Executive Contributions in Last FY ⁽¹⁾ (\$)	Registrant Contributions in Last FY ⁽²⁾ (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/Distributions ⁽³⁾ (\$)	Aggregate Balance at FY End ⁽⁴⁾ (\$)
Margaret C. Whitman	—	—	—	—	—
Catherine A. Lesjak	14,100	9,600	163,142	(2,594,438)	3,361,662
Antonio F. Neri	—	—	—	—	—
Tracy S. Keogh	587,225	10,400	26,728	—	1,603,218
Michael G. Nefkens	—	—	—	—	—

(1) The amounts reported here as “Executive Contributions” and “Registrant Contributions” are reported as compensation to such NEO in the “Summary Compensation Table” above.

(2) The contributions reported here as “Registrant Contributions” were made in fiscal 2015 with respect to calendar year 2014 participant base-pay deferrals. During fiscal 2015, the NEOs were eligible to receive a 4% matching contribution on base-pay deferrals that exceeded the IRS limit that applies to the qualified HP 401(k) Plan up to a maximum of two times that limit.

(3) The distributions reported here were made pursuant to participant elections made prior to the time that the amounts were deferred in accordance with plan rules.

(4) Of these balances, the following amounts were reported as compensation to such NEO in the Summary Compensation Table in prior proxy statements: Ms. Lesjak \$2,594,438. The information reported in this footnote is provided to clarify the extent to which amounts payable as deferred compensation represent compensation reported in our prior proxy statements, rather than additional earned compensation.

NARRATIVE TO THE FISCAL 2015 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The amounts reported in the Non-qualified Deferred Compensation Table were provided under the EDCP, a non-qualified deferred compensation plan sponsored by our former parent that permits eligible U.S. employees to defer base pay in excess of the amount taken into account under the qualified HP 401(k) Plan and bonus amounts of up to 95% of the annual incentive bonus payable under the Pfr Plan. In addition, a matching contribution is available under the plan to eligible employees. The matching contribution applies to base-pay deferrals on compensation above the IRS limit that applies to the qualified HP 401(k) Plan up to a maximum of two times that compensation limit (for fiscal 2015 matching contributions, on calendar year 2014 base pay from \$260,000 to \$520,000). During fiscal 2015, the NEOs were eligible for a matching contribution of up to 4% on base pay contributions in excess of the IRS limit up to a maximum of two times that limit.

Upon becoming eligible for participation, employees must specify the amount of base pay and/or the percentage of bonus to be deferred, as well as the time and form of payment. If termination of employment occurs before retirement (defined as at least age 55 with 15 years of service), distribution is made in the form of a lump sum in January of the year following the year of termination, subject to any delay required under Section 409A of the Code. At retirement (or earlier, if properly elected), benefits are paid according to the distribution election made by the participant at the time of the deferral election subject to any delay required under Section 409A of the Code. No withdrawals are permitted prior to the previously elected distribution date, other than “hardship” withdrawals as permitted by applicable law.

Amounts deferred or credited under the EDCP are credited with hypothetical investment earnings based on participant investment elections made from among the investment options available under the HP 401(k) Plan. Accounts maintained for participants under the EDCP are not held in trust, and all such accounts are subject to the claims of general creditors of HP. No amounts are credited with above-market earnings.

Executive Compensation — Compensation Discussion and Analysis (continued)

In connection with the separation, HPE adopted the Hewlett Packard Enterprise Executive Deferred Compensation Plan, effective November 1, 2015, under which Ms. Whitman, Mr. Neri, and Mr. Nefkens are eligible to participate. HP Inc. continues to maintain liabilities under the EDCP for Ms. Lesjak and Ms. Keogh.

Potential Payments Upon Termination or Change in Control

The amounts in the following table estimate potential payments that would have been due if an NEO had terminated employment with HP effective October 31, 2015 under each of the circumstances specified below. These amounts are in addition to benefits generally available to U.S. employees upon termination of employment, such as distributions from the retirement plans and the HP 401(k) Plan and payment of accrued vacation where required.

Name	Termination Scenario	Total ⁽¹⁾ (\$)	Severance ⁽²⁾ (\$)	Long-Term Incentive Programs ⁽³⁾		
				Stock Options (\$)	RSUs (\$)	PARSUs (\$)
Margaret C. Whitman	Voluntary/For Cause	—	—	—	—	—
	Disability	6,031,724	—	—	4,985,676	1,046,048
	Retirement	—	—	—	—	—
	Death	2,203,242	—	—	1,157,194	1,046,048
	Not for Cause	7,966,873	5,763,631	—	1,157,194	1,046,048
	Change in Control	13,259,769	5,763,631	—	4,985,676	2,510,462
Catherine A. Lesjak⁽⁴⁾	Voluntary/For Cause	4,554,614	—	—	4,112,065	442,549
	Disability	4,554,614	—	—	4,112,065	442,549
	Retirement	4,554,614	—	—	4,112,065	442,549
	Death	2,772,801	—	—	2,330,252	442,549
	Not for Cause	7,689,180	3,134,566	—	4,112,065	442,549
	Change in Control	8,308,748	3,134,566	—	4,112,065	1,062,117
Antonio F. Neri	Voluntary/For Cause	—	—	—	—	—
	Disability	1,726,137	—	—	1,726,137	—
	Retirement	—	—	—	—	—
	Death	121,235	—	—	121,235	—
	Not for Cause	2,355,043	2,233,808	—	121,235	—
	Change in Control	3,959,945	2,233,808	—	1,726,137	—
Tracy S. Keogh	Voluntary/For Cause	—	—	—	—	—
	Disability	2,489,461	—	—	2,248,034	241,427
	Retirement	—	—	—	—	—
	Death	504,234	—	—	262,807	241,427
	Not for Cause	3,203,392	2,700,244	—	261,721	241,427
	Change in Control	5,527,649	2,700,244	—	2,248,034	579,371
Michael G. Nefkens	Voluntary/For Cause	—	—	—	—	—
	Disability	5,616,517	—	2,776,010	2,438,182	402,325
	Retirement	—	—	—	—	—
	Death	4,082,466	—	2,776,010	904,131	402,325
	Not for Cause	6,119,428	2,345,413	2,467,559	904,131	402,325
	Change in Control	8,525,151	2,345,413	2,776,010	2,438,182	965,546

(1) Total does not include amounts earned or benefits accumulated due to continued service by the NEO through October 31, 2015, including vested stock options, PCSOs, RSUs, PARSUs, accrued retirement benefits, and vested balances in the EDCP, as those amounts are detailed in the preceding tables. Total also does not include amounts the NEO

was eligible to receive under the annual PFR Plan with respect to fiscal 2015 performance.

(2) For Ms. Whitman, the amounts reported represent the cash benefits payable under the Parent SPEO pursuant to Ms. Whitman's employment offer letter, which provides that Ms. Whitman is entitled to receive severance benefits payable

Executive Compensation — Compensation Discussion and Analysis (continued)

under the Parent SPEO at the rate applicable to an EVP rather than the rate applicable to the CEO (that is, using a 1.5x multiple of base pay plus annual incentive, rather than the 2.0x multiplier otherwise applicable to the CEO under the SPEO). For the other NEOs, the amounts reported are the cash benefits payable in the event of a qualifying termination under the SPEO.

- (3) On an involuntary termination not for cause, covered executives receive pro-rata vesting on unvested equity awards, so long as they have worked at least 25% of the longer of the applicable vesting or performance period, as discussed under “Executive Compensation—Compensation Discussion and Analysis—Severance Plan for Executive Officers.” Pro-rata vesting of PARSUs based on actual performance also applies in the event of a termination due to retirement, death or disability for all grant recipients. To calculate the value of

unvested PARSUs for purposes of this table, target performance is used since results will not be certified until the end of the two- and three-year performance periods. Full vesting of unvested PCSOs applies in the event of a termination due to death or disability for all grant recipients. PCSOs vest pro-rata in the event of a termination due to retirement. With respect to the treatment of equity in the event of a change in control of HP, the information reported assumes that the Board or the HRC Committee would exercise its discretion to accelerate vesting of equity awards in the case of “not for cause” terminations.

- (4) As of the end of fiscal 2015, Ms. Lesjak was retirement eligible (after age 55 with at least 15 years of qualifying service). In the event that Ms. Lesjak had retired, she would have received retirement equity treatment under the long-term incentive programs.

NARRATIVE TO THE POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL TABLE

This narrative reflects plans and provisions in effect as of October 31, 2015. On such date the Parent SPEO would have been in effect and the Parent HRC Committee would have applicable authority under the Parent SPEO. Please see section “*Severance Plan for Executive Officers*” of the Compensation Discussion and Analysis for changes made effective fiscal 2016.

HP SEVERANCE PLAN FOR EXECUTIVE OFFICERS

An executive will be deemed to have incurred a qualifying termination for purposes of the Parent SPEO if he or she is involuntarily terminated without cause and executes a full release of claims in a form satisfactory to HP promptly following termination. For purposes of the Parent SPEO, “cause” means an executive’s material neglect (other than as a result of illness or disability) of his or her duties or responsibilities to HP or conduct (including action or failure to act) that is not in the best interest of, or is injurious to, HP. The material terms of the Parent SPEO are described under “Executive Compensation—Compensation Discussion and Analysis—Severance Plan for Executive Officers.”

VOLUNTARY OR “FOR CAUSE” TERMINATION

In general, an NEO who remained employed through October 31, 2015 (the last day of the fiscal year) but voluntarily terminated employment immediately thereafter, or was terminated immediately thereafter as a “for cause” termination, would be eligible (1) to receive his or her annual incentive amount earned for fiscal 2015 under the PfR Plan (subject to any discretionary downward adjustment or elimination by the Parent HRC Committee prior to actual payment, and to any applicable clawback policy), (2) to exercise his or her vested stock options up to three months following termination, (3) to receive a distribution of vested amounts deferred or credited under the EDCP, and (4) to receive a distribution of his or her vested benefits, if any, under the HP 401(k) and pension plans. An NEO who terminated employment before October 31, 2015, either voluntarily or in a “for cause” termination, would generally not have been eligible to receive any amount under the PfR Plan with respect to the fiscal year in which the termination occurred, except that the Parent HRC Committee has the discretion to make payment of prorated bonus amounts to individuals on leave of absence or in non-pay status, as well as in connection with certain voluntary severance incentives, workforce reductions and similar programs.

“NOT FOR CAUSE” TERMINATION

A “not for cause” termination of an NEO who remained employed through October 31, 2015 and was terminated immediately thereafter would qualify the NEO for the amounts described above under a “voluntary” termination in addition to benefits under the Parent SPEO if the NEO signs the required release of claims in favor of HP.

In addition to the cash severance benefits and pro-rata equity awards payable under the Parent SPEO, the NEO would be eligible to exercise vested stock options up to one year after termination and receive distributions of vested, accrued benefits from HP deferred compensation and pension plans.

Executive Compensation — Compensation Discussion and Analysis (continued)**TERMINATION FOLLOWING A CHANGE IN CONTROL**

In the event of a change in control of HP, the Parent Board is authorized (but not required) to accelerate the vesting of stock options and to release restrictions on awards issued under HP stock plans. For the purposes of this table, the amounts reported for each NEO in the rows marked “Change in Control” assume that the Parent Board would exercise its discretion in this manner, resulting in fully accelerated vesting of stock options and a release of all restrictions on all stock-based awards. In addition, an executive terminated on October 31, 2015 following a change in control would be eligible for benefits under the Parent SPEO, as described above.

DEATH OR DISABILITY TERMINATIONS

An NEO who continued in employment through October 31, 2015 whose employment is terminated immediately thereafter due to death or disability would be eligible (1) to receive his or her full annual incentive amount earned for fiscal 2015 under the Pfr Plan determined by HP in its sole discretion, (2) to receive a distribution of vested amounts deferred or credited under the EDCP, and (3) to receive a distribution of his or her vested benefits under the HP 401(k) and pension plans.

Upon termination due to death or disability, equity awards held by the NEO may vest in full or in part. If termination is due to disability, stock options, RSUs, and PCSOs will vest in full, subject to satisfaction of applicable performance conditions, and must be exercised within three years of termination or by the original expiration date, if earlier; PARSUs will vest at the end of the applicable performance period as to a prorated number of shares based on the number of whole calendar months worked during the performance period and subject to actual performance. If termination is due to the NEO’s death, stock options and PCSOs will vest in full and must be exercised within one year of termination or by the original expiration date, if earlier; RSUs will vest as to a prorated number of shares based on the number of whole calendar months worked during the total vesting period and PARSUs will vest at the end of the applicable performance period as to a prorated number of shares based on the number of whole calendar months worked during the performance period and subject to actual performance. Please see section “*Broad-based Changes to Equity Provisions*” of the Compensation Discussion and Analysis for changes made for fiscal 2016.

HP SEVERANCE POLICY FOR SENIOR EXECUTIVES

Under the HP Severance Policy for Senior Executives adopted by the Board in July 2003 (the “HP Severance Policy”), HP will seek stockholder approval for future severance agreements, if any, with certain senior executives that provide specified benefits in an amount exceeding 2.99 times the sum of the executive’s current annual base salary plus annual target cash bonus, in each case as in effect immediately prior to the time of such executive’s termination. Individuals subject to this policy consist of the Section 16 officers designated by the Board. In implementing this policy, the Board may elect to seek stockholder approval after the material terms of the relevant severance agreement are agreed upon.

For purposes of determining the amounts subject to the HP Severance Policy, benefits subject to the limit generally include cash separation payments that directly relate to extraordinary benefits that are not available to groups of employees other than the Section 16 officers upon termination of employment. Benefits that have been earned or accrued, as well as prorated bonuses, accelerated stock or option vesting and other benefits that are consistent with our practices applicable to employees other than the Section 16 officers, are not counted against the limit. Specifically, benefits subject to the HP Severance Policy include: (a) separation payments based on a multiplier of salary plus target bonus, or cash amounts payable for the uncompleted portion of employment agreements; (b) any gross-up payments made in connection with severance, retirement or similar payments, including any gross-up payments with respect to excess parachute payments under Section 280G of the Code; (c) the value of any service period credited to a Section 16 officer in excess of the period of service actually provided by such Section 16 officer for purposes of any employee benefit plan; (d) the value of benefits and perquisites that are inconsistent with our practices applicable to one or more groups of employees in addition to, or other than, the Section 16 officers (“Company Practices”); and (e) the value of any accelerated vesting of any stock options, stock appreciation rights, restricted stock or long-term cash incentives that is inconsistent with Company Practices. The following benefits are not subject to the HP Severance Policy, either because they have

Executive Compensation — Compensation Discussion and Analysis (continued)

been previously earned or accrued by the employee or because they are consistent with Company Practices: (i) compensation and benefits earned, accrued, deferred or otherwise provided for employment services rendered on or prior to the date of termination of employment pursuant to bonus, retirement, deferred compensation or other benefit plans (e.g., 401(k) Plan distributions, payments pursuant to retirement plans, distributions under deferred compensation plans or payments for accrued benefits such as unused vacation days), and any amounts earned with respect to such compensation and benefits in accordance with the terms of the applicable plan; (ii) payments of prorated portions of bonuses or prorated long-term incentive payments that are consistent with Company Practices; (iii) acceleration of the vesting of stock options, stock appreciation rights, restricted stock, RSUs or long-term cash incentives that is consistent with Company Practices; (iv) payments or benefits required to be provided by law; and (v) benefits and perquisites provided in accordance with the terms of any benefit plan, program or arrangement sponsored by HP or its affiliates that are consistent with Company Practices.

For purposes of the HP Severance Policy, future severance agreements include any severance agreements or employment agreements containing severance provisions that we may enter into after the adoption of the HP Severance Policy by the Board, as well as agreements renewing, modifying or extending such agreements. Future severance agreements do not include retirement plans, deferred compensation plans, early retirement plans, workforce restructuring plans, retention plans in connection with extraordinary transactions or similar plans or agreements entered into in connection with any of the foregoing, provided that such plans or agreements are applicable to one or more groups of employees in addition to the Section 16 officers.

HP RETIREMENT ARRANGEMENTS

Upon retirement immediately after October 31, 2015, on or after age 55 with at least 15 years of qualifying service, HP employees in the United States receive full vesting of time-based options granted under our stock plans with a three-year post-termination exercise period. PCSOs will receive prorated vesting if the stock price appreciation conditions are met and may vest on a prorated basis post-termination to the end of the performance period, subject to stock price appreciation conditions and certain post-employment restrictions. Restricted stock and RSUs granted prior to November 1, 2011 continue to vest in accordance with their normal vesting schedule, subject to certain post-employment restrictions, and all restrictions on restricted stock and RSUs granted on or after November 1, 2011 lapse upon retirement. Awards under the PARSU and PRU programs, if any, are paid on a prorated basis to participants at the end of the performance period based on actual results, and bonuses, if any, under the PfR Plan may be paid in prorated amounts at the discretion of management based on actual results. In accordance with Section 409A of the Code, certain amounts payable upon retirement (or other termination) of the NEOs and other key employees will not be paid out for at least six months following termination of employment.

HP sponsors two retiree medical programs in the United States, one of which provides subsidized coverage for eligible participants based on years of service. Eligibility for this program requires that participants have been employed by HP before January 1, 2003 and have met other age and service requirements. None of our NEOs are eligible or can become eligible for this program. This program which provides subsidized coverage will remain with HP.

The other U.S. retiree medical program we sponsor provides eligible retirees with access to coverage at group rates only, with no direct subsidy provided by HP. As of the end of fiscal 2015, Ms. Lesjak was eligible to retire under this program. All of the other NEOs could be eligible for this program if they retire from HP on or after age 55 with at least ten years of qualifying service or 80 age plus service points. In addition, beginning at age 45, eligible U.S. employees may participate in the HP Retirement Medical Savings Account Plan (the “RMSA”), under which participants are eligible to receive HP matching credits of up to \$1,200 per year, beginning at age 45, up to a lifetime maximum of \$12,000, which can be used to cover the cost of such retiree medical coverage (or other qualifying medical expenses) if the employee retires from HP on or after age 55 with at least ten years of qualifying service or 80 age plus service points. Ms. Lesjak and Mr. Neri are the only NEOs currently eligible for the HP matching credits under the RMSA. HPE continues to sponsor this program for its employees after separation.

Please see section “*Broad-based Changes to Equity Provisions*” of the Compensation Discussion and Analysis for changes made for fiscal 2016.

Equity Compensation Plan Information

The following table summarizes our equity compensation plan information as of October 31, 2015:

Plan Category	Common shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Common shares available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by HPE stockholders	—	—	340,000,000 ⁽¹⁾
Equity compensation plans not approved by HPE stockholders	—	—	—
Total	—	—	340,000,000

(1) Includes (i) 260,000,000 shares available for future issuance under the 2015 Hewlett Packard Enterprise Long Term Incentive Plan; and (ii) 80,000,000 shares available for future issuance under the Hewlett Packard Enterprise ESPP. A total of 340,000,000 shares were available for future grants as of October 31, 2015.

Principal Accounting Fees and Services

The Audit Committee has appointed Ernst & Young LLP (“EY”) as our independent registered public accounting firm for the fiscal year ending October 31, 2016. Stockholders are being asked to ratify the appointment of EY at the annual meeting pursuant to Proposal No. 2. Representatives of EY are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

FEES INCURRED BY FORMER PARENT, HEWLETT-PACKARD COMPANY, FOR ERNST & YOUNG LLP

The following table shows the fees paid or accrued by our former parent, Hewlett-Packard Company, for audit and other services provided by EY for fiscal 2015 and 2014. Prior to the separation of Hewlett Packard Enterprise from Hewlett-Packard Company, our former parent paid all audit, audit-related, tax and other fees of Ernst & Young LLP. As a result, the amounts reported below are not necessarily representative of the fees Hewlett Packard Enterprise would expect to pay its auditors in future years.

	2015	2014
	In millions	
Audit Fees ⁽¹⁾	\$ 65.7	\$30.0
Audit-Related Fees ⁽²⁾	21.9	15.5
Tax Fees ⁽³⁾	21.0	4.9
All Other Fees ⁽⁴⁾	4.1	0.1
Total	\$112.7	\$50.5

In accordance with its written charter, the Audit Committee is responsible for the pre-approval of all audit and non-audit services performed by the independent registered public accounting firm.

The former Parent Audit Committee had approved all of the fees above.

- (1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements, the separation and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.
- (2) Audit-related fees consisted primarily of service organization control examinations and other attestation services of \$9.4 million and \$11.9 million for fiscal 2015 and fiscal 2014, respectively. For fiscal 2015 and fiscal 2014, audit-related fees also included accounting consultations, employee benefit plan audits and merger and acquisition due diligence of \$12.5 million and \$3.6 million, respectively.
- (3) For fiscal 2015, tax fees included primarily tax advice and tax planning fees of \$19.8 million and tax compliance fees of \$1.2 million. For fiscal 2014, tax fees included primarily tax advice and tax planning fees of \$3.5 million and tax compliance fees of \$1.4 million.
- (4) For fiscal 2015 and 2014, all other fees included primarily advisory service fees.

Report of the Audit Committee of the Board of Directors

The Audit Committee represents and assists the Board in fulfilling its responsibilities for general oversight of the integrity of Hewlett Packard Enterprise's financial statements, Hewlett Packard Enterprise's compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, the performance of Hewlett Packard Enterprise's internal audit function and independent registered public accounting firm, and risk assessment and risk management. The Audit Committee manages Hewlett Packard Enterprise's relationship with its independent registered public accounting firm (which reports directly to the Audit Committee). The Audit Committee has the authority to obtain advice and assistance from outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties and receives appropriate funding, as determined by the Audit Committee, from Hewlett Packard Enterprise for such advice and assistance.

Hewlett Packard Enterprise's management is primarily responsible for Hewlett Packard Enterprise's internal control and financial reporting process. Hewlett Packard Enterprise's independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of Hewlett Packard Enterprise's combined and consolidated financial statements and issuing opinions on the conformity of those audited financial statements with United States generally accepted accounting principles and the effectiveness of Hewlett Packard Enterprise's internal control over financial reporting. The Audit Committee monitors Hewlett Packard Enterprise's financial reporting process and reports to the Board on its findings.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with Hewlett Packard Enterprise's management.
2. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board ("PCAOB").
3. The Audit Committee has received from the independent registered public accounting firm the written disclosures and the letter required by the applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm its independence.
4. Based on the review and discussions referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in Hewlett Packard Enterprise's Annual Report on Form 10-K for the fiscal year ended October 31, 2015, for filing with the Securities and Exchange Commission.

The undersigned members of the Audit Committee have submitted this Report to the Board of Directors. Mrs. Wilderotter joined the Board, and became a member of the Audit Committee, only as of February 10, 2016. Accordingly, she did not participate in this Report.

AUDIT COMMITTEE

Michael J. Angelakis
Leslie A. Brun
Pamela L. Carter



Other Matters

We know of no other matters to be submitted to the stockholders at the annual meeting. If any other matters properly come before the stockholders at the annual meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby on such matters in accordance with their best judgment.

Questions and Answers

PROXY MATERIALS

1. Why am I receiving these materials?

We have made these materials available to you or delivered paper copies to you by mail in connection with our annual meeting of stockholders, which will take place online on Wednesday, March 23, 2016. As a stockholder, you are invited to participate in the annual meeting via live webcast and vote on the business items described in this proxy statement. This proxy statement includes information that we are required to provide to you under U.S. Securities and Exchange Commission (the “SEC”) rules and that is designed to assist you in voting your shares. See Questions 16 and 17 below for information regarding how you can vote your shares at the annual meeting or by proxy (without attending the annual meeting).

2. What is included in the proxy materials?

The proxy materials include:

- our proxy statement for the annual meeting of stockholders; and
- our 2015 Annual Report, which includes our Annual Report on Form 10-K for the fiscal year ended October 31, 2015.

If you received a paper copy of these materials by mail, the proxy materials also include a proxy card or a voting instruction card for the annual meeting. If you received a notice of the Internet availability of the proxy materials instead of a paper copy of the proxy materials, see Questions 16 and 17 below for information regarding how you can vote your shares.

3. What information is contained in this proxy statement?

The information in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, the Board and Board committees, the compensation of our directors and certain executive officers for fiscal 2015 when they served in roles at our former parent, and other required information.

4. Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the full set of proxy materials?

This year, we are pleased to be using the SEC rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our stockholders a notice of the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All stockholders receiving the notice will have the ability to access the proxy materials over the Internet and request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in the notice of the Internet availability of the proxy materials. In addition, the notice contains instructions on how you may request access to proxy materials in printed form by mail or electronically on an ongoing basis.

5. Why didn't I receive a notice in the mail about the Internet availability of the proxy materials?

We are providing some of our stockholders, including stockholders who have previously requested to receive paper copies of the proxy materials and some of our stockholders who are living outside of the United States, with paper copies of the proxy materials instead of a notice of the Internet availability of the proxy materials.

In addition, we are providing proxy materials or notice of the Internet availability of the proxy materials by e-mail to those stockholders who have previously elected delivery of the proxy materials or notice electronically. Those stockholders should receive an e-mail containing a link to the website where those materials are available and a link to the proxy voting website.

6. How can I access the proxy materials over the Internet?

Your notice of the Internet availability of the proxy materials, proxy card or voting instruction card will contain instructions on how to:

- view our proxy materials for the annual meeting on the Internet; and

Questions and Answers (continued)

- instruct us to send our future proxy materials to you electronically by e-mail.

Our proxy materials are also available on our website at HPE.onlineshareholdermeeting.com and our proxy materials will be available during the voting period on www.proxyvote.com for beneficial owners and proxyvote.com/hpe for registered stockholders.

Your notice of the Internet availability of the proxy materials, proxy card or voting instruction card will contain instructions on how you may request access to proxy materials electronically on an ongoing basis. Choosing to access your future proxy materials electronically will help us conserve natural resources and reduce the costs of distributing our proxy materials. If you choose to access future proxy materials electronically, you will receive an e-mail with instructions containing a link to the website where those materials are available and a link to the proxy voting website. Your election to access proxy materials by e-mail will remain in effect until you terminate it.

7. How may I obtain a paper copy of the proxy materials?

Stockholders receiving a notice of the Internet availability of the proxy materials will find instructions about how to obtain a paper copy of the proxy materials on their notice. Stockholders receiving notice of the Internet availability of the proxy materials by e-mail will find instructions about how to obtain a paper copy of the proxy materials as part of that e-mail. All stockholders who do not receive a notice or an e-mail will receive a paper copy of the proxy materials by mail.

8. I share an address with another stockholder, and we received only one paper copy of the proxy materials or notice of the Internet availability of the proxy materials. How may I obtain an additional copy?

If you share an address with another stockholder, you may receive only one paper copy of the proxy materials or notice of the Internet availability of the proxy materials, as applicable, unless you have provided contrary instructions. If you are a beneficial owner and wish to receive a separate set of proxy materials or notice of the Internet availability of the proxy materials now, please request the additional copy by contacting

your individual broker. If you wish to receive a separate set of the proxy materials or notice of the Internet availability of the proxy materials now, please request the additional copy by contacting Broadridge Financial Solutions, Inc. ("Broadridge") at:

By Internet: www.proxyvote.com (beneficial owners) or proxyvote.com/hpe (registered stockholders)

By telephone: 1-800-579-1639

By e-mail: sendmaterial@proxyvote.com

If you request a separate set of the proxy materials or notice of Internet availability of the proxy materials by e-mail, please be sure to include your control number in the subject line. A separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable, will be sent promptly following receipt of your request.

If you are a stockholder of record and wish to receive a separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable, in the future, please contact our transfer agent. See Question 24 below.

If you are the beneficial owner of shares held through a broker, trustee or other nominee and you wish to receive a separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable, in the future, please call Broadridge at:

1-866-540-7095

All stockholders also may write to Hewlett Packard Enterprise at the address below to request a separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable:

NASDAQ

Print and Distribution Ctr.
325 Donald Lynch Blvd
Marlborough, MA 01752

9. I share an address with another stockholder, and we received more than one paper copy of the proxy materials or notice of the Internet availability of the proxy materials. How do we obtain a single copy in the future?

Stockholders of record sharing an address who are receiving multiple copies of the proxy materials or notice of the Internet availability of the proxy materials, as applicable, and who wish to receive a single copy of such materials in the

Questions and Answers (continued)

future may contact our transfer agent. See Question 23 below.

Beneficial owners of shares held through a broker, trustee or other nominee sharing an address who are receiving multiple copies of the proxy materials or notice of the Internet availability of the proxy materials, as applicable, and who wish to receive a single copy of such materials in the future may contact Broadridge at:

1-866-540-7095

10. What should I do if I receive more than one notice or e-mail about the Internet availability of the proxy materials or more than one paper copy of the proxy materials?

You may receive more than one notice, more than one e-mail or more than one paper copy of the proxy materials, including multiple paper copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice, a separate e-mail or a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one notice,

more than one e-mail or more than one proxy card. To vote all of your shares by proxy, you must complete, sign, date and return each proxy card and voting instruction card that you receive and vote over the Internet the shares represented by each notice and e-mail that you receive (unless you have requested and received a proxy card or voting instruction card for the shares represented by one or more of those notices or e-mails).

11. How may I obtain a copy of Hewlett Packard Enterprise's 2015 Form 10-K and other financial information?

Stockholders may request a free copy of our 2015 Annual Report, which includes our 2015 Form 10-K, from:

NASDAQ
Print and Distribution Ctr.
325 Donald Lynch Blvd
Marlborough, MA 01752

www.hpe.com/investor/request-printed-reports

Alternatively, stockholders can access the 2015 Annual Report on Hewlett Packard Enterprise's Investor Relations website at:

investors.hpe.com/financial

We also will furnish any exhibit to the 2015 Form 10-K if specifically requested.

VOTING INFORMATION

12. What proposals will be voted on at the annual meeting?

Stockholders will vote on four proposals at the annual meeting:

- the election to the Board of 14 director nominees;
- the ratification of the appointment of our independent registered public accounting firm for the 2016 fiscal year;
- the advisory vote to approve executive compensation; and
- the advisory vote on the frequency of future advisory votes on executive compensation.

We also will consider any other business that properly comes before the annual meeting. See Question 31 below.

13. How does the Board recommend that I vote?

Our Board recommends that you vote your shares:

- FOR each of the nominees for election to the Board,
- FOR the ratification of the appointment of our independent registered public accounting firm,
- FOR the advisory approval of the compensation of our named executive officers, and
- FOR "1 YEAR" with respect to the frequency of future advisory votes on executive compensation.

14. What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most of our stockholders hold their shares through a broker, trustee or other nominee rather

Questions and Answers (continued)

than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

- **Stockholder of Record**—If your shares are registered directly in your name with our transfer agent, you are considered, with respect to those shares, the “stockholder of record.” As the stockholder of record, you have the right to grant your voting proxy directly to Hewlett Packard Enterprise or to a third party, or to vote your shares during the meeting.
- **Beneficial Owner**—If your shares are held in a brokerage account, by a trustee or by another nominee (that is, in “street name”), you are considered the “beneficial owner” of those shares. As the beneficial owner of those shares, you have the right to direct your broker, trustee or nominee how to vote, or to vote your shares during the annual meeting (other than shares held in the Hewlett Packard Enterprise Company Plan (the “Hewlett Packard Enterprise 401(k) Plan”), which must be voted prior to the annual meeting).

15. Who is entitled to vote and how many shares can I vote?

Each holder of shares of Hewlett Packard Enterprise common stock issued and outstanding as of the close of business on January 26, 2016, the record date for the annual meeting, is entitled to cast one vote per share on all items being voted upon at the annual meeting. You may vote all shares owned by you as of this time, including (1) shares held directly in your name as the stockholder of record, including shares purchased through our dividend reinvestment program and employee stock purchase plans, and shares held through our Direct Registration Service; and (2) shares held for you as the beneficial owner through a broker, trustee or other nominee.

On the record date, Hewlett Packard Enterprise Company had approximately 1,739,710,271 shares of common stock issued and outstanding.

16. How can I vote my shares during the annual meeting?

This year’s annual meeting will be held entirely online to allow greater participation. Stockholders may participate in the annual meeting by visiting the following website:

HPE.onlineshareholdermeeting.com

To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.

Shares held in your name as the stockholder of record may be voted electronically during the annual meeting. Shares for which you are the beneficial owner but not the stockholder of record also may be voted electronically during the annual meeting, except that shares held in the Hewlett Packard Enterprise 401(k) Plan cannot be voted electronically during the annual meeting. If you hold shares in the Hewlett Packard Enterprise 401(k) Plan, your voting instructions must be received by 11:59 p.m., Eastern Time, on March 20, 2016 for the trustee to vote your shares. However, holders of shares in the Hewlett Packard Enterprise 401(k) Plan will still be able to view the annual meeting webcast and ask questions during the annual meeting.

Even if you plan to participate in the annual meeting online, we recommend that you also vote by proxy as described below so that your vote will be counted if you later decide not to participate in the annual meeting.

17. How can I vote my shares without participating in the annual meeting?

Whether you hold shares directly as the stockholder of record or through a broker, trustee or other nominee as the beneficial owner, you may direct how your shares are voted without participating in the annual meeting. There are three ways to vote by proxy:

- **By Internet**—Stockholders who have received a notice of the Internet availability of the proxy materials by mail may submit proxies over the Internet by following the instructions on the notice. Stockholders who have received notice of the Internet availability of the proxy materials by e-mail may submit proxies over the Internet by following the instructions included in the e-mail. Stockholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies over the Internet by following the instructions on the proxy card or voting instruction card.
- **By Telephone**—Stockholders of record who live in the United States or Canada may submit

Questions and Answers (continued)

proxies by telephone by calling 1-800-690-6903 and following the instructions.

Stockholders of record who have received a notice of the Internet availability of the proxy materials by mail must have the control number that appears on their notice available when voting. Stockholders of record who received notice of the Internet availability of the proxy materials by e-mail must have the control number included in the e-mail available when voting. Stockholders of record who have received a proxy card by mail must have the control number that appears on their proxy card available when voting. Most stockholders who are beneficial owners of their shares living in the United States or Canada and who have received a voting instruction card by mail may vote by phone by calling the number specified on the voting instruction card provided by their broker, trustee or nominee. Those stockholders should check the voting instruction card for telephone voting availability.

- **By Mail**—Stockholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies by completing, signing and dating their proxy card or voting instruction card and mailing it in the accompanying pre-addressed envelope.

18. What is the deadline for voting my shares?

If you hold shares as the stockholder of record, or through the Hewlett Packard Enterprise Company 2015 Employee Stock Purchase Plan (the “ESPP”), your vote by proxy must be received before the polls close during the annual meeting.

If you hold shares in the Hewlett Packard Enterprise Company 401(k) Plan, your voting instructions must be received by 11:59 p.m., Eastern Time, on March 20, 2016 for the trustee to vote your shares.

If you are the beneficial owner of shares held through a broker, trustee or other nominee, please follow the voting instructions provided by your broker, trustee or nominee.

19. May I change my vote or revoke my proxy?

You may change your vote or revoke your proxy at any time prior to the vote during the annual meeting, except that any change to your voting instructions for shares held in the Hewlett Packard Enterprise Company 401(k) Plan must

be provided by 11:59 p.m., Eastern Time, on March 20, 2016 as described above.

If you are the stockholder of record, you may change your vote by: (1) granting a new proxy bearing a later date (which automatically revokes the earlier proxy); (2) providing a written notice of revocation to the Corporate Secretary at the address below in Question 35 prior to your shares being voted; or (3) participating in the annual meeting and voting your shares electronically during the annual meeting. Participation in the annual meeting will not cause your previously granted proxy to be revoked unless you specifically make that request. For shares you hold beneficially in the name of a broker, trustee or other nominee, you may change your vote by submitting new voting instructions to your broker, trustee or nominee, or by participating in the meeting and electronically voting your shares during the meeting (except that shares held in the Hewlett Packard Enterprise 401(k) Plan cannot be voted electronically at the annual meeting).

20. Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed, either within Hewlett Packard Enterprise or to third parties, except: (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the vote; and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide written comments on their proxy card, which are then forwarded to management.

21. How are votes counted, and what affect do abstentions and broker non-votes have on the proposals?

In the election of directors, you may vote “FOR,” “AGAINST” or “ABSTAIN” with respect to each of the nominees. If you elect to abstain in the election of directors, the abstention will not impact the election of directors. In tabulating the voting results for the election of directors, only “FOR” and “AGAINST” votes are counted. For Proposal No. 4, you may vote to approve the frequency of holding nonbinding, advisory votes to approve named executive officer compensation “1 YEAR,” “2 YEARS,” “3 YEARS,” or you may “ABSTAIN.”

Questions and Answers (continued)

For the other items of business, you may vote “FOR,” “AGAINST” or “ABSTAIN.” For these other items of business, if you elect to abstain, the abstention will have the same effect as an “AGAINST” vote.

If you are the beneficial owner of shares held in the name of a broker, trustee or other nominee and do not provide that broker, trustee or other nominee with voting instructions, your shares may constitute “broker non-votes.” Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. Under the rules of the New York Stock Exchange, brokers, trustees or other nominees may generally vote on routine matters but cannot vote on non-routine matters. Only Proposal No. 2 (ratifying the appointment of the independent registered public accounting firm) is considered a routine matter. The other proposals are not considered routine matters, and without your instructions, your broker cannot vote your shares. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting.

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If you vote by proxy card or voting instruction card and sign the card without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board (FOR all of our nominees to the Board, FOR ratification of the appointment of our independent registered public accounting firm, FOR the approval of the compensation of our named executive officers, and FOR the advisory approval of the frequency of holding future advisory votes on executive compensation).

For any shares you hold in the Hewlett Packard Enterprise 401(k) Plan, if your voting instructions are not received by 11:59 p.m., Eastern Time, on March 20, 2016, your shares will be voted in

proportion to the way the shares held by the other Hewlett Packard Enterprise 401(k) Plan participants are voted, except as may be otherwise required by law.

22. What is the voting requirement to approve each of the proposals?

In the election of directors, each director will be elected by the vote of the majority of votes cast with respect to that director nominee. A majority of votes cast means that the number of votes cast for a nominee’s election must exceed the number of votes cast against such nominee’s election. Each nominee receiving more votes “for” his or her election than votes “against” his or her election will be elected. Approval of each of the other proposals requires the affirmative vote of a majority of the shares present, in person or represented by proxy, and entitled to vote on that proposal at the annual meeting.

23. What if I have questions for our transfer agent?

Please contact our transfer agent, at the phone number or address listed below, with questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to your stock account.

Wells Fargo Bank, N.A.
Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
1-888-460-7641 (U.S. and Canada)
1-651-450-4064 (International)

A dividend reinvestment and stock purchase program is also available through our transfer agent. For information about this program, please contact our transfer agent as follows:

Wells Fargo Bank, N.A.
Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
1-888-460-7641 (U.S. and Canada)
1-651-450-4064 (International)

Questions and Answers (continued)

ANNUAL MEETING INFORMATION

24. How can I attend the annual meeting?

We are very pleased that this year's annual meeting will be a completely virtual meeting of stockholders, which will be conducted via live webcast. You are entitled to participate in the annual meeting only if you were a Hewlett Packard Enterprise stockholder or joint holder as of the close of business on January 23, 2016 or if you hold a valid proxy for the annual meeting.

You will be able to attend the annual meeting of stockholders online and submit your questions during the meeting by visiting HPE.onlineshareholdermeeting.com. You also will be able to vote your shares electronically at the annual meeting (other than shares held through the Hewlett Packard Enterprise 401(k) Plan, which must be voted prior to the meeting).

To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.

The meeting webcast will begin promptly at 2:00 p.m., Pacific Time. We encourage you to access the meeting prior to the start time. Online check-in will begin at 1:30 p.m., Pacific Time, and you should allow ample time for the check-in procedures.

25. What is the pre-meeting forum and how can I access it?

The online format for the annual meeting will allow us to communicate more effectively with you via a pre-meeting forum that you can enter by visiting www.theinvestornetwork.com/forum/hpe.

On our pre-meeting forum, you can submit questions in advance of the annual meeting, and also access copies of our proxy statement and annual report.

26. Why is this annual meeting only virtual?

We are excited to embrace the latest technology to provide ease of access, real-time

communication and cost savings for our stockholders and the company. Hosting a virtual meeting will provide easy access for stockholders and facilitate participation since stockholders can participate from any location around the world.

You will be able to attend the annual meeting of stockholders online and submit your questions during the meeting by visiting HPE.onlineshareholdermeeting.com. You also will be able to vote your shares electronically at the annual meeting (other than shares held through the Hewlett Packard Enterprise 401(k) Plan, which must be voted prior to the meeting).

27. What if during the check-in time or during the meeting I have technical difficulties or trouble accessing the virtual meeting website?

We will have technicians ready to assist you with any technical difficulties you may have accessing the virtual meeting. If you encounter any difficulties accessing the virtual meeting during the check-in or meeting time, please call:

1-855-449-0991 (Toll-free)

1-720-378-5962 (Toll line)

28. How many shares must be present or represented to conduct business at the annual meeting?

The quorum requirement for holding the annual meeting and transacting business is that holders of a majority of shares of Hewlett Packard Enterprise common stock entitled to vote must be present in person or represented by proxy. Both abstentions and broker non-votes described previously in Question 21 are counted for the purpose of determining the presence of a quorum.

29. What if a quorum is not present at the annual meeting?

If a quorum is not present at the scheduled time of the annual meeting, then either the chairman of the annual meeting or the stockholders by vote of the holders of a majority of the stock present in person or represented by proxy at the annual meeting are authorized by our Bylaws to adjourn the annual meeting until a quorum is present or represented.

Questions and Answers (continued)

30. What happens if additional matters are presented at the annual meeting?

Other than the four items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxyholders, Margaret C. Whitman, Timothy C. Stonesifer and John F. Schultz, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any reason any of the nominees named in this proxy statement is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

31. Who will serve as inspector of elections?

The inspector of elections will be a representative from Broadridge Financial Solutions, Inc.

32. Where can I find the voting results of the annual meeting?

We intend to announce preliminary voting results at the annual meeting and publish final results in a Current Report on Form 8-K to be filed with the SEC within four business days of the annual meeting.

33. Who will bear the cost of soliciting votes for the annual meeting?

Hewlett Packard Enterprise is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing the notices and these proxy materials and soliciting votes. In addition to the mailing of the notices and these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. We also have hired Innisfree M&A Incorporated ("Innisfree") to assist us in the solicitation of votes described above. We will pay Innisfree a base fee of \$15,000 plus customary costs and expenses for these services. We have agreed to indemnify Innisfree against certain liabilities arising out of or in connection with these services. We also will reimburse brokerage houses and other custodians, nominees and fiduciaries for forwarding proxy and solicitation materials to stockholders.

STOCKHOLDER PROPOSALS, DIRECTOR NOMINATIONS AND RELATED BYLAW PROVISIONS

34. What is the deadline to propose actions (other than director nominations) for consideration at next year's annual meeting of stockholders?

You may submit proposals for consideration at future stockholder meetings. For a stockholder proposal to be considered for inclusion in our proxy statement for the annual meeting next year, the Corporate Secretary must receive the written proposal at our principal executive offices no later than October 11, 2016. Such proposals also must comply with SEC regulations under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary
Hewlett Packard Enterprise Company
3000 Hanover Street MS 1050
Palo Alto, California 94304
Fax: (650) 857-4837
bod-hpe@hpe.com

For a stockholder proposal that is not intended to be included in our proxy statement for next year's annual meeting under Rule 14a-8, the stockholder must provide the information required by our Bylaws and give timely notice to the Corporate Secretary in accordance with our Bylaws, which, in general, require that the notice be received by the Corporate Secretary:

- not earlier than the close of business on November 23, 2016; and
- not later than the close of business on December 23, 2016.

If the date of the stockholder meeting is moved more than 30 days before or 60 days after the anniversary of our annual meeting for the prior year, then notice of a stockholder proposal that is not intended to be included in our proxy statement under Rule 14a-8 must be received no earlier than the close of business 120 days prior to the meeting and not later than the close of business on the later of the following two dates:

- 90 days prior to the meeting; and
- 10 days after public announcement of the meeting date.

Questions and Answers (continued)

Deadlines for the nomination of director candidates are discussed in Question 36 below.

35. How may I recommend individuals to serve as directors and what is the deadline for a director recommendation?

You may recommend director candidates for consideration by the Nominating, Governance and Social Responsibility Committee of the Board (the “NGSR Committee”). Any such recommendations should include verification of the stockholder status of the person submitting the recommendation and the nominee’s name and qualifications for Board membership and should be directed to the Corporate Secretary at the address of our principal executive offices set forth in Question 34 above. See “Proposal No. 1—Election of Directors—Director Nominee Experience and Qualifications” for more information regarding our Board membership criteria.

A stockholder may send a recommended director candidate’s name and information to the Board at any time. Generally, such proposed candidates are considered at the first or second Board meeting prior to the issuance of the proxy statement for our annual meeting.

36. How may I nominate individuals to serve as directors and what are the deadlines for a director nomination?

Our Bylaws permit stockholders to nominate directors for consideration at an annual meeting. To nominate a director for consideration at an annual meeting, a nominating stockholder must provide the information required by our Bylaws and give timely notice of the nomination to the Corporate Secretary in accordance with our Bylaws, and each nominee must meet the qualifications required by our Bylaws. To nominate a director for consideration at next year’s annual meeting, in general the notice must be received by the Corporate Secretary between the close of business on November 23, 2016 and the close of business on December 23, 2016, unless the annual meeting is moved by more than 30 days before or 60 days after the anniversary of the prior year’s annual meeting, in which case the deadline will be as described in Question 34 above.

In addition, our Bylaws provide that under certain circumstances, a stockholder or group of stockholders may include director candidates that they have nominated in our annual meeting proxy statement. These proxy access provisions of our Bylaws provide, among other things, that a stockholder or group of up to twenty stockholders seeking to include director candidates in our annual meeting proxy statement must own 3% or more of Hewlett Packard Enterprise’s outstanding common stock continuously for at least the previous three years. The number of stockholder-nominated candidates appearing in any annual meeting proxy statement cannot exceed 20% of the number of directors then serving on the Board. If 20% is not a whole number, the maximum number of stockholder-nominated candidates would be the closest whole number below 20%. Based on the current Board size of 14 directors, the maximum number of proxy access candidates that we would be required to include in our proxy materials for an annual meeting is two. Nominees submitted under the proxy access procedures that are later withdrawn or are included in the proxy materials as Board-nominated candidates will be counted in determining whether the 20% maximum has been reached. If the number of stockholder-nominated candidates exceeds 20%, each nominating stockholder or group of stockholders may select one nominee for inclusion in our proxy materials until the maximum number is reached. The order of selection would be determined by the amount (largest to smallest) of shares of Hewlett Packard Enterprise common stock held by each nominating stockholder or group of stockholders. The nominating stockholder or group of stockholders also must deliver the information required by our Bylaws, and each nominee must meet the qualifications required by our Bylaws. Requests to include stockholder-nominated candidates in our proxy materials for next year’s annual meeting must be received by the Corporate Secretary:

- not earlier than the close of business on October 24, 2016; and
- not later than the close of business on November 23, 2016.



Questions and Answers (continued)

37. How may I obtain a copy of the provisions of our Bylaws regarding stockholder proposals and director nominations?

You may contact the Corporate Secretary at our principal executive offices for a copy of the relevant Bylaws provisions regarding the requirements for making stockholder proposals and nominating director candidates. Our Bylaws also are available on our website at investors.hpe.com/governance/articles-and-bylaws.

FURTHER QUESTIONS

38. Who can help answer my questions?

If you have any questions about the annual meeting or how to vote or revoke your proxy, you should contact our proxy solicitor:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022

Stockholders: (877) 825-8631 (toll-free within the U.S. and Canada)

+1 (412) 232-3651 (International)

Banks and brokers (call collect):
(212) 750-5833

IMPORTANT INFORMATION CONCERNING THE HEWLETT PACKARD ENTERPRISE ANNUAL MEETING

Online check-in begins: 1:30 p.m., Pacific Time

Meeting begins: 2:00 p.m., Pacific Time

- Hewlett Packard Enterprise stockholders, including joint holders, as of the close of business on January 26, 2016, the record date for the annual meeting, are entitled to participate in the annual meeting on March 23, 2016.
- The annual meeting will be a completely virtual meeting of stockholders, which will be conducted via live webcast.
- You will be able to attend the annual meeting of stockholders online and submit your questions during the meeting by visiting HPE.onlineshareholdermeeting.com. You also will be able to vote your shares electronically at the annual meeting (other than shares held through our 401(k) Plan, which must be voted prior to the meeting).
- We encourage you to access the meeting prior to the start time. Please allow ample time for online check-in, which will begin at 1:30 p.m., Pacific Time. The webcast starts at 2:00 p.m., Pacific Time.
- To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.
- Visit our pre-meeting stockholder forum at www.theinvestornetwork.com/forum/hpe in advance of the annual meeting where you can submit questions to management and also access copies of our proxy statement and annual report.

THANK YOU FOR YOUR INTEREST AND SUPPORT—YOUR VOTE IS IMPORTANT!

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended October 31, 2015

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-37483

HEWLETT PACKARD ENTERPRISE COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
3000 Hanover Street, Palo Alto, California
(Address of principal executive offices)

47-3298624
(I.R.S. employer
identification no.)
94304
(Zip code)

Registrant's telephone number, including area code: (650) 857-1501

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common stock, par value \$0.01 per share

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of April 30, 2015, the registrant's common stock was not publicly traded.

The number of shares of Hewlett Packard Enterprise Company common stock outstanding as of November 30, 2015 was 1,742,520,126 shares.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT DESCRIPTION

10-K PART

Portions of the Registrant's proxy statement related to its 2016 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year end of October 31, 2015 are incorporated by reference into Part III of this Report.

III

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Hewlett Packard Enterprise Company
Form 10-K
For the Fiscal Year ended October 31, 2015

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Forward-Looking Statements

This Annual Report on Form 10-K, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett Packard Enterprise Company and its consolidated subsidiaries (“Hewlett Packard Enterprise”) may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, deferred tax assets, share repurchases, currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring charges; any statements of the plans, strategies and objectives of management for future operations, including the completed separation transaction and the future performance of the post-separation company, as well as the execution of restructuring plans and any resulting cost savings, revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on Hewlett Packard Enterprise and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing Hewlett Packard Enterprise’s businesses; the competitive pressures faced by Hewlett Packard Enterprise’s businesses; risks associated with executing Hewlett Packard Enterprise’s strategy; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of Hewlett Packard Enterprise’s products and the delivery of Hewlett Packard Enterprise’s services effectively; the protection of Hewlett Packard Enterprise’s intellectual property assets, including intellectual property licensed from third parties and intellectual property shared with its former parent; risks associated with Hewlett Packard Enterprise’s international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by Hewlett Packard Enterprise and its suppliers, customers, clients and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; the results of the separation transaction and the execution, timing and results of any restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of Hewlett Packard Enterprise’s business) and the anticipated benefits of the separation transaction and restructuring plans; the resolution of pending investigations, claims and disputes; and other risks that are described herein, including but not limited to the items discussed in “Risk Factors” in Item 1A of Part I of this report and that are otherwise described or updated from time to time in Hewlett Packard Enterprise’s other filings with the Securities and Exchange Commission. Hewlett Packard Enterprise assumes no obligation and does not intend to update these forward-looking statements.

PART I

ITEM 1. Business.

We are a leading global provider of the cutting-edge technology solutions customers need to optimize their traditional Information Technology (“IT”) while helping them build the secure, cloud-enabled, mobile-ready future that is uniquely suited to their needs. Our legacy dates back to a partnership founded in 1939 by William R. Hewlett and David Packard, and we strive every day to uphold and enhance that legacy through our dedication to providing innovative technological solutions to our customers.

On November 1, 2015, HP Inc. (formerly known as “Hewlett-Packard Company” or “HP Co.”) spun-off Hewlett Packard Enterprise Company (“we”, “us”, “our”, “Hewlett Packard Enterprise”, “HPE”, or “the Company”), pursuant to a separation agreement (the “Separation and Distribution Agreement”). To effect the spin-off, HP Inc. distributed all of the shares of Hewlett Packard Enterprise common stock owned by HP Inc. to its shareholders on November 1, 2015. Holders of HP Inc. common stock received one share of Hewlett Packard Enterprise stock for every share of HP Inc. stock held as of the record date. As a result of the spin-off, we now operate as an independent, publicly traded company.

We believe that we offer the most comprehensive portfolio of enterprise solutions in the IT industry. With an industry-leading position in servers, storage, networking, converged systems, software and services, combined with our customized financing solutions, we believe we are best equipped to deliver the right IT solutions to help drive optimal business outcomes for our customers.

Our Business Segments, Products and Services

We organize our business into the following five segments:

- *Enterprise Group.* Our Enterprise Group (“EG”) provides our customers with the cutting-edge technology infrastructure they need to optimize traditional IT while building a secure, cloud-enabled and mobile-ready future.
- *Software.* Our Software allows our customers to automate IT operations to simplify, accelerate and secure business processes and drives the analytics that turn raw data into actionable knowledge.
- *Enterprise Services.* Our Enterprise Services (“ES”) brings all of our solutions together through our consulting and support professionals to deliver superior, comprehensive results for our customers.
- *Financial Services.* Financial Services (“FS”) enables flexible IT consumption models, financial architectures and customized investment solutions for our customers.
- *Corporate Investments.* Corporate Investments includes Hewlett Packard Labs and certain business incubation projects, among others.

A summary of our net revenue, earnings from operations and assets for our segments can be found in Note 2, “Segment Information”, to our Combined and Consolidated Financial Statements. A discussion of certain factors potentially affecting our operations is set forth in “Risk Factors.”

Enterprise Group

EG provides a broad portfolio of enterprise technology solutions to address customer needs in building the foundation for the next generation of applications, web services and user experiences—which are only as rich, impactful and world-changing as the infrastructure platforms that they sit on. EG technology addresses a wide range of customer challenges, including supporting new types of

applications, new approaches to IT operations, and new demands and uses for insight, and managing new threats and risks. EG technology also allows customers to capitalize on a wide range of trends and opportunities, from servicing new segments and buying behaviors to inventing new consumption models and creating new revenue streams. EG technology delivers customer outcomes through its innovative, industry leading portfolio across servers, storage, networking, management software, converged infrastructure solutions, and technology services. In today's rapidly changing technology landscape, customers face twin challenges when it comes to their infrastructure foundation: they must optimize their "traditional IT" to support existing applications, and they must simultaneously invest in "cloud- first, mobile-first" infrastructure that will support the next generation of applications, web services and user experiences. The EG portfolio delivers products and services across servers, storage and networking to reduce cost and continue high performance operations for traditional IT loads. For tomorrow's cloud-first, mobile-first workloads, the EG portfolio provides products and services across converged solutions engineered for the world's most important workloads in cloud, mobility, Infrastructure-as-a-Service, and big data; HPE OneView as the industry's only unified display software- defined infrastructure management solution; HPE Helion cloud portfolio delivering a broad offering of hybrid cloud solutions, cloud services and cloud software; and technology services to advise customers on the right path to transforming their enterprises for tomorrow's digital era.

HPE Servers offers both Industry Standard Servers ("ISS") as well as Business Critical Systems ("BCS") to address the full array of our customers' compute needs. ISS provides a range of products from entry level servers, premium HPE ProLiant servers, and workload-specific servers for High Performance Computing, Big Data, and Hyperscale workloads. These servers typically run Windows, Linux and virtualization platforms from software providers including Microsoft Corporation ("Microsoft") and VMware, Inc. ("VMware") and open sourced software from other major vendors while leveraging x86 processors from Intel Corporation and Advanced Micro Devices. For the most Business-critical workloads, HPE delivers Integrity servers based on the Intel® Itanium® processor, HPE Integrity NonStop solutions and mission critical x86 HPE ProLiant servers.

Storage. Our storage offerings include platforms for enterprise and small- and medium-size business ("SMB") environments. Our flagship product is the 3PAR StoreServ Storage Platform, which is designed for virtualization, cloud and IT-as-a-service. Traditional Storage solutions include tape, storage networking and legacy external disk products such as EVA and XP. Converged Storage solutions include 3PAR StoreServ, StoreOnce and StoreVirtual products. These offerings enable our customers to optimize their existing storage systems, build new virtualization solutions and facilitate their transition to cloud computing.

Networking. Our networking offerings include switches, routers, wireless local area network ("WLAN") and network management products that deliver open, scalable, secure, agile and consistent solutions that span the data center, campus and branch environments and deliver software-defined networking and unified communications capabilities. Our unified wired and wireless networking offerings include WLAN access points, controllers and switches. Our networking solutions are based on our FlexNetwork architecture, which is designed to enable simplified server virtualization, unified communications and business application delivery for the enterprise. Software-defined networking provides an end-to-end solution to automate the network from data center to campus and branch.

Technology Services. Technology Services provides Support and Consulting services. Support services offerings span various levels of customer support needs and include: HPE Foundation Care, our portfolio of reactive hardware and software support services; HPE Proactive Care which combines remote support technology for real-time monitoring with rapid access to our technical experts; HPE Datacenter Care, comprehensive, flexible end-to-end support that enables customers to build, operate or consume IT in private or hybrid cloud environments; and Lifecycle Event services, which are event based services, offering our technology expertise and advice for each phase of the technology life

cycle. These services are available in the form of service contracts, pre-packaged offerings (HPE Care Pack services) or on a customized basis. Consulting services are focused on cloud mobility and big data and provide IT organizations with advice, design, implementation, migration and optimization of EG's platforms: servers, storage, networking and converged infrastructure.

Software

Our Software portfolio provides big data analytics and applications, enterprise security, application testing and delivery management and IT operations management solutions for businesses and other enterprises of all sizes. Our Software offerings include licenses, support, professional services and software-as-a-service ("SaaS"). Our global business capabilities within Software are described below.

Big Data. Our Big Data group provides a full suite of software designed to help organizations capture, store, explore, analyze, protect and share information and insights within and outside their organizations to improve business outcomes, while also enabling them to manage risks and meet legal obligations. Our Big Data suite includes HPE Vertica, the leading analytics database technology for machine, structured and semi-structured data; HPE IDOL, a unique analytics tool for human information; as well as solutions for archiving, data protection, eDiscovery, information governance and enterprise content management.

Our big data platform, HPE Haven, brings these unique assets together for processing and understanding machine and sensor data, business data and unstructured human information. A growing ecosystem of customers, partners and developers use this platform to build big-data driven analytic applications. Our Software segment also leverages HPE Haven's unique analytic assets to deliver purpose-built solutions for a variety of markets, including application testing and delivery, big data analytics and applications, IT operations management and enterprise security. These solutions are designed for businesses and enterprises of all sizes, and are available via on-premise, as well as via SaaS and hybrid delivery models. Software's HPE Haven big data platform and purpose-built applications are augmented by our support and professional services offerings in order to provide an end-to-end solution to customers.

Application Delivery Management. Our Application Delivery Management group provides software that enables organizations to deliver high-performance applications, accelerating the application delivery life cycle and automating the testing processes to ensure the quality and scalability of desktop, web, mobile and cloud-based applications.

Enterprise Security. Our Enterprise Security software is designed to disrupt fraud, hackers and cyber criminals by testing and scanning software and websites for security vulnerabilities, improving network defenses and security, implementing security controls, safeguarding data at rest, in motion and in use (regardless of where software and data reside) and providing security intelligent, analytics, and information management to identify threats and manage risk.

IT Operations Management. Our IT Operations Management group provides the software required to automate routine IT tasks and to pinpoint IT problems as they occur, helping enterprises to reduce operational costs and improve the reliability of applications running in a traditional, cloud or hybrid environment.

Enterprise Services

ES provides technology consulting, outsourcing and support services across infrastructure, applications and business process domains in traditional and Strategic Enterprise Service offerings which includes analytics and data management, security and cloud services. ES leverages our

investments in our consulting and support professionals, infrastructure technology, applications, standardized methodologies and global supply and delivery capabilities. ES also creates opportunities for us to market additional hardware and software by offering solutions that leverage our other products and services in order to meet our clients' needs.

Infrastructure Technology Outsourcing. Our Infrastructure Technology Outsourcing group delivers comprehensive services that streamline and help optimize our clients' technology infrastructure to efficiently enhance performance, reduce costs, mitigate risk and enable business optimization. These services encompass the management of data centers, IT security, cloud computing, workplace technology, networks, unified communications and enterprise service management. We also offer a set of managed services that provide a cross-section of our broader infrastructure services for smaller, discrete engagements.

Application and Business Services. Our Application and Business Services portfolio helps our clients develop, revitalize and manage their applications and information assets. Our complete application life cycle approach encompasses application development, testing, modernization, system integration, maintenance and management for both packaged and custom-built applications and cloud offerings. Our Application and Business Services portfolio also includes intellectual property-based industry solutions, along with technologies and related services, all of which help our clients better manage their critical industry processes for customer relationship management, finance and administration, human resources, payroll and document processing.

Financial Services

FS provides flexible investment solutions for our customers—such as leasing, financing, IT consumption and utility programs—and asset management services that facilitate unique technology deployment models and the acquisition of complete IT solutions, including hardware, software and services from us and others. In order to provide flexible services and capabilities that support the entire IT life cycle, FS partners with our customers globally to help build investment strategies that enhance their business agility and support their business transformation. FS offers a wide selection of investment solution capabilities for large enterprise customers and channel partners, along with an array of financial options to SMBs and educational and governmental entities.

Corporate Investments

Corporate Investments includes Hewlett Packard Labs and certain business incubation projects among others.

Our Strengths

We believe that we possess a number of competitive advantages that distinguish us from our competitors, including:

Broad and deep end-to-end solutions portfolio. We combine our infrastructure, software and services capabilities to provide what we believe is the broadest and deepest portfolio of end-to-end enterprise solutions in the IT industry. Our ability to deliver a wide range of high-quality products and high-value consulting and support services in a single package is one of our principal differentiators.

Multiyear innovation roadmap. We have been in the technology and innovation business for over 75 years. Our vast intellectual property portfolio and global research and development capabilities are part of a broader innovation roadmap designed to help organizations of all sizes journey from traditional technology platforms to the IT systems of the future—what we call the new style of IT—which we believe will be characterized by the increasing and interrelated prominence of cloud computing, big data, enterprise security, applications and mobility.

Global distribution and partner ecosystem. We are experts in delivering innovative technological solutions to our customers in complex multi-country, multi-vendor and/or multi-language environments. We have one of the largest go-to-market capabilities in our industry, including a large ecosystem of channel partners, which enables us to market and deliver our product offerings to customers located virtually anywhere in the world.

Custom financial solutions. We have developed innovative financing solutions to facilitate the delivery of our products and services to our customers. We deliver flexible investment solutions and expertise that help customers and other partners create unique technology deployments based on specific business needs.

Experienced leadership team with track record of successful performance. Our management team has an extensive track record of performance and execution. We are led by our Chief Executive Officer Margaret C. Whitman, who has proven experience in developing transformative business models, building global brands and driving sustained growth and expansion in the technology industry, including from her leadership of HP Co. for four years prior to the separation and her previous ten years as Chief Executive Officer of eBay Inc. Our senior management team has over 100 collective years of experience in our industry and possesses extensive knowledge of and experience in the enterprise IT business and the markets in which we compete. Moreover, we have a deep bench of management and technology talent that we believe provides us with an unparalleled pipeline of future leaders and innovators.

Our Strategies

Disruptive change is all around us, and we are living in an idea economy where the ability to turn an idea into a new product or a new industry is more accessible than ever. This environment requires a new style of business, underpinned by a new style of IT. Cloud, mobile, big data and analytics provide the tools enterprises need to significantly reduce the time to market for any good idea. Hewlett Packard Enterprise's strategy is to enable customers to win in the idea economy by slashing the time it takes to turn an idea into value.

We make IT environments more efficient, more productive and more secure, enabling fast, flexible responses to a rapidly changing competitive landscape. We enable organizations to act quickly on ideas by creating, consuming and reconfiguring new solutions, experiences and business models, and deliver infrastructure that is built from components that can be composed and recomposed easily and quickly to meet the shifting demands of business applications.

Every IT journey is unique, but every customer is looking to minimize the time between initial idea and realized value. While some customers are looking for solutions that let them take the next step on this journey, the majority of customers are at the beginning of this journey and are looking for solutions that can help them take their first steps. Hewlett Packard Enterprise will leverage our leadership position in our traditional markets to lead the transition to this new style of business.

Specifically, we are focused on delivering solutions to help customers transform four critical areas that matter most to their business.

Transform to a hybrid infrastructure. Infrastructure matters more than ever today, but customers need a new kind of infrastructure. We help customers build an on-demand infrastructure and operational foundation for all of the applications that power the enterprise. With our cloud expertise, combined with our portfolio of traditional IT infrastructure and services, we are able to provide customized and seamless IT solutions for customers of all sizes and at all levels of technological sophistication. We are able to optimize our customers' applications regardless of form—traditional, mobile, in the cloud or in the data center.

Protect the digital enterprise. The threat landscape is wider and more diverse today than ever before. We offer complete risk management solutions, ranging from protection against security threats to data back-up and recovery, that help our customers protect themselves and their data in an increasingly volatile cybersecurity landscape. Our products and services are informed by our decades of IT security experience and enable customers to predict and disrupt threats, manage risk and compliance, and extend their internal security team.

Empower the data-driven organization. We provide open-source solutions that allow customers to use 100% of their data, including business data, human data and machine data, to generate real-time, actionable insights. The result is better and faster decision making.

Enable workplace productivity. We help customers deliver rich digital and mobile experiences to their customers, employees and partners. We offer an end-to-end mobility portfolio, from cloud infrastructure to customer-facing applications. Our infrastructure offerings leverage our cloud and security expertise to provide the backbone for secure mobile networks. Our integrated software offerings leverage our application expertise to provide intuitive interfaces for end-users. We also leverage our big data expertise to enable our customers to gain insight into the mobile user experience by monitoring and analyzing customer experience analytics.

Sales, Marketing and Distribution

We manage our business and report our financial results based on the segments described above. Our customers are organized by commercial and large enterprise groups, including business and public sector enterprises, and purchases of our products, solutions and services may be fulfilled directly by us or indirectly through a variety of partners, including:

- resellers that sell our products and services, frequently with their own value-added products or services, to targeted customer groups;
- distribution partners that supply our solutions to resellers;
- OEMs that integrate our products and services with their own products and services, and sell the integrated solution;
- independent software vendors that provide their clients with specialized software products and often assist us in selling our products and services to clients purchasing their products;
- systems integrators that provide expertise in designing and implementing custom IT solutions and often partner with us to extend their expertise or influence the sale of our products and services; and
- advisory firms that provide various levels of management and IT consulting, including some systems integration work, and typically partner with us on client solutions that require our unique products and services.

The mix of our business conducted by direct sales or channel differs substantially by business and region. We believe that customer buying patterns and different regional market conditions require us to tailor our sales, marketing and distribution efforts accordingly. We are focused on driving the depth and breadth of our coverage, in addition to identifying efficiencies and productivity gains, in both our direct and indirect businesses. While each of our business segments manages the execution of its own go-to-market and distribution strategy, our business segments also collaborate to ensure strategic and process alignment where appropriate. For example, we typically assign an account manager, generally from EG or ES, to manage relationships across our business with large enterprise customers. The account manager is supported by a team of specialists with product and services expertise. For other customers and for consumers, our business segments collaborate to manage relationships with commercial resellers targeting SMBs where appropriate.

Manufacturing and Materials

We utilize a significant number of outsourced manufacturers around the world to manufacture products that we design. The use of outsourced manufacturers is intended to generate cost efficiencies and reduce time to market for our products as well as maintain flexibility in our supply chain and manufacturing processes. In some circumstances, third-party OEMs produce products that we purchase and resell under our brand. In addition to our use of outsourced manufacturers, we currently manufacture a limited number of finished products from components and subassemblies that we acquire from a wide range of vendors.

We utilize two primary methods of fulfilling demand for products: building products to order and configuring products to order. We build products to order to maximize manufacturing and logistics efficiencies by producing high volumes of basic product configurations. Alternatively, configuring products to order enables units to match a customer's particular hardware and software customization requirements. Our inventory management and distribution practices in both building products to order and configuring products to order seek to minimize inventory holding periods by taking delivery of the inventory and manufacturing shortly before the sale or distribution of products to our customers.

We purchase materials, supplies and product subassemblies from a substantial number of vendors. For most of our products, we have existing alternate sources of supply or such alternate sources of supply are readily available. However, we do rely on sole sources for certain customized parts (although some of these sources have operations in multiple locations in the event of a disruption). We are dependent upon Intel and AMD as suppliers of x86 processors; however, we believe that disruptions with these suppliers would result in industry-wide dislocations and therefore would not disproportionately disadvantage us relative to our competitors.

Like other participants in the IT industry, we ordinarily acquire materials and components through a combination of blanket and scheduled purchase orders to support our demand requirements for periods averaging 90 to 120 days. From time to time, we may experience significant price volatility or supply constraints for certain components that are not available from multiple sources or where our suppliers are geographically concentrated. When necessary, we are often able to obtain scarce components for somewhat higher prices on the open market, which may have an impact on our gross margin but does not generally disrupt production. We also may acquire component inventory in anticipation of supply constraints or enter into longer-term pricing commitments with vendors to improve the priority, price and availability of supply. See "Risk Factors—We depend on third-party suppliers, and our financial results could suffer if we fail to manage our suppliers properly."

International

Our products and services are available worldwide. We believe this geographic diversity allows us to meet demand on a worldwide basis for our customers, draws on business and technical expertise from a worldwide workforce, provides stability to our operations, provides revenue streams that may offset geographic economic trends and offers us an opportunity to access new markets for maturing products. In addition, we believe that our future growth is dependent in part on our ability to develop products and sales models that target developing countries. In this regard, we believe that our broad geographic presence gives us a solid base on which to build such future growth.

A summary of our domestic and international results is set forth in Note 2, "Segment Information", to the Combined and Consolidated Financial Statements. Approximately 61% of our overall net revenue in fiscal 2015 came from outside the United States.

For a discussion of certain risks attendant to our international operations, see “Risk Factors—Due to the international nature of our business, political or economic changes or other factors could harm our business and financial performance,” “—Recent global, regional and local economic weakness and uncertainty could adversely affect our business and financial performance,” “—We are exposed to fluctuations in foreign currency exchange rates” in Item 1A, “Quantitative and Qualitative Disclosure about Market Risk” in Item 7A and Note 12, “Financial Instruments”, to our Combined and Consolidated Financial Statements, which are incorporated herein by reference.

Research and Development

Innovation is a key element of our culture and critical to our success. Our research and development efforts are focused on designing and developing products, services and solutions that anticipate customers’ changing needs and desires and emerging technological trends. Our efforts also are focused on identifying the areas where we believe we can make a unique contribution and where partnering with other leading technology companies will leverage our cost structure and maximize our customers’ experiences.

Hewlett Packard Labs, together with the various research and development groups within our business segments, is responsible for our research and development efforts. Hewlett Packard Labs is part of our Corporate Investments segment.

Expenditures for research and development were \$2.3 billion in fiscal 2015, \$2.2 billion in fiscal 2014 and \$2.0 billion in fiscal 2013. We anticipate that we will continue to have significant research and development expenditures in the future to support the design and development of innovative, high-quality products, services and solutions to maintain and enhance our competitive position. For a discussion of risks attendant to our research and development activities, see “Risk Factors—If we cannot successfully execute our go-to-market strategy and continue to develop, manufacture and market innovative products, services and solutions, our business and financial performance may suffer.”

Patents

Our general policy is to seek patent protection for those inventions likely to be incorporated into our products and services or where obtaining such proprietary rights will improve our competitive position. At present, our worldwide patent portfolio includes approximately 15,000 patents (including approximately 2,500 patents attributable to H3C).

Patents generally have a term of twenty years from the date they are filed. As our patent portfolio has been built over time, the remaining terms of the individual patents across our patent portfolio vary. We believe that our patents and patent applications are important for maintaining the competitive differentiation of our products and services, enhancing our freedom of action to sell our products and services in markets in which we choose to participate, and maximizing our return on research and development investments. No single patent is in itself essential to our company as a whole or to any of our business segments.

In addition to developing our patent portfolio, we license intellectual property from third parties as we deem appropriate. We have also granted and continue to grant to others licenses, and other rights, under our patents when we consider these arrangements to be in our interest. These license arrangements include a number of cross-licenses with third parties.

For a discussion of risks attendant to intellectual property rights, see “Risk Factors—Our financial performance may suffer if we cannot continue to develop, license or enforce the intellectual property

rights on which our businesses depend” and “—Our products and services depend in part on intellectual property and technology licensed from third parties.”

Backlog

We believe that our backlog is not a meaningful indicator of our future business prospects due to our diverse product and service portfolio, including the large volume of products delivered from finished goods or channel partner inventories and the shortening of product life cycles. Therefore, we believe that backlog information is not material to an understanding of our overall business.

Seasonality

General economic conditions have an impact on our business and financial results. From time to time, the markets in which we sell our products, services and solutions experience weak economic conditions that may negatively affect sales. We experience some seasonal trends in the sale of our products and services. For example, European sales are often weaker in the summer months. See “Risk Factors—Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable.”

Competition

We have a broad technology portfolio of enterprise IT infrastructure products and solutions, multi-vendor customer services and IT management software and solutions. We believe we are the leader or among the leaders in each of our business segments. Nevertheless, we encounter strong competition in all areas of our business. We compete primarily on the basis of technology, innovation, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service and support, security and the availability of our application software and IT infrastructure offerings.

The markets for each of our business segments are characterized by strong competition among major corporations with long-established positions and a large number of new and rapidly growing firms. Most product life cycles are relatively short, and to remain competitive we must develop new products and services, periodically enhance our existing products and services and compete effectively on the basis of the factors listed above, among others. In addition, we compete with many of our current and potential partners, including OEMs that design, manufacture and market their products under their own brand names. Our successful management of these competitive partner relationships is critical to our future success. Moreover, we anticipate that we will have to continue to adjust prices on many of our products and services to stay competitive.

The competitive environments in which each segment operates are described below:

Enterprise Group. EG operates in the highly competitive enterprise technology infrastructure market, which is characterized by rapid and ongoing technological innovation and price competition. Our primary competitors include technology vendors such as International Business Machines Corporation (“IBM”), Dell Inc. (“Dell”), EMC Corporation (“EMC”), Cisco Systems, Inc. (“Cisco”), Lenovo Group Ltd., Oracle Corporation (“Oracle”), Fujitsu Limited (“Fujitsu”), Inspur Co., Ltd., Huawei Technologies Co. Ltd., NetApp, Inc., Hitachi Ltd., Juniper Networks, Inc., Arista Networks, Inc., Extreme Networks, Inc., Brocade Communications Systems, Inc., VMware, Microsoft, Google Inc., Rackspace Inc. and Amazon.com, Inc. (“Amazon”). In certain regions, we also experience competition from local companies and from generically branded or “white-box” manufacturers. Our strategy is to deliver superior products, high-value technology support services and differentiated integrated solutions that combine our infrastructure, software and services capabilities. Our competitive

advantages include our broad end-to-end solutions portfolio, supported by our strong intellectual property portfolio and research and development capabilities, coupled with our global reach and partner ecosystem.

Enterprise Services. ES competes in the IT services, consulting and integration, infrastructure technology outsourcing, business process outsourcing and application services markets. Our primary competitors include IBM Global Services, Computer Sciences Corporation, systems integration firms such as Accenture plc and offshore companies such as Fujitsu and India-based competitors Wipro Limited, Infosys Limited and Tata Consultancy Services Ltd. We also compete with other traditional hardware providers, such as Dell, which are increasingly offering services to support their products, new players in emerging areas like cloud such as Amazon, and smaller local players. Many of our competitors offer a wide range of global services, and some of our competitors enjoy significant brand recognition. ES teams with many companies to offer services, and those arrangements allow us to extend our reach and augment our capabilities. Our competitive advantages include our deep technology expertise, especially in complex multi-country, multi-vendor and/or multi-language environments, our differentiated intellectual property, our strong track record of collaboration with clients and partners, and the combination of our expertise in infrastructure management with skilled global resources on platforms from SAP AG (“SAP”), Oracle and Microsoft, among others.

Software. The markets in which our Software segment operates are characterized by rapidly changing customer requirements and technologies. We design and develop enterprise IT management software in competition with IBM, CA Technologies, Inc., VMware, BMC Software, Inc. and others. Our big data solutions, which include data analytics and information governance offerings incorporating both structured and unstructured data, compete with products from companies like Adobe Systems Inc., IBM, EMC, Open Text Corporation, Oracle and Symantec Corporation. We also deliver enterprise security/risk intelligence solutions that compete with products from EMC, IBM, Cisco and Intel. As customers are becoming increasingly comfortable with newer delivery mechanisms such as SaaS, we are facing competition from smaller, less traditional competitors, particularly for customers with smaller IT organizations. Our differentiation lies in the breadth and depth of our software and services portfolio, our collaboration with EG and ES to provide comprehensive IT solutions and the scope of our market coverage.

Hewlett Packard Financial Services. In our financing business, our competitors are captive financing companies, mainly IBM Global Financing, as well as banks and other financial institutions. We believe our competitive advantage over banks and other financial institutions in our financing business is our ability to deliver flexible investment solutions and expertise that help customers and other partners create unique technology deployments based on specific business needs.

For a discussion of certain risks attendant to these competitive environments, see “Risk Factors—We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance.”

Environment

Our operations are subject to regulation under various federal, state, local and foreign laws concerning the environment, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, and the clean-up of contaminated sites. We could incur substantial costs, including clean-up costs, fines and civil or criminal sanctions, and third-party damage or personal injury claims, if we were to violate or become liable under environmental laws.

Many of our products are subject to various federal, state, local and foreign laws governing chemical substances in products and their safe use, including laws restricting the presence of certain

substances in electronics products and in some cases laws regulating the manufacture and distribution of chemical substances. Some of our products and services also are, or may in the future be, subject to requirements applicable to their energy consumption. In addition, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, their safe use, and their energy efficiency, including requirements relating to climate change. We are also subject to legislation in an increasing number of jurisdictions that makes producers of electrical goods, including servers and networking equipment, financially responsible for specified collection, recycling, treatment and disposal of past and future covered products (sometimes referred to as “product take-back legislation”). In the event our products become non-compliant with these laws, our products could be restricted from entering certain jurisdictions and we could face other sanctions, including fines.

Our operations, services and ultimately our products are expected to become increasingly subject to federal, state, local and foreign laws, regulations and international treaties relating to climate change. As these laws, regulations, treaties and similar initiatives and programs are adopted and implemented throughout the world, we will be required to comply or potentially face market access limitations or other sanctions, including fines. However, we believe that technology will be fundamental to finding solutions to achieve compliance with and manage those requirements, and we are collaborating with industry and business groups and governments to find and promote ways that our technology can be used to address climate change and to facilitate compliance with related laws, regulations and treaties.

We are committed to maintaining compliance with all environmental laws applicable to our operations, products and services and to reducing our environmental impact across all aspects of our business. We meet this commitment with a comprehensive environmental, health and safety policy, strict environmental management of our operations and worldwide environmental programs and services.

Environmental costs and accruals are presently not material to our operations, cash flows or financial position. Although there is no assurance that existing or future environmental laws applicable to our operations or products will not have a material adverse effect on our operations, cash flows or financial condition, we do not currently anticipate material capital expenditures for environmental control facilities.

Employees

We had approximately 240,000 employees as of October 31, 2015.

Additional Information

Microsoft® and Windows® are U.S.-registered trademarks of Microsoft Corporation. Intel®, Itanium®, Intel® Atom™, and Intel® Itanium® are trademarks of Intel Corporation in the United States and other countries. AMD is a trademark of Advanced Micro Devices, Inc. ARM® is a registered trademark of ARM Limited. UNIX® is a registered trademark of The Open Group.

Executive Officers

The following are our current executive officers:

Margaret C. Whitman; age 59; President and Chief Executive Officer

Ms. Whitman has served as President and Chief Executive Officer of Hewlett Packard Enterprise since November 2015. Prior to that, Ms. Whitman served as President, Chief Executive Officer, and

Chairman of HP Co. from July 2014 to November 2015 and President and Chief Executive Officer of HP Co. from September 2011 to November 2015. From March 2011 to September 2011, Ms. Whitman served as a part-time strategic advisor to Kleiner Perkins Caufield & Byers, a private equity firm. Previously, Ms. Whitman served as President and Chief Executive Officer of eBay Inc., an online marketplace, from 1998 to 2008. Ms. Whitman also serves as a director of The Procter & Gamble Company, a consumer goods company, and of HP Inc. and is a former director of Zipcar, Inc., a car sharing service.

Henry Gomez; age 52; Executive Vice President, Chief Marketing and Communications Officer

Mr. Gomez has served as Executive Vice President and Chief Marketing and Communications Officer of Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Gomez performed a similar role at HP Co. from August 2013 to November 2015. Previously, he served as Chief Communications Officer and Executive Vice President of HP Co. from January 2012 to July 2013. Prior to that, he ran HSG Communications, a consulting business that he founded in September 2008. He also served on the leadership team of Ms. Whitman's gubernatorial campaign from February 2009 to November 2010. From September 2011 to September 2013 he served as a director of BJ's Restaurants, Inc., a food service company.

Christopher P. Hsu; age 45; Executive Vice President and Chief Operating Officer

Mr. Hsu has served as Executive Vice President and Chief Operating Officer for Hewlett Packard Enterprise since November 2015. Prior to that, he served as Senior Vice President, Organizational Performance and Hewlett Packard Enterprise Separation Leader at HP Co. from May 2014 to November 2015. Prior to joining HP Co., he served as Managing Director at Kohlberg Kravis Roberts ("KKR"), an investment firm, from December 2013 to May 2014 and as Director of KKR Capstone, a consulting firm, from November 2008 to December 2013.

Kirt P. Karros; age 46; Senior Vice President, Finance and Treasurer

Mr. Karros has served as Senior Vice President, Finance and Treasurer at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Karros performed a similar role at HP Co. from May 2015 to November 2015. Previously, Mr. Karros served as a Principal and Managing Director of Research for Relational Investors LLC, an investment fund, from 2001 to May 2015. Mr. Karros served as a director of PMC-Sierra, a semiconductor company, from August 2013 to May 2015.

Alan May; age 57; Executive Vice President, Human Resources

Mr. May has served as Executive Vice President, Human Resources at Hewlett Packard Enterprise since June 2015. Before joining Hewlett Packard Enterprise, Mr. May served as Vice President, Human Resources at Boeing Commercial Aircraft, a division of The Boeing Company, from April 2013 to June 2015. Previously, Mr. May served as Vice President of Human Resources for Boeing Defense, Space and Security at Boeing from April 2011 to June 2015 and as Vice President, of Compensation, Benefits and Strategy at Boeing from August 2007 to April 2011.

Michael G. Nefkens; age 46; Executive Vice President and General Manager, Enterprise Services

Mr. Nefkens has served as Executive Vice President and General Manager, Enterprise Services at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Nefkens performed a similar role at HP Co. from December 2012 to November 2015, having been appointed to the role in an acting capacity in August 2012. Previously, Mr. Nefkens served as Senior Vice President and General

Manager of Enterprise Services in the EMEA region at HP Co. from November 2009 to August 2012. He also serves as a director of Riverbed Technology, Inc., a software company.

Antonio Neri; age 48; Executive Vice President and General Manager, Enterprise Group

Mr. Neri has served as Executive Vice President and General Manager, Enterprise Group at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Neri served as Senior Vice President and General Manager, Enterprise Group at HP Co. from October 2014 to November 2015. Previously, he served as Senior Vice President and General Manager of the HP Servers business from September 2013 to October 2014 and concurrently as Senior Vice President and General Manager of the HP Networking business unit from May 2014 to October 2014. Prior to that, Mr. Neri served as Senior Vice President and General Manager of the HP Technology Services business unit from August 2011 to September 2013 and as Senior Vice President, Customer Services for the HP Personal Systems Group from 1995 until August 2011. From March 2012 to February 2013, Mr. Neri served as a director of MphasiS Limited, a technology company.

Jeff T. Ricci; age 54; Senior Vice President, Controller and Principal Accounting Officer

Mr. Ricci has served as Senior Vice President, Controller and Principal Accounting Officer at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Ricci performed a similar role at HP Co. from April 2014 to November 2015. Previously, Mr. Ricci served as Controller and Principal Accounting Officer at HP Co. on an interim basis from November 2013 to April 2014. Prior to that, Mr. Ricci served as Vice President of Finance for HP Co.'s Technology and Operations organization from May 2012 to November 2013. Mr. Ricci served as HP Co.'s Vice President of Finance for Global Accounts and HP Financial Services from March 2011 to May 2012 and Vice President of Finance for HP Software from March 2009 to March 2011.

John F. Schultz; age 51; Executive Vice President, General Counsel and Secretary

Mr. Schultz has served as Executive Vice President, General Counsel and Secretary of Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Schultz performed a similar role at HP Co. from April 2012 to November 2015. Previously, he served as Deputy General Counsel for Litigation, Investigations and Global Functions at HP Co. from September 2008 to April 2012. From March 2005 to September 2008, Mr. Schultz was a partner in the litigation practice at Morgan, Lewis & Bockius LLP, a law firm, where, among other clients, he supported HP Co. as external counsel on a variety of litigation and regulatory matters.

Timothy C. Stonesifer; age 48; Executive Vice President and Chief Financial Officer

Mr. Stonesifer has served as Executive Vice President and Chief Financial Officer at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Stonesifer acted as Senior Vice President and Chief Financial Officer, Enterprise Group at HP Co. from February 2014 to November 2015. Before joining HP Co., he served as Chief Financial Officer of General Motors International Operations, an automotive company, from May 2011 to January 2014. Previously, he served as Chief Financial Officer of Alegco Scotsman, a storage company, from June 2010 to May 2011. Prior to that, Mr. Stonesifer served as Chief Financial Officer of Sabic Innovative Plastics (formerly GE Plastics) from August 2007 to June 2010 after having served in various other positions at General Electric since joining the company in 1989.

Robert Youngjohns; age 64; Executive Vice President and General Manager, HPE Software

Mr. Youngjohns has served as Executive Vice President and General Manager, HPE Software since November 2015. Prior to that, Mr. Youngjohns performed a similar role at HP Co. from May 2014

to November 2015. Previously, Mr. Youngjohns served as Senior Vice President and General Manager of the HP Autonomy/Information Management business unit within HP Software from September 2012 to May 2014. Prior to joining HP Co., he was President of North America at Microsoft Corporation, a software company, from September 2007 to September 2012.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available on our website at <http://investors.hpe.com>, as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the Securities and Exchange Commission. Hewlett Packard Enterprise's Corporate Governance Guidelines, Board of Directors' committee charters (including the charters of the Audit Committee, Finance and Investment Committee, HR and Compensation Committee, Technology Committee, and Nominating, Governance and Social Responsibility Committee) and code of ethics entitled "Standards of Business Conduct" are also available at that same location on our website. Stockholders may request free copies of these documents from:

Hewlett Packard Enterprise Company
Attention: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304
<http://investors.hpe.com/financial/requested-printed-reports>

ITEM 1A. Risk Factors.

You should carefully consider the following risks and other information in this Form 10-K in evaluating Hewlett Packard Enterprise and its common stock. Any of the following risks could materially and adversely affect our results of operations or financial condition. The following risk factors should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operation" and the Combined and Consolidated Financial Statements and related notes in Part II, Item 8, "Financial Statements and Supplemental Data" of this Form 10-K.

Risks Related to Our Business

If we are unsuccessful at addressing our business challenges, our business and results of operations may be adversely affected and our ability to invest in and grow our business could be limited.

We are in the process of addressing many challenges facing our business. One set of challenges relates to dynamic and accelerating market trends, such as the market shift to cloud-related IT infrastructure, software and services, and the growth in software-as-a-service ("SaaS") business models. Certain of our legacy hardware businesses face challenges as customers migrate to cloud-based offerings and reduce their purchases of hardware products. Additionally, our legacy software business derives a large portion of its revenues from upfront license sales, some of which over time can be expected to shift to SaaS. A second set of challenges relates to changes in the competitive landscape. Our major competitors are expanding their product and service offerings with integrated products and solutions; our business-specific competitors are exerting increased competitive pressure in targeted areas and are entering new markets; our emerging competitors are introducing new technologies and business models; and our alliance partners in some businesses are increasingly becoming our competitors in others. A third set of challenges relates to business model changes and our go-to-market execution. For example, we may fail to develop innovative products and services, maintain the manufacturing quality of our products, manage our distribution network or successfully market new products and services, any of which could adversely affect our business and financial condition.

In addition, we are facing a series of significant macroeconomic challenges, including weakness across many geographic regions, particularly in the United States, Central and Eastern Europe and Russia, and certain countries in Asia. We may experience delays in the anticipated timing of activities related to our efforts to address these challenges and higher than expected or unanticipated execution costs. In addition, we are vulnerable to increased risks associated with our efforts to address these challenges given our large and diverse portfolio of businesses, the broad range of geographic regions in which we and our customers and partners operate, and the ongoing integration of acquired businesses. If we do not succeed in these efforts, or if these efforts are more costly or time-consuming than expected, our business and results of operations may be adversely affected, which could limit our ability to invest in and grow our business.

We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance.

We encounter aggressive competition from numerous and varied competitors in all areas of our business, and our competitors have targeted and are expected to continue targeting our key market segments. We compete primarily on the basis of our technology, innovation, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service and support, security, and the availability of our application software and IT infrastructure offerings. If our products, services, support and cost

structure do not enable us to compete successfully based on any of those criteria, our results of operations and business prospects could be harmed.

We have a large portfolio of products and services and must allocate our financial, personnel and other resources across all of our products and services while competing with companies that have smaller portfolios or specialize in one or more of our product or service lines. As a result, we may invest less in certain areas of our business than our competitors do, and our competitors may have greater financial, technical and marketing resources available to them compared to the resources allocated to our products and services that compete against their products and services. Industry consolidation may also affect competition by creating larger, more homogeneous and potentially stronger competitors in the markets in which we operate. Additionally, our competitors may affect our business by entering into exclusive arrangements with our existing or potential customers or suppliers.

Companies with whom we have alliances in certain areas may be or become our competitors in other areas. In addition, companies with whom we have alliances also may acquire or form alliances with our competitors, which could reduce their business with us. If we are unable to effectively manage these complicated relationships with alliance partners, our business and results of operations could be adversely affected.

We face aggressive price competition and may have to continue lowering the prices of many of our products and services to stay competitive, while simultaneously seeking to maintain or improve our revenue and gross margin. In addition, competitors who have a greater presence in some of the lower-cost markets in which we compete, or who can obtain better pricing, more favorable contractual terms and conditions or more favorable allocations of products and components during periods of limited supply may be able to offer lower prices than we are able to offer. Our cash flows, results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures.

Because our business model is based on providing innovative and high-quality products, we may spend a proportionately greater amount of our revenues on research and development than some of our competitors. If we cannot proportionately decrease our cost structure (apart from research and development expenses) on a timely basis in response to competitive price pressures, our gross margin and, therefore, our profitability could be adversely affected. In addition, if our pricing and other facets of our offerings are not sufficiently competitive, or if there is an adverse reaction to our product decisions, we may lose market share in certain areas, which could adversely affect our financial performance and business prospects.

Even if we are able to maintain or increase market share for a particular product, its financial performance could decline because the product is in a maturing industry or market segment or contains technology that is becoming obsolete. For example, our Storage business unit is experiencing the effects of a market transition towards converged products and solutions, which has led to a decline in demand for our traditional storage products. In addition, the performance of our Business Critical Systems business unit has been affected by the decline in demand for UNIX servers and concerns about the development of new versions of software to support our Itanium-based products. Financial performance could decline due to increased competition from other types of products. For example, the development of cloud-based solutions has reduced demand for some of our existing hardware products.

If we cannot successfully execute our go-to-market strategy and continue to develop, manufacture and market innovative products, services and solutions, our business and financial performance may suffer.

Our long-term strategy is focused on leveraging our existing portfolio of hardware, software and services as we adapt to a new hybrid model of IT delivery and consumption driven by the growing

adoption of cloud computing and increased demand for integrated IT solutions. To successfully execute this strategy, we must continue to pivot toward the delivery of integrated IT solutions and continue to invest and expand in cloud computing, enterprise security, big data, applications and mobility. Any failure to successfully execute this strategy, including any failure to invest sufficiently in strategic growth areas, could adversely affect our business, results of operations and financial condition.

The process of developing new high-technology products, software, services and solutions and enhancing existing hardware and software products, services and solutions is complex, costly and uncertain, and any failure by us to anticipate customers' changing needs and emerging technological trends accurately could significantly harm our market share, results of operations and financial condition. For example, as the transition to an environment characterized by cloud-based computing and software being delivered as a service progresses, we must continue to successfully develop and deploy cloud-based solutions for our customers. We must make long-term investments, develop or obtain and protect appropriate intellectual property, and commit significant research and development and other resources before knowing whether our predictions will accurately reflect customer demand for our products, services and solutions. Any failure to accurately predict technological and business trends, control research and development costs or execute our innovation strategy could harm our business and financial performance. Our research and development initiatives may not be successful in whole or in part, including research and development projects which we have prioritized with respect to funding and/or personnel.

After we develop a product, we must be able to manufacture appropriate volumes quickly while also managing costs and preserving margins. To accomplish this, we must accurately forecast volumes, mixes of products and configurations that meet customer requirements, and we may not succeed at doing so within a given product's life cycle or at all. Any delay in the development, production or marketing of a new product, service or solution could result in us not being among the first to market, which could further harm our competitive position.

For example, our success in our software segment is dependent on our ability to address the market shift to SaaS and other go-to-market execution challenges. To be successful in addressing these challenges, we must improve our go-to-market execution with multiple product delivery models, which better address customer needs and achieve broader integration across our overall product portfolio as we work to capitalize on important market opportunities in cloud computing, big data, enterprise security, applications and mobility. Improvements in SaaS delivery, however, do not guarantee that we will achieve increased revenue or profitability. SaaS solutions often have lower margins than other software solutions throughout the subscription period and customers may elect to not renew their subscriptions upon expiration of their agreements with us.

If we cannot continue to produce quality products and services, our reputation, business and financial performance may suffer.

In the course of conducting our business, we must adequately address quality issues associated with our products, services and solutions, including defects in our engineering, design and manufacturing processes and unsatisfactory performance under service contracts, as well as defects in third-party components included in our products and unsatisfactory performance or even malicious acts by third-party contractors or subcontractors or their employees. In order to address quality issues, we work extensively with our customers and suppliers and engage in product testing to determine the causes of problems and to develop and implement appropriate solutions. However, the products, services and solutions that we offer are complex, and our regular testing and quality control efforts may not be effective in controlling or detecting all quality issues or errors, particularly with respect to faulty components manufactured by third parties. If we are unable to determine the cause, find an

appropriate solution or offer a temporary fix (or “patch”) to address quality issues with our products, we may delay shipment to customers, which could delay revenue recognition and receipt of customer payments and could adversely affect our revenue, cash flows and profitability. In addition, after products are delivered, quality issues may require us to repair or replace such products. Addressing quality issues can be expensive and may result in additional warranty, repair, replacement and other costs, adversely affecting our financial performance. If new or existing customers have difficulty operating our products or are dissatisfied with our services or solutions, our results of operations could be adversely affected, and we could face possible claims if we fail to meet our customers’ expectations. In addition, quality issues can impair our relationships with new or existing customers and adversely affect our brand and reputation, which could, in turn, adversely affect our results of operations.

If we fail to manage the distribution of our products and services properly, our business and financial performance could suffer.

We use a variety of distribution methods to sell our products and services around the world, including third-party resellers and distributors and both direct and indirect sales to enterprise accounts and consumers. Successfully managing the interaction of our direct and indirect channel efforts to reach various potential customer segments for our products and services is a complex process. Moreover, since each distribution method has distinct risks and gross margins, our failure to implement the most advantageous balance in the delivery model for our products and services could adversely affect our revenue and gross margins and therefore our profitability.

Our financial results could be materially adversely affected due to distribution channel conflicts or if the financial conditions of our channel partners were to weaken. Our results of operations may be adversely affected by any conflicts that might arise between our various distribution channels or the loss or deterioration of any alliance or distribution arrangement. Moreover, some of our wholesale distributors may have insufficient financial resources and may not be able to withstand changes in business conditions, including economic weakness, industry consolidation and market trends. Many of our significant distributors operate on narrow margins and have been negatively affected by business pressures in the past. Considerable trade receivables that are not covered by collateral or credit insurance are outstanding with our distribution channel partners. Revenue from indirect sales could suffer, and we could experience disruptions in distribution, if our distributors’ financial conditions, abilities to borrow funds in the credit markets or operations weaken.

Our inventory management is complex, as we continue to sell a significant mix of products through distributors. We must manage both owned and channel inventory effectively, particularly with respect to sales to distributors, which involves forecasting demand and pricing challenges. Distributors may increase orders during periods of product shortages, cancel orders if their inventory is too high or delay orders in anticipation of new products. Distributors also may adjust their orders in response to the supply of our products and the products of our competitors and seasonal fluctuations in end-user demand. Our reliance upon indirect distribution methods may reduce our visibility into demand and pricing trends and issues, and therefore make forecasting more difficult. If we have excess or obsolete inventory, we may have to reduce our prices and write down inventory. Moreover, our use of indirect distribution channels may limit our willingness or ability to adjust prices quickly and otherwise to respond to pricing changes by competitors. We also may have limited ability to estimate future product rebate redemptions in order to price our products effectively.

Recent global, regional and local economic weakness and uncertainty could adversely affect our business and financial performance.

Our business and financial performance depend significantly on worldwide economic conditions and the demand for technology hardware, software and services in the markets in which we compete.

Recent economic weakness and uncertainty in various markets throughout the world have resulted, and may result in the future, in decreased revenue, gross margin, earnings or growth rates and in increased expenses and difficulty in managing inventory levels. For example, we are continuing to experience macroeconomic weakness across many geographic regions, particularly in the Europe, the Middle East and Africa region, China and certain other high-growth markets. Ongoing U.S. federal government spending limits may continue to reduce demand for our products, services and solutions from organizations that receive funding from the U.S. government, and could negatively affect macroeconomic conditions in the United States, which could further reduce demand for our products, services and solutions. Economic weakness and uncertainty may adversely affect demand for our products, services and solutions, may result in increased expenses due to higher allowances for doubtful accounts and potential goodwill and asset impairment charges, and may make it more difficult for us to make accurate forecasts of revenue, gross margin, cash flows and expenses.

Economic weakness and uncertainty could cause our expenses to vary materially from our expectations. Any financial turmoil affecting the banking system and financial markets or any significant financial services institution failures could negatively impact our treasury operations, as the financial condition of such parties may deteriorate rapidly and without notice in times of market volatility and disruption. Poor financial performance of asset markets combined with lower interest rates and the adverse effects of fluctuating currency exchange rates could lead to higher pension and post-retirement benefit expenses. Interest and other expenses could vary materially from expectations depending on changes in interest rates, borrowing costs, currency exchange rates, costs of hedging activities and the fair value of derivative instruments. Economic downturns also may lead to restructuring actions and associated expenses.

Due to the international nature of our business, political or economic changes or other factors could harm our business and financial performance.

Sales outside the United States constituted approximately 61% of our net revenue in fiscal 2015. Our future business and financial performance could suffer due to a variety of international factors, including:

- ongoing instability or changes in a country's or region's economic or political conditions, including inflation, recession, interest rate fluctuations and actual or anticipated military or political conflicts;
- longer collection cycles and financial instability among customers;
- trade regulations and procedures and actions affecting production, pricing and marketing of products, including policies adopted by countries that may champion or otherwise favor domestic companies and technologies over foreign competitors;
- local labor conditions and regulations, including local labor issues faced by specific suppliers and original equipment manufacturers ("OEMs");
- managing our geographically dispersed workforce;
- changes in the international, national or local regulatory and legal environments;
- differing technology standards or customer requirements;
- import, export or other business licensing requirements or requirements relating to making foreign direct investments, which could increase our cost of doing business in certain jurisdictions, prevent us from shipping products to particular countries or markets, affect our ability to obtain favorable terms for components, increase our operating costs or lead to penalties or restrictions;

- difficulties associated with repatriating earnings generated or held abroad in a tax-efficient manner, and changes in tax laws; and
- fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for our products and shipments.

The factors described above also could disrupt our product and component manufacturing and key suppliers located outside of the United States. For example, we rely on suppliers in Asia for product assembly and manufacture.

In many foreign countries, particularly in those with developing economies, there are companies that engage in business practices prohibited by laws and regulations applicable to us, such as the Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”). Although we implement policies, procedures and training designed to facilitate compliance with these laws, our employees, contractors and agents, as well as those of the companies to which we outsource certain of our business operations, may take actions in violation of our policies. Any such violation, even if prohibited by our policies, could have an adverse effect on our business and reputation.

We are exposed to fluctuations in foreign currency exchange rates.

Currencies other than the U.S. dollar, including the euro, the British pound, Chinese yuan (renminbi) and the Japanese yen, can have an impact on our results as expressed in U.S. dollars. In particular, the economic uncertainties relating to European sovereign and other debt obligations and the related European financial restructuring efforts may cause the value of the euro to fluctuate. Currency volatility also contributes to variations in our sales of products and services in impacted jurisdictions. For example, in the event that one or more European countries were to replace the euro with another currency, our sales into such countries, or into Europe generally, would likely be adversely affected until stable exchange rates are established. Accordingly, fluctuations in foreign currency exchange rates, most notably the strengthening of the U.S. dollar against the euro, could adversely affect our revenue growth in future periods. In addition, currency variations can adversely affect margins on sales of our products in countries outside of the United States and margins on sales of products that include components obtained from suppliers located outside of the United States.

From time to time, we may use forward contracts and options designated as cash flow hedges to protect against foreign currency exchange rate risks. The effectiveness of our hedges depends on our ability to accurately forecast future cash flows, which is particularly difficult during periods of uncertain demand for our products and services and highly volatile exchange rates. We may incur significant losses from our hedging activities due to factors such as demand volatility and currency variations. In addition, certain or all of our hedging activities may be ineffective, may expire and not be renewed or may not offset any or more than a portion of the adverse financial impact resulting from currency variations. Losses associated with hedging activities also may impact our revenue and to a lesser extent our cost of sales and financial condition.

The revenue and profitability of our operations have historically varied, which makes our future financial results less predictable.

Our revenue, gross margin and profit vary among our diverse products and services, customer groups and geographic markets and therefore will likely be different in future periods than our historical results as a consolidated subsidiary of HP Co. Our revenue depends on the overall demand for our products and services. Delays or reductions in IT spending by our customers or potential customers could have a material adverse effect on demand for our products and services, which could result in a

significant decline in revenue. In addition, revenue declines in some of our businesses, particularly our services businesses, may affect revenue in our other businesses as we may lose cross-selling opportunities. Overall gross margins and profitability in any given period are dependent partially on the product, service, customer and geographic mix reflected in that period's net revenue. Competition, lawsuits, investigations, increases in component and manufacturing costs that we are unable to pass on to our customers, component supply disruptions and other risks affecting those businesses therefore may have a significant impact on our overall gross margin and profitability. Certain segments have a higher fixed cost structure and more variation in gross margins across their business units and product portfolios than others and may therefore experience significant operating profit volatility on a quarterly or annual basis. In addition, newer geographic markets may be relatively less profitable due to our investments associated with entering those markets and local pricing pressures, and we may have difficulty establishing and maintaining the operating infrastructure necessary to support the high growth rate associated with some of those markets. Market trends, industry shifts, competitive pressures, commoditization of products, increased component or shipping costs, regulatory impacts and other factors may result in reductions in revenue or pressure on gross margins of certain segments in a given period, which may lead to adjustments to our operations. Moreover, our efforts to address the challenges facing our business could increase the level of variability in our financial results because the rate at which we are able to realize the benefits from those efforts may vary from period to period. See also the risk factor below entitled "We have no history of operating as an independent company and we expect to incur increased administrative and other costs following the separation by virtue of our status as an independent public company. Our historical financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results."

We depend on third-party suppliers, and our financial results could suffer if we fail to manage our suppliers properly.

Our operations depend on our ability to anticipate our needs for components, products and services, as well as our suppliers' ability to deliver sufficient quantities of quality components, products and services at reasonable prices and in time for us to meet critical schedules for the delivery of our own products and services. Given the wide variety of systems, products and services that we offer, the large number of our suppliers and contract manufacturers that are located around the world, and the long lead times required to manufacture, assemble and deliver certain components and products, problems could arise in production, planning and inventory management that could seriously harm our business. In addition, our ongoing efforts to optimize the efficiency of our supply chain could cause supply disruptions and be more expensive, time-consuming and resource-intensive than expected. Furthermore, certain of our suppliers may decide to discontinue conducting business with us. Other supplier problems that we could face include component shortages, excess supply, risks related to the terms of our contracts with suppliers, risks associated with contingent workers, and risks related to our relationships with single-source suppliers, each of which is described below.

- *Component shortages.* We may experience a shortage of, or a delay in receiving, certain components as a result of strong demand, capacity constraints, supplier financial weaknesses, the inability of suppliers to borrow funds in the credit markets, disputes with suppliers (some of whom are also our customers), disruptions in the operations of component suppliers, other problems experienced by suppliers or problems faced during the transition to new suppliers. If shortages or delays persist, the price of certain components may increase, we may be exposed to quality issues, or the components may not be available at all. We may not be able to secure enough components at reasonable prices or of acceptable quality to build products or provide services in a timely manner in the quantities needed or according to our specifications. Accordingly, our business and financial performance could suffer if we lose time-sensitive sales, incur additional freight costs or are unable to pass on price increases to

our customers. If we cannot adequately address supply issues, we might have to reengineer some product or service offerings, which could result in further costs and delays.

- *Excess supply.* In order to secure components for our products or services, at times we may make advance payments to suppliers or enter into non-cancelable commitments with vendors. In addition, we may purchase components strategically in advance of demand to take advantage of favorable pricing or to address concerns about the availability of future components. If we fail to anticipate customer demand properly, a temporary oversupply could result in excess or obsolete components, which could adversely affect our business and financial performance.
- *Contractual terms.* As a result of binding long-term price or purchase commitments with vendors, we may be obligated to purchase components or services at prices that are higher than those available in the current market and be limited in our ability to respond to changing market conditions. If we commit to purchasing components or services for prices in excess of the then-current market price, we may be at a disadvantage to competitors who have access to components or services at lower prices, our gross margin could suffer, and we could incur additional charges relating to inventory obsolescence. Any of these developments could adversely affect our future results of operations and financial condition.
- *Contingent workers.* We also rely on third-party suppliers for the provision of contingent workers, and our failure to manage our use of such workers effectively could adversely affect our results of operations. We have been exposed to various legal claims relating to the status of contingent workers in the past and could face similar claims in the future. We may be subject to shortages, oversupply or fixed contractual terms relating to contingent workers. Our ability to manage the size of, and costs associated with, the contingent workforce may be subject to additional constraints imposed by local laws.
- *Single-source suppliers.* We obtain a significant number of components from single sources due to technology, availability, price, quality or other considerations. New products that we introduce may utilize custom components obtained from only one source initially until we have evaluated whether there is a need for additional suppliers. Replacing a single-source supplier could delay production of some products as replacement suppliers may be subject to capacity constraints or other output limitations. For some components, such as customized components, alternative sources either may not exist or may be unable to produce the quantities of those components necessary to satisfy our production requirements. In addition, we sometimes purchase components from single-source suppliers under short-term agreements that contain favorable pricing and other terms but that may be unilaterally modified or terminated by the supplier with limited notice and with little or no penalty. The performance of such single-source suppliers under those agreements (and the renewal or extension of those agreements upon similar terms) may affect the quality, quantity and price of our components. The loss of a single-source supplier, the deterioration of our relationship with a single-source supplier or any unilateral modification to the contractual terms under which we are supplied components by a single-source supplier could adversely affect our business and financial performance.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our worldwide operations could be disrupted by earthquakes, telecommunications failures, power or water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics or pandemics and other natural or manmade disasters or catastrophic events, for which we are predominantly self-insured. The occurrence of any of these business disruptions could result in significant losses, seriously harm our revenue, profitability and financial condition, adversely affect our

competitive position, increase our costs and expenses, and require substantial expenditures and recovery time in order to fully resume operations. Our corporate headquarters and a portion of our research and development activities are located in California, and other critical business operations and some of our suppliers are located in California and Asia, near major earthquake faults known for seismic activity. In addition, our principal worldwide IT data centers are located in the southern United States, making our operations more vulnerable to natural disasters or other business disruptions occurring in that geographical area. The manufacture of product components, the final assembly of our products and other critical operations are concentrated in certain geographic locations, including the Czech Republic, Mexico, China and Singapore. We also rely on major logistics hubs, primarily in Asia to manufacture and distribute our products, and primarily in the southwestern United States to import products into the Americas region. Our operations could be adversely affected if manufacturing, logistics or other operations in these locations are disrupted for any reason, including natural disasters, IT system failures, military actions or economic, business, labor, environmental, public health, regulatory or political issues. The ultimate impact on us, our significant suppliers and our general infrastructure of being located near locations more vulnerable to the occurrence of the aforementioned business disruptions, such as near major earthquake faults, and being consolidated in certain geographical areas is unknown and remains uncertain.

Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable.

In some of our segments, our quarterly sales often have reflected a pattern in which a disproportionate percentage of each quarter's total sales occurs towards the end of the quarter. This uneven sales pattern makes predicting revenue, earnings, cash flow from operations and working capital for each financial period difficult, increases the risk of unanticipated variations in our quarterly results and financial condition and places pressure on our inventory management and logistics systems. If predicted demand is substantially greater than orders, there may be excess inventory. Alternatively, if orders substantially exceed predicted demand, we may not be able to fulfill all of the orders received in each quarter and such orders may be cancelled. Depending on when they occur in a quarter, developments such as a systems failure, component pricing movements, component shortages or global logistics disruptions, could adversely impact our inventory levels and results of operations in a manner that is disproportionate to the number of days in the quarter affected.

We experience some seasonal trends in the sale of our products that also may produce variations in our quarterly results and financial condition. For example, sales to governments (particularly sales to the U.S. government) are often stronger in the third calendar quarter, and many customers whose fiscal year is the calendar year spend their remaining capital budget authorizations in the fourth calendar quarter prior to new budget constraints in the first calendar quarter of the following year. European sales are often weaker during the summer months. Typically, our third fiscal quarter is our weakest and our fourth fiscal quarter is our strongest. Many of the factors that create and affect seasonal trends are beyond our control.

Any failure by us to identify, manage and complete acquisitions, divestitures and other significant transactions successfully could harm our financial results, business and prospects.

As part of our business strategy, we may acquire companies or businesses, divest businesses or assets, enter into strategic alliances and joint ventures and make investments to further our business (collectively, "business combination and investment transactions"). For example, in May 2015, we acquired Aruba Networks, Inc., which provides next-generation network access solutions for mobile enterprise. Also in May 2015, we announced a partnership with Tsinghua Holdings Co., Ltd. ("Tsinghua"), the asset management arm of Tsinghua University in China, pursuant to which we will sell to Tsinghua a 51% interest in our wholly owned subsidiary that owns and operates H3C

Technologies and our China-based server, storage and technology services businesses for approximately \$2.3 billion, subject to the terms and conditions of the share purchase agreement among Tsinghua, Tsinghua's subsidiary Unispendour Corporation and our subsidiary H3C Holdings Limited. The transaction with Tsinghua is expected to close during the first quarter of fiscal 2016, subject to regulatory approvals and other closing conditions.

Risks associated with business combination and investment transactions include the following, any of which could adversely affect our revenue, gross margin, profitability and financial results:

- Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations.
- We may not fully realize all of the anticipated benefits of any particular business combination and investment transaction, and the timeframe for realizing the benefits of a particular business combination and investment transaction may depend partially upon the actions of employees, advisors, suppliers, other third parties or market trends.
- Certain previous business combination and investment transactions have resulted, and in the future any such transactions by us may result, in significant costs and expenses, including those related to severance pay, early retirement costs, employee benefit costs, charges from the elimination of duplicative facilities and contracts, inventory adjustments, assumed litigation and other liabilities, legal, accounting and financial advisory fees, and required payments to executive officers and key employees under retention plans.
- Any increased or unexpected costs, unanticipated delays or failure to meet contractual obligations could make business combination and investment transactions less profitable or unprofitable.
- Our ability to conduct due diligence with respect to business combination and investment transactions, and our ability to evaluate the results of such due diligence, is dependent upon the veracity and completeness of statements and disclosures made or actions taken by third parties or their representatives.
- Our due diligence process may fail to identify significant issues with the acquired company's product quality, financial disclosures, accounting practices or internal control deficiencies.
- The pricing and other terms of our contracts for business combination and investment transactions require us to make estimates and assumptions at the time we enter into these contracts, and, during the course of our due diligence, we may not identify all of the factors necessary to estimate accurately our costs, timing and other matters or we may incur costs if a business combination is not consummated.
- In order to complete a business combination and investment transaction, we may issue common stock, potentially creating dilution for our existing stockholders.
- We may borrow to finance business combination and investment transactions, and the amount and terms of any potential future acquisition-related or other borrowings, as well as other factors, could affect our liquidity and financial condition.
- Our effective tax rate on an ongoing basis is uncertain, and business combination and investment transactions could adversely impact our effective tax rate.
- An announced business combination and investment transaction may not close on the expected timeframe or at all, which may cause our financial results to differ from expectations in a given quarter.
- Business combination and investment transactions may lead to litigation, which could impact our financial condition and results of operations.

- If we fail to identify and successfully complete and integrate business combination and investment transactions that further our strategic objectives, we may be required to expend resources to develop products, services and technology internally, which may put us at a competitive disadvantage.

We have incurred and will incur additional depreciation and amortization expense over the useful lives of certain assets acquired in connection with business combination and investment transactions and, to the extent that the value of goodwill or intangible assets acquired in connection with a business combination and investment transaction becomes impaired, we may be required to incur additional material charges relating to the impairment of those assets. For example, for fiscal 2012, we recorded an \$8.0 billion impairment charge relating to the goodwill associated with our enterprise services reporting unit within our Enterprise Services segment. In addition, for fiscal 2012, we recorded an \$8.8 billion impairment charge relating to the goodwill and intangible assets associated with Autonomy. If there are future sustained decreases in our stock price or significant changes in the business climate or results of operations of our reporting units, we may incur additional charges, which may include goodwill impairment or intangible asset charges.

As part of our business strategy, we regularly evaluate the potential disposition of assets and businesses that may no longer help us meet our objectives. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the achievement of our strategic objectives. We may also dispose of a business at a price or on terms that are less desirable than we had anticipated. In addition, we may experience greater dis-synergies than expected, and the impact of the divestiture on our revenue growth may be larger than projected. After reaching an agreement with a buyer or seller for the acquisition or disposition of a business, we are subject to satisfaction of pre-closing conditions as well as to necessary regulatory and governmental approvals on acceptable terms, which, if not satisfied or obtained, may prevent us from completing the transaction. Dispositions may also involve continued financial involvement in the divested business, such as through continuing equity ownership, guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside of our control could affect our future financial results.

Integrating acquisitions may be difficult and time-consuming. Any failure by us to integrate acquired companies, products or services into our overall business in a timely manner could harm our financial results, business and prospects.

In order to pursue our strategy successfully, we must identify candidates for and successfully complete business combination and investment transactions, some of which may be large or complex, and manage post-closing issues such as the integration of acquired businesses, products, services or employees. Integration issues are often time-consuming and expensive and, without proper planning and implementation, could significantly disrupt our business and the acquired business. The challenges involved in integration include:

- successfully combining product and service offerings, including under the single new Hewlett Packard Enterprise brand, and entering or expanding into markets in which we are not experienced or are developing expertise;
- convincing customers and distributors that the transaction will not diminish customer service standards or business focus;
- persuading customers and distributors to not defer purchasing decisions or switch to other suppliers (which could result in our incurring additional obligations in order to address customer uncertainty), minimizing sales force attrition and expanding and coordinating sales, marketing and distribution efforts;

- consolidating and rationalizing corporate IT infrastructure, which may include multiple legacy systems from various acquisitions and integrating software code and business processes;
- minimizing the diversion of management attention from ongoing business concerns;
- persuading employees that business cultures are compatible, maintaining employee morale and retaining key employees, engaging with employee works councils representing an acquired company's non-U.S. employees, integrating employees, correctly estimating employee benefit costs and implementing restructuring programs;
- coordinating and combining administrative, manufacturing, research and development and other operations, subsidiaries, facilities and relationships with third parties in accordance with local laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from supply chain integration; and
- managing integration issues shortly after or pending the completion of other independent transactions.

We may not achieve some or all of the expected benefits of our restructuring plans and our restructuring may adversely affect our business.

We have announced restructuring plans, including the 2012 Plan and the 2015 Plan (each as defined below), in order to realign our cost structure due to the changing nature of our business and to achieve operating efficiencies that we expect to reduce costs. We may not be able to obtain the cost savings and benefits that were initially anticipated in connection with our restructuring. Additionally, as a result of our restructuring, we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods. Reorganization and restructuring can require a significant amount of management and other employees' time and focus, which may divert attention from operating and growing our business. If we fail to achieve some or all of the expected benefits of restructuring, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. For more information about our restructuring plans, including details regarding the 2012 Plan and the 2015 Plan, see Note 3, "Restructuring", to the Combined and Consolidated Financial Statements.

Our financial performance may suffer if we cannot continue to develop, license or enforce the intellectual property rights on which our businesses depend.

We rely upon patent, copyright, trademark, trade secret and other intellectual property laws in the United States, similar laws in other countries, and agreements with our employees, customers, suppliers and other parties, to establish and maintain intellectual property rights in the products and services we sell, provide or otherwise use in our operations. However, any of our intellectual property rights could be challenged, invalidated, infringed or circumvented, or such intellectual property rights may not be sufficient to permit us to take advantage of current market trends or to otherwise provide competitive advantages, either of which could result in costly product redesign efforts, discontinuance of certain product offerings or other harm to our competitive position. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States. Therefore, in certain jurisdictions we may be unable to protect our proprietary technology adequately against unauthorized third-party copying or use; this, too, could adversely affect our ability to sell products or services and our competitive position.

Our products and services depend in part on intellectual property and technology licensed from third parties.

Much of our business and many of our products rely on key technologies developed or licensed by third parties. For example, many of our software offerings are developed using software components or other intellectual property licensed from third parties, including through both proprietary and open source licenses. These third-party software components may become obsolete, defective or incompatible with future versions of our products, or our relationship with the third party may deteriorate, or our agreements with the third party may expire or be terminated. We may face legal or business disputes with licensors that may threaten or lead to the disruption of inbound licensing relationships. In order to remain in compliance with the terms of our licenses, we must carefully monitor and manage our use of third-party software components, including both proprietary and open source license terms that may require the licensing or public disclosure of our intellectual property without compensation or on undesirable terms. Additionally, some of these licenses may not be available to us in the future on terms that are acceptable or that allow our product offerings to remain competitive. Our inability to obtain licenses or rights on favorable terms could have a material effect on our business, including our financial condition and results of operations. In addition, it is possible that as a consequence of a merger or acquisition, third parties may obtain licenses to some of our intellectual property rights or our business may be subject to certain restrictions that were not in place prior to such transaction. Because the availability and cost of licenses from third parties depends upon the willingness of third parties to deal with us on the terms we request, there is a risk that third parties who license to our competitors will either refuse to license us at all, or refuse to license us on terms equally favorable to those granted to our competitors. Consequently, we may lose a competitive advantage with respect to these intellectual property rights or we may be required to enter into costly arrangements in order to terminate or limit these rights.

Third-party claims of intellectual property infringement, including patent infringement, are commonplace in the IT industry and successful third-party claims may limit or disrupt our ability to sell our products and services.

Third parties also may claim that we or customers indemnified by us are infringing upon their intellectual property rights. For example, patent assertion entities may purchase intellectual property assets for the purpose of asserting claims of infringement and attempting to extract settlements from companies such as Hewlett Packard Enterprise and its customers. If we cannot or do not license allegedly infringed intellectual property at all or on reasonable terms, or if we are required to substitute similar technology from another source, our operations could be adversely affected. Even if we believe that intellectual property claims are without merit, they can be time-consuming and costly to defend against and may divert management's attention and resources away from our business. Claims of intellectual property infringement also might require us to redesign affected products, enter into costly settlement or license agreements, pay costly damage awards or face a temporary or permanent injunction prohibiting us from importing, marketing or selling certain of our products. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable or unwilling to uphold its contractual obligations to us.

The allocation of intellectual property rights that was made between Hewlett Packard Enterprise and HP Inc. as part of the separation of the two entities, and the shared use of certain intellectual property rights following the separation, could in the future adversely impact our reputation, our ability to enforce certain intellectual property rights that are important to us and our competitive position.

In connection with the separation, HP Co. allocated to each of Hewlett Packard Enterprise and HP Inc. the intellectual property assets relevant to their respective businesses. The terms of the separation

include cross-licenses and other arrangements to provide for certain ongoing use of intellectual property in the existing operations of both businesses. For example, through a joint brand holding structure, both Hewlett Packard Enterprise and HP Inc. retain the ability to make ongoing use of certain variations of the legacy Hewlett-Packard and HP branding, respectively. As a result of this continuing shared use of the legacy branding there is a risk that conduct or events adversely affecting the reputation of HP Inc. could also adversely affect the reputation of Hewlett Packard Enterprise. In addition, as a result of the allocation of intellectual property as part of the separation, Hewlett Packard Enterprise no longer has ownership of intellectual property allocated to HP Inc. and our resulting intellectual property ownership position could adversely affect our position and options relating to patent enforcement and patent licensing, our ability to sell our products or services and our competitive position in the industry.

Our business and financial performance could suffer if we do not manage the risks associated with our Enterprise Services business properly.

The success of our ES segment is to a significant degree dependent on our ability to retain our significant services clients and maintain or increase the level of revenues from these clients. We may lose clients due to their merger or acquisition, business failure, contract expiration or their selection of a competing service provider or decision to in-source services. In addition, we may not be able to retain or renew relationships with our significant clients. As a result of business downturns or for other business reasons, we are also vulnerable to reduced processing volumes from our clients, which can reduce the scope of services provided and the prices for those services. We may not be able to replace the revenue and earnings from any such lost clients or reductions in services. In addition, our contracts may allow a client to terminate the contract for convenience, and we may not be able to fully recover our investments in such circumstances.

The pricing and other terms of some of our IT service agreements, particularly our long-term IT outsourcing services agreements, require us to make estimates and assumptions at the time we enter into these contracts that could differ from actual results. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside our control, could make these agreements less profitable or unprofitable, which could have an adverse effect on the profit margin of our IT services business.

Some of our IT service agreements require significant investment in the early stages that is expected to be recovered through billings over the life of the agreement. These agreements often involve the construction of new IT systems and communications networks and the development and deployment of new technologies. Substantial performance risk exists in each agreement with these characteristics, and some or all elements of service delivery under these agreements are dependent upon successful completion of the development, construction and deployment phases. Any failure to perform satisfactorily under these agreements may expose us to legal liability, result in the loss of customers and harm our reputation, which could harm the financial performance of our IT services business.

Some of our IT outsourcing services agreements contain pricing provisions that permit a client to request a benchmark study by a mutually acceptable third party. The benchmarking process typically compares the contractual price of our services against the price of similar services offered by other specified providers in a peer comparison group, subject to agreed-upon adjustment and normalization factors. Generally, if the benchmarking study shows that our pricing differs from our peer group outside a specified range, and the difference is not due to the unique requirements of the client, then the parties will negotiate in good faith appropriate adjustments to the pricing. This may result in the reduction of our rates for the benchmarked services performed after the implementation of those pricing adjustments, which could harm the financial performance of our IT services business.

If we do not hire, train, motivate and effectively utilize employees with the right mix of skills and experience in the right geographic regions to meet the needs of our services clients, our financial performance could suffer. For example, if our employee utilization rate is too low, our profitability and the level of engagement of our employees could suffer. If that utilization rate is too high, it could have an adverse effect on employee engagement and attrition and the quality of the work performed, as well as our ability to staff projects. If we are unable to hire and retain a sufficient number of employees with the skills or backgrounds to meet current demand, we might need to redeploy existing personnel, increase our reliance on subcontractors or increase employee compensation levels, all of which could also negatively affect our profitability. In addition, if we have more employees than we need with certain skill sets or in certain geographies, we may incur increased costs as we work to rebalance our supply of skills and resources with client demand in those geographies.

Failure to comply with our customer contracts or government contracting regulations could adversely affect our business and results of operations.

Our contracts with our customers may include unique and specialized performance requirements. In particular, our contracts with federal, state, provincial and local governmental customers are subject to various procurement regulations, contract provisions and other requirements relating to their formation, administration and performance. Any failure by us to comply with the specific provisions in our customer contracts or any violation of government contracting regulations could result in the imposition of various civil and criminal penalties, which may include termination of contracts, forfeiture of profits, suspension of payments and, in the case of our government contracts, fines and suspension from future government contracting. Such failures could also cause reputational damage to our business. In addition, our former parent has in the past been, and we may in the future be, subject to qui tam litigation brought by private individuals on behalf of the government relating to our government contracts, which could include claims for treble damages. Further, any negative publicity related to our customer contracts or any proceedings surrounding them, regardless of its accuracy, may damage our business by affecting our ability to compete for new contracts. If our customer contracts are terminated, if we are suspended or disbarred from government work, or if our ability to compete for new contracts is adversely affected, our financial performance could suffer.

We make estimates and assumptions in connection with the preparation of our Combined Financial Statements and any changes to those estimates and assumptions could adversely affect our results of operations.

In connection with the preparation of our Combined Financial Statements, we use certain estimates and assumptions based on historical experience and other factors. Our most critical accounting estimates are described in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In addition, as discussed in Note 17, “Litigation and Contingencies”, to our Combined and Consolidated Financial Statements, we make certain estimates, including decisions related to provisions for legal proceedings and other contingencies. While we believe that these estimates and assumptions are reasonable under the circumstances, they are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could adversely affect our results of operations.

Unanticipated changes in our tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could affect our financial performance.

We are subject to income and other taxes in the United States and numerous foreign jurisdictions. Our tax liabilities are affected by the amounts we charge in intercompany transactions for inventory, services, licenses, funding and other items. We are subject to ongoing tax audits in various

jurisdictions. Tax authorities may disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters, and may assess additional taxes as a result. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense and therefore could have a material impact on our tax provision, net income and cash flows. In addition, our effective tax rate in the future could be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the discovery of new information in the course of our tax return preparation process. In particular, if circumstances change such that we are unable to indefinitely reinvest our foreign earnings outside the United States, future income tax expense and payments may differ significantly from historical amounts and could materially adversely affect our results of operations. As of October 31, 2015, we had \$27.6 billion of undistributed earnings from non-U.S. operations indefinitely reinvested outside of the United States. See Note 6, "Taxes on Earnings", to our Combined and Consolidated Financial Statements. The carrying value of our deferred tax assets, which are predominantly in the United States, is dependent on our ability to generate future taxable income in the United States. In addition, there are proposals for tax legislation that have been introduced or that are being considered that could have a significant adverse effect on our tax rate, the carrying value of deferred tax assets, or our deferred tax liabilities. Any of these changes could affect our financial performance.

In order to be successful, we must attract, retain, train, motivate, develop and transition key employees, and failure to do so could seriously harm us.

In order to be successful, we must attract, retain, train, motivate, develop and transition qualified executives and other key employees, including those in managerial, technical, development, sales, marketing and IT support positions. Identifying, developing internally or hiring externally, training and retaining qualified executives, engineers, skilled solutions providers in the IT support business and qualified sales representatives are critical to our future, and competition for experienced employees in the IT industry can be intense. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash- and equity-based compensation. Our equity-based incentive awards may contain conditions relating to our stock price performance and our long-term financial performance that make the future value of those awards uncertain. If the anticipated value of such equity-based incentive awards does not materialize, if our equity-based compensation otherwise ceases to be viewed as a valuable benefit, if our total compensation package is not viewed as being competitive, or if we do not obtain the stockholder approval needed to continue granting equity-based incentive awards in the amounts we believe are necessary, our ability to attract, retain, and motivate executives and key employees could be weakened.

Our failure to successfully hire executives and key employees or the loss of any executives and key employees could have a significant impact on our operations. Further, changes in our management team may be disruptive to our business, and any failure to successfully transition and assimilate key new hires or promoted employees could adversely affect our business and results of operations.

System security risks, data protection breaches, cyberattacks and systems integration issues could disrupt our internal operations or IT services provided to customers, and any such disruption could reduce our revenue, increase our expenses, damage our reputation and adversely affect our stock price.

Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system

disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of our products. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including “bugs” and other problems that could unexpectedly interfere with the operation of the system. The costs to us to eliminate or alleviate cyber or other security problems, including bugs, viruses, worms, malicious software programs and other security vulnerabilities, could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions.

We manage and store various proprietary information and sensitive or confidential data relating to our business. In addition, our outsourcing services business routinely processes, stores and transmits large amounts of data for our clients, including sensitive and personally identifiable information. Breaches of our security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us, our clients or our customers, including the potential loss or disclosure of such information or data as a result of fraud, trickery or other forms of deception, could expose us, our customers or the individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our brand and reputation or otherwise harm our business. We also could lose existing or potential customers of outsourcing services or other IT solutions or incur significant expenses in connection with our customers’ system failures or any actual or perceived security vulnerabilities in our products and services. In addition, the cost and operational consequences of implementing further data protection measures could be significant.

Portions of our IT infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time-consuming, disruptive and resource intensive. Such disruptions could adversely impact our ability to fulfill orders and respond to customer requests and interrupt other processes. Delayed sales, lower margins or lost customers resulting from these disruptions could reduce our revenue, increase our expenses, damage our reputation and adversely affect our stock price.

Terrorist acts, conflicts, wars and geopolitical uncertainties may seriously harm our business and revenue, costs and expenses and financial condition and stock price.

Terrorist acts, conflicts or wars (wherever located around the world) may cause damage or disruption to our business, our employees, facilities, partners, suppliers, distributors, resellers or customers or adversely affect our ability to manage logistics, operate our transportation and communication systems or conduct certain other critical business operations. The potential for future attacks, the national and international responses to attacks or perceived threats to national security, and other actual or potential conflicts or wars have created many economic and political uncertainties. In addition, as a major multinational company with headquarters and significant operations located in the United States, actions against or by the United States may impact our business or employees. Although it is impossible to predict the occurrences or consequences of any such events, if they occur, they could result in a decrease in demand for our products, make it difficult or impossible to provide services or deliver products to our customers or to receive components from our suppliers, create delays and inefficiencies in our supply chain and result in the need to impose employee travel restrictions. We are predominantly uninsured for losses and interruptions caused by terrorist acts, conflicts and wars.

Our business is subject to various federal, state, local and foreign laws and regulations that could result in costs or other sanctions that adversely affect our business and results of operations.

We are subject to various federal, state, local and foreign laws and regulations. For example, we are subject to laws and regulations concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites, the content of our products and the recycling, treatment and disposal of our products. In particular, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, their safe use, the energy consumption associated with those products, climate change laws and regulations and product take-back legislation. If we were to violate or become liable under environmental laws or if our products become non-compliant with environmental laws, we could incur substantial costs or face other sanctions, which may include restrictions on our products entering certain jurisdictions. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage, personal injury claims and clean-up costs. Further, liability under some environmental laws relating to contaminated sites can be imposed retroactively, on a joint and several basis, and without any finding of noncompliance or fault. The amount and timing of costs to comply with environmental laws are difficult to predict.

In addition, our business is subject to laws addressing privacy and information security. In particular, we face an increasingly complex regulatory environment in our big data offerings as we adjust to new and future requirements relating to the security of our offerings. If we were to violate or become liable under laws or regulations associated with security, we could incur substantial costs or face other sanctions. Our potential exposure includes fines and civil or criminal sanctions, and third-party claims.

Our stock price has fluctuated and may continue to fluctuate, which may make future prices of our stock difficult to predict.

Hewlett Packard Enterprise's stock price, like that of other technology companies, can be volatile. Some of the factors that could affect our stock price are:

- speculation, coverage or sentiment in the media or the investment community about, or actual changes in, our business, strategic position, market share, organizational structure, operations, financial condition, financial reporting and results, effectiveness of cost-cutting efforts, value or liquidity of our investments, exposure to market volatility, prospects, business combination or investment transactions, future stock price performance, board of directors, executive team, our competitors or our industry in general;
- the announcement of new, planned or contemplated products, services, technological innovations, acquisitions, divestitures or other significant transactions by Hewlett Packard Enterprise or its competitors;
- quarterly increases or decreases in revenue, gross margin, earnings or cash flows, changes in estimates by the investment community or financial outlook provided by Hewlett Packard Enterprise and variations between actual and estimated financial results;
- announcements of actual and anticipated financial results by Hewlett Packard Enterprise's competitors and other companies in the IT industry;
- developments relating to pending investigations, claims and disputes; and
- the timing and amount of share repurchases by Hewlett Packard Enterprise.

General or industry specific market conditions or stock market performance or domestic or international macroeconomic and geopolitical factors unrelated to Hewlett Packard Enterprise's performance also may affect the price of Hewlett Packard Enterprise's stock. For these reasons, investors should not rely on recent or historical trends to predict future stock prices, financial condition, results of operations or cash flows. In addition, as discussed in Note 17, "Litigation and Contingencies", to the Combined and Consolidated Financial Statements, we are involved in several securities class action litigation matters. Additional volatility in the price of our securities could result in the filing of additional securities class action litigation matters, which could result in substantial costs and the diversion of management time and resources.

Failure to maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs and access to capital markets.

We currently maintain investment grade credit ratings with Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings Services. Despite these investment grade credit ratings, any future downgrades could increase the cost of borrowing under any indebtedness we may incur, reduce market capacity for our commercial paper or require the posting of additional collateral under our derivative contracts. Additionally, increased borrowing costs, including those arising from a credit rating downgrade, can potentially reduce the competitiveness of our financing business. There can be no assurance that we will be able to maintain our credit ratings, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to capital markets.

Our debt obligations may adversely affect our business and our ability to meet our obligations and pay dividends.

In addition to our current total carrying debt, we may also incur additional indebtedness in the future. This collective amount of debt could have important adverse consequences to us and our investors, including:

- requiring a substantial portion of our cash flow from operations to make principal and interest payments;
- making it more difficult to satisfy other obligations;
- increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the cash flows available to fund capital expenditures and other corporate purposes and to grow our business;
- limiting our flexibility in planning for, or reacting to, changes in our business and industry; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase our common stock.

To the extent that we incur additional indebtedness, the risks described above could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to service our outstanding debt or to repay our outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to service or refinance our debt.

Certain provisions in our amended and restated certificate of incorporation and amended and restated bylaws, and of Delaware law, may prevent or delay an acquisition of Hewlett Packard Enterprise, which could decrease the trading price of our common stock.

We have provisions in our certificate of incorporation and bylaws, each of which could have the effect of rendering more difficult or discouraging an acquisition of Hewlett Packard Enterprise deemed undesirable by our Board of Directors. These include provisions:

- authorizing blank check preferred stock, which we could issue with voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- specifying that our stockholders may take action only at a duly called annual or special meeting of stockholders and otherwise in accordance with our bylaws and limiting the ability of our stockholders to call special meetings;
- requiring advance notice of proposals by our stockholders for business to be conducted at stockholder meetings and for nominations of candidates for election to our Board of Directors; and
- controlling the procedures for conduct of our Board of Directors and stockholder meetings and election, appointment and removal of our directors.

These provisions, alone or together, could deter or delay hostile takeovers, proxy contests and changes in control or management of Hewlett Packard Enterprise. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control of Hewlett Packard Enterprise could limit the opportunity for our stockholders to receive a premium for their shares of Hewlett Packard Enterprise stock and also could affect the price that some investors are willing to pay for Hewlett Packard Enterprise stock.

Risks Related to the Separation

If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, Hewlett Packard Enterprise and those who received Hewlett Packard Enterprise common stock in the distribution could be subject to significant tax liabilities, and, in certain circumstances, Hewlett Packard Enterprise could be required to indemnify HP Inc. for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

It was a condition to the distribution that our former parent receive (i) a private letter ruling from the U.S. Internal Revenue Service (the “IRS”) and/or one or more opinions from its external tax advisors, regarding certain U.S. federal income tax matters relating to the separation and related transactions, and (ii) opinions of outside counsel regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code. These opinions of outside counsel or other external tax advisors and the IRS private letter ruling were based, among other things, on various facts and assumptions, as well as certain representations, statements and undertakings of HP Co. and Hewlett Packard Enterprise (including those relating to the past and future conduct of HP Co. and Hewlett Packard Enterprise). If, in the future, any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if HP Inc., as successor to HP Co., or

Hewlett Packard Enterprise breach any of their respective covenants contained in any of the separation-related agreements or in the documents relating to the IRS private letter ruling and/or any tax opinion, the IRS private letter ruling and/or any tax opinion may be rendered invalid. Accordingly, notwithstanding HP Co.'s receipt of the IRS private letter ruling and/or opinions of counsel or other external tax advisors, the IRS could determine that the distribution and certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the facts, assumptions, representations, statements or undertakings that were included in the request for the IRS private letter ruling or on which any opinion was based are false or have been violated. In addition, the IRS private letter ruling does not address all of the issues that are relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes, and an opinion of outside counsel or other external tax advisor represents the judgment of such counsel or advisor which is not binding on the IRS or any court. Accordingly, notwithstanding receipt by HP Co. of the IRS private letter ruling and the tax opinions referred to above, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, HP Inc., Hewlett Packard Enterprise and HP Co. stockholders who received Hewlett Packard Enterprise common stock in the distribution could be subject to significant U.S. federal income tax liability.

If the distribution, together with certain related transactions, is found to no longer qualify as a transaction that is generally tax-free under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, HP Inc. would recognize taxable gain as if it has sold the Hewlett Packard Enterprise common stock in a taxable sale for its fair market value and HP Co. stockholders who received shares of Hewlett Packard Enterprise common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Under the tax matters agreement we entered into with HP Inc. in connection with the separation (the "Tax Matters Agreement"), we are generally required to indemnify HP Inc. for any taxes resulting from the separation (and any related costs and other damages) to the extent such amounts resulted from (i) an acquisition of all or a portion of the equity securities or assets of Hewlett Packard Enterprise, whether by merger or otherwise (and regardless of whether we participated in or otherwise facilitated the acquisition), (ii) other actions or failures to act by Hewlett Packard Enterprise or (iii) any of the representations or undertakings of Hewlett Packard Enterprise contained in any of the separation-related agreements or in the documents relating to the IRS private letter ruling and/or any tax opinion being incorrect or violated. Any such indemnity obligations could be material.

In addition we incurred certain tax costs in connection with the separation, including non-U.S. tax costs resulting from separations in multiple non-U.S. jurisdictions that do not legally provide for tax-free separations, which may be material.

We may not be able to engage in desirable strategic or capital-raising transactions following the separation.

To preserve the tax-free treatment of the separation and the distribution for U.S. federal income tax purposes, for the two-year period following the separation, we are prohibited under the tax matters agreement, except in specific circumstances, from: (i) entering into any transaction pursuant to which all or a portion of the shares of our common stock would be acquired, whether by merger or otherwise, (ii) issuing equity securities beyond certain thresholds, (iii) repurchasing shares of our common stock other than in certain open-market transactions, (iv) ceasing to actively conduct certain of our businesses or (v) taking or failing to take any other action that would prevent the distribution and

certain related transactions from qualifying as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. These restrictions may limit for a period of time our ability to pursue certain strategic transactions, equity issuances or repurchases or other transactions that we may believe to be in the best interests of our stockholders or that might increase the value of our business.

We have no history of operating as an independent company and we expect to incur increased administrative and other costs following the separation by virtue of our status as an independent public company. Our historical financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

The historical information about Hewlett Packard Enterprise in this Form 10-K refers to our business as formerly operated by and integrated with our former parent. Our fourth quarter and fiscal year financial information included in this Form 10-K does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the following factors, among others:

- Prior to the separation, our business was operated by our former parent as part of its broader corporate organization, rather than as an independent company. Our former parent or one of its affiliates performed various corporate functions for us such as legal, treasury, accounting, internal auditing, human resources and corporate affairs, and also provided our IT and other corporate infrastructure. Our financial results reflect allocations of corporate expenses from our former parent for such functions and are likely to be less than the expenses we would have incurred had we operated as a separate publicly traded company. Now that the separation is complete, our costs related to such functions previously performed by HP Co. may increase.
- Historically, when we were integrated with the other businesses of our former parent, we shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although we have entered into certain agreements (including a transition services agreement) with HP Inc. in connection with the separation, these arrangements may not fully capture the benefits that we enjoyed as a result of being integrated with our former parent and may result in us paying higher charges than in the past for these services. This could have an adverse effect on our results of operations and financial condition in future periods.
- Generally, our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of our former parent. In connection with the separation, we have entered into certain financing arrangements described under the section entitled “Description of Material Indebtedness” as part of our transition to becoming a standalone company. We may in the future need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements.
- The cost of capital for our business may be higher than our former parent’s cost of capital prior to the separation.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a separate company. For additional information about the past financial performance of our business and the basis of presentation of the historical combined and consolidated financial statements of our business, see “Combined and Consolidated Financial

Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical Combined and Consolidated financial statements and accompanying notes included elsewhere in this Form 10-K.

The Separation and Distribution Agreement that we entered into with our former parent may limit our ability to compete in certain markets and may impose limitations on our recruiting efforts for a period of time following the separation.

The Separation and Distribution Agreement includes non-compete provisions pursuant to which we generally agree to not compete with HP Inc. in certain product and service categories that comprise the HP Inc. business, including personal computers and printers, worldwide for three years from the distribution date. Such restrictions are subject to certain exceptions set forth in the Separation and Distribution Agreement.

In addition, the Separation and Distribution Agreement contains (i) non-solicitation provisions preventing us from soliciting HP Inc. employees to work for us for twelve months from the distribution date and (ii) no-hire provisions preventing us from hiring HP Inc. employees for six months from the distribution date, in each case subject to certain exceptions.

The foregoing restrictions may limit our ability to compete in certain markets and may impose limitations on our recruiting efforts. These factors could materially and adversely affect our business, financial condition and results of operations.

Hewlett Packard Enterprise or HP Inc. may fail to perform under the transition services agreement and other transaction agreements executed as part of the separation, and we may not have necessary systems and services in place when these transaction agreements expire.

In connection with the separation, Hewlett Packard Enterprise and HP Inc. entered into several agreements, including among others a transition services agreement (the “Transition Services Agreement”), the Separation and Distribution Agreement, the Tax Matters Agreement, an employee matters agreement (the “Employee Matters Agreement”), a real estate matters agreement (the “Real Estate Matters Agreement”), a commercial agreement (the “Master Commercial Agreement”) and an IT service agreement (the “Information Technology Service Agreement” or the “IT Service Agreement”). The Transition Services Agreement provides for the performance of certain services by each company for the benefit of the other for a transition period after the separation. The Separation and Distribution Agreement, Tax Matters Agreement, Employee Matters Agreement and Real Estate Matters Agreement determine the allocation of assets and liabilities between the companies following the separation for those respective areas and include any necessary indemnifications related to liabilities and obligations. The Master Commercial Agreement establishes a bilateral relationship between HP Inc. and us for the purchase and sale of commercially available products and services for internal use, incorporation and bundling in OEM products and services, resale to customers and use in the provision of managed services to customers, as well as joint customer pursuits and joint development activities. The IT Service Agreement provides for the performance by one of our subsidiaries of certain application development and maintenance and IT infrastructure services for HP Inc. We rely on HP Inc. to satisfy its performance and payment obligations under these agreements. If HP Inc. is unable to satisfy its obligations under these agreements, including its obligations with respect to the provision of transition services, we could incur operational difficulties or losses that could have a material and adverse effect on our business, financial condition and results of operations.

In addition, if we do not have in place our own systems and services, or if we do not have agreements with other providers of these services in place once certain transition services expire, we may not be able to operate our business effectively and our profitability may decline. We are in the

process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services that HP Inc. provides to us under the Transition Services Agreement. However, we may not be successful in implementing these systems and services or in transitioning from HP Inc.'s systems to our own systems, and may pay more for such systems and services that we pay under the Transition Services Agreement.

The separation may in the future result in disruptions to, and negatively impact our relationships with, our customers and other business partners. In addition, certain contracts that that needed to be assigned from HP Inc. or its affiliates to Hewlett Packard Enterprise in connection with the separation and required the consent of the counterparty to such an assignment have not, as yet, and failure to obtain these consents could increase our expenses or otherwise harm our business and financial performance.

Uncertainty related to the Hewlett Packard Enterprise's position post-separation may lead customers and other parties with which we currently do business or may do business in the future to terminate or attempt to negotiate changes in our existing business relationships, or cause them to consider entering into business relationships with parties other than us. These disruptions could have a material and adverse effect on our businesses, financial condition, results of operations and prospects.

In addition, the Separation and Distribution Agreement provided for the assignment of a number of contracts from HP Inc. or its affiliates to us or our affiliates. A minority of our customer contracts require the contractual counterparty's consent to assignment, a small number of which remain outstanding post-separation. If we are unable to obtain these consents, we may be unable to obtain some of the benefits, assets and contractual commitments that are intended to be allocated to us as part of the separation. If we are unable to obtain these consents, the loss of these contracts could increase our expenses or otherwise reduce our profitability.

Indemnification liabilities to HP Inc. pursuant to the Separation and Distribution Agreement could materially and adversely affect our business, financial condition, results of operations and cash flows.

The Separation and Distribution Agreement provides for, among other things, indemnification obligations generally designed to make us financially responsible for (i) liabilities primarily associated with our business; (ii) our failure to pay, perform or otherwise promptly discharge any such liabilities or contracts, in accordance with their respective terms, whether prior to, at or after the distribution; (iii) any guarantee, indemnification obligation, surety bond or other credit support agreement, arrangement, commitment or understanding by HP Inc. for our benefit, unless related to liabilities primarily associated with the HP Inc. business; (iv) any breach by us of the separation agreement or any of the ancillary agreements or any action by us in contravention of our amended and restated certificate of incorporation or amended and restated bylaws; and (v) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in our registration statement on Form 10 or any other disclosure document that describes the separation or the distribution or Hewlett Packard Enterprise and its subsidiaries or primarily relates to the transactions contemplated by the Separation and Distribution Agreement, subject to certain exceptions. If we are required to indemnify HP Inc. under the circumstances set forth in the Separation and Distribution Agreement, we may be subject to substantial liabilities.

In connection with the separation, HP Inc. has indemnified us for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure us against the full amount of such liabilities, or that HP Inc.'s ability to satisfy its indemnification obligation will not be impaired in the future.

Pursuant to the Separation and Distribution Agreement and certain other agreements we have entered into with HP Inc., HP Inc. has agreed to indemnify Hewlett Packard Enterprise for certain liabilities. However, third parties could also seek to hold us responsible for any of the liabilities that HP Inc. has agreed to retain, and there can be no assurance that the indemnity from HP Inc. will be sufficient to protect us against the full amount of such liabilities, or that HP Inc. will be able to fully satisfy its indemnification obligations. In addition, HP Inc.'s insurers may attempt to deny us coverage for liabilities associated with certain occurrences of indemnified liabilities prior to the separation. Moreover, even if we ultimately succeed in recovering from HP Inc. or such insurance providers any amounts for which we are held liable, we may be temporarily required to bear these losses. Each of these risks could negatively affect our business, financial position, results of operations and cash flows.

We are subject to continuing contingent liabilities as a result of our separation from our former parent.

As a result of the separation from our former parent, there are several significant areas where the liabilities of our former parent have or may become our obligations. For example, under the Code and the related rules and regulations, each corporation that was a member of the consolidated U.S. federal income tax return group of our former parent during a taxable period or portion of a taxable period ending on or before the effective date of the distribution is severally liable for the U.S. federal income tax liability of the consolidated U.S. federal income tax return group of our former parent for that taxable period. Consequently, if HP Inc. is unable to pay the consolidated U.S. federal income tax liability for a pre-separation period, we could be required to pay the amount of such tax, which could be substantial and in excess of the amount allocated to us under the tax matters agreement.

Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and results of operations.

In connection with the separation and distribution, our former parent undertook several corporate reorganization transactions involving its subsidiaries which, along with the separation and distribution, may be subject to federal and state fraudulent conveyance and transfer laws. If, under these laws, a court were to determine that, at the time of the separation and distribution, any entity involved in these reorganization transactions or the separation and distribution:

- was insolvent;
- was rendered insolvent by reason of the separation and distribution;
- had remaining assets constituting unreasonably small capital; or
- intended to incur, or believed it would incur, debts beyond its ability to pay these debts as they matured,

then the court could void the separation and distribution, in whole or in part, as a fraudulent conveyance or transfer. The court could then require our stockholders to return to HP Inc. some or all of the shares of Hewlett Packard Enterprise common stock issued in the distribution, or require HP Inc. or Hewlett Packard Enterprise, as the case may be, to fund liabilities of the other company for the benefit of creditors. The measure of insolvency will vary depending upon the jurisdiction whose law is being applied. Generally, however, an entity would be considered insolvent if the fair value of its assets was less than the amount of its liabilities, or if it incurred debt beyond its ability to repay the debt as it matures.

ITEM 1B. Unresolved Staff Comments.

None.

ITEM 2. Properties.

As of October 31, 2015, we owned or leased approximately 51 million square feet of space worldwide, a summary of which is provided below.

	As of October 31, 2015		
	Owned	Leased	Total
	(Square feet in millions)		
Administration and support	8	21	29
(Percentage)	28%	72%	100%
Core data centers, manufacturing plants, research and development facilities, and warehouse operations	10	7	17
(Percentage)	59%	41%	100%
Total ⁽¹⁾	18	28	46
(Percentage)	39%	61%	100%

⁽¹⁾ Excludes 5 million square feet of vacated space, of which 2 million square feet is leased to third parties.

In connection with the separation, Parent transferred to the Company a total of approximately 51 million square feet of space worldwide. We believe that our existing properties are in good condition and are suitable for the conduct of our business. Because of the interrelation of our business segments, a majority of these segments use substantially all of the properties described above at least in part, and we retain the flexibility to use each of the properties in whole or in part for each of our segments.

Principal Executive Offices

Our principal executive offices, including our global headquarters, are located at 3000 Hanover Street, Palo Alto, California, 94304, United States of America.

Product Development, Services and Manufacturing

The locations of our major product development, manufacturing, data centers, and Hewlett Packard Labs facilities are as follows:

Americas	Europe, Middle East, Africa
Brazil —Sao Paulo	France —Grenoble
Canada —Markham, Mississauga	Germany —Frankfurt
Puerto Rico —Aguadilla	Spain —Barcelona
United States —Alpharetta, Andover, Auburn Hills, Austin, Cincinnati, Charlotte, Colorado Springs, Des Moines, Fort Collins, Hockley, Houston, Palo Alto, Plano, Rancho Cordova, Roseville, Suwanee, Tulsa	United Kingdom —Billingham, Erskine, Norwich, Sunderland
Asia Pacific	Hewlett Packard Labs
India —Bangalore	Israel —Haifa
Japan —Tokyo	United Kingdom —Bristol
Singapore —Singapore	United States —Palo Alto

ITEM 3. Legal Proceedings.

Information with respect to this item may be found in Note 17, “Litigation and Contingencies”, to the Combined and Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

ITEM 4. Mine Safety Disclosures.

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The common stock of Hewlett Packard Enterprise is listed on the New York Stock Exchange ("NYSE") with the ticker symbol "HPE." The high and low market price per share of our common stock as reported by the NYSE for each full quarterly period of fiscal years 2015 and 2014 are not provided as the common stock of Hewlett Packard Enterprise did not begin "regular way" trading on the NYSE until November 2, 2015. There were 70,763 stockholders of record of Hewlett Packard Enterprise common stock as of November 30, 2015. From November 2, 2015 through November 30, 2015, the highest market price paid for Hewlett Packard Enterprise common stock on the NYSE was \$15.17 per share and the lowest market price for Hewlett Packard Enterprise common stock on the NYSE was \$13.12 per share.

On November 11, 2015, the Board of Directors of Hewlett Packard Enterprise authorized a regular quarterly cash dividend for Hewlett Packard Enterprise's common stock. The Board of Directors further authorized a regular quarterly cash dividend for the first quarter of fiscal 2016, payable on January 6, 2016 to holders of record of its outstanding common stock on December 9, 2015, in the amount of \$0.055 per share. The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of our board of directors. Our board of directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our debt, industry practice, legal requirements, regulatory constraints and other factors that our board of directors deems relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will continue to pay a dividend in any future period.

Recent Sales of Unregistered Securities

On February 25, 2015, Hewlett Packard Enterprise issued 1,000 shares of its common stock for the price of \$10 to HP Co. pursuant to Section 4(a)(2) of the Securities Act. Hewlett Packard Enterprise did not register the issuance of the issued shares under the Securities Act because the issuance did not constitute a public offering.

On October 9, 2015 Hewlett Packard Enterprise completed its offering of senior unsecured notes of \$14.6 billion through private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and to certain non-U.S. persons in accordance with Regulation S under the Securities Act. The senior unsecured notes issued by Hewlett Packard Enterprise have not been registered under the Securities Act or any state securities laws.

Issuer Purchases of Equity Securities

On October 13, 2015, the Hewlett Packard Enterprise Board of Directors announced the authorization of a \$3.0 billion share repurchase program. The Company may choose to repurchase shares when sufficient liquidity exists. This program, which does not have a specific expiration date, authorizes repurchases in the open market or in private transactions.

ITEM 6. Selected Financial Data.

The following table presents the selected combined and consolidated financial data, which should be read in conjunction with our combined and consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Form 10-K. The Statements of Earnings data for each of the three fiscal years ended October 31, 2015 and the Balance Sheets data as of October 31, 2015 and 2014 set forth below are derived from our audited Combined and Consolidated Financial Statements included elsewhere in this Form 10-K. The Statements of Earnings data for the fiscal year ended October 31, 2012 and the Balance Sheet data as of October 31, 2013 are derived from our audited Combined Financial Statements that are not included in this Form 10-K. The Statements of Earnings data for the fiscal year ended October 31, 2011 and the Balance Sheets data as of October 31, 2012 and 2011 are derived from our unaudited Combined and Condensed Financial Statements that are not included in this Form 10-K.

The information set forth below is not necessarily indicative of future results of operations and should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the Combined and Consolidated Financial Statements and notes thereto included in Item 8, “Financial Statements and Supplementary Data,” of this Annual Report on Form 10-K, which are incorporated herein by reference, in order to understand further the factors that may affect the comparability of the financial data presented below.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES Selected Financial Data

	For the fiscal years ended October 31				
	2015	2014	2013	2012	2011
In millions, except per share amounts					
Statements of Earnings:					
Net revenue	\$52,107	\$55,123	\$57,371	\$ 61,042	\$62,512
Earnings (loss) from operations ⁽²⁾	\$ 1,523	\$ 2,335	\$ 2,952	\$(14,139)	\$ 6,049
Net earnings (loss) ⁽²⁾	\$ 2,461	\$ 1,648	\$ 2,051	\$(14,761)	\$ 4,119
Net earnings (loss) per share					
Basic	\$ 1.36	\$ 0.91	\$ 1.14	\$ (8.18)	\$ 2.28
Diluted	\$ 1.34	\$ 0.90	\$ 1.12	\$ (8.05)	\$ 2.25
Basic shares outstanding ⁽¹⁾	1,804	1,804	1,804	1,804	1,804
Diluted shares outstanding ⁽¹⁾	1,834	1,834	1,834	1,834	1,834
Balance Sheets:					
At year-end:					
Total assets ⁽³⁾	\$81,270	\$65,071	\$68,775	\$ 71,702	\$91,878
Long-term debt ⁽⁴⁾	\$15,103	\$ 485	\$ 617	\$ 702	\$ 1,966
Total debt ⁽⁴⁾	\$15,794	\$ 1,379	\$ 1,675	\$ 2,923	\$ 3,062

⁽¹⁾ For comparative purposes, the number of shares used to compute basic and diluted net earnings per share as of October 31, 2015 is used for the calculation of net earnings (loss) per share for all periods presented.

- (2) Earnings (loss) from operations and net earnings (loss) include the following items:

	2015	2014	2013	2012	2011
			In millions		
Amortization of intangible assets	\$ 852	\$ 906	\$1,228	\$ 1,641	\$1,469
Impairment of goodwill and intangible assets	—	—	—	16,808	—
Restructuring charges	954	1,471	983	1,756	553
Acquisition and other related charges	89	11	21	35	158
Separation costs	801	—	—	—	—
Defined benefit plan settlement charges	225	—	—	—	—
Impairment of data center assets	136	—	—	—	—
Total charges before taxes	<u>\$3,057</u>	<u>\$2,388</u>	<u>\$2,232</u>	<u>\$20,240</u>	<u>\$2,180</u>
Total charges, net of taxes ⁽⁵⁾	<u>\$1,082</u>	<u>\$1,878</u>	<u>\$1,742</u>	<u>\$18,642</u>	<u>\$1,553</u>

- (3) Total assets increased in fiscal 2015 due to debt issuances and cash transfers from Parent resulting from our separation capitalization plan. Total assets decreased in fiscal 2012 due primarily to goodwill and intangible asset impairment charges associated with the Autonomy reporting unit within the Software segment and a goodwill impairment charge associated with the Enterprise Services segment.
- (4) In fiscal 2015, total debt increased due to issuances resulting from our separation capitalization plan.
- (5) Includes \$1.8 billion of income tax benefits resulting from the release of valuation allowances pertaining to certain U.S. deferred tax assets partially offset by \$486 million of tax charges to record valuation allowances on certain foreign deferred tax assets.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is organized as follows:

- *Overview.* A discussion of our business and overall analysis of financial and other highlights affecting the Company to provide context for the remainder of MD&A. The overview analysis compares fiscal 2015 to fiscal 2014.
- *Critical Accounting Policies and Estimates.* A discussion of accounting policies and estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results.
- *Results of Operations.* An analysis of our financial results comparing fiscal 2015 and fiscal 2014 to the prior year period. A discussion of the results of operations at the combined and consolidated level is followed by a discussion of the results of operations at the segment level.
- *Liquidity and Capital Resources.* An analysis of changes in our cash flows and a discussion of our financial condition and liquidity.
- *Contractual and Other Obligations.* An overview of contractual obligations, retirement and post-retirement benefit plan funding, restructuring plans, uncertain tax positions and off-balance sheet arrangements.

We intend the discussion of our financial condition and results of operations that follows to provide information that will assist the reader in understanding our Combined and Consolidated Financial Statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our Combined and Consolidated Financial Statements. This discussion should be read in conjunction with our Combined and Consolidated Financial Statements and the related notes that appear elsewhere in this document.

On November 1, 2015, HP Inc. (formerly known as "Hewlett-Packard Company" or "HP Co.") spun-off Hewlett Packard Enterprise Company. To effect the spin-off, HP Inc. distributed all of the shares of Hewlett Packard Enterprise Company common stock owned by HP Inc. to its shareholders on November 1, 2015. Holders of HP Inc. common stock received one share of Hewlett Packard Enterprise Company for every share of HP Inc. stock held as of the record date. As a result of the spin-off, we now operate as an independent, publicly traded company.

The following Overview, Results of Operations and Liquidity discussions and analysis compare fiscal 2015 to fiscal 2014 and fiscal 2014 to fiscal 2013, unless otherwise noted. The Capital Resources and Contractual and Other Obligations discussions present information as of October 31, 2015, unless otherwise noted.

For purposes of this MD&A section, we use the terms "Hewlett Packard Enterprise," "HPE," "the Company," "we," "us" and "our" to refer to Hewlett Packard Enterprise Company. References in this MD&A section to "Parent" refer to HP Inc., collectively with its consolidated subsidiaries.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

OVERVIEW

Hewlett Packard Enterprise is a leading global provider of the cutting-edge technology solutions customers need to optimize their traditional IT while helping them build the secure, cloud-enabled, mobile-ready future that is uniquely suited to their needs. Our legacy dates back to a partnership founded in 1939 by William R. Hewlett and David Packard, and we strive every day to uphold and enhance that legacy through our dedication to providing innovative technological solutions to our customers. We are a global company with customers ranging from small- and medium-sized businesses ("SMBs") to large global enterprises.

We organize our business into five segments for financial reporting purposes: the Enterprise Group ("EG"), Enterprise Services ("ES"), Software, Financial Services ("FS") and Corporate Investments. The following provides an overview of our key financial metrics by segment for fiscal 2015 as compared to fiscal 2014:

	<u>HPE Consolidated</u>	<u>Enterprise Group</u>	<u>Enterprise Services</u>	<u>Software</u>	<u>FS</u>	<u>Corporate Investments⁽³⁾</u>
	Dollars in millions, except for per share amounts					
Net revenue ⁽¹⁾	\$52,107	\$27,907	\$19,806	\$3,622	\$3,216	\$ 7
Year-over-year change %	(5.5)%	0.6%	(11.6)%	(7.9)%	(8.1)%	75%
Earnings from operations ⁽²⁾ . . .	\$ 1,523	\$ 3,981	\$ 1,019	\$ 788	\$ 349	\$(542)
Earnings from operations as a % of net revenue	2.9%	14.3%	5.1%	21.8%	10.9%	NM
Year-over-year change percentage points	(1.3)pts	(0.1)pts	1.4pts	(0.3)pts	(0.2)pts	NM
Net earnings	\$ 2,461					
Net earnings per share						
Basic	\$ 1.36					
Diluted	\$ 1.34					

(1) HPE combined and consolidated net revenue excludes intersegment net revenue and other.

(2) Segment earnings from operations exclude corporate and unallocated costs, stock-based compensation expense, amortization of intangible assets, restructuring charges, acquisition and other related charges, separation costs, defined benefit plan settlement charges, impairment of data center assets.

(3) "NM" represents not meaningful.

HPE's combined and consolidated net revenue decreased 5.5% (flat on a constant currency basis) in fiscal 2015 as compared to fiscal 2014. The leading contributors to the net revenue decrease were unfavorable currency impacts and key account runoff and soft demand in Infrastructure Technology Outsourcing ("ITO") in ES. Partially offsetting these decreases was net revenue growth within the EG segment from sales of Industry Standard Servers ("ISS"). Gross margin was 28.7% (\$14.9 billion) and 28.4% (\$15.6 billion) for fiscal 2015 and 2014, respectively. The 0.3 percentage point increase in gross margin was due primarily to service delivery efficiencies and improvements in underperforming contracts in ES. Partially offsetting the gross margin increase was a higher mix of ISS products in EG. We continue to experience gross margin pressures resulting from a competitive pricing environment across our hardware portfolio. Operating margin decreased by 1.3 percentage points in fiscal 2015 due primarily to higher expenses resulting from separation activities, defined benefit plan settlement charges, higher research and development expense and impairment of data center assets, partially offset by the gross margin increase, lower SG&A expenses and lower restructuring charges.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

As of October 31, 2015, cash and cash equivalents and short- and long-term investments were approximately \$10.1 billion, representing an increase of approximately \$7.5 billion from the October 31, 2014 balance of approximately \$2.6 billion. The increase in cash and cash equivalents was due to our capitalization plan which anticipated an allocation of cash from Parent. For fiscal 2015, we generated \$3.7 billion of cash flows from operations, we invested \$3.0 billion in property, plant and equipment, net of proceeds from sales, and we utilized \$2.6 billion to acquire 5 companies, the largest of which was Aruba Networks, Inc. ("Aruba"), and received proceeds of \$140 million from divestitures.

Trends and Uncertainties

We are in the process of addressing many challenges facing our business. One set of challenges relates to dynamic and accelerating market trends, such as the market shift to cloud-related IT infrastructure, software and services, and the growth in software-as-a-service ("SaaS") business models. Certain of our legacy hardware businesses face challenges as customers migrate to cloud-based offerings and reduce their purchases of hardware products. Additionally, our legacy software business derives a large portion of its revenues from upfront license sales, some of which over time can be expected to shift to SaaS. Another set of challenges relates to changes in the competitive landscape. Our major competitors are expanding their product and service offerings with integrated products and solutions, our business-specific competitors are exerting increased competitive pressure in targeted areas and are entering new markets, our emerging competitors are introducing new technologies and business models, and our alliance partners in some businesses are increasingly becoming our competitors in others. A third set of challenges relates to business model changes and our go-to-market execution.

The macroeconomic weakness we have experienced has moderated in some geographic regions but remains an overall challenge. A discussion of some of these challenges at the segment level is set forth below.

- In EG, we are experiencing challenges due to multiple market trends, including the increasing demand for hyperscale computing infrastructure products, the transition to cloud computing and a highly competitive pricing environment. In addition, demand for our Business Critical Systems ("BCS") products continues to weaken as has the overall market for UNIX products. The effect of lower BCS and traditional storage revenue along with a higher mix of ISS density optimized server products and midrange converged storage solutions is impacting support attach opportunities in Technology Services ("TS"). To be successful in overcoming these challenges, we must address business model shifts and go-to-market execution challenges, while continuing to pursue new product innovation that builds on our existing capabilities in areas such as cloud and data center computing, software-defined networking, storage, blade servers and wireless networking.
- In ES, we are facing challenges, including managing the revenue runoff from several large contracts, pressured public sector spending, a competitive pricing environment and market pressures from a mixed economic recovery in Europe, the Middle East and Africa ("EMEA"). We are also experiencing commoditization in the IT infrastructure services market that is placing pressure on traditional ITO pricing and cost structures. There is also an industry-wide shift to highly automated, asset-light delivery of IT infrastructure and applications leading to headcount consolidation. To be successful in addressing these challenges, we must execute on the ES multi-year turnaround plan, which includes a cost reduction initiative to align our costs to our revenue trajectory, a focus on new logo wins and Strategic Enterprise Services

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

("SES") and initiatives to improve execution in sales performance and accountability, contracting practices and pricing.

- In Software, we are facing challenges, including the market shift to SaaS and go-to-market execution challenges. To be successful in addressing these challenges, we must improve our go-to-market execution with multiple product delivery models which better address customer needs and achieve broader integration across our overall product portfolio as we work to capitalize on important market opportunities in cloud, big data and security.

To address these challenges, we continue to pursue innovation with a view towards developing new products and services aligned with market demand, industry trends and the needs of our customers and partners. In addition, we need to continue to improve our operations, with a particular focus on enhancing our end-to-end processes and efficiencies. We also need to continue to optimize our sales coverage models, align our sales incentives with our strategic goals, improve channel execution, strengthen our capabilities in our areas of strategic focus, and develop and capitalize on market opportunities.

For a further discussion of trends, uncertainties and other factors that could impact our operating results, see the section entitled "Risk Factors" in Item 1A, which is incorporated herein by reference.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

General

The Combined and Consolidated Financial Statements of the Company are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, net revenue and expenses, and the disclosure of contingent liabilities. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources. Management has discussed the development, selection and disclosure of these estimates with the Audit Committee of Parent's Board of Directors. Management believes that the accounting estimates employed and the resulting amounts are reasonable; however, actual results may differ from these estimates. Making estimates and judgments about future events is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material impact on our results of operations, financial position and cash flows.

A summary of significant accounting policies is included in Note 1, "Overview and Summary of Significant Accounting Policies", to the Combined and Consolidated Financial Statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. Management believes the following critical accounting policies reflect the significant estimates and assumptions used in the preparation of the Combined and Consolidated Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services are rendered, the sales price or fee is fixed or determinable and collectability is reasonably assured, as well as when other revenue recognition principles are met, including industry-specific revenue recognition guidance.

We enter into contracts to sell our products and services, and while many of our sales agreements contain standard terms and conditions, there are agreements we enter into which contain non-standard terms and conditions. Further, many of our arrangements include multiple elements. As a result, significant contract interpretation may be required to determine the appropriate accounting, including the identification of deliverables considered to be separate units of accounting, the allocation of the transaction price among elements in the arrangement and the timing of revenue recognition for each of those elements.

We recognize revenue for delivered elements as separate units of accounting when the delivered elements have standalone value to the customer. For elements with no standalone value, we recognize revenue consistent with the pattern of the undelivered elements. If the arrangement includes a customer-negotiated refund or return right or other contingency relative to the delivered items and the delivery and performance of the undelivered items is considered probable and substantially within our control, the delivered element constitutes a separate unit of accounting. In arrangements with combined units of accounting, changes in the allocation of the transaction price among elements may impact the timing of revenue recognition for the contract but will not change the total revenue recognized for the contract.

We establish the selling prices used for each deliverable based on vendor-specific objective evidence ("VSOE") of selling price, if available, third-party evidence ("TPE"), if VSOE of selling price is not available, or estimated selling price ("ESP"), if neither VSOE of selling price nor TPE is available. We establish VSOE of selling price using the price charged for a deliverable when sold separately and, in rare instances, using the price established by management having the relevant authority. TPE of selling price is established by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. ESP is established based on management's judgment considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life-cycle. Consideration is also given to market conditions such as competitor pricing strategies and industry technology life-cycles. We may modify or develop new go-to-market practices in the future, which may result in changes in selling prices, impacting both VSOE of selling price and ESP. In most arrangements with multiple elements, the transaction price is allocated to the individual units of accounting at inception of the arrangement based on their relative selling price. However, the aforementioned factors may result in a different allocation of the transaction price to deliverables in multiple element arrangements entered into in future periods. This may change the pattern and timing of revenue recognition for identical arrangements executed in future periods, but will not change the total revenue recognized for any given arrangement.

We reduce revenue for customer and distributor programs and incentive offerings, including price protection, rebates, promotions, other volume-based incentives and expected returns. Future market conditions and product transitions may require us to take actions to increase customer incentive offerings, possibly resulting in an incremental reduction of revenue at the time the incentive is offered.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

For certain incentive programs, we estimate the number of customers expected to redeem the incentive based on historical experience and the specific terms and conditions of the incentive.

For hardware products, we recognize revenue generated from direct sales to end customers and indirect sales to channel partners (including resellers, distributors and value-added solution providers) when the revenue recognition criteria are satisfied. For indirect sales to channel partners, we recognize revenue at the time of delivery when the channel partner has economic substance apart from the Company and the Company has completed its obligations related to the sale.

For the various software products we sell (e.g., big data analytics and applications, application delivery management, enterprise security and IT operations management), we assess whether the software products were sold on a standalone basis or with hardware products. If the software sold with a hardware product is not essential to the functionality of the hardware product and is more-than incidental, we treat it as a software deliverable.

We recognize revenue from the sale of perpetual software licenses at inception of the license term, assuming all revenue recognition criteria have been satisfied. Term-based software license revenue is generally recognized ratably over the term of the license. We use the residual method to allocate revenue to software licenses at inception of the arrangement when VSOE of fair value for all undelivered elements, such as post-contract customer support, exists and all other revenue recognition criteria have been satisfied. Revenue from maintenance and unspecified upgrades or updates provided on a when-and-if-available basis is recognized ratably over the period during which such items are delivered.

For hosting or SaaS arrangements, we recognize revenue as the service is delivered, generally on a straight-line basis, over the contractual period of performance. In hosting arrangements, we consider the rights provided to the customer (e.g. whether the customer has the contractual right to take possession of the software at any time during the hosting period without significant penalty and the feasibility of the customer to operate or contract with another vendor to operate the software) in determining whether the arrangement includes the sale of a software license. In hosting arrangements where software licenses are sold, license revenue is generally recognized according to whether perpetual or term licenses are sold, when all other revenue recognition criteria are satisfied.

We recognize revenue from fixed-price support or maintenance contracts, including extended warranty contracts and software post-contract customer support agreements, ratably over the contract period. For certain fixed-price contracts, such as consulting arrangements, we recognize revenue as work progresses using a proportional performance method. We estimate the total expected labor costs in order to determine the amount of revenue earned to date. We apply a proportional performance method because reasonably dependable estimates of the labor costs applicable to various stages of a contract can be made. On fixed-price contracts for design and build projects (to design, develop and construct software infrastructure and systems), we recognize revenue as work progresses using the percentage-of-completion method. We use the cost-to-cost method to measure progress toward completion as determined by the percentage of costs incurred to date compared to the total estimated costs of the project. Total project costs are subject to revision throughout the life of a fixed-price contract. Provisions for estimated losses on fixed-price contracts are recognized in the period when such losses become known and are recorded as a component of cost of sales. In circumstances when reasonable and reliable cost estimates for a project cannot be made we recognize revenue using the completed contract method.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Outsourcing services revenue is generally recognized in the period when the service is provided and the amount earned is not contingent on the occurrence of any future event. We recognize revenue using an objective measure of output for per unit-priced contracts. Revenue for fixed-price outsourcing contracts with periodic billings is recognized on a straight-line basis if the service is provided evenly over the contract term. Provisions for estimated losses on outsourcing arrangements are recognized in the period when such losses become probable and estimable and are recorded as a component of cost of sales.

Warranty

We accrue the estimated cost of product warranties at the time we recognize revenue. We evaluate our warranty obligations on a product group basis. Our standard product warranty terms generally include post-sales support and repairs or replacement of a product at no additional charge for a specified period of time. While we engage in extensive product quality programs and processes, including actively monitoring and evaluating the quality of our component suppliers, we base our estimated warranty obligation on contractual warranty terms, repair costs, product call rates, average cost per call, current period product shipments and ongoing product failure rates, as well as specific product class failure outside of our baseline experience. Warranty terms generally range from one to five years for parts and labor, depending upon the product. Over the last three fiscal years, the annual warranty expense has averaged approximately 2.4% of annual net product revenue.

Restructuring

We have engaged in restructuring actions which require management to estimate the timing and amount of severance and other employee separation costs for workforce reduction and enhanced early retirement programs, the fair value of assets made redundant or obsolete, and the fair value of lease cancellation and other exit costs. We accrue for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements. For a full description of our restructuring actions, refer to our discussions of restructuring in "Results of Operations" below and in Note 3, "Restructuring", to the Combined and Consolidated Financial Statements.

Retirement and Post-Retirement Benefits

Our pension and other post-retirement benefit costs and obligations depend on various assumptions. Our major assumptions relate primarily to discount rates, mortality rates, expected increases in compensation levels and the expected long-term return on plan assets. The discount rate assumption is based on current investment yields of high-quality fixed-income securities with maturities similar to the expected benefits payment period. Mortality rates help predict the expected life of plan participants and are based on a historical demographic study of the plan. The expected increase in the compensation levels assumption reflects our long-term actual experience and future expectations. The expected long-term return on plan assets is determined based on asset allocations, historical portfolio results, historical asset correlations and management's expected returns for each asset class. In any fiscal year, significant differences may arise between the actual return and the expected long-term return on plan assets. Historically, differences between the actual return and expected long-term return on plan assets have resulted from changes in target or actual asset allocation, short-term performance relative to expected long-term performance, and to a lesser extent, differences between target and

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

actual investment allocations, the timing of benefit payments compared to expectations, and the use of derivatives intended to effect asset allocation changes or hedge certain investment or liability exposures.

Our major assumptions vary by plan, and the weighted-average rates used are set forth in Note 4, "Retirement and Post-Retirement Benefit Plans", to the Combined and Consolidated Financial Statements, which is incorporated herein by reference. The following table provides the impact changes in the weighted-average assumptions of discount rates, the expected increase in compensation levels and the expected long-term return on plan assets would have had on our net periodic benefit cost for fiscal 2015:

	<u>Change in percentage points</u>	<u>Change in Net Periodic Benefit Cost in millions</u>
Assumptions:		
Discount rate	(25)	\$56
Expected increase in compensation levels	25	\$12
Expected long-term return on plan assets	(25)	\$42

Taxes on Earnings

Our operations have historically been included in the tax returns filed by the respective Parent entities of which our businesses are a part. Income tax expense and other income tax related information contained in our Combined and Consolidated Financial Statements are presented on a separate return basis as if we filed our own tax returns. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise for the periods presented. The calculation of our income taxes on a separate return basis requires a considerable amount of judgment and use of both estimates and allocations. For the tax years 2014 and prior, current income tax liabilities related to entities which file jointly with Parent are assumed to be immediately settled with Parent and are relieved through the Parent company investment account and the Net transfers to Parent in the Combined and Consolidated Statements of Cash Flows. As of October 31, 2015, the current income tax liabilities will be settled by Hewlett Packard Enterprise.

We calculate our current and deferred tax provisions based on estimates and assumptions that could differ from the final positions reflected in Parent's income tax returns. We adjust our current and deferred tax provisions based on Parent's income tax returns which are generally filed in the third or fourth quarters of the subsequent fiscal year.

We recognize deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year in which we expect the differences to reverse.

We record a valuation allowance to reduce deferred tax assets to the amount that we are more likely than not to realize. In determining the need for a valuation allowance, we consider future market growth, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which we operate and prudent and feasible tax planning strategies. In the event we were to determine that it is more likely than not that we will be unable to realize all or part of our deferred tax assets in the future,

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we would increase the valuation allowance and recognize a corresponding charge to earnings or other comprehensive income in the period in which we make such a determination. Likewise, if we later determine that we are more likely than not to realize the deferred tax assets, we would reverse the applicable portion of the previously recognized valuation allowance. In order for us to realize our deferred tax assets, we must be able to generate sufficient taxable income in the jurisdictions in which the deferred tax assets are located.

Our effective tax rate includes the impact of certain undistributed foreign earnings for which we have not provided for U.S. federal taxes because we plan to reinvest such earnings indefinitely outside the U.S. We plan distributions of foreign earnings based on projected cash flow needs as well as the working capital and long-term investment requirements of our foreign subsidiaries and our domestic operations. Based on these assumptions, we estimate the amount we expect to indefinitely invest outside the U.S. and the amounts we expect to distribute to the U.S. and provide for the U.S. federal taxes due on amounts expected to be distributed to the U.S. Further, as a result of certain employment actions and capital investments we have undertaken, income from manufacturing activities in certain jurisdictions is subject to reduced tax rates and, in some cases, is wholly exempt from taxes for fiscal years through 2024. Material changes in our estimates of cash, working capital and long-term investment requirements in the various jurisdictions in which we do business could impact how future earnings are repatriated to the U.S., and our related future effective tax rate.

We are subject to income taxes in the U.S. and approximately 105 other countries, and we are subject to routine corporate income tax audits in many of these jurisdictions. We believe that positions taken on our tax returns are fully supported, but tax authorities may challenge these positions, which may not be fully sustained on examination by the relevant tax authorities. Accordingly, our income tax provision includes amounts intended to satisfy assessments that may result from these challenges. Determining the income tax provision for these potential assessments and recording the related effects requires management judgments and estimates. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in our income tax provision and, therefore, could have a material impact on our income tax provision, net income and cash flows. Our accrual for uncertain tax positions is attributable primarily to uncertainties concerning the tax treatment of our international operations, including the allocation of income among different jurisdictions, intercompany transactions and related interest. For a further discussion on taxes on earnings, refer to Note 6, "Taxes on Earnings", to the Combined and Consolidated Financial Statements.

Inventory

We state our inventory at the lower of cost or market on a first-in, first-out basis. We make adjustments to reduce the cost of inventory to its net realizable value at the product group level for estimated excess or obsolescence. Factors influencing these adjustments include changes in demand, technological changes, product life-cycle and development plans, component cost trends, product pricing, physical deterioration and quality issues.

Business Combinations

We allocate the fair value of purchase consideration to the assets acquired, including in-process research and development ("IPR&D"), liabilities assumed, and non-controlling interests in the acquiree generally based on their fair values at the acquisition date. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D

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project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. If an IPR&D project is abandoned, we will record a charge for the value of the related intangible asset to our Combined and Consolidated Statement of Earnings in the period it is abandoned. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and non-controlling interests in the acquiree is recorded as goodwill.

When determining the fair values of assets acquired, liabilities assumed, and non-controlling interests in the acquiree, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of future growth rates and margins, attrition rates, future changes in technology and brand awareness, loyalty and position, and discount rates. Fair value estimates are based on the assumptions management believes a market participant would use in pricing the asset or liability. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition, as additional information about conditions existing at the acquisition date becomes available.

Goodwill

We review goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. We are permitted to conduct a qualitative assessment to determine whether it is necessary to perform a two-step quantitative goodwill impairment test. For our annual goodwill impairment test in the fourth quarter of each fiscal year, we perform a quantitative test for each of our reporting units.

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2015, our reporting units are consistent with the reportable segments identified in Note 2, "Segment Information", to the Combined and Consolidated Financial Statements, except for ES, which includes two reporting units: (1) MphasiS Limited and (2) the remainder of ES. In the first step of the goodwill impairment test, we compare the fair value of each reporting unit to its carrying amount. We estimate the fair value of our reporting units using a weighting of fair values derived most significantly from the income approach and, to a lesser extent, the market approach. Under the income approach, we estimate the fair value of a reporting unit based on the present value of estimated future cash flows. Cash flow projections are based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate used is based on the weighted average cost of capital adjusted for the relevant risk associated with business specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, we estimate the fair value based on market multiples of revenue and earnings derived from comparable publicly traded companies with operating and investment characteristics similar to the reporting unit. We weight the fair value derived from the market approach depending on the level of comparability of these publicly traded companies to the reporting unit. When market comparables are not meaningful or not available, we estimate the fair value of a reporting unit using only the income approach. For the MphasiS Limited reporting unit, we utilized the quoted market price in an active market to estimate fair value. A significant and sustained decline in our stock price could provide evidence of a need to record a goodwill impairment charge.

Estimating the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk adjusted discount rates,

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future economic and market conditions and the determination of appropriate comparable publicly traded companies. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to individual reporting units to determine the carrying amount of each reporting unit.

If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than its carrying amount, then we perform the second step of the goodwill impairment test to measure the amount of impairment loss, if any. In the second step, the reporting unit's assets, including any unrecognized intangible assets, liabilities and non-controlling interests are measured at fair value in a hypothetical analysis to calculate the implied fair value of goodwill for the reporting unit in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than its carrying amount, the difference is recorded as an impairment loss.

Our annual goodwill impairment analysis, which we performed as of the first day of the fourth quarter of fiscal 2015, did not result in any impairment charges. The excess of fair value over carrying amount for our reporting units ranged from 19% to approximately 120% of carrying amounts. The Software reporting unit has the lowest excess of fair value over carrying amount at 19%.

In order to evaluate the sensitivity of the estimated fair value of our reporting units in the goodwill impairment test, we applied a hypothetical 10% decrease to the fair value of each reporting unit. This hypothetical 10% decrease resulted in an excess of fair value over carrying amount for our reporting units ranging from 7% to approximately 100% of the carrying amounts with the Software reporting unit having the lowest excess of fair value over carrying amount of 7%. The fair value of the Software reporting unit is estimated using a weighting of both the income and market approaches. Our Software business is facing multiple challenges including the market shift to SaaS and go-to-market execution challenges. If we are not successful in addressing these challenges, our projected revenue growth rates could decline resulting in a decrease in the fair value of the Software reporting unit. The fair value of the Software reporting unit could also be negatively impacted by declines in market multiples of revenue for comparable publicly traded companies, a higher discount rate driven by higher interest rates, changes in management's business strategy or significant and sustained declines in our stock price following the separation, any of which could result in an indicator of impairment.

Intangible Assets

We review intangible assets with finite lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of our finite-lived intangible assets is assessed based on the estimated undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If the undiscounted future cash flows are less than the carrying amount, the finite-lived intangible assets are considered to be impaired. The amount of the impairment loss, if any, is measured as the difference between the carrying amount of the asset and its fair value. We estimate the fair value of finite-lived intangible assets by using an income approach or, when available and appropriate, using a market approach.

Fair Value of Derivative Instruments

We use derivative instruments to manage a variety of risks, including risks related to foreign currency exchange rates and interest rates. We use forwards, swaps and options to hedge certain

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foreign currency and interest rate exposures. We do not use derivative financial instruments for speculative purposes. At October 31, 2015, the gross notional amount of our derivative portfolio was \$29.5 billion. Assets and liabilities related to derivative instruments are measured at fair value, and were \$819 million and \$192 million, respectively, as of October 31, 2015.

Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The determination of fair value often involves significant judgments about assumptions such as determining an appropriate discount rate that factors in both risk and liquidity premiums, identifying the similarities and differences in market transactions, weighting those differences accordingly and then making the appropriate adjustments to those market transactions to reflect the risks specific to the asset or liability being valued. We generally use industry standard valuation models to measure the fair value of our derivative positions. When prices in active markets are not available for an identical asset or liability, we use industry standard valuation models to measure fair value. Where applicable, these models project future cash flows and discount the future amounts to present value using market based observable inputs, including interest rate curves, Company and counterparty credit risk, foreign currency exchange rates, and forward and spot prices.

For a further discussion of fair value measurements and derivative instruments, refer to Note 11, "Fair Value" and Note 12, "Financial Instruments", respectively, to the Combined and Consolidated Financial Statements.

Loss Contingencies

We are involved in various lawsuits, claims, investigations and proceedings including those consisting of IP, commercial, securities, employment, employee benefits and environmental matters, which arise in the ordinary course of business. We record a liability when we believe that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Significant judgment is required to determine both the probability of having incurred a liability and the estimated amount of the liability. We review these matters at least quarterly and adjust these liabilities to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other updated information and events, pertaining to a particular case. Based on our experience, we believe that any damage amounts claimed in the specific litigation and contingencies matters further discussed in Note 17, "Litigation and Contingencies", to the Combined and Consolidated Financial Statements are not a meaningful indicator of the Company's potential liability. Litigation is inherently unpredictable. However, we believe we have valid defenses with respect to legal matters pending against us. Nevertheless, cash flows or results of operations could be materially affected in any particular period by the resolution of one or more of these contingencies. We believe we have recorded adequate provisions for any such matters and, as of October 31, 2015, it was not reasonably possible that a material loss had been incurred in connection with such matters in excess of the amounts recognized in our financial statements.

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ACCOUNTING PRONOUNCEMENTS

For a summary of recent accounting pronouncements applicable to our Combined and Consolidated financial statements see Note 1, "Overview and Summary of Significant Accounting Policies", to the Combined and Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

RESULTS OF OPERATIONS

Revenue from our international operations has historically represented, and we expect will continue to represent, a majority of our overall net revenue. As a result, our revenue growth has been impacted, and we expect will continue to be impacted, by fluctuations in foreign currency exchange rates. In order to provide a framework for assessing performance excluding the impact of foreign currency fluctuations, we present the year-over-year percentage change in revenue on a constant currency basis, which assumes no change in foreign currency exchange rates from the prior-year period and doesn't adjust for any repricing or demand impacts from changes in foreign currency exchange rates. This information is provided so that revenue can be viewed without the effect of fluctuations in foreign currency exchange rates, which is consistent with how management evaluates our revenue results and trends. This constant currency disclosure is provided in addition to, and not as a substitute for, the year-over-year percentage change in revenue on a GAAP basis. Other companies may calculate and define similarly labeled items differently, which may limit the usefulness of this measure for comparative purposes.

Results of operations in dollars and as a percentage of net revenue were as follows:

	For the fiscal years ended October 31					
	2015		2014		2013	
			Dollars in millions			
Net revenue	\$52,107	100.0%	\$55,123	100.0%	\$57,371	100.0%
Cost of sales	37,168	71.3%	39,486	71.6%	41,630	72.6%
Gross profit	14,939	28.7%	15,637	28.4%	15,741	27.4%
Research and development	2,338	4.5%	2,197	4.0%	1,956	3.4%
Selling, general and administrative	8,025	15.4%	8,717	15.8%	8,601	15.0%
Amortization of intangible assets	852	1.7%	906	1.7%	1,228	2.2%
Restructuring charges	954	1.8%	1,471	2.7%	983	1.7%
Acquisition and other related charges	89	0.2%	11	—	21	—
Separation costs	797	1.5%	—	—	—	—
Defined benefit plan settlement charges	225	0.4%	—	—	—	—
Impairment of data center assets	136	0.3%	—	—	—	—
Earnings from operations	1,523	2.9%	2,335	4.2%	2,952	5.1%
Interest and other, net	(53)	(0.1)%	(91)	(0.1)%	(81)	(0.1)%
Earnings before taxes	1,470	2.8%	2,244	4.1%	2,871	5.0%
Benefit (provision) for taxes	991	1.9%	(596)	(1.1)%	(820)	(1.4)%
Net earnings	\$ 2,461	4.7%	\$ 1,648	3.0%	\$ 2,051	3.6%

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Net Revenue

The components of the weighted net revenue change by segment were as follows:

	For the fiscal years ended October 31	
	2015	2014
	Percentage	Points
Enterprise Services	(4.7)	(3.0)
Software	(0.6)	(0.2)
Financial Services	(0.5)	(0.3)
Corporate Investments	—	—
Enterprise Group	0.3	(0.4)
Total HPE	<u>(5.5)</u>	<u>(3.9)</u>

Fiscal 2015 compared with Fiscal 2014

In fiscal 2015, total HPE net revenue decreased 5.5% (flat on a constant currency basis) as compared with fiscal 2014. U.S. net revenue decreased 3.7% to \$20.1 billion, while net revenue from outside of the U.S. decreased 6.6% to \$32.0 billion.

From a segment perspective, the primary factors contributing to the change in total Company net revenue are summarized as follows:

- ES net revenue decreased due primarily to unfavorable currency impacts, revenue runoff in key accounts and weak growth in new and existing accounts;
- Software net revenue decreased due primarily to unfavorable currency impacts and declines in license revenue;
- FS net revenue decreased due to unfavorable currency impacts led primarily by weakness in the euro, and lower asset management activity primarily in customer buyouts; and
- EG net revenue increased due primarily to growth in ISS and revenue resulting from our acquisition of Aruba in May 2015.

Fiscal 2014 compared with Fiscal 2013

In fiscal 2014, total HPE net revenue decreased 3.9% (decreased 3.7% on a constant currency basis) as compared with fiscal 2013. U.S. net revenue decreased 7.5% to \$20.8 billion, while net revenue from outside of the U.S. decreased 1.6% to \$34.3 billion.

From a segment perspective, the primary factors contributing to the change in total Company net revenue are summarized as follows:

- ES net revenue decreased due primarily to revenue runoff in key accounts, soft demand for Infrastructure Technology Outsourcing, weak growth in new and existing accounts, particularly in EMEA, and contractual price declines;
- EG net revenue decreased due to net revenue decreases in TS, BCS and Storage;

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- FS net revenue decreased due primarily to lower portfolio revenue from lower average portfolio assets and lower asset management activity, primarily in customer buyouts; and
- Software net revenue decreased due to lower net revenue from licenses, support and professional services.

A more detailed discussion of segment revenue is included under "Segment Information" below.

Gross Margin

Fiscal 2015 compared with Fiscal 2014

HPE's gross margin increased by 0.3 percentage points for fiscal year 2015 compared with fiscal 2014. From a segment perspective, the primary factors impacting gross margin performance are summarized as follows:

- ES gross margin increased due primarily to service delivery efficiencies and improving profit performance in under-performing contracts;
- EG gross margin decreased due primarily to a higher revenue mix of ISS products, unfavorable currency impacts and competitive pricing;
- FS gross margin decreased due to unfavorable currency impacts, lower margin in customer buyouts, and lower portfolio margin due to competitive pricing; and
- Software gross margin decreased due to a lower mix of license revenue.

Fiscal 2014 compared with Fiscal 2013

HPE's gross margin increased by 1.0 percentage point for fiscal year 2014 compared with fiscal 2013. From a segment perspective, the primary factors impacting gross margin performance are summarized as follows:

- ES gross margin increased due primarily to our continued focus on service delivery efficiencies and improving profit performance in underperforming contracts;
- Software gross margin increased due to the shift to more profitable contracts and improved workforce utilization in professional services;
- FS gross margin increased due to a higher portfolio margin, primarily from lower bad debt expense, a lower cost of funds and improved margins in remarketing sales; and
- EG gross margin decreased due primarily to the impact of a higher mix of ISS products, a lower mix of BCS products and competitive pricing pressure.

A more detailed discussion of segment gross margins and operating margins is included under "Segment Information" below.

Operating Expenses

Research and Development

R&D expense increased for both compare periods as we make investments in our strategic focus areas of cloud, security, big data and mobility.

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R&D expense increased by 6% in fiscal 2015 due primarily to increases in Networking (due in part to the acquisition of Aruba) and Technology Services in the EG segment and in Hewlett Packard Labs, partially offset by favorable currency impacts.

R&D expense increased 12% in fiscal 2014 as compared to fiscal 2013 with increases across each of our segments.

Selling, General and Administrative

SG&A expense decreased 8% for fiscal 2015 as compared to fiscal 2014 due primarily to favorable currency impacts and declines in go-to-market costs as a result of lower commissions and productivity initiatives. The decrease was partially offset by higher administrative expenses due to expenses in the period from Aruba and indirect separation related activities.

SG&A expense increased 1% in fiscal 2014 as compared to fiscal 2013 due primarily to higher compensation costs and higher selling costs from investments in the areas of cloud, networking and storage, partially offset by a gain from the sale of real estate.

Amortization of Intangible Assets

Amortization expense decreased in fiscal 2015 as compared to fiscal 2014 due primarily to certain intangible assets associated with prior acquisitions reaching the end of their respective amortization periods partially offset by amortization expense from intangible assets resulting from the Aruba acquisition.

Amortization expense decreased in fiscal 2014 due primarily to certain intangible assets associated with prior acquisitions reaching the end of their respective amortization periods.

Restructuring Charges

Restructuring charges decreased in fiscal 2015 as compared to fiscal 2014 due primarily to lower charges from the multi-year restructuring plan initially announced in May 2012 (the "2012 Plan") partially offset by charges from the restructuring plan we announced in September 2015 (the "2015 Plan") which is in connection with our separation from Parent.

Restructuring charges increased in fiscal 2014 as compared to fiscal 2013 due primarily to higher charges in connection with the multi-year restructuring plan initially announced in May 2012 (the "2012 Plan") and from increases to the 2012 Plan announced in fiscal 2014.

Acquisition and Other Related Charges

Acquisition and other related charges increased in fiscal 2015 as compared to fiscal 2014, due primarily to charges resulting from the acquisition of Aruba, including a non-cash inventory fair value adjustment charge.

Separation Costs

Separation costs for fiscal 2015 were primarily related to third-party consulting, contractor fees and other incremental costs.

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Defined Benefit Plan Settlement Charges

Defined benefit plan settlement charges in fiscal 2015 were related to U.S. defined benefit plan settlement expense and net periodic benefit cost resulting from Parent's voluntary lump sum program announced in January 2015.

Impairment of Data Center Assets

Impairment of data center assets in fiscal 2015 resulted from our exit from several ES data centers.

Interest and Other, Net

Interest and other, net expense decreased by \$38 million in fiscal 2015 as compared to fiscal 2014 due to lower interest expense from lower average borrowings and a decrease in miscellaneous other expense.

Interest and other, net expense increased by \$10 million in fiscal 2014. The increase was due primarily to lower gains on sales of investments, partially offset by lower net earnings attributable to non-controlling interests in fiscal 2014.

Provision for Taxes

Our effective tax rates were (67.4)%, 26.6% and 28.6% in fiscal 2015, 2014 and 2013, respectively. Our effective tax rate generally differs from the U.S. federal statutory rate of 35% due to favorable tax rates associated with certain earnings from our operations in lower tax jurisdictions throughout the world. The jurisdictions with favorable tax rates that had the most significant effective tax rate impact in the periods presented were Puerto Rico, Singapore and China. We plan to reinvest certain earnings of these jurisdictions indefinitely outside the U.S. and therefore have not provided for U.S. taxes on those indefinitely reinvested earnings.

In fiscal 2015, we recorded \$1.6 billion of net income tax benefits related to items unique to the year. These amounts primarily included \$1.8 billion of income tax benefits related to a release of valuation allowances pertaining to certain U.S. deferred tax assets, \$447 million of income tax benefits related to restructuring and separation related costs and \$131 million of income tax benefits related to uncertain tax positions, the effects of which were partially offset by \$486 million of tax charges to record valuation allowances on certain foreign deferred tax assets and \$217 million of income tax charges related to state tax impacts of the separation of deferred taxes under the Separate Return Method.

In fiscal 2014, we recorded \$113 million of net income tax benefits related to items unique to the year. These amounts included \$66 million of income tax benefits related to provision to return adjustments and \$35 million of income tax benefits related to state rate changes.

In fiscal 2013, we recorded \$283 million of net income tax charges related to items unique to the year. These amounts included \$231 million of income tax charges for adjustments related to uncertain tax positions and \$54 million related to the settlement of tax audit matters.

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For a reconciliation of our effective tax rate to the U.S. federal statutory rate of 35% and further explanation of our provision for taxes, see Note 6, "Taxes on Earnings", to the Combined and Consolidated Financial Statements.

Segment Information

A description of the products and services for each segment can be found in Note 2, "Segment Information", to the Combined and Consolidated Financial Statements, which is incorporated herein by reference. Future changes to this organizational structure may result in changes to the segments disclosed.

In connection with a strategic review of its software business by Parent prior to our separation, the marketing optimization software product group, a business which was historically managed by us and is included in our Software segment financial information prior to the effective date, was retained by HP Inc. following the separation. The strategic review determined that these software assets no longer aligned with the software business' strategic charter as they were outside the go-to-market focus of selling to IT departments.

Enterprise Group

	For the fiscal years ended October 31		
	2015	2014	2013
	Dollars in millions		
Net revenue	\$27,907	\$27,727	\$27,989
Earnings from operations	\$ 3,981	\$ 4,005	\$ 4,234
Earnings from operations as a % of net revenue	14.3%	14.4%	15.1%

The components of net revenue and the weighted net revenue change by business unit were as follows:

	For the fiscal years ended October 31				
	Net Revenue			Weighted Net Revenue Change Percentage Points	
	2015	2014	2013	2015	2014
	Dollars in millions				
Industry Standard Servers	\$13,412	\$12,472	\$12,100	3.4	1.3
Networking	2,846	2,628	2,525	0.8	0.4
Storage	3,180	3,315	3,474	(0.5)	(0.6)
Business Critical Systems	807	929	1,190	(0.5)	(0.9)
Technology Services	7,662	8,383	8,700	(2.6)	(1.1)
Total Enterprise Group	<u>\$27,907</u>	<u>\$27,727</u>	<u>\$27,989</u>	<u>0.6</u>	<u>(0.9)</u>

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Fiscal 2015 compared with Fiscal 2014

EG net revenue increased 0.6% (increased 6.2% on a constant currency basis) in fiscal 2015. The increase in EG net revenue was due primarily to growth in ISS and from our acquisition of Aruba in May 2015, partially offset primarily by unfavorable currency impacts led by the euro and a net revenue decline in TS. We continue to experience challenges due to market trends, including the transition to cloud computing, as well as product and technology transitions, along with a highly competitive pricing environment.

ISS net revenue increased 8% as a result of higher average unit prices ("AUPs) and unit volume growth. The increase in AUP's was across the server portfolio, primarily driven by higher option attach rates for memory, processors and hard drives and a mix shift to high-end new generation HPE ProLiant servers. The unit volume growth was primarily due to shipment increases in rack and density optimized server products. Networking net revenue increased 8% due primarily to revenue from Aruba, which resulted in higher revenue from wireless local area network ("WLAN") products, the effect of which was partially offset by competitive pricing pressures particularly in the China market. Storage net revenue decreased 4% as a result of a decline in traditional storage products, the effect of which was partially offset by growth in Converged Storage solutions from 3PAR StoreServ products, particularly All-flash arrays, and StoreOnce. BCS net revenue decreased 13% largely as a result of contraction in the overall UNIX market. TS net revenue decreased 9% due primarily to a reduction in support for BCS and traditional storage products along with lower revenue from consulting services, the effects of which were partially offset by growth in HPE Data Center Care and HPE Proactive Care support solutions.

In fiscal 2015, EG earnings from operations as a percentage of net revenue decreased by 0.1 percentage point due to a decrease in gross margin partially offset by a decrease in operating expenses as a percentage of net revenue. The decrease in gross margin was due primarily to a higher revenue mix of ISS products and unfavorable currency impacts and competitive pricing, the effects of which were partially offset by improved cost management, improved pricing in Storage and a higher gross margin contribution in Networking from Aruba. The decrease in operating expenses as a percentage of net revenue was due primarily to favorable currency impacts partially offset by expenses in the period from Aruba.

Fiscal 2014 compared with Fiscal 2013

EG net revenue decreased 0.9% (decreased 0.5% on a constant currency basis) in fiscal 2014. In EG, we continued to experience revenue challenges due to market trends, including the transition to cloud computing, as well as product and technology transitions, along with a highly competitive pricing environment. The decline in EG net revenue was due to net revenue declines in TS, BCS and Storage partially offset by net revenue growth in ISS and Networking.

TS net revenue decreased 4% due primarily to a continued reduction in support for BCS, traditional storage products and lower support in networking services, partially offset by growth in support solutions for Converged Storage solutions and ISS. BCS net revenue decreased 22% as a result of ongoing pressures from the overall UNIX market contraction. Storage net revenue decreased by 5% as we continue to experience multiple challenges including product transitions from traditional storage products which include our tape, storage networking and legacy external disk products, to converged solutions, which include our 3PAR StoreServ, StoreOnce, and StoreVirtual products, other challenges include market weakness in high end converged solutions and sales execution challenges,

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the effects of which were partially offset by revenue growth in our Converged Storage solutions. Networking net revenue increased 4% due to higher switching product revenue as a result of growth in our data center products, partially offset by lower revenue from WLAN products. ISS net revenue increased by 3% due primarily to higher volume and higher average unit prices in rack and blade server products driven by higher option attach rates for memory, processors and hard drives.

EG earnings from operations as a percentage of net revenue decreased by 0.7 percentage points in fiscal 2014 due to a decrease in gross margin coupled with an increase in operating expenses as a percentage of net revenue. The gross margin decline was due primarily to a higher mix of ISS products, a lower mix of BCS products and competitive pricing pressures, partially offset by supply chain cost optimization and improved cost management. The increase in operating expenses as a percentage of net revenue was driven by higher R&D investments, partially offset by continued cost savings associated with our ongoing restructuring efforts.

Enterprise Services

	For the fiscal years ended October 31		
	2015	2014	2013
	Dollars in millions		
Net revenue	\$19,806	\$22,398	\$24,080
Earnings from operations	\$ 1,019	\$ 818	\$ 805
Earnings from operations as a % of net revenue	5.1%	3.7%	3.3%

The components of net revenue and the weighted net revenue change by business unit were as follows:

	For the fiscal years ended October 31				
	Net Revenue			Weighted Net Revenue Change Percentage Points	
	2015	2014	2013	2015	2014
	Dollars in millions				
Infrastructure Technology Outsourcing	\$12,107	\$14,038	\$15,221	(8.6)	(4.9)
Application and Business Services	7,699	8,360	8,859	(3.0)	(2.1)
Total Enterprise Services	<u>\$19,806</u>	<u>\$22,398</u>	<u>\$24,080</u>	<u>(11.6)</u>	<u>(7.0)</u>

Fiscal 2015 compared with Fiscal 2014

ES net revenue decreased 11.6% (decreased 5.7% on a constant currency basis) in fiscal 2015. Performance in ES remained challenged by the impact of several large contracts winding down. The net revenue decrease in ES was due primarily to unfavorable currency impacts, revenue runoff in key accounts and weak growth in new and existing accounts, partially offset by growth in our SES portfolio which includes analytics and data management, security and cloud services. Net revenue in ITO decreased by 14% in fiscal 2015 due to unfavorable currency impacts, revenue runoff in key accounts and weak growth in new and existing accounts, particularly in EMEA in the first half of fiscal 2015, partially offset by growth in SES revenue in the second half of fiscal 2015. Net revenue in Application and Business Services ("ABS") declined by 8% in fiscal 2015, due to unfavorable currency impacts and

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weak growth in new and existing accounts in the first half of fiscal 2015, partially offset by growth in SES revenue in the second half of fiscal 2015.

ES earnings from operations as a percentage of net revenue increased 1.4 percentage points in fiscal 2015. The increase in operating margin was due to an increase in gross margin and a decrease in operating expenses as a percentage of net revenue. Gross margin increased due primarily to service delivery efficiencies and improving profit performance in underperforming contracts. The decrease in operating expenses as a percentage of net revenue was primarily driven by lower field selling costs, which was due to favorable currency impacts and our sales transformation initiatives.

Fiscal 2014 compared with Fiscal 2013

ES net revenue decreased 7.0% (decreased 6.9% on a constant currency basis) in fiscal 2014. Performance in ES remained challenged by the impact of several large contracts winding down and lower public sector spending in EMEA, particularly in the United Kingdom. The net revenue decrease in ES was due primarily to revenue runoff in key accounts, weak growth in new and existing accounts, particularly in EMEA, and contractual price declines. These effects were partially offset by net revenue growth in our SES portfolio, which includes information management and analytics, security and cloud services. Net revenue in ITO decreased by 8% in fiscal 2014 due to revenue runoff in key accounts, weak growth in new and existing accounts, particularly in EMEA, and contractual price declines in ongoing contracts partially offset by growth in cloud and security revenue and favorable currency impacts. Net revenue in ABS decreased by 6% in fiscal 2014, due to revenue runoff in a key account, weak growth in new and existing accounts, particularly in EMEA, and unfavorable currency impacts, partially offset by growth in information management and analytics and cloud revenue.

ES earnings from operations as a percentage of net revenue increased 0.4 percentage points in fiscal 2014. The increase in operating margin was due to an increase in gross margin, partially offset by an increase in operating expenses as a percentage of net revenue. Gross margin increased due primarily to our continued focus on service delivery efficiencies and improving profit performance in underperforming contracts, partially offset by unfavorable impacts from revenue runoff in key accounts and weak growth in new and existing accounts. The increase in operating expenses as a percentage of net revenue was primarily driven by the size of the revenue decline and higher administrative expenses and field selling costs. The increase in administrative expenses was due to the prior year period containing higher bad debt recoveries and insurance recoveries. The increase in selling costs was the result of expanding the sales force coverage as we transition from a reactive sales model to a more proactive approach.

Software

	For the fiscal years ended October 31		
	2015	2014	2013
	Dollars in millions		
Net revenue	\$3,622	\$3,933	\$4,035
Earnings from operations	\$ 788	\$ 871	\$ 889
Earnings from operations as a % of net revenue	21.8%	22.1%	22.0%

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Fiscal 2015 compared with Fiscal 2014

Software net revenue decreased 7.9% (decreased 4.1% on a constant currency basis) in fiscal 2015. Revenue growth in Software is being challenged by the overall market shift to SaaS solutions and related go-to-market sales execution challenges. Additionally, these challenges are impacting growth in license and support revenue. In fiscal 2015, net revenue growth was negatively impacted by foreign currency fluctuations across all regions, led primarily by weakness in the euro and the impact of the transfer of the marketing optimization product group. In fiscal 2015, net revenue from licenses, support, professional services and SaaS decreased by 13%, 5%, 9% and 4%, respectively.

The decrease in license revenue was due primarily to the market shift to SaaS solutions and sales execution challenges and, as a result, we experienced lower revenue in IT operations management. The decrease in support revenue was due primarily to unfavorable currency impacts, past declines in license revenue and lower revenue due to the transfer of the marketing optimization product group to Parent effective at the beginning of the fourth quarter of fiscal 2015, partially offset by growth in revenue for security products. Professional services net revenue decreased due primarily to unfavorable currency impacts, our continued focus on higher-margin engagements and, as a result, we experienced a net revenue decrease in big data solutions, partially offset by net revenue growth in security products. SaaS net revenue decreased due primarily to sales execution challenges, which resulted in lower revenue from big data solutions, partially offset by net revenue growth in IT operations management.

In fiscal 2015, Software earnings from operations as a percentage of net revenue decreased by 0.3 percentage points due to a decrease in gross margin and an increase in operating expenses as a percentage of net revenue. The decrease in gross margin was due primarily to a lower mix of license revenue. The increase in operating expenses as a percentage of net revenue was due to the size of the revenue decline. During the period, operating expense declined due primarily to favorable currency impacts and lower SG&A expenses as a result of lower field selling costs driven by expense management.

Fiscal 2014 compared with Fiscal 2013

Software net revenue decreased 2.5% (decreased 2.4% on a constant currency basis) in fiscal 2014. Revenue growth in Software was challenged by the overall market and customer shift to SaaS solutions, which is impacting growth in license and support revenue. In fiscal 2014, net revenue from licenses, support and professional services decreased by 4%, 2% and 5%, respectively, while SaaS net revenue increased by 5%.

The decrease in license net revenue was due to the market and customer shift to SaaS solutions, which resulted in lower revenue, primarily from IT management products, partially offset by strength in some of our key focus areas of big data analytics and security. The decrease in support net revenue was due to declines in prior period license revenue. Professional services net revenue decreased as we continued our focus on higher margin engagements. These decreases were partially offset by higher SaaS revenue due to improving demand for our SaaS solutions in IT management and security products.

In fiscal 2014, Software earnings from operations as a percentage of net revenue increased by 0.1 percentage point due to an increase in gross margin, partially offset by higher operating expenses as a

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percentage of net revenue. The increase in gross margin was due to the shift to more profitable contracts and improved workforce utilization in professional services. The increase in operating expenses as a percentage of net revenue was due primarily to investments in R&D, partially offset by lower SG&A expenses due to cost savings associated with our ongoing restructuring efforts and improved operational expense management.

Financial Services

	For the fiscal years ended October 31		
	2015	2014	2013
	Dollars in millions		
Net revenue	\$3,216	\$3,498	\$3,629
Earnings from operations	\$ 349	\$ 389	\$ 397
Earnings from operations as a % of net revenue	10.9%	11.1%	10.9%

Fiscal 2015 compared with Fiscal 2014

FS net revenue decreased by 8.1% (decreased 1.5% on a constant currency basis) in fiscal 2015 due primarily to unfavorable currency impacts led by weakness in the euro and lower asset management activity in customer buyouts.

FS earnings from operations as a percentage of net revenue decreased by 0.2 percentage points in fiscal 2015 due primarily to a decrease in gross margin while operating expense as a percentage of net revenue was flat in fiscal 2015 as compared to fiscal 2014. The decrease in gross margin was due to unfavorable currency impacts, lower margins in customer buyouts, and lower portfolio margin due to competitive pricing, the effects of which were partially offset by higher margins from asset recovery services. Operating expense as a percentage of net revenue was flat as a result of lower SG&A expenses due primarily to lower field selling costs the effects of which were offset by size of the revenue decline.

Fiscal 2014 compared with Fiscal 2013

FS net revenue decreased by 3.6% (decreased 3.3% on a constant currency basis) in fiscal 2014 due primarily to lower portfolio revenue from lower average portfolio assets and lower asset management activity, primarily in customer buyouts.

FS earnings from operations as a percentage of net revenue increased by 0.2 percentage points in fiscal 2014. The increase was due primarily to an increase in gross margin, partially offset by an increase in operating expenses as a percentage of net revenue. The increase in gross margin was the result of a higher portfolio margin, primarily from lower bad debt expense and a lower cost of funds and improved margins in remarketing sales. The increase in operating expenses as a percentage of net revenue was due primarily to higher go-to-market investments.

Financing Volume

	For the fiscal years ended October 31		
	2015	2014	2013
	Dollars in millions		
Total financing volume	\$6,504	\$6,425	\$5,603

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New financing originations, which represent the amount of financing provided to customers for equipment and related software and services, including intercompany activity, increased 1.2% in fiscal 2015 and 14.7% in fiscal 2014, respectively. The increase in both fiscal 2015 and 2014 was driven by higher financing associated with Company product sales and related services offerings. The increase in fiscal 2015 was partially offset by unfavorable currency impacts led by weakness in the euro.

Portfolio Assets and Ratios

The FS business model is asset intensive and uses certain internal metrics to measure its performance against other financial services companies, including a segment balance sheet that is derived from our internal management reporting system. The accounting policies used to derive FS amounts are substantially the same as those used by the Company. However, intercompany loans and certain accounts that are reflected in the segment balances are eliminated in our Combined and Consolidated Financial Statements.

The portfolio assets and ratios derived from the segment balance sheet for FS were as follows:

	As of October 31	
	2015	2014
	Dollars in millions	
Financing receivables, gross	\$ 6,655	\$ 6,718
Net equipment under operating leases	2,915	2,792
Capitalized profit on intercompany equipment transactions ⁽¹⁾	853	764
Intercompany leases ⁽¹⁾	1,990	2,002
Gross portfolio assets	12,413	12,276
Allowance for doubtful accounts ⁽²⁾	95	111
Operating lease equipment reserve	58	68
Total reserves	153	179
Net portfolio assets	\$12,260	\$12,097
Reserve coverage	1.2%	1.5%
Debt-to-equity ratio ⁽³⁾	7.0x	7.0x

(1) Intercompany activity is eliminated in consolidation.

(2) Allowance for doubtful accounts for financing receivables includes both the short- and long-term portions.

(3) Debt benefiting FS consists of intercompany equity that is treated as debt for segment reporting purposes, intercompany debt, and borrowing- and funding-related activity associated with FS and its subsidiaries. Debt benefiting FS totaled \$10.7 billion at both October 31, 2015 and October 31, 2014, and was determined by applying an assumed debt-to-equity ratio, which management believes to be comparable to that of other similar financing companies. FS equity at both October 31, 2015 and October 31, 2014 was \$1.5 billion.

At October 31, 2015 and October 31, 2014, FS cash and cash equivalents and short-term investments were \$589 million and \$952 million, respectively.

Net portfolio assets at October 31, 2015 increased 1.3% from October 31, 2014. The increase generally resulted from new financing volume partially offset by portfolio runoff and unfavorable currency impacts.

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FS recorded net bad debt expense and operating lease equipment reserves of \$46 million, \$40 million and \$50 million in fiscal 2015, 2014 and 2013, respectively.

Corporate Investments

	For the fiscal years ended October 31		
	2015	2014	2013
	Dollars in millions		
Net revenue	\$ 7	\$ 4	\$ 8
Loss from operations	\$(542)	\$(341)	\$(222)
Loss from operations as a % of net revenue ⁽¹⁾	NM	NM	NM

(1) "NM" represents not meaningful.

For both fiscal 2015 and 2014, as compared to the prior-year periods, the increase in the loss from operations was due primarily to higher expenses associated with cloud-related incubation activities and Hewlett Packard Labs.

LIQUIDITY AND CAPITAL RESOURCES

We use cash generated by operations as our primary source of liquidity. We believe that internally generated cash flows will be generally sufficient to support our operating businesses, capital expenditures, restructuring activities, remaining separation costs, maturing debt, interest payments, income tax payments and the payment of future stockholder dividends, in addition to any future investments and any future share repurchases. We expect to supplement this short-term liquidity, if necessary, by accessing the capital markets and borrowing under credit facilities made available by various domestic and foreign financial institutions. However, our access to capital markets may be constrained and our cost of borrowing may increase under certain business, market and economic conditions. For example, under the tax matters agreement entered into in connection with the separation, we will generally be prohibited, except in specific circumstances, from issuing equity securities beyond certain thresholds for a two-year period following the separation. Our liquidity is subject to various risks including the risks identified in the section entitled "Risk Factors" in Item 1A and market risks identified in the section entitled "Quantitative and Qualitative Disclosures about Market Risk" in Item 7A, each of which is incorporated herein by reference.

Our cash balances are held in numerous locations throughout the world, with substantially all of those amounts held outside of the U.S. We utilize a variety of planning and financing strategies in an effort to ensure that our worldwide cash is available when and where it is needed. Our cash position is strong and we expect that our cash balances, anticipated cash flow generated from operations and access to capital markets will be sufficient to cover our expected near-term cash outlays.

Amounts held outside of the U.S. are generally utilized to support non-U.S. liquidity needs, although a portion of those amounts may from time to time be subject to short-term intercompany loans into the U.S. Most of the amounts held outside of the U.S. could be repatriated to the U.S. but, under current law, some would be subject to U.S. federal income taxes, less applicable foreign tax credits. Repatriation of some foreign earnings is restricted by local law. Except for foreign earnings that are considered indefinitely reinvested outside of the U.S., we have provided for the U.S. federal tax

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liability on these earnings for financial statement purposes. Repatriation could result in additional income tax payments in future years. Where local restrictions prevent an efficient intercompany transfer of funds, our intent is that cash balances would remain outside of the U.S. and we would meet liquidity needs through ongoing cash flows, external borrowings, or both. We do not expect restrictions or potential taxes incurred on repatriation of amounts held outside of the U.S. to have a material effect on our overall liquidity, financial condition or results of operations.

On October 13, 2015, our Board of Directors announced a \$3.0 billion share repurchase program. The number of shares that we repurchase under the share repurchase program may vary depending on numerous factors, including share price, liquidity and other market conditions, our ongoing capital allocation planning, levels of cash and debt balances, other demands for cash, such as acquisition activity, general economic or business conditions and board and management discretion. Additionally, our share repurchase activity, if any, during any particular period may fluctuate. We may commence, accelerate, suspend, delay or discontinue any share repurchase activity any time, without notice. This program does not have a specific expiration date.

In December 2015, in connection with the Separation and Distribution Agreement, we received a final cash allocation of approximately \$526 million from Parent. The cash allocation would be based on the projected cash requirements of the Company.

Liquidity

Our cash and cash equivalents, total debt and available borrowing resources were as follows:

	As of October 31		
	2015	2014	2013
	In millions		
Cash and cash equivalents	\$ 9,842	\$2,319	\$2,182
Total debt	\$15,794	\$1,379	\$1,675
Available borrowing resources	\$ 6,166	—	—

Our key cash flow metrics were as follows:

	For the fiscal years ended October 31		
	2015	2014	2013
	In millions		
Net cash provided by operating activities	\$ 3,661	\$ 6,911	\$ 8,739
Net cash used in investing activities	(5,413)	(2,974)	(2,227)
Net cash provided by (used in) financing activities	9,275	(3,800)	(6,464)
Net increase in cash and cash equivalents	<u>\$ 7,523</u>	<u>\$ 137</u>	<u>\$ 48</u>

Operating Activities

Net cash provided by operating activities decreased by \$3.3 billion for fiscal 2015 as compared to fiscal 2014 due primarily to the impact from a four day reduction in the cash conversion cycle in fiscal 2015 as compared to fiscal 2014 as compared to a thirteen day reduction in the cash conversion cycle in fiscal 2014 as compared to fiscal 2013, and lower cash from financing receivables. Net cash provided by operating activities decreased by \$1.8 billion for fiscal 2014 as compared to fiscal 2013

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due primarily to higher cash payments for accrued expenses and lower net earnings, partially offset by a reduction in the cash conversion cycle.

Our key working capital metrics were as follows:

	As of October 31		
	2015	2014	2013
Days of sales outstanding in accounts receivable	57	54	58
Days of supply in inventory	21	17	17
Days of purchases outstanding in accounts payable	(55)	(44)	(35)
Cash conversion cycle	<u>23</u>	<u>27</u>	<u>40</u>

Days of sales outstanding in accounts receivable ("DSO") measures the average number of days our receivables are outstanding. DSO is calculated by dividing ending accounts receivable, net of allowance for doubtful accounts, by a 90-day average of net revenue. For fiscal 2015 as compared to the prior-year period the increase in DSO was due to unfavorable payment linearity and longer standard payment terms for Aruba. For fiscal 2014 as compared to the prior-year period, the decrease in DSO was due primarily to improved accounts receivable management and the impact of currency.

Days of supply in inventory ("DOS") measures the average number of days from procurement to sale of our product. DOS is calculated by dividing ending inventory by a 90-day average of cost of goods sold. For fiscal 2015, the increase in DOS was due to higher inventory to support service levels. For fiscal 2014 and 2013, DOS remained generally consistent.

Days of purchases outstanding in accounts payable ("DPO") measures the average number of days our accounts payable balances are outstanding. DPO is calculated by dividing ending accounts payable by a 90-day average of cost of goods sold. For fiscal 2015 as compared to the prior-year period and for fiscal 2014 as compared to the prior-year period, the increase in DPO as compared to the prior-year periods was primarily the result of an extension of payment terms with our suppliers.

The cash conversion cycle is the sum of DSO and DOS less DPO. Items which may cause the cash conversion cycle in a particular period to differ include, but are not limited to, changes in business mix, changes in payment terms, the extent of receivables factoring, seasonal trends and the timing of revenue recognition and inventory purchases within the period.

Investing Activities

Net cash used in investing activities increased by \$2.4 billion for fiscal 2015 as compared to fiscal 2014 due primarily to the acquisition of Aruba. Net cash used in investing activities increased by \$747 million in fiscal 2014 as compared to fiscal 2013 due primarily to higher cash utilization for purchases of property, plant and equipment, net of proceeds from sales.

Financing Activities

Cash flows from financing activities for fiscal 2015, 2014 and 2013 primarily represent Net transfers from (to) Parent and net payments on debt. As cash and the financing of our operations have historically been managed by Parent, the components of Net transfers from (to) Parent include cash

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transfers from us to Parent and payments by Parent to settle our obligations. These transactions are considered to be effectively settled for cash at the time the transaction is recorded.

Capital Resources

Debt Levels

	As of October 31		
	2015	2014	2013
	Dollars in millions		
Short-term debt	\$ 691	\$ 894	\$1,058
Long-term debt	\$15,103	\$ 485	\$ 617
Weighted-average interest rate	3.0%	2.63%	2.51%

We maintain debt levels that we establish through consideration of a number of factors, including cash flow expectations, cash requirements for operations, investment plans (including acquisitions), share repurchase activities, our cost of capital and targeted capital structure.

In connection with our separation capitalization plan, on October 9, 2015 we completed our offering of \$14.6 billion aggregate principal amount of senior notes (the "Notes"). As intended, net proceeds of \$14.5 billion from the senior notes offering were distributed to HP Inc. to redeem or repurchase certain of its outstanding notes and to facilitate the separation of Hewlett Packard Enterprise from HP Inc. For fiscal 2014 and 2013, debt levels reflect only those debt balances which were the legal obligation of the subsidiaries comprising the businesses of the Company. For more information on our borrowings, see Note 13, "Borrowings", to the Combined and Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Our weighted-average interest rate reflects the effective interest rate on our borrowings prevailing during the period and reflects the effect of interest rate swaps. For more information on our interest rate swaps, see Note 11, "Financial Instruments", to the Combined and Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Revolving Credit Facility

On November 1, 2015, the Company entered into a revolving credit facility (the "Credit Agreement"), together with the lenders named therein, JPMorgan Chase Bank, N.A. ("JPMorgan"), as co-administrative agent and administrative processing agent, and Citibank, N.A., as co-administrative agent, providing for a senior, unsecured revolving credit facility with aggregate lending commitments of \$4.0 billion. Loans under the revolving credit facility may be used for general corporate purposes. Commitments under the Credit Agreement are available for a period of five years, which period may be extended, subject to satisfaction of certain conditions, by up to two one-year periods. Commitment fees, interest rates and other terms of borrowing under the credit facility vary based on Hewlett Packard Enterprise's external credit rating.

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Available Borrowing Resources

As of October 31, 2015, we had the following resources available to obtain short- or long-term financing if we need additional liquidity:

	<u>As of October 31, 2015</u>
	<u>In millions</u>
Commercial paper programs	\$4,461
Uncommitted lines of credit	\$1,705

For more information on our available borrowings resources, see Note 13, "Borrowings", to the Combined and Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

CONTRACTUAL AND OTHER OBLIGATIONS

Our contractual and other obligations as of October 31, 2015, were as follows:

		<u>Payments Due by Period</u>			
	<u>Total</u>	<u>1 Year or Less</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>More than 5 Years</u>
		<u>In millions</u>			
Principal payments on long-term debt ⁽¹⁾	\$15,320	\$ 135	\$5,671	\$3,009	\$ 6,505
Interest payments on long-term debt ⁽²⁾	5,008	379	694	759	3,176
Operating lease obligations (net of sublease rental income)	2,423	503	733	477	710
Purchase obligations ⁽³⁾	1,739	477	806	371	85
Capital lease obligations (includes interest)	3	2	1	—	—
Total⁽⁴⁾⁽⁵⁾⁽⁶⁾	<u>\$24,493</u>	<u>\$1,496</u>	<u>\$7,905</u>	<u>\$4,616</u>	<u>\$10,476</u>

(1) Amounts represent the principal cash payments relating to our long-term debt and do not include any fair value adjustments, discounts or premiums.

(2) Amounts represent the expected interest payments relating to our long-term debt. We have outstanding interest rate swap agreements accounted for as fair value hedges that have the economic effect of changing fixed interest rates associated with some of our U.S. Dollar Senior Notes to variable interest rates. The impact of our outstanding interest rate swaps at October 31, 2015 was factored into the calculation of the future interest payments on long-term debt.

(3) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. These purchase obligations are related principally to inventory and other items. Purchase obligations exclude agreements that are cancelable without penalty. Purchase obligations also exclude open purchase orders that are routine arrangements entered into in the ordinary course of business as they are difficult to quantify in a meaningful way. Even though open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust terms based on our business needs prior to the delivery of goods or performance of services.

(4) In fiscal 2016, HPE anticipates making contributions of \$366 million to its non-U.S. pension plans, expects to pay benefits of \$1 million to its U.S. non-qualified pension plan participants and expects to pay claims of \$3 million under its post-retirement benefit plans. Our policy is to fund our pension plans so that we meet at least the minimum contribution requirements, as established by local

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government, funding and taxing authorities. Expected contributions and payments to our pension and post-retirement benefit plans are excluded from the contractual obligations table because they do not represent contractual cash outflows as they are dependent on numerous factors which may result in a wide range of outcomes. For more information on our retirement and post-retirement benefit plans, see Note 4, "Retirement and Post-Retirement Benefit Plans", to the Combined and Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

- (5) We expect future cash payments of approximately \$3.0 billion in connection with our approved restructuring plans which includes \$1.2 billion expected to be paid in fiscal 2016 with the remaining approximately \$1.8 billion of cash payments to be made through fiscal 2021. Payments for restructuring have been excluded from the contractual obligations table, because they do not represent contractual cash outflows and there is uncertainty as to the timing of these payments. For more information on our restructuring activities, see Note 3, "Restructuring", to the Combined and Consolidated Financial Statements in Item 8, which is incorporated herein by reference.
- (6) As of October 31, 2015, we had approximately \$2.5 billion of recorded liabilities and related interest and penalties pertaining to uncertain tax positions. These liabilities and related interest and penalties include \$15 million expected to be paid within one year. For the remaining amount, we are unable to make a reasonable estimate as to when cash settlement with the tax authorities might occur due to the uncertainties related to these tax matters. Payments of these obligations would result from settlements with taxing authorities. For more information on our uncertain tax positions, see Note 6, "Taxes on Earnings", to the Combined and Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

OFF-BALANCE SHEET ARRANGEMENTS

As part of our ongoing business, we have not participated in transactions that generate material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

We have third-party revolving short-term financing arrangements intended to facilitate the working capital requirements of certain customers. For more information on our third-party revolving short-term financing arrangements, see Note 7, "Balance Sheet Details", to the Combined and Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, we are exposed to foreign currency exchange rate and interest rate risks that could impact our financial position and results of operations. Our risk management strategy with respect to these market risks may include the use of derivative financial instruments. We use derivative contracts only to manage existing underlying exposures. Accordingly, we do not use derivative contracts for speculative purposes. Our risks, risk management strategy and a sensitivity analysis estimating the effects of changes in fair value for each of these exposures is outlined below.

Actual gains and losses in the future may differ materially from the sensitivity analyses based on changes in the timing and amount of foreign currency exchange rate and interest rate movements and our actual exposures and derivatives in place at the time of the change, as well as the effectiveness of the derivative to hedge the related exposure.

Foreign currency exchange rate risk

We are exposed to foreign currency exchange rate risk inherent in our sales commitments, anticipated sales, anticipated purchases and assets and liabilities denominated in currencies other than the U.S. dollar. We transact business in approximately 79 currencies worldwide, of which the most significant foreign currencies to our operations for fiscal 2015 were the euro, the British pound, Chinese yuan (renminbi) and the Japanese yen. For most currencies, we are a net receiver of the foreign currency and therefore benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to the foreign currency. Even where we are a net receiver of the foreign currency, a weaker U.S. dollar may adversely affect certain expense figures, if taken alone.

We use a combination of forward contracts and, from time to time, options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in our forecasted net revenue and, to a lesser extent, cost of sales and intercompany loans denominated in currencies other than the U.S. dollar. In addition, when debt is denominated in a foreign currency, we may use swaps to exchange the foreign currency principal and interest obligations for U.S. dollar-denominated amounts to manage the exposure to changes in foreign currency exchange rates. We also use other derivatives not designated as hedging instruments consisting primarily of forward contracts to hedge foreign currency balance sheet exposures. Alternatively, we may choose not to hedge the risk associated with our foreign currency exposures, primarily if such exposure acts as a natural hedge for offsetting amounts denominated in the same currency or if the currency is too difficult or too expensive to hedge.

We have performed sensitivity analyses as of October 31, 2015 and 2014, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of foreign currency exchange rates relative to the U.S. dollar, with all other variables held constant. The analyses cover all of our foreign currency derivative contracts offset by underlying exposures. The foreign currency exchange rates we used in performing the sensitivity analysis were based on market rates in effect at October 31, 2015 and 2014. The sensitivity analyses indicated that a hypothetical 10% adverse movement in foreign currency exchange rates would result in a foreign exchange fair value loss of \$21 million and \$14 million at October 31, 2015 and 2014, respectively.

Interest rate risk

We also are exposed to interest rate risk related to debt we have issued and our investment portfolio and financing receivables. We issue long-term debt in either U.S. dollars or foreign currencies based on market conditions at the time of financing.

We often use interest rate and/or currency swaps to modify the market risk exposures in connection with the debt to achieve U.S. dollar LIBOR-based floating interest expense. The swap

transactions generally involve the exchange of fixed for floating interest payments. However, we may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if we believe a larger proportion of fixed-rate debt would be beneficial.

In order to hedge the fair value of certain fixed-rate investments, we may enter into interest rate swaps that convert fixed interest returns into variable interest returns. We may use cash flow hedges to hedge the variability of LIBOR-based interest income received on certain variable-rate investments. We may also enter into interest rate swaps that convert variable rate interest returns into fixed-rate interest returns.

We have performed sensitivity analyses as of October 31, 2015 and 2014, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of interest rates across the entire yield curve, with all other variables held constant. The analyses cover our debt, investments, financing receivables and interest rate swaps. The analyses use actual or approximate maturities for the debt, investments, financing receivables and interest rate swaps. The discount rates used were based on the market interest rates in effect at October 31, 2015 and 2014. The sensitivity analyses indicated that a hypothetical 10% adverse movement in interest rates would result in a loss in the fair values of our debt, investments and financing receivables, net of interest rate swaps, of \$52 million and \$7 million at October 31, 2015 and 2014, respectively.

ITEM 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Hewlett Packard Enterprise Company

We have audited the accompanying combined and consolidated balance sheets of Hewlett Packard Enterprise Company and subsidiaries (the “Company”) as of October 31, 2015 and 2014, and the related combined and consolidated statements of earnings, comprehensive income, cash flows, and equity for each of the three years in the period ended October 31, 2015. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined and consolidated financial position of Hewlett Packard Enterprise Company and subsidiaries at October 31, 2015 and 2014, and the combined and consolidated results of their operations and their cash flows for each of the three years in the period ended October 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

San Jose, California
December 17, 2015

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Combined and Consolidated Statements of Earnings

	For the fiscal years ended October 31		
	2015	2014	2013
	In millions, except per share amounts		
Net revenue:			
Products	\$19,635	\$19,171	\$19,383
Services	32,111	35,551	37,541
Financing income	361	401	447
Total net revenue	<u>52,107</u>	<u>55,123</u>	<u>57,371</u>
Costs and expenses:			
Cost of products	12,978	12,394	12,360
Cost of services	23,950	26,815	28,958
Financing interest	240	277	312
Research and development	2,338	2,197	1,956
Selling, general and administrative	8,025	8,717	8,601
Amortization of intangible assets	852	906	1,228
Restructuring charges	954	1,471	983
Acquisition and other related charges	89	11	21
Separation costs	797	—	—
Defined benefit plan settlement charges	225	—	—
Impairment of data center assets	136	—	—
Total costs and expenses	<u>50,584</u>	<u>52,788</u>	<u>54,419</u>
Earnings from operations	<u>1,523</u>	<u>2,335</u>	<u>2,952</u>
Interest and other, net	<u>(53)</u>	<u>(91)</u>	<u>(81)</u>
Earnings before taxes	1,470	2,244	2,871
Benefit (provision) for taxes	991	(596)	(820)
Net earnings	<u>\$ 2,461</u>	<u>\$ 1,648</u>	<u>\$ 2,051</u>
Net earnings per share ⁽¹⁾ :			
Basic	<u>\$ 1.36</u>	<u>\$ 0.91</u>	<u>\$ 1.14</u>
Diluted	<u>\$ 1.34</u>	<u>\$ 0.90</u>	<u>\$ 1.12</u>
Number of shares used to compute net earnings per share ⁽¹⁾ :			
Basic	<u>1,804</u>	<u>1,804</u>	<u>1,804</u>
Diluted	<u>1,834</u>	<u>1,834</u>	<u>1,834</u>

⁽¹⁾ 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. The number of shares used to compute basic and diluted net earnings per share ("EPS") for the period ended October 31, 2015 is used for the calculation of net EPS for all periods presented. See Note 16, "Net Earnings Per Share", for further details.

The accompanying notes are an integral part of these Combined and Consolidated Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Combined and Consolidated Statements of Comprehensive Income

	For the fiscal years ended October 31		
	2015	2014	2013
	In millions		
Net earnings	\$ 2,461	\$1,648	\$2,051
Other comprehensive (loss) income before taxes:			
Change in unrealized (losses) gains on available-for-sale securities:			
Unrealized (losses) gains arising during the period	(10)	5	44
Gains reclassified into earnings	—	(1)	(49)
	(10)	4	(5)
Change in unrealized gains (losses) on cash flow hedges:			
Unrealized gains arising during the period	481	111	36
(Gains) losses reclassified into earnings	(480)	60	(53)
	1	171	(17)
Change in unrealized components of defined benefit plans:			
(Losses) gains arising during the period	(382)	(794)	115
Amortization of actuarial loss and prior service benefit	214	82	86
Curtailments, settlements and other	4	18	9
Plans transferred from Parent during the period	(2,607)	—	—
Merged into Parent's Shared plans during the period	—	61	142
	(2,771)	(633)	352
Change in cumulative translation adjustment	(198)	(85)	(150)
Other comprehensive (loss) income before taxes	(2,978)	(543)	180
Benefit (provision) for taxes	211	(10)	(76)
Other comprehensive (loss) income, net of taxes	(2,767)	(553)	104
Comprehensive (loss) income	\$ (306)	\$1,095	\$2,155

The accompanying notes are an integral part of these Combined and Consolidated Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Combined and Consolidated Balance Sheets

	As of October 31	
	2015	2014
	In millions	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,842	\$ 2,319
Accounts receivable	8,538	8,423
Financing receivables	2,918	2,974
Inventory	2,198	1,884
Other current assets	7,677	6,431
Total current assets	31,173	22,031
Property, plant and equipment	9,886	8,520
Long-term financing receivables and other assets	11,020	6,503
Goodwill	27,261	25,960
Intangible assets	1,930	2,057
Total assets	\$81,270	\$65,071
LIABILITIES AND EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	\$ 691	\$ 894
Accounts payable	5,828	4,889
Employee compensation and benefits	2,902	2,737
Taxes on earnings	634	706
Deferred revenue	5,154	5,129
Accrued restructuring	628	711
Other accrued liabilities	6,314	4,694
Total current liabilities	22,151	19,760
Long-term debt	15,103	485
Other liabilities	10,098	7,654
Commitments and contingencies		
Equity:		
Parent company investment	38,550	39,024
Retained earnings	—	—
Accumulated other comprehensive loss	(5,015)	(2,248)
Equity attributable to the Company	33,535	36,776
Non-controlling interests	383	396
Total equity	33,918	37,172
Total liabilities and equity	\$81,270	\$65,071

The accompanying notes are an integral part of these Combined and Consolidated Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Combined and Consolidated Statements of Cash Flows

	For the fiscal years ended October 31		
	2015	2014	2013
	In millions		
Cash flows from operating activities:			
Net earnings	\$ 2,461	\$ 1,648	\$ 2,051
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	3,947	4,144	4,396
Stock-based compensation expense	565	427	374
Provision for doubtful accounts	52	80	81
Provision for inventory	155	125	161
Restructuring charges	954	1,471	983
Deferred taxes on earnings	(2,522)	(304)	(248)
Excess tax benefit from stock-based compensation	(100)	(44)	(1)
Other, net	376	11	325
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	9	986	580
Financing receivables	(393)	428	478
Inventory	(424)	69	(251)
Accounts payable	868	611	472
Taxes on earnings	956	404	532
Restructuring	(1,021)	(1,239)	(733)
Other assets and liabilities	(2,222)	(1,906)	(461)
Net cash provided by operating activities	3,661	6,911	8,739
Cash flows from investing activities:			
Investment in property, plant and equipment	(3,344)	(3,620)	(2,497)
Proceeds from sale of property, plant and equipment	380	606	370
Purchases of available-for-sale securities and other investments	(243)	(940)	(938)
Maturities and sales of available-for-sale securities and other investments	298	1,023	1,005
Payments made in connection with business acquisitions, net of cash acquired	(2,644)	(49)	(167)
Proceeds from business divestitures, net	140	6	—
Net cash used in investing activities	(5,413)	(2,974)	(2,227)
Cash flows from financing activities:			
Short-term borrowings with original maturities less than 90 days, net	(39)	18	(121)
Issuance of debt	866	852	1,083
Payment of debt	(1,077)	(1,135)	(2,200)
Net transfers from (to) Parent	9,440	(3,542)	(5,196)
Issuance of Senior Notes relating to separation	14,546	—	—
Distribution of net proceeds of Senior Notes relating to separation to Parent	(14,529)	—	—
Cash dividends paid to non-controlling interests	(32)	(37)	(31)
Excess tax benefit from stock-based compensation	100	44	1
Net cash provided by (used in) financing activities	9,275	(3,800)	(6,464)
Increase in cash and cash equivalents	7,523	137	48
Cash and cash equivalents at beginning of period	2,319	2,182	2,134
Cash and cash equivalents at end of period	\$ 9,842	\$ 2,319	\$ 2,182
Supplemental cash flow disclosures:			
Income taxes paid, net of refunds	\$ 192	\$ 302	\$ 354
Interest expense paid	\$ 291	\$ 357	\$ 374
Supplemental schedule of non-cash investing and financing activities:			
Net transfers of property, plant and equipment from Parent	\$ 1,788	\$ —	\$ —

The accompanying notes are an integral part of these Combined and Consolidated Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Combined and Consolidated Statements of Equity

	Parent Company Investment	Accumulated Other Comprehensive Loss	Equity Attributable to the Company	Non- controlling Interests	Total Equity
			In millions		
Balance at October 31, 2012	\$ 40,971	\$(1,799)	\$ 39,172	\$397	\$ 39,569
Net earnings	2,051		2,051		2,051
Other comprehensive income		104	104		104
Comprehensive income			2,155		2,155
Net transfers to Parent	(3,339)		(3,339)		(3,339)
Changes in non-controlling interests				(10)	(10)
Balance at October 31, 2013	39,683	(1,695)	37,988	387	38,375
Net earnings	1,648		1,648		1,648
Other comprehensive loss		(553)	(553)		(553)
Comprehensive income			1,095		1,095
Net transfers to Parent	(2,307)		(2,307)		(2,307)
Changes in non-controlling interests				9	9
Balance at October 31, 2014	39,024	(2,248)	36,776	396	37,172
Net earnings	2,461		2,461		2,461
Other comprehensive loss		(2,767)	(2,767)		(2,767)
Comprehensive income			(306)		(306)
Net transfers from Parent	11,594		11,594		11,594
Distribution of net proceeds of Senior Notes to Parent	(14,529)		(14,529)		(14,529)
Changes in non-controlling interests				(13)	(13)
Balance at October 31, 2015	<u>\$ 38,550</u>	<u>\$(5,015)</u>	<u>\$ 33,535</u>	<u>\$383</u>	<u>\$ 33,918</u>

The accompanying notes are an integral part of these Combined and Consolidated Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Notes to Combined and Consolidated Financial Statements

Note 1: Overview and Summary of Significant Accounting Policies

Background

Hewlett Packard Enterprise Company (“we”, “us”, “our”, “Hewlett Packard Enterprise”, “HPE” or “the Company”) is a leading global provider of the cutting-edge technology solutions customers need to optimize their traditional information technology (“IT”) while helping them build the secure, cloud-enabled, mobile-ready future that is uniquely suited to their needs. Our customers range from small- and medium-sized businesses (“SMBs”) to large global enterprises.

On October 8, 2015, Hewlett Packard Enterprise’s Registration Statement on Form 10, as amended, was declared effective by the U.S. Securities and Exchange Commission (“SEC”). On November 1, 2015, the Company became an independent publicly-traded company through a pro rata distribution by HP Inc. (“Parent” or “HPI”), formerly known as Hewlett-Packard Company (“HP Co.”), of 100% of the outstanding shares of Hewlett Packard Enterprise Company to HP Inc.’s stockholders. Each HP Inc. stockholder of record received one share of Hewlett Packard Enterprise common stock for each share of HP Inc. common stock held on the record date. Approximately 1.8 billion shares of Hewlett Packard Enterprise common stock were distributed on November 1, 2015 to HP Inc. stockholders. In connection with the separation, Hewlett Packard Enterprise’s common stock began trading “regular-way” under the ticker symbol “HPE” on the New York Stock Exchange on November 2, 2015.

Basis of Presentation

Prior to October 31, 2015, the combined financials statements were derived from the Consolidated Financial Statements and accounting records of Parent as if it were operated on a standalone basis during the periods presented. On October 31, 2015, the combined and consolidated financial statements included the accounts of the Company and its wholly-owned subsidiaries in accordance with the separation agreement for the transfer of assets and liabilities from Parent to the Company. These Combined and Consolidated Financial Statements of the Company were prepared in connection with the separation and in accordance with U.S. generally accepted accounting principles (“GAAP”).

The Combined and Consolidated Statements of Earnings and Comprehensive Income of the Company reflect allocations of general corporate expenses from Parent including, but not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenue, expenses, headcount or other relevant measures. Management of the Company and Parent consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expense the Company would have incurred as a standalone company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

The Combined and Consolidated Balance Sheet of the Company as of October 31, 2014 included Parent assets and liabilities that were specifically identifiable or otherwise attributable to the Company, including subsidiaries and affiliates in which Parent had a controlling financial interest or was the primary beneficiary. Parent’s cash had not been assigned to the Company for any of the periods

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

presented because those cash balances are not directly attributable to the Company. The Company reflected transfers of cash to and from Parent's cash management system as a component of Parent company investment on the Combined and Consolidated Balance Sheets. Parent's long-term debt had not been attributed to the Company for any of the periods presented because Parent's borrowings were not the legal obligation of the Company. As of October 31, 2015, substantially all of the assets and liabilities and operations were transferred from Parent to the Company and the Combined and Consolidated Balance Sheet of the Company included the accounts of the Company and its wholly-owned subsidiaries. Additionally, subsequent to the separation, the Company received a final cash allocation from HP Inc. and accrued certain general cross-indemnifications liabilities. See Note 14, "Related Party Transactions and Parent Company investment", and Note 18, "Guarantees, Indemnifications and Warranties", for a full description of these items.

Parent maintained various benefit and stock-based compensation plans at a corporate level and other benefit plans at a subsidiary level. The Company's employees participated in those programs and a portion of the cost of those plans was included in the Company's Combined and Consolidated Financial Statements. However, the Company's Combined Balance Sheet at October 31, 2014 did not include any net benefit plan obligations unless the benefit plan only included active, retired and other former Company employees or any equity related to stock-based compensation plans. See Note 4, "Retirement and Post-Retirement Benefit Plans", and Note 5, "Stock-based Compensation", for a further description.

As of November 1, 2015, in connection with the separation and distribution, Parent's investment in the Company's business was redesignated as stockholders' equity and allocated between common stock and additional paid-in capital based on the number of shares of the Company's common stock outstanding at the distribution date.

Principles of Combination and Consolidation

The Combined and Consolidated Financial Statements include the Company's net assets and results of operations as described above. All intercompany transactions and accounts within the combined and consolidated businesses of the Company have been eliminated.

Intercompany transactions between the Company and Parent are considered to be effectively settled in the Combined and Consolidated Financial Statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Combined and Consolidated Statements of Cash Flows within financing activities and in the Combined and Consolidated Balance Sheets within Parent company investment.

The Company accounts for investments in companies over which it has the ability to exercise significant influence but does not hold a controlling interest under the equity method, and the Company records its proportionate share of income or losses in Interest and other, net in the Combined and Consolidated Statements of Earnings.

Non-controlling interests are presented as a separate component within Equity in the Combined and Consolidated Balance Sheets. Net earnings attributable to the non-controlling interests are recorded within Interest and other, net in the Combined and Consolidated Statements of Earnings and are not presented separately as they were not material for any period presented.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Company's Combined and Consolidated Financial Statements and accompanying notes. Actual results could differ materially from those estimates.

Foreign Currency Translation

The Company predominately uses the U.S. dollar as its functional currency. Assets and liabilities denominated in non-U.S. dollars are remeasured into U.S. dollars at current exchange rates for monetary assets and liabilities and at historical exchange rates for nonmonetary assets and liabilities. Net revenue, costs and expenses denominated in non-U.S. dollars are recorded in U.S. dollars at the average rates of exchange prevailing during the period. The Company includes gains or losses from foreign currency remeasurement in Interest and other, net in the Combined and Consolidated Statements of Earnings and gains and losses from cash flow hedges in Net revenue as the hedged revenue is recognized. Certain non-U.S. subsidiaries designate the local currency as their functional currency, and the Company records the translation of their assets and liabilities into U.S. dollars at the balance sheet date as translation adjustments and includes them as a component of Accumulated other comprehensive loss in the Combined and Consolidated Balance Sheets. The effect of foreign currency exchange rates on cash and cash equivalents was not material for any of the fiscal years presented.

Parent Company Investment

Parent company investment in the Combined and Consolidated Balance Sheets and Statements of Equity represents Parent's historical investment in the Company, the net effect of transactions with and allocations from Parent and the Company's accumulated earnings. See Note 14, "Related Party Transactions and Parent Company Investment", for further information about transactions between the Company and Parent.

Revenue Recognition

General

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services are rendered, the sales price or fee is fixed or determinable, and collectability is reasonably assured. Additionally, the Company recognizes hardware revenue on sales to channel partners, including resellers, distributors or value-added solution providers at the time of delivery when the channel partners have economic substance apart from the Company, and the Company has completed its obligations related to the sale. The Company generally recognizes revenue for its standalone software sales to channel partners on receipt of evidence that the software has been sold to a specific end user. The Company limits the amount of revenue recognized for delivered elements to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified refund or return rights.

The Company reduces revenue for customer and distributor programs and incentive offerings, including price protection, rebates, promotions, other volume-based incentives and expected returns,

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

at the later of the date of revenue recognition or the date the sales incentive is offered. Future market conditions and product transitions may require the Company to take actions to increase customer incentive offerings, possibly resulting in an incremental reduction of revenue at the time the incentive is offered. For certain incentive programs, the Company estimates the number of customers expected to redeem the incentive based on historical experience and the specific terms and conditions of the incentive.

In instances when revenue is derived from sales of third-party vendor products or services, the Company records revenue on a gross basis when the Company is a principal to the transaction and on a net basis when the Company is acting as an agent between the customer and the vendor. The Company considers several factors to determine whether it is acting as a principal or an agent, most notably whether the Company is the primary obligor to the customer, has established its own pricing and has inventory and credit risks.

The Company reports revenue net of any taxes collected from customers and remitted to government authorities, with the collected taxes recorded as current liabilities until remitted to the relevant government authority.

Multiple element arrangements

When a sales arrangement contains multiple elements or deliverables, such as hardware and software products, and/or services, the Company allocates revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence ("VSOE") of selling price, if available, third-party evidence ("TPE") if VSOE of selling price is not available, or estimated selling price ("ESP") if neither VSOE of selling price nor TPE is available. The Company establishes VSOE of selling price using the price charged for a deliverable when sold separately and, in rare instances, using the price established by management having the relevant authority. The Company establishes TPE of selling price by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. The Company establishes ESP based on management judgment considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life cycle. Consideration is also given to market conditions such as competitor pricing strategies and technology industry life cycles. In most arrangements with multiple elements, the Company allocates the transaction price to the individual units of accounting at inception of the arrangement based on their relative selling price.

In multiple element arrangements that include software that is more-than-incidental, the Company allocates the transaction price to the individual units of accounting for the non-software deliverables and to the software deliverables as a group using the relative selling price of each of the deliverables in the arrangement based on the selling price hierarchy. If the arrangement contains more than one software deliverable, the transaction price allocated to the group of software deliverables is then allocated to each component software deliverable.

The Company evaluates each deliverable in an arrangement to determine whether it represents a separate unit of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value to the customer. For elements with no standalone value, the Company recognizes revenue consistent with the pattern of the undelivered elements. If the arrangement includes a customer-negotiated refund or return right or other contingency relative to the delivered items, and the

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

delivery and performance of the undelivered items is considered probable and substantially within the Company's control, the delivered element constitutes a separate unit of accounting. In arrangements with combined units of accounting, changes in the allocation of the transaction price among elements may impact the timing of revenue recognition for the contract but will not change the total revenue recognized for the contract.

Product revenue

Hardware

Under the Company's standard terms and conditions of sale, the Company transfers title and risk of loss to the customer at the time product is delivered to the customer and recognizes revenue accordingly, unless customer acceptance is uncertain or significant obligations to the customer remain. The Company reduces revenue for estimated customer returns, price protection, rebates and other programs offered under sales agreements established by the Company with its distributors and resellers. The Company records revenue from the sale of equipment under sales-type leases as product revenue at the inception of the lease. The Company accrues the estimated cost of post-sale obligations, including standard product warranties, based on historical experience at the time the Company recognizes revenue.

Software

The Company recognizes revenue from perpetual software licenses at the inception of the license term, assuming all revenue recognition criteria have been satisfied. Term-based software license revenue is generally recognized ratably over the term of the license. The Company uses the residual method to allocate revenue to software licenses at inception of the arrangement when VSOE of fair value for all undelivered elements, such as post-contract customer support, exists and all other revenue recognition criteria have been satisfied. The Company recognizes revenue from maintenance and unspecified upgrades or updates provided on a when-and-if-available basis ratably over the period during which such items are delivered. The Company recognizes revenue for hosting or software-as-a-service ("SaaS") arrangements as the service is delivered, generally on a straight-line basis, over the contractual period of performance. In hosting arrangements, the Company considers the rights provided to the customer (e.g. whether the customer has the contractual right to take possession of the software at any time during the hosting period without significant penalty, and the feasibility of the customer to operate or contract with another vendor to operate the software) in determining whether the arrangement includes the sale of a software license. In hosting arrangements where software licenses are sold, license revenue is generally recognized according to whether perpetual or term licenses are sold, when all other revenue recognition criteria are satisfied.

Services revenue

The Company recognizes revenue from fixed-price support or maintenance contracts, including extended warranty contracts and software post-contract customer support agreements, ratably over the contract period and recognizes the costs associated with these contracts as incurred. For time and material contracts, the Company recognizes revenue as services are rendered and recognizes costs as they are incurred.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

The Company recognizes revenue from certain fixed-price contracts, such as consulting arrangements, as work progresses over the contract period on a proportional performance basis, as determined by the percentage of labor costs incurred to date compared to the total estimated labor costs of a contract. The Company recognizes revenue on fixed-price contracts for design and build projects (to design, develop and construct software and systems) using the percentage-of-completion method. The Company uses the cost-to-cost method to measure progress toward completion as determined by the percentage of cost incurred to date compared to the total estimated costs of the project. Estimates of total project costs for fixed-price contracts are regularly revised during the life of a contract. Provisions for estimated losses on fixed-priced contracts are recognized in the period when such losses become known. If reasonable and reliable cost estimates for a project cannot be made, the Company uses the completed contract method and recognizes revenue and costs upon service completion.

The Company generally recognizes outsourcing services revenue in the period when the service is provided and the amount earned is not contingent on the occurrence of any future event. The Company recognizes revenue using an objective measure of output for unit-priced contracts. Revenue for fixed-price outsourcing contracts with periodic billings is recognized on a straight-line basis if the service is provided evenly during the contract term. Provisions for estimated losses on outsourcing arrangements are recognized in the period when such losses become probable and estimable.

The Company recognizes revenue from operating leases on a straight-line basis as service revenue over the rental period.

Financing income

Sales-type and direct-financing leases produce financing income, which the Company recognizes at consistent rates of return over the lease term.

Deferred revenue and deferred costs

The Company records amounts invoiced to customers in excess of revenue recognized as deferred revenue until the revenue recognition criteria are satisfied. The Company records revenue that is earned and recognized in excess of amounts invoiced on services contracts as trade receivables.

Deferred revenue represents amounts invoiced in advance for product support contracts, software customer support contracts, outsourcing startup services work, consulting and integration projects, product sales or leasing income.

The Company recognizes costs associated with outsourcing contracts as incurred, unless such costs are considered direct and incremental to the startup phase of the contract, in which case the Company defers these costs during the startup phase and subsequently amortizes such costs over the period that outsourcing services are provided, once those services commence. The Company amortizes deferred contract costs on a straight-line basis over the remaining term of the contract unless facts and circumstances of the contract indicate a shorter period is more appropriate. Based on actual and projected contract financial performance indicators, the Company analyzes the recoverability of deferred contract costs using the undiscounted estimated cash flows of the contract

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

over its remaining term. If such undiscounted cash flows are insufficient to recover the carrying amount of deferred contract costs and long-lived assets directly associated with the contract, the deferred contract costs are first impaired. If a cash flow deficiency remains after reducing the carrying amount of the deferred contract costs to zero, the Company evaluates any remaining long-lived assets related to that contract for impairment.

Shipping and Handling

The Company includes costs related to shipping and handling in Cost of products.

Stock-Based Compensation

The Company's employees have historically participated in Parent's stock-based compensation plans. Stock-based compensation expense has been allocated to the Company based on the awards and terms previously granted to the Company's employees as well as an allocation of Parent's corporate and shared functional employee expenses. The stock-based compensation expense is based on the measurement date fair value of the award and is recognized only for those awards expected to meet the service and performance vesting conditions on a straight-line basis over the requisite service period of the award. Stock-based compensation expense is determined at the aggregate grant level for service-based awards and at the individual vesting tranche level for awards with performance and/or market conditions. The forfeiture rate is estimated based on Parent's historical experience.

Retirement and Post-Retirement Plans

Prior to October 31, 2015 and with the exception of certain defined benefit pension plans, of which the Company was the sole sponsor, certain of Hewlett Packard Enterprise eligible employees, retirees and other former employees participated in certain U.S. and international defined benefit pension plans and other post-employment plans offered by Parent. These plans, which included participants that were both Company employees and other employees of Parent ("Shared" plans), were accounted for as multiemployer benefit plans and the related net benefit plan obligations were not included in the Company's historical Combined and Consolidated Balance Sheets through July 31, 2015. The related benefit plan expenses were allocated to the Company based on the Company's labor costs and allocations of corporate and other shared functional personnel.

Certain benefit plans in the Company's operations only included active, retired and other former Company employees ("Direct" plans) and were accounted for as single employer benefit plans. Accordingly, the net benefit plan obligations and the related benefit plan expense of those plans have been recorded in the Company's Combined and Consolidated Financial Statements for all periods presented. The most significant of these Direct plans are located in the United Kingdom, Germany, Canada, and the United States.

In connection with the separation, during the three months ended October 31, 2015, Parent transferred to the Company plan assets and liabilities related to newly-created single employer plans, primarily associated with Hewlett Packard Enterprise eligible employees, retirees and other former employees.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

The Company generally amortizes unrecognized actuarial gains and losses on a straight-line basis over the average remaining estimated service life or, in the case of frozen plans, life expectancy of participants. In some cases, actuarial gains and losses are amortized using the corridor approach. See Note 4, "Retirement and Post-Retirement Benefit Plans", for a full description of these plans and the accounting and funding policies.

Advertising

Costs to produce advertising are expensed as incurred during production. Costs to communicate advertising are expensed when the advertising is first run. Such costs totaled approximately \$224 million in fiscal 2015, \$220 million in fiscal 2014 and \$157 million in fiscal 2013.

Restructuring

The Company records charges associated with Parent-approved restructuring plans to reorganize one or more of the Company's business segments, to remove duplicative headcount and infrastructure associated with business acquisitions or to simplify business processes and accelerate innovation. Restructuring charges can include severance costs to eliminate a specified number of employees, infrastructure charges to vacate facilities and consolidate operations, and contract cancellation costs. The Company records restructuring charges based on estimated employee terminations and site closure and consolidation plans. The Company accrues for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements.

Taxes on Earnings

The Company's operations have historically been included in the tax returns filed by the respective Parent entities of which the Company's businesses are a part. Income tax expense and other income tax related information contained in these Combined and Consolidated Financial Statements are presented on a separate return basis as if the Company filed its own tax returns. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if the Company were a separate taxpayer and a standalone enterprise for the periods presented. For the tax years 2014 and prior, current income tax liabilities related to entities which file jointly with Parent are assumed to be immediately settled with Parent and are relieved through the Parent company investment account and the Net transfers to Parent in the Combined and Consolidated Statements of Cash Flows. As of October 31, 2015, the current income tax liabilities will be settled by Hewlett Packard Enterprise.

The Company recognizes deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. The Company records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized.

The Company records accruals for uncertain tax positions when the Company believes that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

based on the technical merits of the position. The Company makes adjustments to these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes includes the effects of adjustments for uncertain tax positions, as well as any related interest and penalties.

Accounts Receivable

The Company establishes an allowance for doubtful accounts for accounts receivable. The Company records a specific reserve for individual accounts when the Company becomes aware of specific customer circumstances, such as in the case of a bankruptcy filing or deterioration in the customer's operating results or financial position. If there are additional changes in circumstances related to the specific customer, the Company further adjusts estimates of the recoverability of receivables. The Company maintains bad debt reserves for all other customers based on a variety of factors, including the use of third-party credit risk models that generate quantitative measures of default probabilities based on market factors, the financial condition of customers, the length of time receivables are past due, trends in the weighted-average risk rating for the portfolio, macroeconomic conditions, information derived from competitive benchmarking, significant one-time events and historical experience. The past due or delinquency status of a receivable is based on the contractual payment terms of the receivable.

The Company participates in Parent's third-party revolving short-term financing arrangements intended to facilitate the working capital requirements of certain customers through July 31, 2015. From and after August 1, 2015, all of the Company's transactions are under its own third-party revolving short-term financing arrangement. These financing arrangements, which in certain cases provide for partial recourse, result in the transfer of the Company's trade receivables to a third party. The Company reflects amounts transferred to, but not yet collected from, the third party in Accounts receivable in the Combined and Consolidated Balance Sheets. For arrangements involving an element of recourse, the fair value of the recourse obligation is measured using market data from similar transactions and reported as a current liability in the Combined and Consolidated Balance Sheets.

Concentrations of Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, receivables from trade customers and contract manufacturers, financing receivables and derivatives.

Prior to October 31, 2015, the Company participates in cash management, funding arrangements and risk management programs managed by Parent. Following October 31, 2015, in connection with the separation, The Company also maintains cash and cash equivalents, investments, derivatives and certain other financial instruments with various financial institutions. These financial institutions are located in many different geographic regions, and the Company's policy is designed to limit exposure from any particular institution. As part of its risk management processes, the Company performs periodic evaluations of the relative credit standing of these financial institutions. The Company has not sustained material credit losses from instruments held at these financial institutions. The Company utilizes derivative contracts to protect against the effects of foreign currency and interest rate exposures. Such contracts involve the risk of non-performance by the counterparty, which could result in a material loss.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

The Company sells a significant portion of its products through third-party distributors and resellers and, as a result, maintains individually significant receivable balances with these parties. If the financial condition or operations of these distributors' and resellers' aggregated business deteriorates substantially, the Company's operating results could be adversely affected. The ten largest distributor and reseller receivable balances, which were concentrated primarily in North America and Europe, collectively represented approximately 8% and 12% of gross accounts receivable at October 31, 2015 and 2014, respectively. No single customer accounts for more than 10% of gross accounts receivable. Credit risk with respect to other accounts receivable and financing receivables is generally diversified due to the large number of entities comprising the Company's customer base and their dispersion across many different industries and geographic regions. The Company performs ongoing credit evaluations of the financial condition of its third-party distributors, resellers and other customers and may require collateral, such as letters of credit and bank guarantees, in certain circumstances.

The Company utilizes outsourced manufacturers around the world to manufacture company-designed products. The Company may purchase product components from suppliers and sell those components to its outsourced manufacturers thereby creating receivable balances from the outsourced manufacturers. The three largest outsourced manufacturer receivable balances collectively represented 80% and 87% of the Company's manufacturer receivables of \$414 million and \$415 million at October 31, 2015 and 2014, respectively. The Company includes the manufacturer receivables in Other current assets in the Combined and Consolidated Balance Sheets on a gross basis. The Company's credit risk associated with these receivables is mitigated wholly or in part by the amount the Company owes to these outsourced manufacturers, as the Company generally has the legal right to offset its payables to the outsourced manufacturers against these receivables. The Company does not reflect the sale of these components in revenue and does not recognize any profit on these component sales until the related products are sold by the Company, at which time any profit is recognized as a reduction to cost of sales. The Company obtains a significant number of components from single source suppliers due to technology, availability, price, quality or other considerations. The loss of a single source supplier, the deterioration of the Company's relationship with a single source supplier, or any unilateral modification to the contractual terms under which the Company is supplied components by a single source supplier could adversely affect the Company's revenue and gross margins.

Inventory

The Company values inventory at the lower of cost or market. Cost is computed using standard cost which approximates actual cost on a first-in, first-out basis. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, for estimated excess or obsolescence.

Property, Plant and Equipment

The Company states property, plant and equipment at cost less accumulated depreciation. The Company capitalizes additions and improvements and expenses maintenance and repairs as incurred. Depreciation expense is recognized on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives are five to 40 years for buildings and improvements and three to 15 years for machinery and equipment. The Company depreciates leasehold improvements over the life of the lease or the asset, whichever is shorter. The Company depreciates equipment held for lease over the initial term of the lease to the equipment's estimated residual value. The estimated useful lives

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

of assets used solely to support a customer services contract generally do not exceed the term of the customer contract. On retirement or disposition, the asset cost and related accumulated depreciation are removed from the Combined and Consolidated Balance Sheets with any gain or loss recognized in the Combined and Consolidated Statements of Earnings.

The Company capitalizes certain internal and external costs incurred to acquire or create internal use software, principally related to software coding, designing system interfaces and installation and testing of the software. The Company amortizes capitalized internal use software costs using the straight-line method over the estimated useful lives of the software, generally from three to five years.

In connection with the separation, during the three months ended October 31, 2015, Parent transferred to the Company, property, plant and equipment primarily related to its global real estate portfolio, IT and other assets.

Software Development Costs

The Company capitalizes costs incurred to acquire or develop software for resale subsequent to establishing technological feasibility for the software, if significant. The Company amortizes capitalized software development costs using the greater of the straight-line amortization method or the ratio that current gross revenues for a product bear to the total current and anticipated future gross revenues for that product. The estimated useful life for capitalized software for resale is generally three years or less. Software development costs incurred subsequent to establishing technological feasibility are generally not significant.

Business Combinations

The Company includes the results of operations of acquired businesses in the Company's combined and consolidated results prospectively from the date of acquisition. The Company allocates the fair value of purchase consideration to the assets acquired including in-process research and development ("IPR&D"), liabilities assumed, and non-controlling interests in the acquired entity generally based on their fair values at the acquisition date. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible assets and is amortized over its estimated useful life. If an IPR&D project is abandoned, the Company will record a charge for the value of the related intangible asset to the Company's Combined and Consolidated Statement of Earnings in the period it is abandoned. The excess of the fair value of purchase consideration over the fair value of the assets acquired, liabilities assumed and non-controlling interests in the acquired entity is recorded as goodwill. The primary items that generate goodwill include the value of the synergies between the acquired company and the Company and the value of the acquired assembled workforce, neither of which qualifies for recognition as an intangible asset. Acquisition-related expenses and post-acquisition restructuring costs are recognized separately from the business combination and are expensed as incurred.

Goodwill

The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. The Company is

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

permitted to conduct a qualitative assessment to determine whether it is necessary to perform a two-step quantitative goodwill impairment test. At the annual goodwill impairment test in the fourth quarter of each fiscal year, the Company performs a quantitative test for all of its reporting units.

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2015, the Company's reporting units are consistent with the reportable segments identified in Note 2, "Segment Information", except for Enterprise Services ("ES"), which includes two reporting units: (1) MphasiS Limited and (2) the remainder of ES. In the first step of the impairment test, the Company compares the fair value of each reporting unit to its carrying amount. The Company estimates the fair value of its reporting units using a weighting of fair values derived most significantly from the income approach, and to a lesser extent, the market approach. Under the income approach, the Company estimates the fair value of a reporting unit based on the present value of estimated future cash flows. The Company prepares cash flow projections based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The Company bases the discount rate on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, the Company estimates fair value based on market multiples of revenue and earnings derived from comparable publicly traded companies with similar operating and investment characteristics as the reporting unit. The Company weights the fair value derived from the market approach depending on the level of comparability of these publicly traded companies to the reporting unit. When market comparables are not meaningful or not available, the Company estimates the fair value of a reporting unit using only the income approach. For the MphasiS Limited reporting unit, the Company utilized the quoted market price in an active market to estimate fair value.

If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than its carrying amount, then the Company performs the second step of the goodwill impairment test to measure the amount of impairment loss, if any. In the second step, the Company measures the reporting unit's assets, including any unrecognized intangible assets, liabilities and non-controlling interests at fair value in a hypothetical analysis to calculate the implied fair value of goodwill for the reporting unit in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than its carrying amount, the difference is recorded as an impairment loss.

Intangible Assets and Long-Lived Assets

The Company reviews intangible assets with finite lives and long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company assesses the recoverability of assets based on the estimated undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If the undiscounted future cash flows are less than the carrying amount, the asset is impaired. The Company measures the amount of impairment loss, if any, as the difference between the carrying amount of the asset and its fair value using an income approach or, when available and appropriate, using a market approach. The Company amortizes intangible assets with finite lives using the straight-line method over the estimated economic lives of the assets, ranging from one to ten years.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Debt and Marketable Equity Securities Investments

Debt and marketable equity securities are generally considered available-for-sale and are reported at fair value with unrealized gains and losses, net of applicable taxes, in Accumulated other comprehensive loss in the Combined and Consolidated Balance Sheets. Realized gains and losses for available-for-sale securities are calculated based on the specific identification method and included in Interest and other, net in the Combined and Consolidated Statements of Earnings. The Company monitors its investment portfolio for potential impairment on a quarterly basis. When the carrying amount of an investment in debt securities exceeds its fair value and the decline in value is determined to be other-than-temporary (i.e., when the Company does not intend to sell the debt securities and it is not more likely than not that the Company will be required to sell the debt securities prior to anticipated recovery of its amortized cost basis), the Company records an impairment charge to Interest and other, net in the amount of the credit loss and the balance, if any, is recorded in Accumulated other comprehensive loss in the Combined and Consolidated Balance Sheets.

Derivatives

The Company uses derivative financial instruments, primarily forwards, swaps, and, at times, options, to hedge certain foreign currency and interest rate exposures. The Company also may use other derivative instruments not designated as hedges, such as forwards used to hedge foreign currency balance sheet exposures. The Company does not use derivative financial instruments for speculative purposes. See Note 12, "Financial Instruments", for a full description of the Company's derivative financial instrument activities and related accounting policies.

Loss Contingencies

The Company is involved in various lawsuits, claims, investigations and proceedings that arise in the ordinary course of business. The Company records a liability for contingencies when it believes it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. See Note 17, "Litigation and Contingencies", for a full description of the Company's loss contingencies and related accounting policies.

Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board ("FASB") amended the existing accounting standards for income taxes. The amendments require deferred tax assets and liabilities to be classified as noncurrent in a classified statement of financial position. The Company is required to adopt the guidance in the first quarter of fiscal 2018; however early adoption is permitted. The amendments should be applied retrospectively with the adjusted balance sheet of each individual period presented, in order to reflect the period-specific effects of applying the new guidance. The Company is currently evaluating the timing and the impact of these amendments on its Combined and Consolidated Financial Statements.

In April 2015, the FASB amended the existing accounting standards for intangible assets. The amendments provide explicit guidance to customers in determining the accounting for fees paid in a cloud computing arrangement, wherein the arrangements that do not convey a software license to the customer are accounted for as service contracts. The amendments also eliminate the practice of

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

accounting for software license as executory contracts which may cause more software assets to be capitalized. The Company is required to adopt the guidance in the first quarter of fiscal 2017; however early adoption is permitted as is retrospective application. The Company is currently evaluating the impact of these amendments on its Combined and Consolidated Financial Statements.

In April 2015, the FASB amended the existing accounting standards for imputation of interest. The amendments require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by these amendments. The Company is required to adopt the guidance in the first quarter of fiscal 2017. Early adoption is permitted. The amendments should be applied retrospectively with the adjusted balance sheet of each individual period presented, in order to reflect the period-specific effects of applying the new guidance. The Company is currently evaluating the timing and the impact of these amendments on its Combined and Consolidated Financial Statements.

In May 2014, the FASB amended the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued an accounting standard update for a one-year deferral of the effective date, with an option of applying the standard on the original effective date, which for the Company is the first quarter of fiscal 2018. In accordance with this deferral, the Company is required to adopt these amendments in the first quarter of fiscal 2019. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company is currently evaluating the impact of these amendments and the transition alternatives on its Combined and Consolidated Financial Statements.

In April 2014, the FASB issued guidance which changes the criteria for identifying a discontinued operation. The guidance limits the definition of a discontinued operation to the disposal of a component or group of components that is disposed of or is classified as held for sale and represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results. The Company is required to adopt the guidance in the first quarter of fiscal 2016, with early adoption permitted for transactions that have not been reported in financial statements previously issued.

In July 2013, the FASB issued a new accounting standard requiring the presentation of certain unrecognized tax benefits as reductions to deferred tax assets rather than as liabilities in the Company's Combined and Consolidated Balance Sheets when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. The Company adopted the new standard in the first quarter of fiscal 2015 on a prospective basis. The adoption of this new standard did not have a material effect on the Company's Combined and Consolidated Financial Statements.

Note 2: Segment Information

The Company is a leading global provider of the cutting-edge technology solutions customers need to optimize their traditional IT while helping them build the secure, cloud-enabled, mobile-ready future that is uniquely suited to their needs. Hewlett Packard Enterprise's customers range from SMBs to large global enterprises. Hewlett Packard Enterprise's operations are organized into five segments

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 2: Segment Information (Continued)

for financial reporting purposes: the Enterprise Group (“EG”), Enterprise Services (“ES”), Software, Financial Services (“FS”) and Corporate Investments. Hewlett Packard Enterprise’s organizational structure is based on a number of factors that management uses to evaluate, view and run its business operations, which include, but are not limited to, customer base and homogeneity of products and technology. The segments are based on this organizational structure and information reviewed by Hewlett Packard Enterprise’s management to evaluate segment results.

A summary description of each segment follows.

The *Enterprise Group* provides servers, storage, networking and technology services that, when combined with Hewlett Packard Enterprise’s Cloud solutions, enable customers to manage applications across virtual private cloud, private cloud and traditional IT environments. Described below are Hewlett Packard Enterprise’s business units and capabilities within EG.

- *Industry Standard Servers* offers a range of products from entry-level servers through premium HPE ProLiant servers, which run primarily Windows, Linux and virtualization platforms from software providers such as Microsoft Corporation (“Microsoft”) and VMware, Inc. (“VMware”) and open sourced software from other major vendors while leveraging x86 processors from Intel Corporation (“Intel”) and Advanced Micro Devices (“AMD”).
- *Business Critical Systems* offers HPE Integrity servers based on the Intel® Itanium® processor and x86 processors, HPE Integrity NonStop solutions and mission-critical x86 HPE ProLiant servers.
- *Storage* offers traditional storage and Converged Storage solutions. Traditional storage includes tape, storage networking and legacy external disk products such as EVA and XP. Converged Storage solutions include 3PAR StoreServ, StoreOnce and StoreVirtual products.
- *Networking* offers wireless local area network, mobility and security software, switches, routers, and network management products that span data centers, campus and branch environments and deliver software defined networking and unified communications capabilities.
- *Technology Services* provides support services and technology consulting to integrate and optimize EG’s hardware platforms for the new style of IT. These services are available in the form of service contracts, pre-packaged offerings or on a customized basis.

Enterprise Services provides technology consulting, outsourcing and support services across infrastructure, applications and business process domains in traditional and Strategic Enterprise Service offerings which includes analytics and data management, security and cloud services. ES is comprised of the Infrastructure Technology Outsourcing and the Application and Business Services business units.

- *Infrastructure Technology Outsourcing* delivers comprehensive services that encompass the management of data centers, IT security, cloud computing, workplace technology, networks, unified communications and enterprise service management.
- *Application and Business Services* helps clients develop, revitalize and manage their applications and information assets.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 2: Segment Information (Continued)

Software provides big data analytics and applications, enterprise security, application testing and delivery management and IT operations management solutions for businesses and other enterprises of all sizes. These software offerings include licenses, support, professional services and SaaS.

Financial Services provides flexible investment solutions, such as leasing, financing, IT consumption and utility programs and asset management services, for customers to enable the creation of unique technology deployment models and acquire complete IT solutions, including hardware, software and services from Hewlett Packard Enterprise and others. Providing flexible services and capabilities that support the entire IT life cycle, FS partners with customers globally to help build investment strategies that enhance their business agility and support their business transformation. FS offers a wide selection of investment solution capabilities for large enterprise customers and channel partners, along with an array of financial options to SMBs and educational and governmental entities.

Corporate Investments includes Hewlett Packard Labs and certain cloud-related business incubation projects among others.

Segment Policy

Hewlett Packard Enterprise derives the results of the business segments directly from its internal management reporting system. The accounting policies Hewlett Packard Enterprise uses to derive segment results are substantially the same as those the consolidated company uses. Management measures the performance of each segment based on several metrics, including earnings from operations. Management uses these results, in part, to evaluate the performance of, and to allocate resources to, each of the segments.

Segment revenue includes revenues from sales to external customers and intersegment revenues that reflect transactions between the segments on an arm's-length basis. Intersegment revenues primarily consist of sales of hardware and software that are sourced internally and, in the majority of the cases, are financed as operating leases by FS. Hewlett Packard Enterprise's consolidated net revenue is derived and reported after the elimination of intersegment revenues from such arrangements.

Hewlett Packard Enterprise periodically engages in intercompany advanced royalty payment and licensing arrangements that may result in advance payments between subsidiaries. Revenues from these intercompany arrangements are deferred and recognized as earned over the term of the arrangement by the Hewlett Packard Enterprise legal entities involved in such transactions; however, these advanced payments are eliminated from revenues as reported by Hewlett Packard Enterprise and its business segments. As disclosed in Note 6, "Taxes on Earnings", during fiscal 2015, Hewlett Packard Enterprise executed intercompany advanced royalty payment arrangements resulting in advanced payments of \$5.0 billion, while during fiscal 2014, Hewlett Packard Enterprise executed a multi-year intercompany licensing arrangement and intercompany advanced royalty payment arrangement which resulted in combined advanced payments of \$7.8 billion. In these transactions, the payments were received in the U.S. from a foreign consolidated affiliate, with a deferral of intercompany revenues over the term of the arrangements, approximately 5 years and 15 years, respectively. The impact of these intercompany arrangements is eliminated from both Hewlett Packard Enterprise consolidated and segment revenues.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 2: Segment Information (Continued)

Financing interest in the Combined and Consolidated Statements of Earnings reflects interest expense on borrowing-and funding-related activity associated with FS and its subsidiaries, and debt issued by Hewlett Packard Enterprise for which a portion of the proceeds benefited FS. Prior to October 9, 2015, such financing interest expense resulted from debt issued by Parent.

Hewlett Packard Enterprise does not allocate to its segments certain operating expenses, which it manages at the corporate level. These unallocated costs include certain corporate governance costs, stock-based compensation expense, amortization of intangible assets, restructuring charges, acquisition and other related charges, separation costs, defined benefit plan settlement charges and impairment of data center assets.

Segment Organizational Changes

In connection with a strategic review of its software business by HP Inc. prior to the separation of Hewlett Packard Enterprise from HP Inc., and effective at the beginning of the fourth quarter of fiscal 2015, the marketing optimization software product group, a business which was historically managed by us and is included in our Software segment financial information prior to the effective date, was retained by HP Inc. The strategic review determined that these software assets no longer aligned with the software business's strategic charter as they were outside the go-to-market focus of selling to IT departments.

In connection with the acquisition of Aruba Networks, Inc. ("Aruba") during fiscal 2015, Hewlett Packard Enterprise recorded approximately \$1.8 billion of goodwill and \$643 million of intangible assets and \$153 million of in-process research and development. Hewlett Packard Enterprise reports the financial results of Aruba's business in the Networking business unit within the EG segment.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 2: Segment Information (Continued)

Segment Operating Results

	<u>Enterprise Group</u>	<u>Enterprise Services</u>	<u>Software</u>	<u>Financial Services</u>	<u>Corporate Investments</u>	<u>Total</u>
	In millions					
2015						
Net revenue	\$26,668	\$19,010	\$3,308	\$3,114	\$ 7	\$52,107
Intersegment net revenue and other . . .	1,239	796	314	102	—	2,451
Total segment net revenue	<u>\$27,907</u>	<u>\$19,806</u>	<u>\$3,622</u>	<u>\$3,216</u>	<u>7</u>	<u>\$54,558</u>
Earnings (loss) from operations . . .	<u>\$ 3,981</u>	<u>\$ 1,019</u>	<u>\$ 788</u>	<u>\$ 349</u>	<u>\$(542)</u>	<u>\$ 5,595</u>
2014						
Net revenue	\$26,812	\$21,297	\$3,609	\$3,401	\$ 4	\$55,123
Intersegment net revenue and other . . .	915	1,101	324	97	—	2,437
Total segment net revenue	<u>\$27,727</u>	<u>\$22,398</u>	<u>\$3,933</u>	<u>\$3,498</u>	<u>\$ 4</u>	<u>\$57,560</u>
Earnings (loss) from operations . . .	<u>\$ 4,005</u>	<u>\$ 818</u>	<u>\$ 871</u>	<u>\$ 389</u>	<u>\$(341)</u>	<u>\$ 5,742</u>
2013						
Net revenue	\$27,031	\$23,059	\$3,716	\$3,557	\$ 8	\$57,371
Intersegment net revenue and other . . .	958	1,021	319	72	—	2,370
Total segment net revenue	<u>\$27,989</u>	<u>\$24,080</u>	<u>\$4,035</u>	<u>\$3,629</u>	<u>\$ 8</u>	<u>\$59,741</u>
Earnings (loss) from operations . . .	<u>\$ 4,234</u>	<u>\$ 805</u>	<u>\$ 889</u>	<u>\$ 397</u>	<u>\$(222)</u>	<u>\$ 6,103</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 2: Segment Information (Continued)

The reconciliation of segment operating results to Hewlett Packard Enterprise combined and consolidated results was as follows:

	For the fiscal years ended October 31		
	2015	2014	2013
	In millions		
Net Revenue:			
Total segments	\$54,558	\$57,560	\$59,741
Elimination of intersegment net revenue and other	(2,451)	(2,437)	(2,370)
Total Hewlett Packard Enterprise combined and consolidated net revenue	<u>\$52,107</u>	<u>\$55,123</u>	<u>\$57,371</u>
Earnings before taxes:			
Total segment earnings from operations	\$ 5,595	\$ 5,742	\$ 6,103
Corporate and unallocated costs and eliminations	(454)	(592)	(545)
Stock-based compensation expense	(565)	(427)	(374)
Amortization of intangible assets	(852)	(906)	(1,228)
Restructuring charges	(954)	(1,471)	(983)
Acquisition and other related charges ⁽¹⁾	(89)	(11)	(21)
Separation costs	(797)	—	—
Defined benefit plan settlement charges	(225)	—	—
Impairment of data center assets	(136)	—	—
Interest and other, net	(53)	(91)	(81)
Total Hewlett Packard Enterprise combined and consolidated earnings before taxes	<u>\$ 1,470</u>	<u>\$ 2,244</u>	<u>\$ 2,871</u>

⁽¹⁾ Acquisition and other related charges in the current period primarily include a non-cash inventory fair value adjustment charge as well as professional service and legal fees associated with the acquisition of Aruba.

Segment Assets

Hewlett Packard Enterprise allocates assets to its business segments based on the segments primarily benefiting from the assets. Total assets by segment and the reconciliation of segment assets to Hewlett Packard Enterprise combined and consolidated assets were as follows:

	As of October 31	
	2015	2014
	In millions	
Enterprise Group	\$28,013	\$24,611
Enterprise Services	11,689	9,562
Software	9,999	10,802
Financial Services	13,163	12,774
Corporate Investments	83	20
Corporate and unallocated assets	18,323	7,302
Total Hewlett Packard Enterprise combined and consolidated assets	<u>\$81,270</u>	<u>\$65,071</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 2: Segment Information (Continued)

Assets allocated to the EG segment in fiscal 2015 increased as compared to fiscal 2014 as a result of the acquisition of Aruba. Assets allocated to the ES segment increased in fiscal 2015 due primarily to property, plant and equipment transferred from Parent. In addition, the increase in Corporate and unallocated assets in fiscal 2015 was due primarily to the cash allocation from Parent and an increase in deferred tax assets.

Major Customers

No single customer represented 10% or more of Hewlett Packard Enterprise's total net revenue in any fiscal year presented.

Geographic Information

Net revenue by country is based upon the sales location that predominately represents the customer location. For each of the fiscal years of 2015, 2014 and 2013, other than the U.S. and the United Kingdom, no country represented more than 10% of Hewlett Packard Enterprise's net revenue.

Net revenue by country in which Hewlett Packard Enterprise operates was as follows:

	For the fiscal years ended October 31		
	2015	2014	2013
		In millions	
U.S.	\$20,063	\$20,833	\$22,533
The United Kingdom	5,379	5,661	5,740
Other countries	26,665	28,629	29,098
Total net revenue	<u>\$52,107</u>	<u>\$55,123</u>	<u>\$57,371</u>

As of October 31, 2015, and 2014 only the U.S. represented 10% or more of net assets.

Net property, plant and equipment by country in which Hewlett Packard Enterprise operates was as follows:

	As of October 31	
	2015	2014
	In millions	
U.S.	\$4,851	\$3,501
The United Kingdom	955	1,049
Other countries	4,080	3,970
Total net property, plant and equipment	<u>\$9,886</u>	<u>\$8,520</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 2: Segment Information (Continued)

Net revenue by segment and business unit was as follows:

	For the fiscal years ended October 31		
	2015	2014	2013
	In millions		
Industry Standard Servers	\$13,412	\$12,472	\$12,100
Technology Services	7,662	8,383	8,700
Storage	3,180	3,315	3,474
Networking	2,846	2,628	2,525
Business Critical Systems	807	929	1,190
Enterprise Group	27,907	27,727	27,989
Infrastructure Technology Outsourcing	12,107	14,038	15,221
Application and Business Services	7,699	8,360	8,859
Enterprise Services	19,806	22,398	24,080
Software	3,622	3,933	4,035
Financial Services	3,216	3,498	3,629
Corporate Investments	7	4	8
Total segment net revenue	54,558	57,560	59,741
Eliminations of intersegment net revenue and other	(2,451)	(2,437)	(2,370)
Total net revenue	\$52,107	\$55,123	\$57,371

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 3: Restructuring

Summary of Restructuring Plans

Restructuring charges of \$1.0 billion, \$1.5 billion and \$1.0 billion have been recorded by the Company during fiscal 2015, 2014 and 2013, respectively, based on restructuring activities impacting the Company's employees and infrastructure as well as an allocation of restructuring charges related to the parent corporate and shared functional employees and infrastructure. Allocated restructuring charges related to Parent's corporate and shared functional employees and infrastructure were \$131 million and \$92 million in fiscal 2014 and fiscal 2013, respectively. Restructuring activities related to the Company's employees and infrastructure ("Direct Restructuring"), summarized by plan were as presented in the table below:

	Fiscal 2015 Plan		Fiscal 2012 Plan		Other Plans		
	Employee Severance	Infrastructure and other	Employee Severance and EER	Infrastructure and other	Employee Severance	Infrastructure and other	Total
Liability as of October 31,							
2012	\$ —	\$ —	\$ 460	\$ 9	\$ 70	\$ 179	\$ 718
Charges	—	—	797	130	(32)	(4)	891
Cash payments	—	—	(541)	(102)	(35)	(55)	(733)
Non-cash items	—	—	(4)	—	6	—	2
Liability as of October 31,							
2013	—	—	712	37	9	120	878
Charges	—	—	1,092	253	—	(5)	1,340
Cash payments	—	—	(978)	(198)	(1)	(62)	(1,239)
Non-cash items	—	—	(89)	(1)	—	—	(90)
Liability as of October 31,							
2014	—	—	737	91	8	53	889
Charges	\$ 351	1	542	73	(4)	(9)	954
Cash payments	—	(1)	(884)	(116)	—	(20)	(1,021)
Non-cash items	—	—	(74)	(3)	(3)	—	(80)
Liability as of October 31,							
2015	\$ 351	\$ —	\$ 321	\$ 45	\$ 1	\$ 24	\$ 742
Total Costs Incurred to Date as of October 31, 2015	\$ 351	\$ 1	\$3,892	\$ 545	\$1,997	\$1,129	\$ 7,915
Total Expected Costs to be Incurred as of October 31, 2015	\$2,158	\$423	\$3,892	\$ 545	\$1,997	\$1,129	\$10,144

The current restructuring liability reported in Accrued restructuring in the Combined and Consolidated financial statements for fiscal 2015, 2014 and 2013 were \$628 million, \$711 million and \$698 million, respectively. The long-term restructuring liability reported in Other liabilities in the Combined and Consolidated financial statements for fiscal 2015, 2014 and 2013 were \$114 million, \$178 million and \$180 million, respectively.

Fiscal 2015 Restructuring Plan

On September 14, 2015, Parent's Board of Directors approved a restructuring plan (the "2015 Plan") in connection with the separation which will be implemented through fiscal 2018. As part of the 2015 Plan, the Company expects up to approximately 30,000 employees to exit the Company by the

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 3: Restructuring (Continued)

end of 2018. These workforce reductions are primarily associated with our Enterprise Services segment. The changes to the workforce will vary by country, based on local legal requirements and consultations with employee works councils and other employee representatives, as appropriate. The Company estimates that it will incur aggregate pre-tax charges through fiscal 2018 of approximately \$2.6 billion in connection with the 2015 Plan, of which approximately \$2.2 billion relates to workforce reductions and approximately \$400 million primarily relates to real estate consolidation.

Fiscal 2012 Restructuring Plan

On May 23, 2012, Parent adopted a multi-year restructuring plan (the “2012 Plan”) designed to simplify business processes, accelerate innovation and deliver better results for customers, employees and stockholders. As of October 31, 2015 the Company had eliminated 42,100 positions in connection with the 2012 Plan, with a portion of those employees exiting the company as part of voluntary enhanced early retirement (“EER”) programs in the U.S. and in certain other countries. The Company recognized \$4.4 billion in total aggregate charges in connection with the 2012 Plan, with \$3.9 billion related to workforce reductions, including the EER programs, and \$545 million related to infrastructure, including data center and real estate consolidation and other items. The severance and infrastructure related cash payments associated with the 2012 Plan are expected to be paid out through fiscal 2021.

Other Plans

Restructuring plans initiated by Parent in fiscal 2008 and 2010 were substantially completed as of April 30, 2015. Severance and infrastructure related cash payments associated with these plans are expected to be paid out through fiscal 2019.

Note 4: Retirement and Post-Retirement Benefit Plans

Defined Benefit Plans

Prior to October 31, 2015 and with the exception of certain defined benefit pension plans, of which the Company was the sole sponsor, certain of Hewlett Packard Enterprise eligible employees, retirees and other former employees participated in certain U.S. and international defined benefit pension plans offered by Parent. These plans which included participants of both Company employees and other employees of Parent were accounted for as multiemployer benefit plans and the related net benefit plan obligations were not included in the Company’s Combined and Consolidated Balance Sheets through July 31, 2015. The related benefit plan expense was allocated to the Company based on the Company’s labor costs and allocations of corporate and other shared functional personnel. Parent contributions to these Shared plans were \$518 million in fiscal 2015, \$277 million in fiscal 2014 and \$354 million in fiscal 2013.

Certain benefit plans in the Company’s operations only included active, retired and other former Company employees and were accounted for as single employer benefit plans. Accordingly, the net benefit plan obligations and the related benefit plan expense of those plans have been recorded in the Company’s Combined and Consolidated Financial Statements for all periods presented. The most significant of these Direct plans are located in the United Kingdom, Germany, Canada, and the United States.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

In connection with the separation, during the three months ended October 31, 2015, Parent transferred to the Company plan assets and liabilities primarily associated with Hewlett Packard Enterprise eligible employees, retirees and other former employees. As a result, in the fourth quarter of fiscal 2015, plan assets of \$11.7 billion, a benefit obligation of \$11.9 billion and an accumulated other comprehensive loss of \$2.6 billion primarily related to non-U.S. defined benefit pension plans were assumed and recorded by the Company. The net benefit plan obligations transferred were re-measured on the date of transfer resulting in an additional loss of \$553 million recognized in Accumulated other comprehensive loss during the three months ended October 31, 2015.

Post-Retirement Benefit Plans

Prior to July 31, 2015, Parent sponsored retiree health and welfare benefit plans, of which the most significant plans were in the U.S. All of these plans were accounted for as multiemployer benefit plans. The Company recognized post-retirement benefit credits of \$28 million in fiscal 2015, \$18 million in fiscal 2014 and \$66 million in fiscal 2013 in the Combined and Consolidated Statements of Earnings.

In connection with the separation, during the three months ended October 31, 2015, Parent transferred to the Company a benefit obligation of \$150 million, plan assets of \$40 million and accumulated other comprehensive income of \$10 million primarily associated with Hewlett Packard Enterprise eligible employees, retirees and other former employees.

Defined Contribution Plans

Prior to separation, Parent offered various defined contribution plans for U.S. and non-U.S. employees. The Company's defined contribution expense was approximately \$450 million in fiscal 2015, \$480 million in fiscal 2014 and \$505 million in fiscal 2013. Prior to separation, U.S. employees were automatically enrolled in the Hewlett-Packard Company 401(k) Plan ("HP 401(k) Plan") when they meet eligibility requirements, unless they decline participation. The quarterly employer matching contributions in the HP 401(k) Plan was 100% of an employee's contributions, up to a maximum of 4% of eligible compensation.

Effective November 1, 2015 the Company's active employees became eligible to participate in the newly created Hewlett Packard Enterprise Company 401(k) Plan.

Pension Benefit Expense

The Company's total net pension benefit cost recognized in the Combined and Consolidated Statements of Earnings was \$341 million in fiscal 2015, \$142 million in fiscal 2014 and \$302 million in fiscal 2013.

In January 2015, Parent offered certain terminated vested participants of the U.S. HP Pension Plan (a Shared plan) a one-time voluntary window during which they could elect to receive their pension benefit as a lump sum payment. As a result, the Parent pension plan trust made lump sum payments to eligible participants who elected to receive their pension benefit under this lump sum program. The defined benefit plan settlement charges of \$225 million recorded in the Combined and Consolidated Statement of Earnings for the year ended October 31, 2015, primarily include settlement expenses and additional net periodic benefit cost resulting from this lump sum program incurred by the

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Parent, which was determined to be directly attributable to the Company and the impact of remeasurement of the related U.S. defined benefit plans.

The Company's net pension benefit cost recognized in the Combined and Consolidated Statements of Earnings for Direct plans and for plans transferred from Parent in the fourth quarter of fiscal 2015 were as follows:

	For the fiscal years ended October 31								
	2015	2014	2013	2015	2014	2013	2015	2014	2013
	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
	In millions								
Service cost	\$—	\$—	\$—	\$ 121	\$ 74	\$ 98	\$—	\$—	\$—
Interest cost	16	15	15	337	283	272	1	—	—
Expected return on plan assets	—	—	—	(570)	(364)	(330)	—	—	—
Amortization and deferrals:									
Actuarial loss	2	2	2	218	82	87	—	—	—
Prior service benefit	—	—	—	(6)	(2)	(3)	(1)	—	—
Net periodic benefit cost	18	17	17	100	73	124	—	—	—
Curtailment (gain) loss	—	—	—	—	(1)	10	—	—	—
Settlement loss	—	—	—	4	8	18	—	—	—
Special termination benefits	—	—	—	18	39	19	—	—	—
Net benefit cost	\$ 18	\$ 17	\$ 17	\$ 122	\$ 119	\$ 171	\$—	\$—	\$—

The weighted-average assumptions used to calculate net pension benefit cost for Direct plans and for plans transferred from Parent in the fourth quarter of fiscal 2015 were as follows:

	For the fiscal years ended October 31								
	2015	2014	2013	2015	2014	2013	2015	2014	2013
	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
Discount rate	4.4%	4.8%	4.0%	3.0%	4.2%	4.1%	4.7%	—	—
Expected increase in compensation levels	—	—	—	2.4%	2.8%	2.8%	—	—	—
Expected long-term return on plan assets	—	—	—	6.9%	7.8%	8.0%	—	—	—

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Funded Status

The funded status of the plans was as follows:

	As of October 31					
	2015	2014	2015	2014	2015	2014
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	In millions					
Change in fair value of plan assets:						
Fair value—beginning of year	\$ —	\$ —	\$ 5,098	\$ 4,776	\$ —	\$ —
Merged into Parent's Shared plan ⁽¹⁾	—	—	—	(480)	—	—
Transfer from Parent ⁽²⁾	—	—	11,667	—	40	—
Acquisition/addition of plans	—	—	(4)	—	—	—
Actual return on plan assets	—	—	512	332	—	—
Employer contributions	21	20	132	749	1	—
Participant contributions	—	—	7	3	—	—
Benefits paid	(21)	(20)	(273)	(170)	(1)	—
Settlement	—	—	(8)	(29)	—	—
Currency impact	—	—	(507)	(83)	—	—
Fair value—end of year	—	—	16,624	5,098	40	—
Change in benefit obligation:						
Projected benefit obligation—beginning of year	370	328	7,335	7,057	—	—
Merged into Parent's Shared plan ⁽¹⁾	(365)	—	—	(501)	—	—
Transfer from Parent ⁽²⁾	7	—	12,262	—	150	—
Acquisition/addition of plans	—	—	(3)	2	—	—
Service cost	—	—	121	74	—	—
Interest cost	16	15	337	283	1	—
Participant contributions	—	—	7	3	—	—
Actuarial loss (gain)	—	47	409	742	(10)	—
Benefits paid	(21)	(20)	(273)	(170)	(1)	—
Plan amendments	—	—	(82)	—	—	—
Curtailment	—	—	—	(13)	—	—
Settlement	—	—	(8)	(29)	—	—
Special termination benefits	—	—	18	39	—	—
Currency impact	—	—	(684)	(152)	(1)	—
Projected benefit obligation—end of year	7	370	19,439	7,335	139	—
Funded status at end of year	\$ (7)	\$ (370)	\$ (2,815)	\$ (2,237)	\$ (99)	\$ —
Accumulated benefit obligation	\$ 7	\$ 370	\$ 18,706	\$ 6,836	—	—

⁽¹⁾ In fiscal 2014, the Company's Direct plan in the Netherlands was merged into Parent's Shared plan. In October 2015, the Company transferred to HPI three unfunded non-qualified U.S. defined benefit plans.

⁽²⁾ In fiscal 2015, in connection with the separation, Parent transferred plan assets and liabilities from Parent's shared plans to established Company plans.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

The weighted-average assumptions used to calculate the projected benefit obligations for Direct plans and for plans transferred from Parent in the fourth quarter of fiscal 2015 were as follows:

	For the fiscal years ended October 31					
	2015	2014	2015	2014	2015	2014
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
Discount rate	3.8%	4.3%	3.0%	3.7%	4.6%	—
Expected increase in compensation levels	2.0%	—	2.5%	2.6%	—	—

The net amounts recognized for defined benefit and post-retirement benefit plans in Company's Combined and Consolidated Balance Sheets were as follows:

	As of October 31					
	2015	2014	2015	2014	2015	2014
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	In millions					
Noncurrent assets	\$—	\$ —	\$ 495	\$ 42	\$—	\$—
Current liabilities	(2)	(20)	(38)	(23)	(3)	—
Noncurrent liabilities	(5)	(350)	(3,272)	(2,256)	(96)	—
Funded status at end of year	\$ (7)	\$ (370)	\$ (2,815)	\$ (2,237)	\$ (99)	\$—

The following table summarizes the pre-tax net actuarial loss and prior service benefit recognized in Accumulated other comprehensive loss for the defined benefit plans:

	As of October 31, 2015		
	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans
	In millions		
Net actuarial loss (gain)	\$—	\$4,865	\$(19)
Prior service benefit	—	(216)	(1)
Total recognized in accumulated other comprehensive loss	<u>\$—</u>	<u>\$4,649</u>	<u>\$(20)</u>

The following table summarizes the net actuarial loss and prior service benefit for plans that are expected to be amortized from Accumulated other comprehensive loss and recognized as components of net periodic benefit cost (credit) during the next fiscal year.

	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans
	In millions		
Net actuarial loss (gain)	\$—	\$323	\$(3)
Prior service benefit	—	(24)	(1)
Total expected to be recognized in net periodic benefit cost (credit)	<u>\$—</u>	<u>\$299</u>	<u>\$(4)</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Defined benefit plans with projected benefit obligations exceeding the fair value of plan assets were as follows:

	As of October 31			
	2015	2014	2015	2014
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans	
	In millions			
Aggregate fair value of plan assets	\$—	\$—	\$ 8,510	\$4,643
Aggregate projected benefit obligation	\$ 7	\$370	\$11,820	\$6,922

Defined benefit plans with accumulated benefit obligations exceeding the fair value of plan assets were as follows:

	As of October 31			
	2015	2014	2015	2014
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans	
	In millions			
Aggregate fair value of plan assets	\$—	\$—	\$ 8,449	\$4,643
Aggregate accumulated benefit obligation	\$ 7	\$370	\$11,195	\$6,433

Fair Value of Plan Assets

The Company pays the U.S. defined benefit plan obligations when they come due since these plans are unfunded. The table below sets forth the fair value of non-U.S. defined benefit plan assets by asset category within the fair value hierarchy as of October 31, 2015.

	As of October 31, 2015				As of October 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	In millions							
Asset Category:								
Equity securities								
U.S.	\$2,727	\$ 65	\$ —	\$ 2,792	\$ 949	\$ —	—	\$ 949
Non-U.S.	3,950	408	68	4,426	1,262	—	—	1,262
Debt securities								
Corporate	—	3,070	—	3,070	—	586	—	586
Government ⁽¹⁾	—	1,449	—	1,449	—	172	—	172
Alternative investments								
Private Equity ⁽²⁾	—	1	68	69	—	—	28	28
Hybrids ⁽³⁾	—	2,663	28	2,691	—	1,378	—	1,378
Hedge Funds ⁽⁴⁾	25	119	246	390	—	77	—	77
Real Estate Funds	447	33	571	1,051	—	—	336	336
Insurance Group Annuity								
Contracts	—	48	69	117	—	—	5	5
Cash and Cash Equivalents ⁽⁵⁾	460	—	—	460	225	(1)	—	224
Other ⁽⁶⁾	61	13	35	109	51	30	—	81
Total	\$7,670	\$7,869	\$1,085	\$16,624	\$2,487	\$2,242	\$369	\$5,098

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

- (1) Includes debt issued by national, state and local governments and agencies.
- (2) Includes limited partnerships such as equity, buyout, venture capital, real estate and other similar funds that invest in the U.S. and internationally where foreign currencies are hedged.
- (3) Includes a fund that invests in both private and public equities primarily in the U.S. and the United Kingdom, as well as emerging markets across all sectors. The fund also holds fixed income and derivative instruments to hedge interest rate and inflation risk. In addition, the fund includes units in transferable securities, collective investment schemes, money market funds, cash and deposits.
- (4) Includes limited partnerships that invest both long and short primarily in common stocks and credit, relative value, event driven equity, distressed debt and macro strategies. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks and bonds, and from a net long position to a net short position.
- (5) Includes cash and cash equivalents such as short-term marketable securities.
- (6) Includes international insured contracts, derivative instruments and unsettled transactions.

Post-Retirement Benefit Plan assets of \$40 million as of October 31, 2015 was invested in publicly traded Registered Investment Entities and were classified within Level 1 of the fair value hierarchy.

Changes in fair value measurements of Level 3 investments for the non-U.S. defined benefit plans were as follows:

	Fiscal year ended October 31, 2015							
	Equity Securities Non-U.S.	Alternative Investments			Real Estate Funds	Insurance Group Annuities	Other	Total
		Private Equity	Hybrids	Hedge Funds				

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

	Fiscal year ended October 31, 2014				
	Alternative Investments		Real Estate Funds	Insurance Group Annuities	Total
	Private Equity	Hedge Funds			
	In millions				
Balance at beginning of year	\$ 18	\$ 10	\$166	\$ 41	\$235
Merged into Parent's Shared plan ⁽²⁾	—	(6)	—	(35)	(41)
Actual return on plan assets:					
Relating to assets held at the reporting date	—	—	25	(1)	24
Purchases, sales, and settlements	10	(4)	97	—	103
Transfers in and/or out of Level 3	—	—	48	—	48
Balance at end of year	<u>\$ 28</u>	<u>\$—</u>	<u>\$336</u>	<u>\$ 5</u>	<u>\$369</u>

(1) In connection with the separation, Parent transferred plan assets from Parent's shared plans to established Company plans

(2) In fiscal 2014, the Company's Direct plan in the Netherlands was merged in to Parent's Shared plan.

The following is a description of the valuation methodologies used to measure plan assets at fair value. There have been no changes in the methodologies used during the reporting period.

Investments in publicly traded equity securities are valued using the closing price on the measurement date as reported on the stock exchange on which the individual securities are traded. For corporate, government and asset-backed debt securities, fair value is based on observable inputs of comparable market transactions. For corporate and government debt securities traded on active exchanges, fair value is based on observable quoted prices. The valuation of alternative investments, such as limited partnerships and joint ventures, may require significant management judgment. For alternative investments, valuation is based on net asset value ("NAV") as reported by the asset manager and adjusted for cash flows, if necessary. In making such an assessment, a variety of factors are reviewed by management, including, but not limited to, the timeliness of NAV as reported by the asset manager and changes in general economic and market conditions subsequent to the last NAV reported by the asset manager. Depending on the amount of management judgment, the lack of near-term liquidity, and the absence of quoted market prices, these assets are classified in Level 2 or Level 3 of the fair value hierarchy.

Further, depending on how quickly the Company can redeem its hedge fund investments, and the extent of any adjustments to NAV, hedge funds are classified in either Level 2 or Level 3 of the fair value hierarchy. The valuation for some of these assets requires judgment due to the absence of quoted market prices, and these assets are generally classified in either Level 2 or Level 3 of the fair value hierarchy. Cash and cash equivalents includes money market funds, which are valued based on NAV. Other assets, including insurance group annuity contracts, were classified in the fair value hierarchy based on the lowest level input (e.g., quoted prices and observable inputs) that is significant to the fair value measure in its entirety.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Plan Asset Allocations

The weighted-average target and actual asset allocations across the benefit plans at the respective measurement dates for the non-U.S. defined benefit plans and post-retirement benefit plan were as follows:

<u>Asset Category</u>	<u>Non-U.S. Defined Benefit Plans</u>			<u>Post-Retirement Benefit Plans</u>		
	<u>2015 Target Allocation</u>	<u>Plan Assets</u>		<u>2015 Target Allocation</u>	<u>Plan Assets</u>	
		<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Public equity securities		45.7%	44.9%		—	—
Private/other equity securities		16.6%	27.6%		—	—
Real estate and other		7.0%	8.1%		—	—
Equity-related investments	67.1%	69.3%	80.6%	—	—	—
Debt securities	32.7%	27.9%	15.0%	97.2%	97.2%	—
Cash	0.2%	2.8%	4.4%	2.8%	2.8%	—
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>—</u>

Investment Policy

Company's investment strategy is to seek a competitive rate of return relative to an appropriate level of risk depending on the funded status of each plan and the timing of expected benefit payments. The majority of the plans' investment managers employ active investment management strategies with the goal of outperforming the broad markets in which they invest. Risk management practices include diversification across asset classes and investment styles and periodic rebalancing toward asset allocation targets. A number of the plans' investment managers are authorized to utilize derivatives for investment or liability exposures, and the Company may utilize derivatives to effect asset allocation changes or to hedge certain investment or liability exposures.

Outside the U.S., asset allocation decisions are typically made by an independent board of trustees for the specific plan. Investment objectives are designed to generate returns that will enable the plan to meet its future obligations. In some countries, local regulations may restrict asset allocations, typically leading to a higher percentage of investment in fixed income securities than would otherwise be deployed. The Company reviews the investment strategy and provides a recommended list of investment managers for each country plan, with final decisions on asset allocation and investment managers made by the board of trustees for the specific plan.

Basis for Expected Long-Term Rate of Return on Plan Assets

The expected long-term rate of return on plan assets reflects the expected returns for each major asset class in which the plan invests and the weight of each asset class in the target mix. Expected asset returns reflect the current yield on government bonds, risk premiums for each asset class and expected real returns, which considers each country's specific inflation outlook. Because the Company's investment policy is to employ primarily active investment managers who seek to outperform the broader market, the expected returns are adjusted to reflect the expected additional returns, net of fees.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Future Contributions and Funding Policy

In fiscal 2016, the Company expects to contribute approximately \$366 million to its non-U.S. pension plans and approximately \$1 million to cover benefit payments to U.S. non-qualified plan participants. The Company expects to pay approximately \$3 million to cover benefit claims for its post-retirement benefit plans. The Company's policy is to fund its pension plans so that it makes at least the minimum contribution required by local government, funding and taxing authorities.

Estimated Future Benefits Payments

As of October 31, 2015, estimated future benefits payments for the Company's retirement plans were as follows:

<u>Fiscal year</u>	<u>U.S. Defined Benefit Plans</u>	<u>Non-U.S. Defined Benefit Plans</u> In millions	<u>Post-Retirement Benefit Plans</u>
2016	\$ 1	\$ 548	\$ 3
2017	—	523	4
2018	—	561	5
2019	1	600	6
2020	—	648	7
Next five fiscal years to October 31, 2025	2	3,831	50

Note 5: Stock-Based Compensation

Prior to the separation, certain of the Company's employees participated in stock-based compensation plans sponsored by Parent. Parent's stock-based compensation plans include incentive compensation plans and an employee stock purchase plan ("ESPP"). All awards granted under the plans are based on Parent's common shares and, as such, are not reflected in the Company's Combined and Consolidated Statements of Equity. Stock-based compensation expense includes expense attributable to the Company based on the awards and terms previously granted under the incentive compensation plan to the Company's employees and an allocation of Parent's corporate and shared functional employee expenses. Accordingly, the amounts presented are not necessarily indicative of future awards and do not necessarily reflect the results that we would have experienced as an independent, publicly-traded company for the periods presented.

In conjunction with the separation, the Company adopted the Hewlett Packard Enterprise Company 2015 Stock Incentive Plan (the "Plan"). Upon the separation, the outstanding Parent equity-based compensation awards were converted into the Company equity-based compensation awards issued pursuant to the Plan and will reduce the shares authorized for issuance under the Plan.

Hewlett Packard Enterprise Company Stock-Based Plans

The Plan became effective on November 1, 2015. The total number of shares of the Company's common stock authorized and available for issuance under the Plan is 260 million. The Plan provides for the grant of various types of awards including restricted stock awards, stock options, and performance-based awards.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 5: Stock-Based Compensation (Continued)

Parent's Stock-Based Incentive Compensation Plans

Prior to the separation, Parent's stock-based incentive compensation plans included equity plans adopted in 2004 and 2000, as amended ("principal equity plans"), as well as various equity plans assumed through acquisitions under which stock-based awards were outstanding. Stock-based awards granted from the principal equity plans include restricted stock awards, stock options, and performance-based awards. Employees who had met certain employment qualifications were eligible to receive stock-based awards.

Restricted stock awards are non-vested stock awards that may include grants of restricted stock or restricted stock units. Restricted stock awards and cash-settled awards were generally subject to forfeiture if employment terminates prior to the lapse of the restrictions. Such awards generally vested one to three years from the date of grant. During the vesting period, ownership of the restricted stock could not be transferred. Restricted stock had the same dividend and voting rights as common stock and was considered to be issued and outstanding upon grant. The dividends paid on restricted stock were non-forfeitable. Restricted stock units had forfeitable dividend equivalent rights equal to the dividend paid on common stock. Restricted stock units did not have the voting rights of common stock, and the shares underlying restricted stock units were not considered issued and outstanding upon grant. The Company expensed the fair value of restricted stock awards ratably over the period during which the restrictions lapse.

Stock options granted under the principal equity plans were generally non-qualified stock options, but the principal equity plans permitted some options granted to qualify as incentive stock options under the U.S. Internal Revenue Code. Stock options generally vested over three to four years from the date of grant. The exercise price of a stock option was equal to the closing price of Parent's stock on the option grant date. The majority of stock options issued by Parent contained only service vesting conditions. However, starting in fiscal 2011, Parent began granting performance-contingent stock options that vest only on the satisfaction of both service and market conditions prior to the expiration of the awards.

In connection with the separation and in accordance with the Employee Matters Agreement between HP Inc. and the Company, the Company's employees with outstanding Parent stock-based awards received replacement stock-based awards under the Plan at separation. The value of the replaced Company stock-based awards was designed to generally preserve the intrinsic value of the award immediately prior to separation. The share and per share data presented in this note has not been adjusted to reflect the impact of the separation.

Stock-Based Compensation Expense and Related Income Tax Benefits

Stock-based compensation expense and the resulting tax benefits recognized by the Company were as follows:

	For the fiscal years ended October 31		
	2015	2014	2013
	In millions		
Stock-based compensation expense	\$ 565	\$ 427	\$ 374
Income tax benefit	(165)	(141)	(123)
Stock-based compensation expense, net of tax	<u>\$ 400</u>	<u>\$ 286</u>	<u>\$ 251</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 5: Stock-Based Compensation (Continued)

In connection with the separation, the Board of Directors approved amendments to certain outstanding long-term incentive awards on July 29, 2015. The amendments provided for the accelerated vesting on September 17, 2015 of certain stock-based awards that were otherwise scheduled to vest between September 18, 2015 and December 31, 2015. The increased pre-tax stock-based compensation expense due to the acceleration was approximately \$61 million in fiscal year 2015.

Stock-based compensation expense includes an allocation of Parent's corporate and shared functional employees expenses of \$151 million, \$113 million and \$76 million in fiscal 2015, 2014 and 2013, respectively.

Cash received from option exercises and purchases under Parent's ESPP by Company employees was \$165 million in fiscal 2015, \$154 million in fiscal 2014 and \$150 million in fiscal 2013. The benefit realized for the tax deduction from option exercises in fiscal 2015, 2014 and 2013 was \$45 million, \$42 million and \$11 million, respectively.

Restricted Stock Awards

A summary of restricted stock awards activity for Company employees is as follows:

	Fiscal years ended October 31					
	2015		2014		2013	
	Shares In thousands	Weighted-Average Grant Date Fair Value Per Share	Shares In thousands	Weighted-Average Grant Date Fair Value Per Share	Shares In thousands	Weighted-Average Grant Date Fair Value Per Share
Outstanding at beginning of year	24,496	\$24	18,170	\$ 20	15,284	\$ 30
Granted and assumed through acquisition	19,601	\$35	15,820	\$ 28	10,895	\$ 15
Vested	(21,860)	\$26	(7,893)	\$ 24	(6,310)	\$ 32
Forfeited	(1,819)	\$30	(1,601)	\$ 22	(1,699)	\$ 24
Employee transition ⁽¹⁾	3,982	\$33	—	—	—	—
Outstanding at end of year	<u>24,400</u>	\$32	<u>24,496</u>	\$ 24	<u>18,170</u>	\$ 20

⁽¹⁾ The Employee transition amounts consist of restricted stock award activity for employees transitioning between the Company and Parent.

In fiscal 2015, approximately 8 million shares of restricted stock units were assumed through acquisition with a weighted-average grant date fair value of \$33 per share.

The total grant date fair value of restricted stock awards vested for Company employees in fiscal 2015, 2014 and 2013 was \$451 million, \$128 million and \$137 million, respectively, net of taxes. As of October 31, 2015, total unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock awards to Company employees was \$530 million, which is expected to be recognized over the remaining weighted-average vesting period of 1.5 years.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 5: Stock-Based Compensation (Continued)

Stock Options

Parent utilizes the Black-Scholes-Merton option pricing formula to estimate the fair value of stock options subject to service-based vesting conditions. Parent estimates the fair value of stock options subject to performance-contingent vesting conditions using a combination of a Monte Carlo simulation model and a lattice model as these awards contain market conditions. The weighted-average fair value and the assumptions used to measure fair value were as follows:

	For the fiscal years ended October 31		
	2015	2014	2013
Weighted-average fair value ⁽¹⁾	\$ 8	\$ 7	\$ 4
Expected volatility ⁽²⁾	26.8%	33.1%	41.7%
Risk-free interest rate ⁽³⁾	1.7%	1.8%	1.1%
Expected dividend yield ⁽⁴⁾	1.8%	2.1%	3.6%
Expected term in years ⁽⁵⁾	5.9	5.7	5.9

- (1) The weighted-average fair value was based on stock options granted during the period.
- (2) For awards granted in fiscal 2015 and fiscal 2013, expected volatility was estimated using the implied volatility derived from options traded on Parent's common stock. For awards granted in fiscal 2014, expected volatility for awards subject to service-based vesting was estimated using the implied volatility derived from options traded on Parent's common stock, whereas for performance-contingent awards, expected volatility was estimated using the historical volatility of Parent's common stock.
- (3) The risk-free interest rate was estimated based on the yield on U.S. Treasury zero-coupon issues.
- (4) The expected dividend yield represents a constant dividend yield applied for the duration of the expected term of the award.
- (5) For awards subject to service-based vesting, the expected term was estimated using historical exercise and post-vesting termination patterns. For performance-contingent awards, the expected term represents an output from the lattice model.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 5: Stock-Based Compensation (Continued)

A summary of stock option activity for Company employees is as follows:

	Fiscal years ended October 31											
	2015				2014				2013			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	In thousands		In years	In millions	In thousands		In years	In millions	In thousands		In years	In millions
Outstanding at beginning of year . . .	24,472	\$27			37,433	\$26			43,701	\$27		
Granted and assumed through acquisitions	3,147	\$37			4,255	\$28			9,607	\$15		
Exercised . .	(5,716)	\$18			(5,533)	\$18			(5,152)	\$17		
Forfeited/cancelled/expired . .	(7,116)	\$40			(11,683)	\$37			(10,723)	\$25		
Employee transition ⁽¹⁾	11,391	\$26			—				—			
Outstanding at end of year	<u>26,178</u>	<u>\$26</u>	<u>5.2</u>	<u>\$115</u>	<u>24,472</u>	<u>\$27</u>	<u>4.2</u>	<u>\$272</u>	<u>37,433</u>	<u>\$26</u>	<u>3.1</u>	<u>\$149</u>
Vested and expected to vest at end of year	<u>25,309</u>	<u>\$26</u>	<u>5.2</u>	<u>\$115</u>	<u>23,152</u>	<u>\$27</u>	<u>4.0</u>	<u>\$252</u>	<u>35,952</u>	<u>\$27</u>	<u>3.0</u>	<u>\$138</u>
Exercisable at end of year	<u>18,767</u>	<u>\$23</u>	<u>4.7</u>	<u>\$109</u>	<u>14,174</u>	<u>\$31</u>	<u>2.5</u>	<u>\$119</u>	<u>24,630</u>	<u>\$31</u>	<u>2.0</u>	<u>\$ 53</u>

⁽¹⁾ Employee transition amounts consist of option activity for employees transitioning between the Company and Parent.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that Company employee option holders would have realized had all Company employee option holders exercised their options on the last trading day of fiscal 2015, 2014 and 2013. The aggregate intrinsic value is the difference between Parent's closing stock price on the last trading day of the fiscal year and the exercise price, multiplied by the number of in-the-money options. The total intrinsic value of options exercised by Company employees in fiscal 2015, 2014 and 2013 was \$94 million, \$78 million and \$26 million, respectively. The total grant date fair value of options granted to Company employees which vested in fiscal 2015, 2014 and 2013 was \$38 million, \$46 million and \$63 million, respectively, net of taxes.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 5: Stock-Based Compensation (Continued)

The following table summarizes significant ranges of outstanding and exercisable stock options for Company employees:

Range of Exercise Prices	As of October 31, 2015				
	Options Outstanding			Options Exercisable	
	Shares Outstanding In thousands	Weighted-Average Remaining Contractual Term	Weighted-Average Exercise Price	Shares Exercisable In thousands	Weighted-Average Exercise Price
		In years			
\$0-\$9.99	211	4.0	\$ 6	195	\$ 7
\$10-\$19.99	7,366	4.8	\$14	6,916	\$14
\$20-\$29.99	10,851	4.9	\$26	8,473	\$25
\$30-\$39.99	6,776	6.8	\$37	2,209	\$37
\$40-\$49.99	813	1.4	\$45	813	\$45
\$50-\$59.99	161	2.2	\$52	161	\$52
	<u>26,178</u>	5.2	\$26	<u>18,767</u>	\$23

As of October 31, 2015, total unrecognized pre-tax stock-based compensation expense related to stock options for Company employees was \$32 million, which is expected to be recognized over the remaining weighted-average vesting period of 1.8 years.

Employee Stock Purchase Plan

Effective November 1, 2015, the Company adopted the Employee Stock Purchase Plan ("ESPP"). The total number of shares of Company's common stock authorized and available for issuance under the ESPP is 80 million. The ESPP allows eligible employees to contribute up to 10% of their eligible compensation to purchase Hewlett Packard Enterprise's common stock. The plan provides for a discount not to exceed 15% and an offering period up to 24 months. The Company currently offers 6 month offering periods during which employees have the ability to purchase shares at 95% of the closing market price on the purchase date. No stock-based compensation expense is expected to be recorded as the criteria of a non-compensatory plan will be met.

Prior to the separation, Parent sponsored the ESPP, pursuant to which eligible employees may contribute up to 10% of their eligible compensation, subject to certain income limits, to purchase shares of Parent's common stock. Pursuant to the terms of the ESPP, employees purchase stock under the ESPP at a price equal to 95% of Parent's closing stock price on the purchase date. No stock-based compensation expense was recorded in connection with those purchases because the criteria of a non-compensatory plan were met.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 6: Taxes on Earnings

Prior to the separation, Hewlett Packard Enterprise's operating results were included in Parent's various consolidated U.S. federal and state income tax returns, as well as non-U.S. tax filings. For purposes of the Company's Combined and Consolidated Financial Statements for periods prior to the separation, income tax expense and deferred tax balances have been recorded as if the Company filed tax returns on a standalone basis separate from Parent. The Separate Return Method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and a standalone enterprise for the periods presented.

Provision for Taxes

The domestic and foreign components of earnings before taxes were as follows:

	For the fiscal years ended October 31		
	2015	2014	2013
	In millions		
U.S.	\$ 192	\$ 878	\$1,155
Non-U.S.	1,278	1,366	1,716
	<u>\$1,470</u>	<u>\$2,244</u>	<u>\$2,871</u>

The provision for (benefit from) taxes on earnings were as follows:

	For the fiscal years ended October 31		
	2015	2014	2013
	In millions		
U.S. federal taxes:			
Current	\$ 1,647	\$ 481	\$ 293
Deferred	(3,508)	(460)	(267)
Non-U.S. taxes:			
Current	492	375	698
Deferred	527	197	36
State taxes:			
Current	47	45	77
Deferred	(196)	(42)	(17)
	<u>\$ (991)</u>	<u>\$ 596</u>	<u>\$ 820</u>

The differences between the U.S. federal statutory income tax rate and the Company's effective tax rate were as follows:

	For the fiscal years ended October 31		
	2015	2014	2013
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	14.1%	2.4%	2.0%
Lower rates in other jurisdictions, net	(53.6)%	(9.6)%	(19.9)%
Valuation allowance	(75.7)%	3.2%	1.3%
Uncertain tax positions	5.8%	(0.7)%	7.5%
Other, net	7.0%	(3.7)%	2.7%
	<u>(67.4)%</u>	<u>26.6%</u>	<u>28.6%</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 6: Taxes on Earnings (Continued)

The jurisdictions with favorable tax rates that have the most significant impact on the Company's effective tax rate in the periods presented include Puerto Rico, Singapore and China. The Company plans to reinvest earnings of these jurisdictions indefinitely outside the U.S., and therefore have not provided for U.S. taxes on those indefinitely reinvested earnings.

In fiscal 2015, the Company recorded \$1.6 billion of net income tax benefits related to items unique to the year. These amounts primarily included \$1.8 billion of income tax benefits due to a release of valuation allowances pertaining to certain U.S. deferred tax assets, \$447 million of income tax benefits related to restructuring and separation related costs, and \$131 million of income tax benefits related to uncertain tax positions, the effects of which were partially offset by \$486 million of tax charges to record valuation allowances on certain foreign deferred tax assets and \$217 million of income tax charges related to state tax impacts of the separation of deferred taxes under the Separate Return Method.

In fiscal 2014, the Company recorded \$113 million of net income tax benefits related to items unique to the year. These amounts included \$66 million of income tax benefits related to provision to return adjustments and \$35 million of income tax benefits related to state rate changes.

In fiscal 2013, the Company recorded \$283 million of net income tax charges related to items unique to the year. These amounts included \$231 million of income tax charges for adjustments related to uncertain tax positions and \$54 million related to the settlement of tax audit matters.

As a result of certain employment actions and capital investments the Company has undertaken, income from manufacturing and services in certain countries is subject to reduced tax rates, and in some cases is wholly exempt from taxes, through 2024. The gross income tax benefits attributable to these actions and investments were estimated to be \$260 million (\$0.14 diluted net EPS) in fiscal 2015, \$546 million (\$0.30 diluted net EPS) in fiscal 2014 and \$372 million (\$0.20 diluted net EPS) in fiscal 2013. For comparative purposes the number of shares used to compute the diluted net EPS as of October 31, 2015 is used for calculation of diluted net EPS for all the periods presented. Refer Note 16, "Net Earnings Per Share" for details on shares used to compute diluted net EPS.

Uncertain Tax Positions

A reconciliation of unrecognized tax benefits is as follows:

	As of October 31		
	2015	2014	2013
	In millions		
Balance at beginning of year	\$ 2,067	\$1,925	\$1,535
Increases:			
For current year's tax positions	1,449	273	132
For prior years' tax positions	3,591	533	453
Decreases:			
For prior years' tax positions	(554)	(328)	(76)
Statute of limitations expiration	(12)	(121)	(6)
Settlements with taxing authorities	(54)	(215)	(113)
Net Parent Company Investment	(1,586)	—	—
Balance at end of year	<u>\$ 4,901</u>	<u>\$2,067</u>	<u>\$1,925</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 6: Taxes on Earnings (Continued)

Up to \$0.6 billion, \$1.4 billion and \$1.3 billion of Hewlett Packard Enterprise's unrecognized tax benefits at October 31, 2015, 2014 and 2013, respectively, would affect the Company's effective tax rate if realized. The \$2.8 billion increase in the amount of unrecognized tax benefits for the year ended October 31, 2015, primarily relates to the timing of intercompany royalty income recognition which does not affect the Company's effective tax rate.

Hewlett Packard Enterprise recognizes interest income from favorable settlements and interest expense and penalties accrued on unrecognized tax benefits in Provision for taxes in the Combined and Consolidated Statements of Earnings. The Company had accrued \$269 million and \$152 million for interest and penalties as of October 31, 2015 and 2014, respectively.

For the periods presented, the unrecognized tax benefits reflected in the Company's Combined and Consolidated Financial Statements have been determined using the Separate Return Method. The increase in the balance of the Company's unrecognized tax benefits reflect the impact of tax carryforwards and credits that resulted from the separation. Hewlett Packard Enterprise engages in continuous discussion and negotiation with taxing authorities regarding tax matters in various jurisdictions. Hewlett Packard Enterprise does not expect complete resolution of any U.S. Internal Revenue Service ("IRS") audit cycle within the next 12 months. However, it is reasonably possible that certain federal, foreign and state tax issues may be concluded in the next 12 months, including issues involving transfer pricing and other matters. Accordingly, Hewlett Packard Enterprise believes it is reasonably possible that its existing unrecognized tax benefits may be reduced by an amount up to \$122 million within the next 12 months.

Hewlett Packard Enterprise is subject to income tax in the U.S. and approximately 105 other countries and is subject to routine corporate income tax audits in many of these jurisdictions. In addition, HPI is subject to numerous ongoing audits by federal, state and foreign tax authorities. The IRS is conducting an audit of former parent's 2009, 2010, 2011, 2012, 2013 and 2014 income tax returns. Former parent has received from the IRS Notices of Deficiency for its fiscal 1999, 2000, 2003, 2004 and 2005 tax years, and Revenue Agent Reports ("RAR") for its fiscal 2001, 2002, 2006, 2007 and 2008 tax years. The proposed IRS adjustments for these tax years would, if sustained, reduce the benefits of refund claims the former parent has filed for net operating loss carrybacks to earlier fiscal years and tax credit carryforwards to subsequent years by approximately \$445 million. In addition, HPI expects the IRS to issue an RAR for 2009 through 2011 relating to certain tax positions taken on the filed tax returns of the former parent HP Co., including matters related to the U.S. taxation of certain intercompany loans. While the RAR may be material in amount, the HPI believes it has valid positions supporting its tax returns and, if necessary, it will vigorously defend such matters.

Former parent HP Co., has filed petitions with the U.S. Tax Court regarding certain proposed IRS adjustments regarding tax years 1999 through 2003 and is continuing to contest additional adjustments proposed by the IRS for other tax years. The U.S. Tax Court ruled in May 2012 against Parent regarding one of the IRS adjustments for which former parent has filed a formal Notice of Appeal. The Court proceedings are expected to begin in fiscal 2016.

Pre-acquisition tax years of former parent's U.S. group of subsidiaries providing enterprise services through 2004 have been audited by the IRS, and all proposed adjustments have been resolved. RARs have been received for tax years 2005, 2006, 2007 and the short period ended August 26, 2008, proposing total tax deficiencies of \$274 million. Parent is contesting certain of these issues.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 6: Taxes on Earnings (Continued)

The IRS began an audit in fiscal 2013 of the 2010 income tax return for former parent's U.S. group of subsidiaries providing enterprise services, and has issued an RAR for the short period ended October 31, 2008 and the period ending October 31, 2009 proposing a total tax deficiency of \$62 million. HPI is contesting certain of these issues.

With respect to major foreign and state tax jurisdictions, former parent is no longer subject to tax authority examinations for years prior to 1999. Former parent is subject to a foreign tax audit concerning an intercompany transaction for fiscal 2009. The relevant taxing authority has proposed an assessment of approximately \$733 million. HPI is contesting this proposed assessment.

Hewlett Packard Enterprise believes it has provided adequate reserves for all tax deficiencies or reductions in tax benefits that could result from federal, state and foreign tax audits. The Company regularly assesses the likely outcomes of these audits in order to determine the appropriateness of the Company's tax provision. The Company adjusts its uncertain tax positions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular audit. However, income tax audits are inherently unpredictable and there can be no assurance that the Company's will accurately predict the outcome of these audits. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in the Provision for taxes and therefore the resolution of one or more of these uncertainties in any particular period could have a material impact on net earnings or cash flows.

Hewlett Packard Enterprise has not provided for U.S. federal income and foreign withholding taxes on \$27.6 billion of undistributed earnings from non-U.S. operations as of October 31, 2015 because the Company intends to reinvest such earnings indefinitely outside of the U.S. If the Company were to distribute these earnings, foreign tax credits may become available under current law to reduce the resulting U.S. income tax liability. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable. The Company will remit non-indefinitely reinvested earnings of its non-U.S. subsidiaries for which deferred U.S. federal and withholding taxes have been provided where excess cash has accumulated and the Company determines that it is advantageous for business operations, tax or cash management reasons.

Deferred Income Taxes

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. For purposes of the Company's Combined and Consolidated Balance Sheets for periods prior to the separation, deferred tax balances and tax carryforwards and credits have been recorded under the Separate Return Method. The deferred tax balances reflected in the Company's Combined and Consolidated Balance Sheets in the periods presented have been recorded on a consolidated return basis and include tax attributes allocated to the Company at the time of the separation. The inclusion of these tax attributes resulted in tax carryforwards and credits, which generated higher deferred income tax assets for the Company as of the periods presented.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 6: Taxes on Earnings (Continued)

The significant components of deferred tax assets and deferred tax liabilities were as follows:

	As of October 31			
	2015		2014	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
	In millions			
Loss and credit carryforwards	\$ 1,706	\$ —	\$ 2,260	\$ —
Unremitted earnings of foreign subsidiaries	—	(3,362)	—	(3,722)
Inventory valuation	97	(24)	93	(1)
Intercompany transactions—profit in inventory	190	(14)	136	—
Intercompany transactions—excluding inventory	5,598	—	2,786	—
Fixed assets	327	(362)	66	(58)
Warranty	171	(2)	180	—
Employee and retiree benefits	772	(48)	2,798	(55)
Accounts receivable allowance	38	(9)	35	—
Intangible assets	—	(349)	157	(621)
Restructuring	210	—	289	—
Deferred revenue	1,152	(196)	949	(12)
Other	241	—	366	(210)
Gross deferred tax assets and liabilities	10,502	(4,366)	10,115	(4,679)
Valuation allowance	(2,252)	—	(3,912)	—
Net deferred tax assets and liabilities	<u>\$ 8,250</u>	<u>\$(4,366)</u>	<u>\$ 6,203</u>	<u>\$(4,679)</u>

Current and long-term deferred tax assets and liabilities included in the Combined and Consolidated Balance Sheets as follows:

	As of October 31	
	2015	2014
	In millions	
Current deferred tax assets	\$ 1,210	\$1,522
Current deferred tax liabilities	(157)	(174)
Long-term deferred tax assets	4,069	744
Long-term deferred tax liabilities	(1,238)	(568)
Deferred tax assets net of deferred tax liabilities	<u>\$ 3,884</u>	<u>\$1,524</u>

The Company periodically engages in intercompany advanced royalty payment and licensing arrangements that may result in advance payments between subsidiaries in different tax jurisdictions. When the local tax treatment of the intercompany licensing arrangements differs from U.S. GAAP treatment, deferred taxes are recognized. During fiscal 2015, the Company executed intercompany advanced royalty payment arrangements resulting in advanced payments of \$5.0 billion, while during fiscal 2014, the Company executed a multi-year intercompany licensing arrangement and an intercompany advanced royalty payment arrangement which resulted in combined advanced payments of \$7.8 billion, the result of which was the recognition of \$1.1 billion net U.S. deferred tax assets in fiscal 2014. In these transactions, the payments were received in the U.S. from a foreign consolidated

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 6: Taxes on Earnings (Continued)

affiliate, with a deferral of intercompany revenues over the term of the arrangements, approximately 5 years and 15 years, respectively. Intercompany royalty revenue and the amortization expense related to the licensing rights are eliminated in consolidation.

Separation costs are expenses associated with former parent's plan to separate into two independent publicly-traded companies. The former parent recorded a deferred tax asset on these costs and expenses as they are incurred through fiscal 2015. We expect a portion of these deferred tax assets associated with separation costs and expenses will be non-deductible expenses, at the time the separation is executed. Furthermore, the former parent also concluded on the legal form of the separation and announced that the Company will be the spinnee in the U.S. Accordingly, during the second half of fiscal 2015, the former parent implemented certain internal reorganizations of, and transactions among, its wholly owned subsidiaries and operating activities in preparation for the legal form of separation. As a result, the former parent recorded adjustments to certain deferred and prepaid tax assets as well as income tax liabilities reflecting the impact of separation related activities.

As of October 31, 2015, the Hewlett Packard Enterprise had \$348 million, \$867 million and \$5.7 billion of federal, state and foreign net operating loss carryforwards, respectively. Amounts included in state and foreign net operating loss carryforwards will begin to expire in 2016 and amounts included in federal net operating loss carryforwards will begin to expire in 2023. Hewlett Packard Enterprise has provided a valuation allowance of \$6 million and \$1.3 billion for deferred tax assets related to state and foreign net operating losses carryforwards, respectively.

As of October 31, 2015, Hewlett Packard Enterprise had recorded deferred tax assets for various tax credit carryforwards as follows:

	<u>Carryforward</u>	<u>Valuation Allowance</u>	<u>Initial Year of Expiration</u>
	In millions		
U.S. foreign tax credits	\$ 14	\$ —	2021
U.S. research and development and other credits	44	—	2017
Tax credits in state and foreign jurisdictions	171	(136)	2015
Balance at end of year	<u>\$229</u>	<u>\$(136)</u>	

Deferred Tax Asset Valuation Allowance

The deferred tax asset valuation allowance and changes were as follows:

	<u>As of October 31</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
	In millions		
Balance at beginning of year	\$ 3,912	\$3,194	\$3,351
Income tax expense	(1,155)	198	689
Other comprehensive income, currency translation and charges to other accounts	(505)	520	(846)
Balance at end of year	<u>\$ 2,252</u>	<u>\$3,912</u>	<u>\$3,194</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 6: Taxes on Earnings (Continued)

Total valuation allowances decreased by \$1.7 billion and increased \$718 million in fiscal 2015 and 2014, respectively. The decrease in fiscal 2015 was due primarily to the release of a valuation allowance against deferred tax assets in the U.S., and the increase in fiscal 2014 was due primarily to foreign net operating losses.

Tax Matters Agreement and Other Income Tax Matters

In connection with the separation from Parent, the Company entered into a Tax Matters Agreement with HP Inc., formerly Hewlett-Packard Company. See Note 18, "Guarantees, Indemnifications and Warranties", for a full description of these Tax Matter Agreement.

Note 7: Balance Sheet Details

Balance sheet details were as follows:

Accounts Receivable, Net

	As of October 31	
	2015	2014
	In millions	
Accounts receivable	\$8,647	\$8,549
Allowance for doubtful accounts	(109)	(126)
	<u>\$8,538</u>	<u>\$8,423</u>

The allowance for doubtful accounts related to accounts receivable and changes therein were as follows:

	As of October 31		
	2015	2014	2013
	In millions		
Balance at beginning of year	\$126	\$150	\$ 264
Provision for doubtful accounts	27	50	43
Deductions, net of recoveries	(44)	(74)	(157)
Balance at end of year	<u>\$109</u>	<u>\$126</u>	<u>\$ 150</u>

The Company has third-party revolving short-term financing arrangements intended to facilitate the working capital requirements of certain customers. The recourse obligations associated with these short-term financing arrangements as of October 31, 2015 and 2014 were not material.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 7: Balance Sheet Details (Continued)

The activity related to Hewlett Packard Enterprise's revolving short-term financing arrangements was as follows:

	As of October 31		
	2015	2014	2013
	In millions		
Balance at beginning of period ⁽¹⁾	\$ 188	\$ 70	\$ 93
Trade receivables sold	4,221	3,947	1,739
Cash receipts	(4,327)	(3,815)	(1,765)
Foreign currency and other	(14)	(14)	3
Balance at end of period ⁽¹⁾	<u>\$ 68</u>	<u>\$ 188</u>	<u>\$ 70</u>

⁽¹⁾ Beginning and ending balance represents amounts for trade receivables sold but not yet collected.

Inventory

	As of October 31	
	2015	2014
	In millions	
Finished goods	\$1,518	\$1,287
Purchased parts and fabricated assemblies	680	597
	<u>\$2,198</u>	<u>\$1,884</u>

Other Current Assets

	As of October 31	
	2015	2014
	In millions	
Deferred tax assets—short-term	\$1,210	\$1,522
Value-added taxes receivable	1,538	1,165
Manufacturer and other receivables	1,992	777
Prepaid and other current assets	2,937	2,967
	<u>\$7,677</u>	<u>\$6,431</u>

Property, Plant and Equipment

	As of October 31	
	2015	2014
	In millions	
Land	\$ 514	\$ 448
Buildings and leasehold improvements	6,924	4,322
Machinery and equipment, including equipment held for lease	13,986	12,190
	<u>21,424</u>	<u>16,960</u>
Accumulated depreciation	(11,538)	(8,440)
	<u>\$ 9,886</u>	<u>\$ 8,520</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 7: Balance Sheet Details (Continued)

Depreciation expense was \$3.1 billion in fiscal 2015, and \$3.2 billion for both fiscal 2014 and 2013. The change in gross property, plant and equipment in fiscal 2015 was due primarily to transfers from parent of \$4.0 billion, purchases of \$3.4 billion and unfavorable currency impacts of \$0.5 billion, the effects of which were partially offset by sales and retirements totaling \$2.5 billion. In fiscal 2015, accumulated depreciation associated with the assets transferred from parent was \$2.2 billion and with assets sold and retired was \$2.1 billion.

Long-Term Financing Receivables and Other Assets

	As of October 31	
	2015	2014
	In millions	
Financing receivables, net	\$ 3,642	\$3,633
Deferred tax assets—long-term	4,069	744
Deferred costs—long-term	715	730
Other	2,594	1,396
	<u>\$11,020</u>	<u>\$6,503</u>

Other Accrued Liabilities

	As of October 31	
	2015	2014
	In millions	
Accrued taxes—other	\$1,364	\$1,344
Warranty	276	306
Sales and marketing programs	908	862
Other	3,766	2,182
	<u>\$6,314</u>	<u>\$4,694</u>

Other Liabilities

	As of October 31	
	2015	2014
	In millions	
Pension, post-retirement, and post-employment liabilities	\$ 3,432	\$2,606
Deferred revenue—long-term	3,565	3,109
Deferred tax liability—long-term	1,238	568
Tax liability—long-term	778	408
Other long-term liabilities	1,085	963
	<u>\$10,098</u>	<u>\$7,654</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 8: Financing Receivables and Operating Leases

Financing receivables represent sales-type and direct-financing leases of Company and third-party products. These receivables typically have terms ranging from two to five years and are usually collateralized by a security interest in the underlying assets. Financing receivables also include billed receivables from operating leases. The components of financing receivables were as follows:

	As of October 31	
	2015	2014
	In millions	
Minimum lease payments receivable	\$ 6,941	\$ 7,011
Unguaranteed residual value	217	235
Unearned income	(503)	(528)
Financing receivables, gross	6,655	6,718
Allowance for doubtful accounts	(95)	(111)
Financing receivables, net	6,560	6,607
Less: current portion ⁽¹⁾	(2,918)	(2,974)
Amounts due after one year, net ⁽¹⁾	<u>\$ 3,642</u>	<u>\$ 3,633</u>

⁽¹⁾ The Company includes the current portion in Financing receivables and amounts due after one year, net in Long-term financing receivables and other assets in the accompanying Combined and Consolidated Balance Sheets.

As of October 31, 2015, scheduled maturities of the Company's minimum lease payments receivable were as follows:

	2016	2017	2018	2019	2020	Thereafter	Total
	In millions						
Scheduled maturities of minimum lease payments receivable	\$3,160	\$1,906	\$1,128	\$517	\$192	\$38	\$6,941

Credit Quality Indicators

Due to the homogenous nature of its leasing transactions, the Company manages its financing receivables on an aggregate basis when assessing and monitoring credit risk. Credit risk is generally diversified due to the large number of entities comprising the Company's customer base and their dispersion across many different industries and geographic regions. The Company evaluates the credit quality of an obligor at lease inception and monitors that credit quality over the term of a transaction. The Company assigns risk ratings to each lease based on the creditworthiness of the obligor and other variables that augment or mitigate the inherent credit risk of a particular transaction. Such variables include the underlying value and liquidity of the collateral, the essential use of the equipment, the term of the lease, and the inclusion of credit enhancements, such as guarantees, letters of credit or security deposits.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 8: Financing Receivables and Operating Leases (Continued)

The credit risk profile of gross financing receivables, based on internally assigned ratings, was as follows:

	As of October 31	
	2015	2014
	In millions	
Risk Rating:		
Low	\$3,467	\$3,561
Moderate	3,115	3,044
High	73	113
Total	<u>6,655</u>	<u>\$6,718</u>

Accounts rated low risk typically have the equivalent of a Standard & Poor's rating of BBB– or higher, while accounts rated moderate risk generally have the equivalent of BB+ or lower. The Company classifies accounts as high risk when it considers the financing receivable to be impaired or when management believes there is a significant near-term risk of impairment.

Allowance for Doubtful Accounts

The allowance for doubtful accounts for financing receivables is comprised of a general reserve and a specific reserve. The Company maintains general reserve percentages on a regional basis and bases such percentages on several factors, including consideration of historical credit losses and portfolio delinquencies, trends in the overall weighted-average risk rating of the portfolio, current economic conditions and information derived from competitive benchmarking. The Company excludes accounts evaluated as part of the specific reserve from the general reserve analysis. The Company establishes a specific reserve for financing receivables with identified exposures, such as customer defaults, bankruptcy or other events, that make it unlikely the Company will recover its investment. For individually evaluated receivables, the Company determines the expected cash flow for the receivable, which includes consideration of estimated proceeds from disposition of the collateral, and calculates an estimate of the potential loss and the probability of loss. For those accounts where a loss is considered probable, the Company records a specific reserve. The Company generally writes off a receivable or records a specific reserve when a receivable becomes 180 days past due, or sooner if the Company determines that the receivable is not collectible.

The allowance for doubtful accounts related to financing receivables and changes therein were as follows:

	As of October 31		
	2015	2014	2013
	In millions		
Balance at beginning of year	\$111	\$131	\$149
Provision for doubtful accounts	25	30	38
Deductions, net of recoveries	(41)	(50)	(56)
Balance at end of year	<u>\$ 95</u>	<u>\$111</u>	<u>\$131</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 8: Financing Receivables and Operating Leases (Continued)

The gross financing receivables and related allowance evaluated for loss were as follows:

	As of October 31	
	2015	2014
	In millions	
Gross financing receivables collectively evaluated for loss	\$6,399	\$6,426
Gross financing receivables individually evaluated for loss	256	292
Total	<u>\$6,655</u>	<u>\$6,718</u>
Allowance for financing receivables collectively evaluated for loss	\$ 82	\$ 92
Allowance for financing receivables individually evaluated for loss	13	19
Total	<u>\$ 95</u>	<u>\$ 111</u>

Non-Accrual and Past-Due Financing Receivables

The Company considers a financing receivable to be past due when the minimum payment is not received by the contractually specified due date. The Company generally places financing receivables on non-accrual status, which is suspension of interest accrual, and considers such receivables to be non-performing at the earlier of the time at which full payment of principal and interest becomes doubtful or the receivable becomes 90 days past due. Subsequently, the Company may recognize revenue on non-accrual financing receivables as payments are received, which is on a cash basis, if the Company deems the recorded financing receivable to be fully collectible; however, if there is doubt regarding the ultimate collectability of the recorded financing receivable, all cash receipts are applied to the carrying amount of the financing receivable, which is the cost recovery method. In certain circumstances, such as when the Company deems a delinquency to be of an administrative nature, financing receivables may accrue interest after becoming 90 days past due. The non-accrual status of a financing receivable may not impact a customer's risk rating. After all of a customer's delinquent principal and interest balances are settled, the Company may return the related financing receivable to accrual status.

The following table summarizes the aging and non-accrual status of gross financing receivables:

	As of October 31	
	2015	2014
	In millions	
Billed ⁽¹⁾ :		
Current 1-30 days	\$ 358	\$ 272
Past due 31-60 days	52	46
Past due 61-90 days	14	12
Past due >90 days	57	49
Unbilled sales-type and direct-financing lease receivables	6,174	6,339
Total gross financing receivables	<u>\$6,655</u>	<u>\$6,718</u>
Gross financing receivables on non-accrual status ⁽²⁾	\$ 154	\$ 130
Gross financing receivables 90 days past due and still accruing interest ⁽²⁾	<u>\$ 102</u>	<u>\$ 162</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 8: Financing Receivables and Operating Leases (Continued)

- (1) Includes billed operating lease receivables and billed sales-type and direct-financing lease receivables.
- (2) Includes billed operating lease receivables and billed and unbilled sales-type and direct-financing lease receivables.

Operating Leases

Operating lease assets included in machinery and equipment in the Combined and Consolidated Balance Sheets were as follows:

	As of October 31	
	2015	2014
	In millions	
Equipment leased to customers	\$ 4,428	\$ 4,333
Accumulated depreciation	(1,513)	(1,541)
	<u>\$ 2,915</u>	<u>\$ 2,792</u>

As of October 31, 2015, minimum future rentals on non-cancelable operating leases related to leased equipment were as follows:

	2016	2017	2018	2019	2020	Thereafter	Total
	In millions						
Minimum future rentals on non-cancelable operating leases	\$1,526	\$1,038	\$550	\$219	\$76	\$17	\$3,426

Note 9: Acquisitions and Divestitures

Acquisitions

In fiscal 2015, the Company completed five acquisitions. The purchase price allocation for these acquisitions as set forth in the table below reflects various preliminary fair value estimates and analyses, including preliminary work performed by third-party valuation specialists, which are subject to change within the measurement period as valuations are finalized. The primary areas of the preliminary purchase price allocation that are not yet finalized relate to the fair values of certain tangible assets and liabilities acquired, the valuation of intangible assets acquired, certain legal matters, income and non-income based taxes, and residual goodwill. The Company expects to continue to obtain information to assist it in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's combined financial statements and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected.

Pro forma results of operations for these acquisitions have not been presented because they are not material to the Company's combined and consolidated results of operations, either individually or in the aggregate. Goodwill, which represents the excess of the purchase price over the net tangible and intangible assets acquired, is not deductible for tax purposes.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 9: Acquisitions and Divestitures (Continued)

The following table presents the aggregate purchase price allocation, including those items that are still preliminary allocations, for the Company's acquisitions for the fiscal period ended October 31, 2015:

	<u>In millions</u>
Goodwill	\$1,987
Amortizable intangible assets	704
In-process research and development	159
Net assets assumed	<u>221</u>
Total fair value of consideration	<u>\$3,071</u>

Acquisition of Aruba

The Company's largest acquisition in fiscal 2015 was Aruba, which was completed in May 2015. Aruba is a leading provider of next-generation network access solutions for the mobile enterprise. The Company reports the financial results of Aruba's business in the Networking business unit within the EG segment. The acquisition date fair value of consideration of \$2.8 billion consisted of cash paid for outstanding common stock, vested in-the-money stock awards and the estimated fair value of earned unvested stock awards assumed by the Company. In connection with this acquisition, the Company recorded approximately \$1.8 billion of goodwill, \$643 million of intangible assets and \$153 million of in-process research and development. The Company is amortizing intangible assets on a straight-line basis over an estimated weighted-average life of six years.

Acquisitions in Prior Year

In fiscal 2014, the Company completed two acquisitions with a combined purchase price of \$55 million, of which \$12 million was recorded as goodwill and \$25 million was recorded as intangible assets related to these acquisitions. In fiscal 2013, MphasiS Limited, a majority-owned subsidiary of the Company, acquired Digital Risk LLC for \$174 million. The Company recorded \$112 million of goodwill and \$48 million of intangible assets related to this acquisition.

Divestitures

In fiscal 2015, the Company completed four divestitures which resulted in \$140 million of proceeds. These divestitures include the sale of its LiveVault and iManage businesses, which were previously reported within the Software segment. The gains associated with these divestitures were included in Selling, general and administrative expense on the Combined and Consolidated Statements of Earnings.

In May 2015, the Company and Tsinghua Holdings jointly announced a partnership that will bring together the Chinese enterprise technology assets of the Company and Tsinghua University to create a Chinese provider of technology infrastructure. Under the definitive agreement, Tsinghua Holdings' subsidiary, Unisplendour Corporation, will purchase 51% of a new business called H3C, comprising the Company's current H3C Technologies and China-based server, storage and technology services businesses, for approximately \$2.3 billion. The Company's China subsidiary will maintain 100% ownership of its existing China-based Enterprise Services, Software and Helion Cloud businesses.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 9: Acquisitions and Divestitures (Continued)

Once the transaction closes, the new H3C will be the exclusive provider for the Company's server, storage and networking portfolio, as well as the Company's exclusive hardware support services provider in China, customized for that market. The transaction is expected to close in the first quarter of fiscal 2016, subject to regulatory approvals and other closing conditions.

In October 2015, the Company signed a definitive agreement with Trend Micro International to sell the TippingPoint business for approximately \$300 million. TippingPoint is a provider of next-generation intrusion prevention systems and related network security solutions. The results of TippingPoint are recorded within the Software segment. The transaction is expected to close during the Company's first fiscal quarter 2016, subject to regulatory approvals and other closing conditions.

Note 10: Goodwill and Intangible Assets

Goodwill

Goodwill and related changes in the carrying amount by reportable segment were as follows:

	<u>Enterprise Group</u>	<u>Enterprise Services⁽¹⁾</u>	<u>Software⁽²⁾</u>	<u>Financial Services</u>	<u>Total</u>
Balance at October 31, 2013 ⁽³⁾	\$16,864	\$ 97	\$8,840	\$144	\$25,945
Goodwill acquired during the period	—	—	12	—	12
Changes due to foreign currency	5	—	—	—	5
Goodwill adjustments	(2)	—	—	—	(2)
Balance at October 31, 2014 ⁽³⁾	16,867	97	8,852	144	25,960
Goodwill acquired during the period	1,891	—	96	—	1,987
Changes due to foreign currency	(52)	(5)	—	—	(57)
Goodwill adjustments ⁽²⁾	6	—	(635)	—	(629)
Balance at October 31, 2015 ⁽³⁾	<u>\$18,712</u>	<u>\$ 92</u>	<u>\$8,313</u>	<u>\$144</u>	<u>\$27,261</u>

(1) Goodwill relates to the MphasiS Limited reporting unit.

(2) In connection with the separation, Parent will retain the marketing optimization software product group, a continuing business which has historically been managed by the Company and included in the Software segment. The adjustment reflects the impact of removing the related goodwill of \$512 million allocated on a relative fair value basis from Parent.

(3) Goodwill is net of accumulated impairment losses of \$13.7 billion, which were recorded prior to October 31, 2013. Of that amount, \$8.0 billion relates to the ES segment and the remaining \$5.7 billion relates to Software.

Goodwill Impairments

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2015, the Company's reporting units are consistent with the reportable segments identified in Note 2, "Segment Information", except for ES, which includes two reporting units: (1) MphasiS Limited and (2) the remainder of ES. Based on the results of the Company's annual impairment tests for fiscal 2015, 2014 and 2013 the Company determined that no impairment of goodwill existed.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 10: Goodwill and Intangible Assets (Continued)

Intangible Assets

Intangible assets are composed of:

	As of October 31, 2015				As of October 31, 2014			
	Gross	Accumulated Amortization	Accumulated Impairment Loss	Net	Gross	Accumulated Amortization	Accumulated Impairment Loss	Net
	In millions							
Customer contracts, customer lists and distribution agreements	\$5,109	\$(3,517)	\$ (856)	\$ 736	\$5,273	\$(3,213)	\$ (856)	\$1,204
Developed and core technology and patents	4,218	(1,110)	(2,138)	970	4,241	(1,278)	(2,138)	825
Trade name and trademarks	231	(57)	(109)	65	272	(135)	(109)	28
In-process research and development . .	159	—	—	159	—	—	—	—
Total intangible assets	<u>\$9,717</u>	<u>\$(4,684)</u>	<u>\$(3,103)</u>	<u>\$1,930</u>	<u>\$9,786</u>	<u>\$(4,626)</u>	<u>\$(3,103)</u>	<u>\$2,057</u>

For fiscal 2015, the decrease in gross intangible assets was due primarily to \$703 million of intangible assets that became fully amortized and have been eliminated from gross intangible assets and accumulated amortization and the impact of removing intangible assets related to the marketing optimization software product group which was retained by Parent. The decrease was partially offset by intangible assets and in-process research and development resulting from the Company's acquisitions, primarily the acquisition of Aruba. For fiscal 2014, \$833 million of intangible assets became fully amortized and have been eliminated from gross intangible assets and accumulated amortization.

As of October 31, 2015, the weighted-average remaining useful lives of the Company's finite-lived intangible assets were as follows:

<u>Finite-Lived Intangible Assets</u>	<u>Weighted-Average Remaining Useful Lives</u>
	In years
Customer contracts, customer lists and distribution agreements	8
Developed and core technology and patents	7
Trade name and trade marks	7

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 10: Goodwill and Intangible Assets (Continued)

As of October 31, 2015, estimated future amortization expense related to finite-lived intangible assets was as follows:

<u>Fiscal year</u>	<u>In millions</u>
2016	\$ 751
2017	337
2018	237
2019	197
2020	167
Thereafter	82
Total	<u>\$1,771</u>

Note 11: Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy

The Company uses valuation techniques that are based upon observable and unobservable inputs. Observable inputs are developed using market data such as publicly available information and reflect the assumptions market participants would use, while unobservable inputs are developed using the best information available about the assumptions market participants would use. Assets and liabilities are classified in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2—Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3—Unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to observable inputs and lowest priority to unobservable inputs.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 11: Fair Value (Continued)

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis:

	As of October 31, 2015				As of October 31, 2014			
	Fair Value Measured Using			Total	Fair Value Measured Using			Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	In millions							
Assets								
Cash Equivalents and Investments:								
Time deposits	\$ —	\$2,473	\$—	\$2,473	\$—	\$1,130	\$—	\$1,130
Money market funds	4,592	—	—	4,592	691	—	—	691
Mutual funds	—	246	—	246	—	244	—	244
Marketable equity securities	46	7	—	53	8	—	—	8
Foreign bonds	8	305	—	313	7	245	—	252
Other debt securities	—	—	40	40	—	—	10	10
Derivative Instruments:								
Foreign exchange contracts	—	816	—	816	—	442	—	442
Other derivatives	—	3	—	3	—	3	—	3
Total assets	<u>\$4,646</u>	<u>\$3,850</u>	<u>\$ 40</u>	<u>\$8,536</u>	<u>\$706</u>	<u>\$2,064</u>	<u>\$ 10</u>	<u>\$2,780</u>
Liabilities								
Derivative Instruments:								
Interest rate contracts	\$ —	\$ 55	\$—	\$ 55	\$—	\$ —	\$—	\$ —
Foreign exchange contracts	—	137	—	137	—	75	—	75
Total liabilities	<u>\$ —</u>	<u>\$ 192</u>	<u>\$—</u>	<u>\$ 192</u>	<u>\$—</u>	<u>\$ 75</u>	<u>\$—</u>	<u>\$ 75</u>

For the year ended October 31, 2015 and 2014, there were no material transfers between levels within the fair value hierarchy.

Valuation Techniques

Cash Equivalents and Investments: The Company holds time deposits, money market funds, mutual funds, other debt securities primarily consisting of corporate and foreign government notes and bonds, and common stock and equivalents. The Company values cash equivalents and equity investments using quoted market prices, alternative pricing sources, including NAV, or models utilizing market observable inputs. The fair value of debt investments was based on quoted market prices or model-driven valuations using inputs primarily derived from or corroborated by observable market data, and, in certain instances, valuation models that utilize assumptions which cannot be corroborated with observable market data.

Derivative Instruments: The Company uses forward contracts, interest rate and total return swaps to hedge certain foreign currency and interest rate exposures. The Company uses industry standard

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 11: Fair Value (Continued)

valuation models to measure fair value. Where applicable, these models project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rate curves, the Company and counterparty credit risk, foreign exchange rates, and forward and spot prices for currencies and interest rates. See Note 12, "Financial Instruments", for a further discussion of the Company's use of derivative instruments.

Other Fair Value Disclosures

Short- and Long-Term Debt: The Company estimates the fair value of its debt primarily using an expected present value technique, which is based on observable market inputs using interest rates currently available to companies of similar credit standing for similar terms and remaining maturities, and considering its own credit risk. The portion of the Company's debt that is hedged is reflected in the Combined and Consolidated Balance Sheets as an amount equal to the debt's carrying amount and a fair value adjustment representing changes in the fair value of the hedged debt obligations arising from movements in benchmark interest rates. The estimated fair value of the Company's short- and long-term debt approximated its carrying value of \$15.8 billion and \$1.4 billion as of October 31, 2015 and 2014, respectively. If measured at fair value in the Combined and Consolidated Balance Sheets, short- and long-term debt would be classified in Level 2 of the fair value hierarchy.

Other Financial Instruments: For the balance of the Company's financial instruments, primarily accounts receivable, accounts payable and financial liabilities included in other accrued liabilities, the carrying amounts approximate fair value due to their short maturities. If measured at fair value in the Combined and Consolidated Balance Sheets, these other financial instruments would be classified in Level 2 or Level 3 of the fair value hierarchy.

Non-Marketable Equity Investments and Non-Financial Assets: The Company's non-marketable equity investments and non-financial assets, such as intangible assets, goodwill and property, plant and equipment, are recorded at fair value in the period an impairment charge is recognized. If measured at fair value in the Combined and Consolidated Balance Sheets, these would generally be classified in Level 3 of the fair value hierarchy. In fiscal 2015, the Company determined that it would exit certain data centers. The Company conducted an analysis of the respective asset group to determine if the carrying value was greater than the fair value. As a result of this assessment, the Company recorded a \$136 million impairment charge to Impairment of data center assets on the Combined and Consolidated Statements of Earnings.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 12: Financial Instruments

Cash Equivalents and Available-for-Sale Investments

Cash equivalents and available-for-sale investments were as follows:

	As of October 31, 2015				As of October 31, 2014			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	In millions							
Cash Equivalents:								
Time deposits	\$2,367	\$—	\$—	\$2,367	\$ 985	\$—	\$—	\$ 985
Money market funds	4,592	—	—	4,592	691	—	—	691
Mutual funds	173	—	—	173	110	—	—	110
Total cash equivalents	<u>7,132</u>	<u>—</u>	<u>—</u>	<u>7,132</u>	<u>1,786</u>	<u>—</u>	<u>—</u>	<u>1,786</u>
Available-for-Sale Investments:								
Debt securities:								
Time deposits	106	—	—	106	145	—	—	145
Foreign bonds	244	69	—	313	191	61	—	252
Other debt securities	53	—	(13)	40	10	—	—	10
Total debt securities	<u>403</u>	<u>69</u>	<u>(13)</u>	<u>459</u>	<u>346</u>	<u>61</u>	<u>—</u>	<u>407</u>
Equity securities:								
Mutual funds	73	—	—	73	134	—	—	134
Equity securities in public companies . . .	55	7	(9)	53	5	3	—	8
Total equity securities	<u>128</u>	<u>7</u>	<u>(9)</u>	<u>126</u>	<u>139</u>	<u>3</u>	<u>—</u>	<u>142</u>
Total available-for-sale investments	<u>531</u>	<u>76</u>	<u>(22)</u>	<u>585</u>	<u>485</u>	<u>64</u>	<u>—</u>	<u>549</u>
Total cash equivalents and available-for-sale investments . . .	<u>\$7,663</u>	<u>\$ 76</u>	<u>\$(22)</u>	<u>\$7,717</u>	<u>\$2,271</u>	<u>\$ 64</u>	<u>\$—</u>	<u>\$2,335</u>

All highly liquid investments with original maturities of three months or less at the date of acquisition are considered cash equivalents. As of October 31, 2015 and 2014, the carrying amount of cash equivalents approximated fair value due to the short period of time to maturity. Interest income related to cash, cash equivalents and debt securities was approximately \$54 million in fiscal 2015, \$64 million in fiscal 2014 and \$72 million in fiscal 2013. Time deposits were primarily issued by institutions outside the U.S. as of October 31, 2015 and 2014. The estimated fair value of the available-for-sale investments may not be representative of values that will be realized in the future.

The gross unrealized loss as of October 31, 2015 was due primarily to a decline in the fair value of a debt security of \$13 million that has been in a continuous loss position for more than twelve months. There was no gross unrealized loss as of October 31, 2014.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 12: Financial Instruments (Continued)

Contractual maturities of investments in available-for-sale debt securities were as follows:

	<u>As of October 31, 2015</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>
	<u>In millions</u>	
Due in one year	\$104	\$104
Due in one to five years	12	12
Due in more than five years	287	343
	<u>\$403</u>	<u>\$459</u>

Equity securities in privately held companies include cost basis and equity method investments and are included in Long-term financing receivables and other assets in the Combined and Consolidated Balance Sheets. These investments amounted to \$45 million and \$90 million at October 31, 2015 and 2014, respectively.

Derivative Instruments

The Company is a global company exposed to foreign currency exchange rate fluctuations and interest rate changes in the normal course of its business. As part of its risk management strategy, the Company uses derivative instruments, primarily forward contracts, interest rate swaps, total return swaps to hedge certain foreign currency, interest rate and, to a lesser extent, equity exposures. The Company's objective is to offset gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them, thereby reducing volatility of earnings or protecting the fair value of assets and liabilities. The Company does not have any leveraged derivatives and does not use derivative contracts for speculative purposes. The Company may designate its derivative contracts as fair value hedges, cash flow hedges or hedges of the foreign currency exposure of a net investment in a foreign operation ("net investment hedges"). Additionally, for derivatives not designated as hedging instruments, the Company categorizes those economic hedges as other derivatives. Derivative instruments directly attributable to the Company are recognized at fair value in the Combined and Consolidated Balance Sheets. The change in fair value of the derivative instruments is recognized in the Combined and Consolidated Statements of Earnings or Combined and Consolidated Statements of Comprehensive Income dependent upon the type of hedge as further discussed below. The Company classifies cash flows from its derivative programs with the activities that correspond to the underlying hedged items in the Combined and Consolidated Statements of Cash Flows.

As a result of its use of derivative instruments, the Company is exposed to the risk that its counterparties will fail to meet their contractual obligations. To mitigate counterparty credit risk, the Company has a policy of only entering into derivative contracts with carefully selected major financial institutions based on their credit ratings and other factors, and the Company maintains dollar risk limits that correspond to each financial institution's credit rating and other factors. The Company's established policies and procedures for mitigating credit risk include reviewing and establishing limits for credit exposure and periodically reassessing the creditworthiness of its counterparties. Through October 31, 2015, the Company participated in Parent's master netting agreements, which further mitigated credit exposure to counterparties by permitting the Company to net amounts due from the Company to counterparty against amounts due to the Company from the same counterparty under certain conditions. From and after November 1, 2015, in connection with the separation, all of the Company's contracts are transacted under its own master netting agreements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 12: Financial Instruments (Continued)

To further mitigate credit exposure to counterparties, through October 31, 2015, the Company participated in Parent's collateral security agreements, which allow the Company to hold collateral from, or require the Company to post collateral to, counterparties when aggregate derivative fair values exceed contractually established thresholds which are generally based on the credit ratings of Parent and its counterparties. If Parent's credit rating falls below a specified credit rating, the counterparty has the right to request full collateralization of the derivatives' net liability position. Conversely, if the counterparty's credit rating falls below a specified credit rating, the Parent has the right to request full collateralization of the derivatives' net liability position. From and after November 1, 2015, in connection with the separation, the Company transacts all contracts under its own collateral security agreements where the contractually established threshold are based on the Company's credit ratings. Collateral is generally posted within two business days. The fair value of the Company's derivatives with credit contingent features in a net liability position was \$35 million and \$0.2 million at October 31, 2015 and 2014, respectively, all of which were fully collateralized within two business days.

Under the Company's derivative contracts, the counterparty can terminate all outstanding trades following a covered change of control event affecting the Company that results in the surviving entity being rated below a specified credit rating. This credit contingent provision did not affect the Company's financial position or cash flows as of October 31, 2015 and 2014.

Fair Value Hedges

The Company issues long-term debt in U.S. dollars based on market conditions at the time of financing. The Company may enter into fair value hedges, such as interest rate swaps, to reduce the exposure of its debt portfolio to changes in fair value resulting from changes in interest rates by achieving a primarily U.S. dollar LIBOR-based floating interest expense. The swap transactions generally involve principal and interest obligations for U.S. dollar-denominated amounts. Alternatively, the Company may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if it believes a larger proportion of fixed-rate debt would be beneficial. When investing in fixed-rate instruments, the Company may enter into interest rate swaps that convert the fixed interest payments into variable interest payments and may designate these swaps as fair value hedges.

In fiscal 2015, concurrent with issuance of senior notes, the Company entered into interest rate swaps to reduce the exposure of \$9.5 billion of aggregate principal amount of fixed rate senior notes to changes in fair value resulting from changes in interest rates by achieving LIBOR-based floating interest expense. See Note 13, "Borrowing", for more information related to issuance of senior notes.

For derivative instruments that are designated and qualify as fair value hedges, the Company recognizes the change in fair value of the derivative instrument, as well as the offsetting change in the fair value of the hedged item, in Interest and other, net in the Combined and Consolidated Statements of Earnings in the period of change.

Cash Flow Hedges

The Company uses forward contracts designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in its forecasted net revenue and, to a lesser extent, cost of sales, operating expenses, and intercompany loans denominated in currencies other than the U.S. dollar. The Company's foreign currency cash flow hedges mature generally within twelve months;

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 12: Financial Instruments (Continued)

however, forward contracts associated with sales-type and direct-financing leases and intercompany loans extend for the duration of the lease or loan term, which typically range from two to five years.

For derivative instruments that are designated and qualify as cash flow hedges, the Company initially records changes in fair value for the effective portion of the derivative instrument in Accumulated other comprehensive loss as a separate component of equity in the Combined and Consolidated Balance Sheets and subsequently reclassifies these amounts into earnings in the period during which the hedged transaction is recognized in earnings. The Company reports the effective portion of its cash flow hedges in the same financial statement line item as changes in the fair value of the hedged item.

Net Investment Hedges

The Company uses forward contracts designated as net investment hedges to hedge net investments in certain foreign subsidiaries whose functional currency is the local currency. The Company records the effective portion of such derivative instruments together with changes in the fair value of the hedged items in Cumulative translation adjustment as a separate component of Equity in the Combined and Consolidated Balance Sheets.

Other Derivatives

Other derivatives not designated as hedging instruments consist primarily of forward contracts used to hedge foreign currency-denominated balance sheet exposures. The Company also uses total return swaps and, to a lesser extent, interest rate swaps, based on equity or fixed income indices, to hedge its executive deferred compensation plan liability.

For derivative instruments not designated as hedging instruments, the Company recognizes changes in fair value of the derivative instrument, as well as the offsetting change in the fair value of the hedged item, in Interest and other net in the Combined and Consolidated Statements of Earnings in the period of change.

Hedge Effectiveness

For interest rate swaps designated as fair value hedges, the Company measures hedge effectiveness by offsetting the change in fair value of the hedged items with the change in fair value of the derivative. For forward contracts designated as cash flow or net investment hedges, the Company measures hedge effectiveness by comparing the cumulative change in fair value of the hedge contract with the cumulative change in fair value of the hedged item, both of which are based on forward rates. The Company recognizes any ineffective portion of the hedge in the Combined and Consolidated Statements of Earnings in the same period in which ineffectiveness occurs. Amounts excluded from the assessment of effectiveness are recognized in the Combined and Consolidated Statements of Earnings in the period they arise.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 12: Financial Instruments (Continued)

Fair Value of Derivative Instruments in the Combined and Consolidated Balance Sheets

The gross notional and fair value of derivative instruments in the Combined and Consolidated Balance Sheets was as follows:

	As of October 31, 2015					As of October 31, 2014				
	Fair Value					Fair Value				
	Outstanding Gross Notional	Other Current Assets	Long-Term Financing Receivables and Other Assets	Other Accrued Liabilities	Long-Term Other Liabilities	Outstanding Gross Notional	Other Current Assets	Long-Term Financing Receivables and Other Assets	Other Accrued Liabilities	Long-Term Other Liabilities
	In millions									
Derivatives designated as hedging instruments										
Fair value hedges:										
Interest rate contracts . . .	\$ 9,500	\$—	\$—	\$—	\$ 55	\$ —	\$—	\$—	\$—	\$—
Cash flow hedges:										
Foreign currency contracts . . .	8,692	296	206	28	8	7,438	195	116	25	6
Net investment hedges:										
Foreign currency contracts . . .	1,861	114	66	7	4	1,952	44	47	10	8
Total derivatives designated as hedging instruments	20,053	410	272	35	67	9,390	239	163	35	14
Derivatives not designated as hedging instruments										
Foreign currency contracts	9,283	46	88	50	40	979	8	32	8	18
Other derivatives . . .	127	3	—	—	—	120	2	1	—	—
Total derivatives not designated as hedging instruments	9,410	49	88	50	40	1,099	10	33	8	18
Total derivatives . .	\$29,463	\$459	\$360	\$ 85	\$107	\$10,489	\$249	\$196	\$ 43	\$ 32

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 12: Financial Instruments (Continued)

Offsetting of Derivative Instruments

The Company recognizes all derivative instruments on a gross basis in the Combined and Consolidated Balance Sheets. As of October 31, 2015, the Company participated in Parent's master netting arrangements and collateral security arrangements. From and after November 1, 2015, in connection with the separation, the Company's derivative instruments are subject to its own master netting arrangements and collateral security arrangements. The Company does not offset the fair value of its derivative instruments against the fair value of cash collateral posted under collateral security agreements. As of October 31, 2015 and 2014, information related to the potential effect of the Company's use of the master netting agreements and collateral security agreements was as follows:

	As of October 31, 2015					
	In the Combined and Consolidated Balance Sheets					
	(i)	(ii)	(iii) = (i) – (ii)	(iv)	(v)	(vi) = (iii) – (iv) – (v)
				Gross Amounts Not Offset		
	Gross Amount Recognized	Gross Amount Offset	Net Amount Presented	Derivatives	Financial Collateral	Net Amount
	In millions					
Derivative assets	\$819	\$—	\$819	\$153	\$631 ⁽¹⁾	\$35
Derivative liabilities	\$192	\$—	\$192	\$153	\$ 19 ⁽²⁾	\$20

	As of October 31, 2014					
	In the Combined and Consolidated Balance Sheets					
	(i)	(ii)	(iii) = (i) – (ii)	(iv)	(v)	(vi) = (iii) – (iv) – (v)
				Gross Amounts Not Offset		
	Gross Amount Recognized	Gross Amount Offset	Net Amount Presented	Derivatives	Financial Collateral	Net Amount
	In millions					
Derivative assets	\$445	\$—	\$445	\$73	\$ 45 ⁽¹⁾	\$327
Derivative liabilities	\$ 75	\$—	\$ 75	\$73	\$—	\$ 2

(1) Represents the cash collateral posted by counterparties as of the respective reporting date for the Company's asset position, net of derivative amounts that could be offset, as of, generally, two business days prior to the respective reporting date.

(2) Represents the collateral posted by the Company through re-use of counterparty cash collateral as of the respective reporting date for the Company's liability position, net of derivative amounts that could be offset, as of, generally, two business days prior to the respective reporting date.

Effect of Derivative Instruments on the Combined and Consolidated Statements of Earnings

The pre-tax effect of derivative instruments and related hedged items in a fair value hedging relationship for fiscal years ended October 31, 2015, 2014 and 2013 was as follows:

(Losses) Gains Recognized in Income on Derivative and Related Hedged Item								
Derivative Instrument	Location	2015	2014	2013	Hedged Item	Location	2015	2014 2013
In millions								
Interest rate contracts . . .	Interest and other, net	\$(55)	\$—	\$(28)	Fixed-rate debt	Interest and other, net	\$55	\$— \$28

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 12: Financial Instruments (Continued)

The pre-tax effect of derivative instruments in cash flow and net investment hedging relationships for fiscal years ended October 31, 2015, 2014 and 2013 was as follows:

	Gains (Losses) Recognized in OCI on Derivatives (Effective Portion)			Gains (Losses) Reclassified from Accumulated OCI Into Earnings (Effective Portion)			
	2015	2014	2013	Location	2015	2014	2013
	In millions				In millions		
Cash flow hedges:							
Foreign currency contracts	\$279	\$149	\$ 41	Net revenue	\$276	\$ (4)	\$ 46
Foreign currency contracts	(3)	13	(4)	Cost of products	6	3	(1)
Foreign currency contracts	(2)	9	(22)	Other operating expenses	(4)	(9)	(2)
Foreign currency contracts	207	(60)	21	Interest and other, net	202	(50)	10
Total currency hedges	<u>\$481</u>	<u>\$111</u>	<u>\$ 36</u>		<u>\$480</u>	<u>\$ (60)</u>	<u>\$ 53</u>
Net investment hedges:							
Foreign currency contracts	\$228	\$ 57	\$ 38	Interest and other, net	\$—	\$—	\$—

As of October 31, 2015, 2014 and 2013 no portion of the hedging instruments' gain or loss was excluded from the assessment of effectiveness for fair value, cash flow or net investment hedges. Hedge ineffectiveness for fair value, cash flow and net investment hedges was not material for fiscal 2015, 2014 and 2013.

As of October 31, 2015, the Company expects to reclassify an estimated net Accumulated other comprehensive gain of approximately \$66 million, net of taxes, to earnings in the next twelve months along with the earnings effects of the related forecasted transactions associated with cash flow hedges.

The pre-tax effect of derivative instruments not designated as hedging instruments on the Combined and Consolidated Statements of Earnings for fiscal years ended October 31, 2015, 2014 and 2013 was as follows:

		Gains (Losses) Recognized in Income on Derivatives			
		Location	2015	2014	2013
			In millions		
Foreign currency contracts	Interest and other, net	\$ 11	\$169	\$(57)	
Other derivatives	Interest and other, net	1	—	3	
Interest rate contracts	Interest and other, net	—	—	3	
Total		\$ 12	\$169	\$(51)	

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 13: Borrowings

Notes Payable and Short-Term Borrowings

Notes payable and short-term borrowings, including the current portion of long-term debt, were as follows:

	As of October 31			
	2015		2014	
	Amount Outstanding	Weighted-Average Interest Rate	Amount Outstanding	Weighted-Average Interest Rate
	Dollars in millions			
Current portion of long-term debt	\$161	2.6%	\$127	2.8%
FS Commercial paper	39	0.2%	298	0.5%
Notes payable to banks, lines of credit and other ⁽¹⁾	<u>491</u>	2.7%	<u>469</u>	1.5%
Total notes payable and short-term borrowings	<u>\$691</u>		<u>\$894</u>	

⁽¹⁾ Notes payable to banks, lines of credit and other includes \$374 million and \$404 million at October 31, 2015 and 2014, respectively, of borrowing- and funding-related activity associated with FS and its subsidiaries.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 13: Borrowings (Continued)

Long-Term Debt

	As of October 31	
	2015	2014
	In millions	
Hewlett Packard Enterprise Senior Notes ⁽¹⁾		
\$2,250 issued at discount to par at a price of 99.944% in October 2015 at 2.45%, due October 5, 2017, interest payable semi-annually on April 5 and October 5 of each year	\$ 2,249	\$ —
\$2,650 issued at discount to par at a price of 99.872% in October 2015 at 2.85%, due October 5, 2018, interest payable semi-annually on April 5 and October 5 of each year	2,647	—
\$3,000 issued at discount to par at a price of 99.972% in October 2015 at 3.6%, due October 15, 2020, interest payable semi-annually on April 15 and October 15 of each year	2,999	—
\$1,350 issued at discount to par at a price of 99.802% in October 2015 at 4.4%, due October 15, 2022, interest payable semi-annually on April 15 and October 15 of each year	1,347	—
\$2,500 issued at discount to par at a price of 99.725% in October 2015 at 4.9%, due October 15, 2025, interest payable semi-annually on April 15 and October 15 of each year	2,493	—
\$750 issued at discount to par at a price of 99.942% in October 2015 at 6.2%, due October 15, 2035, interest payable semi-annually on April 15 and October 15 of each year	749	—
\$1,500 issued at discount to par at a price of 99.932% in October 2015 at 6.35%, due October 15, 2045, interest payable semi-annually on April 15 and October 15 of each year	1,499	—
\$350 issued at par in October 2015 at three-month USD LIBOR plus 1.74%, due October 5, 2017, interest payable quarterly on January 5, April 5, July 5 and October 5 of each year	350	—
\$250 issued at par in October 2015 at three-month USD LIBOR plus 1.93%, due October 5, 2018, interest payable quarterly on January 5, April 5, July 5 and October 5 of each year	250	—
EDS Senior Notes ⁽¹⁾		
\$300 issued October 1999 at 7.45%, due October 2029	313	313
Other, including capital lease obligations, at 0.00%-5.96%, due in calendar years 2015-2023 ⁽²⁾	423	299
Fair value adjustment related to hedged debt	(55)	—
Less: current portion	(161)	(127)
Total long-term debt	<u>\$15,103</u>	<u>\$ 485</u>

⁽¹⁾ The Company may redeem some or all of the fixed-rate Hewlett Packard Enterprise senior notes and the EDS senior notes at any time in accordance with the terms thereof.

⁽²⁾ Other, including capital lease obligations includes \$196 million and \$123 million as of October 31, 2015 and 2014, respectively, of borrowing- and funding-related activity associated with FS and its subsidiaries that are collateralized by receivables and underlying assets associated with the

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 13: Borrowings (Continued)

related capital and operating leases. For both the periods presented, the carrying amount of the assets approximated the carrying amount of the borrowings.

Interest expense on borrowings recognized in the Combined and Consolidated Statements of Earnings was as follows:

<u>Expense</u>	<u>Location</u>	<u>Fiscal years ended October 31</u>		
		<u>2015</u>	<u>2014</u>	<u>2013</u>
		<u>In millions</u>		
Financing interest	Financing interest	\$240	\$277	\$312
Interest expense	Interest and other, net	29	45	57
Total interest expense		<u>\$269</u>	<u>\$322</u>	<u>\$369</u>

Hewlett Packard Enterprise Senior Notes

On October 9, 2015, Hewlett Packard Enterprise completed its offering of \$14.0 billion of fixed rate notes and \$0.6 billion of floating rate notes, with the interest rate and maturity date described in the table above.

The Notes are Hewlett Packard Enterprise's senior unsecured obligations and rank equally in right of payment with all of Hewlett Packard Enterprise's existing and future senior unsecured indebtedness. The Notes were initially guaranteed on a senior unsecured basis by HP Co., which guarantee was automatically and unconditionally released upon HP Co.'s distribution of all of the outstanding shares of Hewlett Packard Enterprise common stock to HP Co.'s shareholders on November 1, 2015, in connection with the separation of Hewlett Packard Enterprise from HP Co. (the "Distribution"), and beneficial ownership of substantially all of the assets intended to be included in Hewlett Packard Enterprise were transferred to Hewlett Packard Enterprise.

Hewlett Packard Enterprise distributed approximately \$14.5 billion of net proceeds from the Notes offering to HP Co. HP Co. utilized the net proceeds to fund repurchases and redemptions of its outstanding senior notes, and to repay other indebtedness, to facilitate the separation of Hewlett Packard Enterprise from HP Co.

The Company incurred issuance costs of \$54 million which are included in other assets in the Combined and Consolidated Balance Sheets and are being amortized to interest expense over the term of the Notes.

As disclosed in Note 12, "Financial Instruments", the Company uses interest rate swaps to mitigate the exposure of its debt portfolio to changes in fair value resulting from changes in interest rates by achieving a primarily U.S. dollar LIBOR-based floating interest expense. Concurrent with the issuance of the senior notes, Hewlett Packard Enterprise entered into interest rate swaps to reduce the exposure of \$9.5 billion of aggregate principal amount of fixed rate senior notes to changes in fair value resulting from changes in interest rates by achieving LIBOR-based floating interest expense. Interest rates on long-term debt in the table above have not been adjusted to reflect the impact of any interest rate swaps.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 13: Borrowings (Continued)

Available Borrowing Resources

The Company had the following resources available to obtain short- or long-term financing if additional liquidity is needed:

	As of October 31, 2015
	In millions
Commercial paper programs	\$4,461
Uncommitted lines of credit	\$1,705

Commercial Paper

Hewlett Packard Enterprise's Board of Directors has authorized the issuance of up to \$4.0 billion in aggregate principal amount of commercial paper by Hewlett Packard Enterprise. Hewlett Packard Enterprise's subsidiaries are authorized to issue up to an additional \$500 million in aggregate principal amount of commercial paper. Hewlett Packard Enterprise maintains two commercial paper programs, and a wholly-owned subsidiary maintains a third program. Hewlett Packard Enterprise's U.S. program provides for the issuance of U.S. dollar-denominated commercial paper up to a maximum aggregate principal amount of \$4.0 billion. Hewlett Packard Enterprise's euro commercial paper program provides for the issuance of commercial paper outside of the U.S. denominated in U.S. dollars, euros or British pounds up to a maximum aggregate principal amount of \$3.0 billion or the equivalent in those alternative currencies. The combined aggregate principal amount of commercial paper outstanding under those programs at any one time cannot exceed the \$4.0 billion authorized by Hewlett Packard Enterprise's Board of Directors. The Hewlett Packard Enterprise subsidiary's euro Commercial Paper/ Certificate of Deposit Program provides for the issuance of commercial paper in various currencies of up to a maximum aggregate principal amount of \$500 million.

Revolving Credit Facility

On November 1, 2015, the Company entered into a revolving credit facility (the "Credit Agreement"), together with the lenders named therein, JPMorgan Chase Bank, N.A. ("JPMorgan"), as co-administrative agent and administrative processing agent, and Citibank, N.A., as co-administrative agent, providing for a senior, unsecured revolving credit facility with aggregate lending commitments of \$4.0 billion. Loans under the revolving credit facility may be used for general corporate purposes. Commitments under the Credit Agreement are available for a period of five years, which period may be extended, subject to satisfaction of certain conditions, by up to two one-year periods. Commitment Fees, interest rates and other terms of borrowing under the credit facility vary based on Hewlett Packard Enterprise's external credit rating.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 13: Borrowings (Continued)

Future maturities of long-term debt

As of October 31, 2015, aggregate future maturities of the Company's long-term debt at face value (excluding a fair value adjustment related to hedged debt of \$55 million, a net discount on debt issuance of \$4 million), including capital lease obligations were as follows:

<u>Fiscal year</u>	<u>In millions</u>
2016	\$ 137
2017	2,628
2018	3,044
2019	9
2020	3,000
Thereafter	6,505
Total	<u>\$15,323</u>

Note 14: Related Party Transactions and Parent Company Investment

Intercompany Purchases

During fiscal 2015, 2014 and 2013, the Company purchased equipment from other businesses of Parent in the amount of \$1.3 billion, \$1.2 billion and \$1.1 billion, respectively.

Allocation of Corporate Expenses

The Combined and Consolidated Statements of Earnings and Comprehensive Income include an allocation of general corporate expenses from Parent for certain management and support functions which are provided on a centralized basis within Parent. These management and support functions include, but are not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenue, expenses, headcount or other relevant measures. These allocations were \$3.6 billion, \$4.2 billion and \$4.2 billion in each of fiscal 2015, 2014, and 2013, respectively.

Management of the Company and Parent consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. These allocations may not, however, reflect the expense the Company would have incurred as a standalone company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Parent Company Investment

Parent company investment on the Combined and Consolidated Balance Sheets and Statements of Equity represents Parent's historical investment in the Company, the net effect of transactions with and allocations from (to) Parent and the Company's accumulated earnings.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 14: Related Party Transactions and Parent Company Investment (Continued)

Distribution of Net Proceeds of Senior Notes Relating to Separation to Parent

Distribution of net proceeds of senior notes, relating to separation, to Parent in the Combined and Consolidated Statements of Cash Flows and Statements of Equity represents all of the net proceeds from the senior notes offering which were distributed to Parent as part of the separation capitalization plan. As a result of this distribution, the Company recorded a \$14.5 billion reduction in Parent company investment in the Combined and Consolidated Balance Sheets and Statements of Equity.

Net Transfers from (to) Parent

Net transfers from (to) Parent are included within Parent company investment. The components of the Net transfers from (to) Parent on the Combined and Consolidated Statements of Equity for all periods presented were as follows:

	Fiscal years ended October 31		
	2015	2014	2013
	In millions		
Intercompany purchases	\$ 1,310	\$ 1,246	\$ 1,142
Cash pooling and general financing activities	(282)	(8,091)	(9,242)
Corporate allocations	3,598	4,156	4,235
Defined benefit plans merged into Parent's Shared plans	—	(40)	(43)
Cash transfers from Parent for business combinations and divestitures	2,504	43	167
Income taxes	657	379	402
Defined benefit plans transferred from Parent	2,019	—	—
Property, plant and equipment transferred from Parent	1,788	—	—
Total net transfers from (to) Parent per Combined and Consolidated Statements of Equity	<u>\$11,594</u>	<u>\$(2,307)</u>	<u>\$(3,339)</u>

A reconciliation of Net transfers from (to) Parent in the Combined and Consolidated Statements of Equity to the corresponding amount presented on the Combined and Consolidated Statements of Cash Flows for all periods presented were as follows:

	Fiscal years ended October 31		
	2015	2014	2013
	In millions		
Net transfers from (to) Parent per Combined and Consolidated Statements of Equity	\$11,594	\$(2,307)	\$(3,339)
Income taxes paid by Parent	(486)	(320)	(734)
Restructuring	(1)	(129)	(103)
Stock-based compensation	(565)	(427)	(374)
Other	(1,102)	(359)	(646)
Total net transfers from (to) Parent per Combined and Consolidated Statements of Cash Flows	<u>\$ 9,440</u>	<u>\$(3,542)</u>	<u>\$(5,196)</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 14: Related Party Transactions and Parent Company Investment (Continued)

Receivable from and Payable (to) Parent

	As of October 31	
	2015	2014
	In millions	
Receivable from Parent ⁽¹⁾	\$ 492	\$—
Payable to Parent ⁽²⁾	(343)	—
Net receivable from Parent	<u>\$ 149</u>	<u>\$—</u>

(1) The Company includes the receivable from Parent in Other current assets in the accompanying Combined and Consolidated Balance Sheets.

(2) The Company includes the employee compensation and benefits portion in Employee compensation and benefits and all other accruals from Parent in Other accrued liabilities in the accompanying Combined and Consolidated Balance Sheets.

On October 31, 2015 and November 1, 2015, in connection with the separation, the Company entered into several agreements with HP Inc. that govern the relationship between the Company and HP Inc. following the distribution, including the following:

- Separation and Distribution Agreement;
- Transition Services Agreement;
- Tax Matters Agreement;
- Employee Matters Agreement;
- Real Estate Matters Agreement;
- Master Commercial Agreement; and
- Information Technology Service Agreement.

These agreements provided the allocation between the Company and HP Inc.'s assets, employees, liabilities and obligation (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the separation. The agreements listed above have been filed as exhibit described in 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, and 2.7.

Other Income Tax Matters

In November 2015, and in connection with the Tax Matters Agreement, the Company recorded a net receivable of \$390 million from HP Inc. For more information on Tax Matters Agreement and other income taxes matters, see Note 18, "Guarantees, Indemnification, and Warranties" for a further discussion.

Final Cash Allocation from HP Inc.

In December 2015, and in connection with the Separation and Distribution Agreement, the Company received a net cash allocation of \$526 million from HP Inc. The cash allocation is based on the projected cash requirements of the Company, in light of the intended investment grade credit rating, business plan, and anticipated operation and activities.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 15: Other Comprehensive Loss

Taxes related to Other Comprehensive (Loss) Income

	Fiscal years ended October 31		
	2015	2014	2013
	In millions		
Taxes on change in unrealized (losses) gains on available-for-sale securities:			
Tax benefit (provision) on unrealized (losses) gains arising during the period	\$ 2	\$ (1)	\$ (5)
	<u>2</u>	<u>(1)</u>	<u>(5)</u>
Taxes on change in unrealized gains (losses) on cash flow hedges:			
Tax provision on unrealized gains arising during the period	(69)	(32)	(4)
Tax provision on (gains) losses reclassified into earnings	76	1	12
	<u>7</u>	<u>(31)</u>	<u>8</u>
Taxes on change in unrealized components of defined benefit plans:			
Tax benefit (provision) on (losses) gains arising during the period	30	58	(90)
Tax benefit on amortization of actuarial loss and prior service benefit	(10)	(6)	(12)
Tax provision on curtailments, settlements and other	—	(3)	(2)
Tax benefit on Plans transferred from Parent during the period	255	—	—
	<u>275</u>	<u>49</u>	<u>(104)</u>
Tax (provision) benefit on change in cumulative translation adjustment	(73)	(27)	25
Tax benefit (provision) on other comprehensive (loss) income	<u>\$211</u>	<u>\$(10)</u>	<u>\$ (76)</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 15: Other Comprehensive Loss (Continued)

Changes and reclassifications related to Other Comprehensive (Loss) Income, net of taxes

	Fiscal years ended October 31		
	2015	2014	2013
	In millions		
Other comprehensive (loss) income, net of taxes:			
Change in unrealized (losses) gains on available-for-sale securities:			
Unrealized (losses) gains arising during the period	\$ (8)	\$ 4	\$ 39
Gains reclassified into earnings	—	(1)	(49)
	<u>(8)</u>	<u>3</u>	<u>(10)</u>
Change in unrealized gains (losses) on cash flow hedges:			
Unrealized gains arising during the period	412	79	32
(Gains) losses reclassified into earnings ⁽¹⁾	(404)	61	(41)
	<u>8</u>	<u>140</u>	<u>(9)</u>
Change in unrealized components of defined benefit plans:			
(Losses) gains arising during the period	(352)	(736)	25
Amortization of actuarial loss and prior service benefit ⁽²⁾	204	76	74
Curtailments, settlements and other	4	15	7
Plans transferred from Parent during the period	(2,352)	—	—
Merged into Parent's Shared plan during the period	—	61	142
	<u>(2,496)</u>	<u>(584)</u>	<u>248</u>
Change in cumulative translation adjustment	<u>(271)</u>	<u>(112)</u>	<u>(125)</u>
Other comprehensive (loss) income, net of taxes	<u><u>\$ (2,767)</u></u>	<u><u>\$ (553)</u></u>	<u><u>\$ 104</u></u>

⁽¹⁾ Reclassification of pre-tax (gains) losses on cash flow hedges into the Combined and Consolidated Statements of Earnings was as follows:

	2015	2014	2013
	In millions		
Net revenue	\$(276)	\$ 4	\$(46)
Cost of products	(6)	(3)	1
Other operating expenses	4	9	2
Interest and other, net	<u>(202)</u>	<u>50</u>	<u>(10)</u>
	<u><u>\$(480)</u></u>	<u><u>\$60</u></u>	<u><u>\$(53)</u></u>

⁽²⁾ These components are included in the computation of net pension and post-retirement benefit (credit) cost in Note 4, "Retirement and Post-Retirement Benefit Plans".

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 15: Other Comprehensive Loss (Continued)

The components of accumulated other comprehensive loss, net of taxes as of October 31, 2015 and changes during fiscal year 2015 were as follows:

	Net unrealized gains (losses) on available-for-sale securities	Net unrealized gains (losses) on cash flow hedges	Unrealized components of defined benefit plans	Cumulative translation adjustment	Accumulated other comprehensive loss
	In millions				
Balance at beginning of period	\$ 63	\$ 60	\$(1,677)	\$(694)	\$(2,248)
Other comprehensive (loss) income before reclassifications	(8)	412	(348)	(271)	(215)
Reclassifications of (gains) losses into earnings	—	(404)	204	—	(200)
Plan transferred from Parent during the period	—	—	(2,352)	—	(2,352)
Balance at end of period	<u>\$ 55</u>	<u>\$ 68</u>	<u>\$(4,173)</u>	<u>\$(965)</u>	<u>\$(5,015)</u>

Dividends

On November 11, 2015, the Board of Directors of the Company authorized a regular quarterly cash dividend for its common stock. The Board of Directors further authorized a regular quarterly cash dividend for the first quarter of fiscal 2016, payable on January 6, 2016 to holders of record of its outstanding common stock on December 9, 2015, in the amount of \$0.055 per share.

Share Repurchase Program

On October 13, 2015, the Board of Directors of the Company announced the authorization of a \$3.0 billion share repurchase program. The Company may choose to repurchase shares when sufficient liquidity exists and the shares are trading at a discount relative to estimated intrinsic value. This program, which does not have a specific expiration date, authorizes repurchases in the open market or in private transactions.

Note 16: Net Earnings Per Share

The Company calculated basic net EPS using the net earnings and number of Hewlett-Packard Company shares outstanding as of October 31, 2015. On November 1, 2015, the distribution date, Hewlett-Packard Company shareholders received one share of HPE common stock for every share of Hewlett-Packard Company common stock held as of the record date on October 21, 2015.

Diluted net EPS includes the weighted-average dilutive effect of restricted stock awards, stock options and performance-based awards. The Company calculates the weighted-average dilutive effect of employee stock plans after conversion, by multiplying the dilutive Hewlett-Packard Company stock-based awards for the year ended October 31, 2015, attributable to HPE employees with the price conversion ratio used to convert those awards to equivalent units of HPE 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 HPE common shares on November 2, 2015.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 16: Net Earnings Per Share (Continued)

The reconciliations of the numerators and denominators of each of the basic and diluted net EPS calculations were as follows:

	For the fiscal years ended October 31		
	2015	2014	2013
	In millions, except per share amounts		
Numerator:			
Net earnings ⁽¹⁾	\$2,461	\$1,648	\$2,051
Denominator:			
Number of shares outstanding used to compute basic net EPS ⁽²⁾	1,804	1,804	1,804
Weighted-average dilutive effect of employee stock plans after conversion ⁽²⁾	30	30	30
Number of shares used to compute diluted net EPS ⁽²⁾	1,834	1,834	1,834
Net earnings per share:			
Basic	\$ 1.36	\$ 0.91	\$ 1.14
Diluted	\$ 1.34	\$ 0.90	\$ 1.12
Anti-dilutive weighted average stock awards ⁽³⁾	28	28	28

(1) The Company considers restricted stock that provide the holder with a non-forfeitable right to receive dividends to be participating securities. As of October 31, 2015, there was no restricted stock outstanding. For fiscal 2014 and 2013, net earnings allocated to participating securities were not significant.

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

(3) The Company excludes stock awards where the assumed proceeds exceed the average market price from the calculation of diluted net EPS, because their effect would be anti-dilutive. The assumed proceeds of a stock award includes the sum of its exercise price (if the award is an option), average unrecognized compensation cost and excess tax benefit. The Company's anti-dilutive shares were calculated based on Hewlett-Packard Company anti-dilutive awards for the fiscal period ended October 31, 2015 attributable to HPE employees, with the price conversion ratio used to convert those awards to equivalent units of HPE awards on the distribution 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 HPE common shares on November 2, 2015.

Note 17: Litigation and Contingencies

Hewlett Packard Enterprise is involved in various lawsuits, claims, investigations and proceedings including those consisting of IP, commercial, securities, employment, employee benefits and environmental matters, which arise in the ordinary course of business. In addition, as part of the Separation and Distribution Agreement, the Company and HP Inc. agreed to cooperate with each other in managing certain existing litigation related to both parties' businesses. The Separation and Distribution Agreement also included provisions that assign to the parties responsibility for managing pending and future litigation related to the general corporate matters of HP Inc. arising prior to the

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Notes to Combined and Consolidated Financial Statements (Continued)

Note 17: Litigation and Contingencies (Continued)

separation. Hewlett Packard Enterprise records a liability when it believes that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Significant judgment is required to determine both the probability of having incurred a liability and the estimated amount of the liability. Hewlett Packard Enterprise reviews these matters at least quarterly and adjusts these liabilities to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other updated information and events pertaining to a particular matter. Litigation is inherently unpredictable. However, Hewlett Packard Enterprise believes it has valid defenses with respect to legal matters pending against us. Nevertheless, cash flows or results of operations could be materially affected in any particular period by the resolution of one or more of these contingencies. Hewlett Packard Enterprise believes it has recorded adequate provisions for any such matters and, as of October 31, 2015, it was not reasonably possible that a material loss had been incurred in connection with such matters in excess of the amounts recognized in its financial statements.

Litigation, Proceedings and Investigations

Fair Labor Standards Act Litigation. Hewlett Packard Enterprise is involved in several pre-separation lawsuits in which the plaintiffs are seeking unpaid overtime compensation and other damages based on allegations that various employees of Electronic Data Systems Corporation (“EDS”) or HP Inc. have been misclassified as exempt employees under the Fair Labor Standards Act (the “FLSA”) and/or in violation of the California Labor Code or other state laws. Those matters include the following:

- Cunningham and Cunningham, et al. v. Electronic Data Systems Corporation is a purported collective action filed on May 10, 2006 in the United States District Court for the Southern District of New York claiming that current and former EDS employees allegedly involved in installing and/or maintaining computer software and hardware were misclassified as exempt employees. Another purported collective action, Steavens, et al. v. Electronic Data Systems Corporation, was filed on October 23, 2007 in the same court alleging similar facts. The Steavens case was consolidated for pretrial purposes with the Cunningham case. On December 14, 2010, the court granted conditional certification of a class consisting of employees in 20 legacy EDS job codes in the consolidated Cunningham/Steavens matter. On December 11, 2013, HP Inc. and plaintiffs’ counsel in the consolidated Cunningham/Steavens matter, and the Salva matter described below, mediated these cases and reached a settlement agreement. The court approved the settlement on June 16, 2015 and HP Inc. funded the settlement on July 27, 2015.
- Salva v. Hewlett-Packard Company is a purported collective action filed on June 15, 2012 in the United States District Court for the Western District of New York alleging that certain information technology employees allegedly involved in installing and/or maintaining computer software and hardware were misclassified as exempt employees under the Fair Labor Standards Act. On December 11, 2013, HP Inc. and plaintiffs’ counsel in the consolidated Cunningham/Steavens matter and the Salva matter mediated these cases and reached a settlement agreement. The court consolidated the Salva matter into the Cunningham/Steavens matter and approved the settlement on June 16, 2015. HP Inc. funded the settlement on July 27, 2015.
- Karl bom, et al. v. Electronic Data Systems Corporation is a class action filed on March 16, 2009 in California Superior Court alleging facts similar to the Cunningham and Steavens

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Notes to Combined and Consolidated Financial Statements (Continued)

Note 17: Litigation and Contingencies (Continued)

matters. On October 30, 2015, plaintiffs filed a motion to certify a Rule 23 state class of all California-based EDS employees in the Infrastructure Associate, Infrastructure Analyst, Infrastructure Specialist, and Infrastructure Specialist Senior job codes from March 16, 2005 through October 31, 2009 that they claim were improperly classified as exempt from overtime under state law.

- *Benedict v. Hewlett-Packard Company* is a purported class action filed on January 10, 2013 in the United States District Court for the Northern District of California alleging that certain technical support employees allegedly involved in installing, maintaining and/or supporting computer software and/or hardware for HP Inc. were misclassified as exempt employees under the FLSA. The plaintiff has also alleged that HP Inc. violated California law by, among other things, allegedly improperly classifying these employees as exempt. On February 13, 2014, the court granted the plaintiff's motion for conditional class certification. On May 7, 2015, the plaintiffs filed a motion to certify a Rule 23 state class of certain Technical Solutions Consultants in California, Massachusetts, and Colorado that they claim were improperly classified as exempt from overtime under state law. On July 30, 2015, the court dismissed the Technology Consultant and certain Field Technical Support Consultant opt-ins from the conditionally certified FLSA collective action.

India Directorate of Revenue Intelligence Proceedings. On April 30 and May 10, 2010, the India Directorate of Revenue Intelligence (the "DRI") issued show cause notices to Hewlett-Packard India Sales Private Ltd ("HP India"), a subsidiary of HP Inc., seven HP India employees and one former HP India employee alleging that HP India underpaid customs duties while importing products and spare parts into India and seeking to recover an aggregate of approximately \$370 million, plus penalties. Prior to the issuance of the show cause notices, HP India deposited approximately \$16 million with the DRI and agreed to post a provisional bond in exchange for the DRI's agreement to not seize HP India products and spare parts and to not interrupt the transaction of business by HP India.

On April 11, 2012, the Bangalore Commissioner of Customs issued an order on the products-related show cause notice affirming certain duties and penalties against HP India and the named individuals of approximately \$386 million, of which HP India had already deposited \$9 million. On December 11, 2012, HP India voluntarily deposited an additional \$10 million in connection with the products-related show cause notice. On April 20, 2012, the Commissioner issued an order on the parts-related show cause notice affirming certain duties and penalties against HP India and certain of the named individuals of approximately \$17 million, of which HP India had already deposited \$7 million. After the order, HP India deposited an additional \$3 million in connection with the parts-related show cause notice so as to avoid certain penalties.

HP India filed appeals of the Commissioner's orders before the Customs Tribunal along with applications for waiver of the pre-deposit of remaining demand amounts as a condition for hearing the appeals. The Customs Department has also filed cross-appeals before the Customs Tribunal. On January 24, 2013, the Customs Tribunal ordered HP India to deposit an additional \$24 million against the products order, which HP India deposited in March 2013. The Customs Tribunal did not order any additional deposit to be made under the parts order. In December 2013, HP India filed applications before the Customs Tribunal seeking early hearing of the appeals as well as an extension of the stay of deposit as to HP India and the individuals already granted until final disposition of the appeals. On February 7, 2014, the application for extension of the stay of deposit was granted by the Customs Tribunal until disposal of the appeals. On October 27, 2014, the Customs Tribunal commenced

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 17: Litigation and Contingencies (Continued)

hearings on the cross-appeals of the Commissioner's orders. The Customs Tribunal rejected HP India's request to remand the matter to the Commissioner on procedural grounds. The hearings scheduled to reconvene on April 6, 2015 and again on November 3, 2015 were cancelled at the request of the Customs Tribunal. A new hearing date has not been set.

Russia GPO and Other Anti-Corruption Investigations. The German Public Prosecutor's Office ("German PPO") has been conducting an investigation into allegations that current and former employees of HP Inc. engaged in bribery, embezzlement and tax evasion relating to a transaction between Hewlett-Packard ISE GmbH in Germany, a former subsidiary of HP Inc., and the General Prosecutor's Office of the Russian Federation. The approximately A\$35 million transaction, which was referred to as the Russia GPO deal, spanned the years 2001 to 2006 and was for the delivery and installation of an IT network. The German PPO issued an indictment of four individuals, including one current and two former HP Inc. employees, on charges including bribery, breach of trust and tax evasion. The German PPO also requested that HP Inc. be made an associated party to the case, and, if that request is granted, HP Inc. would participate in any portion of the court proceedings that could ultimately bear on the question of whether HP Inc. should be subject to potential disgorgement of profits based on the conduct of the indicted current and former employees. The Regional Court of Leipzig will determine whether the matter should be admitted to trial. The Polish Central Anti-Corruption Bureau is also investigating potential corrupt actions by a former employee of Hewlett-Packard Polska Sp. z o.o., an indirect subsidiary of HP Inc., in connection with certain public-sector transactions in Poland. HP Inc. and the Company are cooperating with these investigating agencies.

ECT Proceedings. In January 2011, the postal service of Brazil, Empresa Brasileira de Correios e Telegrafos ("ECT"), notified a former subsidiary of HP Inc. in Brazil ("HP Brazil") that it had initiated administrative proceedings to consider whether to suspend HP Brazil's right to bid and contract with ECT related to alleged improprieties in the bidding and contracting processes whereby employees of HP Brazil and employees of several other companies allegedly coordinated their bids and fixed results for three ECT contracts in 2007 and 2008. In late July 2011, ECT notified HP Brazil it had decided to apply the penalties against HP Brazil and suspend HP Brazil's right to bid and contract with ECT for five years, based upon the evidence before it. In August 2011, HP Brazil appealed ECT's decision. In April 2013, ECT rejected HP Brazil's appeal, and the administrative proceedings were closed with the penalties against HP Brazil remaining in place. In parallel, in September 2011, HP Brazil filed a civil action against ECT seeking to have ECT's decision revoked. HP Brazil also requested an injunction suspending the application of the penalties until a final ruling on the merits of the case. The court of first instance has not issued a decision on the merits of the case, but it has denied HP Brazil's request for injunctive relief. HP Brazil appealed the denial of its request for injunctive relief to the intermediate appellate court, which issued a preliminary ruling denying the request for injunctive relief but reducing the length of the sanctions from five to two years. HP Brazil appealed that decision and, in December 2011, obtained a ruling staying enforcement of ECT's sanctions until a final ruling on the merits of the case. Hewlett Packard Enterprise expects the decision may be issued in 2015 and any subsequent appeal on the merits to last several years.

Cisco Systems. On August 21, 2015, Cisco Systems, Inc. ("Cisco Systems") and Cisco Systems Capital Corporation ("Cisco Capital") filed an action in Santa Clara County Superior Court for declaratory judgment and breach of contract against HP Inc. in connection with a dispute arising out of a third-party's termination of a services contract with HP Inc. As part of that third-party services contract, HP Inc. separately contracted with Cisco on an agreement to utilize Cisco products and services. HP Inc. prepaid the entire amount due Cisco through a financing arrangement with Cisco

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Notes to Combined and Consolidated Financial Statements (Continued)

Note 17: Litigation and Contingencies (Continued)

Capital. Following the termination of HP Inc.'s services contract with the third-party, HP Inc. no longer required Cisco's products and services, and, accordingly, exercised its contractual termination rights under the agreement with Cisco, and requested that Cisco apply the appropriate credit toward the remaining balance owed Cisco Capital. This lawsuit relates to the calculation of that credit under the agreement between Cisco and HP Inc. Cisco contends that after the credit is applied, HP Inc. still owes Cisco Capital approximately \$58 million. HP Inc. contends that under a proper reading of the agreement, HP Inc. owes nothing to Cisco Capital, and that Cisco owes significant amounts to HP Inc. No responsive pleadings will be filed until after a December 18, 2015 status conference with the court.

Abstrax Proceeding. On February 28, 2014, Abstrax, Inc. ("Abstrax"), a company with a principal place of business in Mesa, Arizona, filed a patent infringement lawsuit against HP Inc. Abstrax claimed to market software for sales operations and manufacturing operations for configurable products, including those in the custom shutter industry. The case was pending in U.S. District Court for the Eastern District of Texas, Marshall Division. Abstrax asserted one patent, U.S. Patent 6,240,328, which is directed generally to a method of generating assembly instructions. In its complaint, Abstrax claimed that HP Inc.'s methods and processes of manufacturing configurable servers, storage, networking devices, PCs, laptops, imaging and printing devices and their sub-systems infringe its patent, as do the products made by the accused processes. Abstrax also claimed that HP Inc.'s alleged infringement was willful and that the case was exceptional. On November 14, 2014, HP Inc. filed a petition with the U.S. Patent and Trademark Office challenging the validity of the Abstrax patent based on prior art. In late January 2015, Abstrax dropped its infringement allegations against the manufacturing of PCs and imaging and printing devices from its expert reports. On March 4, 2015, the court heard HP Inc.'s motion challenging the subject matter of the patent under 35 U.S.C. Section 101. Trial was scheduled for May 11, 2015. The parties reached a settlement in principle in early April, which was finalized on April 28, 2015. The parties agreed to file separate dismissal papers at the Patent Office to dismiss HP Inc.'s challenge to the validity of patent. The district court litigation was dismissed on May 5, 2015. HP Inc.'s challenge to the validity of the patent was terminated on May 18, 2015.

Stockholder Litigation. As described below, HP Inc. is involved in various stockholder litigation matters commenced against certain current and former HP Inc. executive officers and/or certain current and former members of HP Inc.'s board of directors in which the plaintiffs are seeking to recover damages related to HP Inc.'s allegedly inflated stock price, certain compensation paid by HP Inc. to the defendants, other damages and/or injunctive relief. As part of the Separation and Distribution Agreement, the Company and HP Inc. have agreed to cooperate with each other in managing this pending litigation, as it relates to the general corporate matter of HP Inc. arising prior to the separation:

- *A.J. Copeland v. Raymond J. Lane, et al. ("Copeland I")* is a lawsuit filed on March 7, 2011 in the United States District Court for the Northern District of California alleging, among other things, that the defendants breached their fiduciary duties and wasted corporate assets in connection with HP Inc.'s alleged violations of the Foreign Corrupt Practices Act of 1977 ("FCPA"), HP Inc.'s severance payments made to Mark Hurd (a former Chairman of HP Inc.'s board of directors and HP Inc.'s Chief Executive Officer), and HP Inc.'s acquisition of 3PAR Inc. The lawsuit also alleges violations of Section 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act") in connection with HP Inc.'s 2010 and 2011 proxy statements. On February 8, 2012, the defendants filed a motion to dismiss the lawsuit. On October 10, 2012, the court granted the defendants' motion to dismiss with leave to file an amended complaint. On November 1, 2012, the plaintiff filed an amended complaint adding an unjust enrichment

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Notes to Combined and Consolidated Financial Statements (Continued)

Note 17: Litigation and Contingencies (Continued)

claim and claims that the defendants violated Section 14(a) of the Exchange Act and breached their fiduciary duties in connection with HP Inc.'s 2012 proxy statement. On December 13, 14 and 17, 2012, the defendants moved to dismiss the amended complaint. On December 28, 2012, the plaintiff moved for leave to file a third amended complaint. On May 6, 2013, the court denied the motion for leave to amend, granted the motions to dismiss with prejudice and entered judgment in the defendants' favor. On May 31, 2013, the plaintiff filed an appeal with the United States Court of Appeals for the Ninth Circuit. On October 26, 2015, the United States Court of Appeals for the Ninth Circuit affirmed the dismissal of the action.

- *A.J. Copeland v. Léo Apotheker, et al. ("Copeland II")* is a lawsuit filed on February 10, 2014 in the United States District Court for the Northern District of California alleging, among other things, that the defendants used their control over HP Inc. and its corporate suffrage process in effectuating, directly participating in and/or aiding and abetting violations of Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder, and violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. The complaint asserts claims for breach of fiduciary duty, waste of corporate assets, unjust enrichment, and breach of the duty of candor. The claims arise out of the circumstances at HP Inc. relating to its 2013 and 2014 proxy statements, the departure of Mr. Hurd as Chairman of HP Inc.'s board of directors and HP Inc.'s Chief Executive Officer, alleged violations of the FCPA, and HP Inc.'s acquisition of 3PAR Inc. and Autonomy Corporation plc ("Autonomy"). On February 25, 2014, the court issued an order granting HP Inc.'s administrative motion to relate *Copeland II* to *Copeland I*. On April 8, 2014, the court granted the parties' stipulation to stay the action pending resolution of *Copeland I* by the United States Court of Appeals for the Ninth Circuit.
- *Cement & Concrete Workers District Council Pension Fund v. Hewlett-Packard Company, et al.* is a putative securities class action filed on August 3, 2012 in the United States District Court for the Northern District of California alleging, among other things, that from November 13, 2007 to August 6, 2010 the defendants violated Sections 10(b) and 20(a) of the Exchange Act by making statements regarding HP Inc.'s Standards of Business Conduct ("SBC") that were false and misleading because Mr. Hurd, who was serving as HP Inc.'s Chairman and Chief Executive Officer during that period, had been violating the SBC and concealing his misbehavior in a manner that jeopardized his continued employment with HP Inc. On February 7, 2013, the defendants moved to dismiss the amended complaint. On August 9, 2013, the court granted the defendants' motion to dismiss with leave to amend the complaint by September 9, 2013. The plaintiff filed an amended complaint on September 9, 2013, and the defendants moved to dismiss that complaint on October 24, 2013. On June 25, 2014, the court issued an order granting the defendants' motions to dismiss and on July 25, 2014, plaintiff filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit. On November 4, 2014, the plaintiff-appellant filed its opening brief in the Court of Appeals for the Ninth Circuit. HP Inc. filed its answering brief on January 16, 2015 and the plaintiff-appellant's reply brief was filed on March 2, 2015. Oral argument has not yet been scheduled.

Autonomy-Related Legal Matters

Investigations. As a result of the findings of an ongoing investigation, HP Inc. has provided information to the U.K. Serious Fraud Office, the U.S. Department of Justice ("DOJ") and the SEC related to the accounting improprieties, disclosure failures and misrepresentations at Autonomy that

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Notes to Combined and Consolidated Financial Statements (Continued)

Note 17: Litigation and Contingencies (Continued)

occurred prior to and in connection with HP Inc.'s acquisition of Autonomy. On November 21, 2012, DOJ representatives advised HP Inc. that they had opened an investigation relating to Autonomy. On February 6, 2013, representatives of the U.K. Serious Fraud Office advised HP Inc. that they had also opened an investigation relating to Autonomy. On January 19, 2015, the U.K. Serious Fraud Office notified HP Inc. that it was closing its investigation and had decided to cede jurisdiction of the investigation to the U.S. authorities. HP Inc. is cooperating with the DOJ and the SEC, whose investigations are ongoing.

Litigation. As described below, HP Inc. is involved in various stockholder litigation relating to, among other things, its October 2011 acquisition of Autonomy and its November 20, 2012 announcement that it recorded a non-cash charge for the impairment of goodwill and intangible assets within its Software segment of approximately \$8.8 billion in the fourth quarter of its 2012 fiscal year and HP Inc.'s statements that, based on HP Inc.'s findings from an ongoing investigation, the majority of this impairment charge related to accounting improprieties, misrepresentations to the market and disclosure failures at Autonomy that occurred prior to and in connection with HP Inc.'s acquisition of Autonomy and the impact of those improprieties, failures and misrepresentations on the expected future financial performance of the Autonomy business over the long term. This stockholder litigation was commenced against, among others, certain current and former HP Inc. executive officers, certain current and former members of HP Inc.'s board of directors and certain advisors to HP Inc. The plaintiffs in these litigation matters are seeking to recover certain compensation paid by HP Inc. to the defendants and/or other damages. As part of the Separation and Distribution Agreement, the Company and HP Inc. have agreed to cooperate with each other in managing this pending litigation, as it relates to the general corporate matter of HP Inc. arising prior to the separation. These matters include the following:

- *In re HP Securities Litigation* consists of two consolidated putative class actions filed on November 26 and 30, 2012 in the United States District Court for the Northern District of California alleging, among other things, that from August 19, 2011 to November 20, 2012, the defendants violated Sections 10(b) and 20(a) of the Exchange Act by concealing material information and making false statements related to HP Inc.'s acquisition of Autonomy and the financial performance of HP Inc.'s enterprise services business. On May 3, 2013, the lead plaintiff filed a consolidated complaint alleging that, during that same period, all of the defendants violated Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5(b) by concealing material information and making false statements related to HP Inc.'s acquisition of Autonomy and that certain defendants violated SEC Rule 10b-5(a) and (c) by engaging in a "scheme" to defraud investors. On July 2, 2013, HP Inc. filed a motion to dismiss the lawsuit. On November 26, 2013, the court granted in part and denied in part HP Inc.'s motion to dismiss, allowing claims to proceed against HP Inc. and Margaret C. Whitman based on alleged statements and/or omissions made on or after May 23, 2012. The court dismissed all of the plaintiff's claims that were based on alleged statements and/or omissions made between August 19, 2011 and May 22, 2012. The lead plaintiff filed a motion for class certification on November 4, 2014 and, on December 15, 2014, defendants filed their opposition to the motion. On June 9, 2015, HP Inc. entered into a settlement agreement with the lead plaintiff in the consolidated securities class action. Under the terms of the settlement, HP Inc., through its insurers, will contribute \$100 million to a settlement fund that will be used to compensate persons who purchased HP Inc.'s shares during the period from August 19, 2011 through November 20, 2012. No individual is contributing to the settlement. HP Inc. and its current and former officers, directors, and advisors will be released from any Autonomy-

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Notes to Combined and Consolidated Financial Statements (Continued)

Note 17: Litigation and Contingencies (Continued)

related securities claims as part of the settlement. On July 17, 2015, the court granted preliminary approval to the settlement. On November 13, 2015 the court granted final approval to the settlement.

- *In re Hewlett-Packard Shareholder Derivative Litigation* consists of seven consolidated lawsuits filed beginning on November 26, 2012 in the United States District Court for the Northern District of California alleging, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act by concealing material information and making false statements related to HP Inc.'s acquisition of Autonomy and the financial performance of HP Inc.'s enterprise services business. The lawsuits also allege that the defendants breached their fiduciary duties, wasted corporate assets and were unjustly enriched in connection with HP Inc.'s acquisition of Autonomy and by causing HP Inc. to repurchase its own stock at allegedly inflated prices between August 2011 and October 2012. One lawsuit further alleges that certain individual defendants engaged in or assisted insider trading and thereby breached their fiduciary duties, were unjustly enriched and violated Sections 25402 and 25403 of the California Corporations Code. On May 3, 2013, the lead plaintiff filed a consolidated complaint alleging, among other things, that the defendants concealed material information and made false statements related to HP Inc.'s acquisition of Autonomy and Autonomy's Intelligent Data Operating Layer technology and thereby violated Sections 10(b) and 20(a) of the Exchange Act, breached their fiduciary duties, engaged in "abuse of control" over HP Inc., corporate waste and were unjustly enriched. The litigation was stayed until June 2014. The lead plaintiff filed a stipulation of proposed settlement on June 30, 2014. The court declined to grant preliminary approval to this settlement, and, on December 19, 2014, also declined to grant preliminary approval to a revised version of the settlement. On January 22, 2015, the lead plaintiff moved for preliminary approval of a further revised version of the settlement. On March 13, 2015, the court issued an order granting preliminary approval to the settlement. On July 30, 2015, the court granted final approval to the settlement and denied all remaining objections to the settlement. Certain objectors to the settlement have appealed the court's final approval order.
- *In re HP ERISA Litigation* consists of three consolidated putative class actions filed beginning on December 6, 2012 in the United States District Court for the Northern District of California alleging, among other things, that from August 18, 2011 to November 22, 2012, the defendants breached their fiduciary obligations to HP Inc.'s 401(k) Plan and its participants and thereby violated Sections 404(a)(1) and 405(a) of the Employee Retirement Income Security Act of 1974, as amended, by concealing negative information regarding the financial performance of Autonomy and HP Inc.'s enterprise services business and by failing to restrict participants from investing in HP Inc. stock. On August 16, 2013, HP Inc. filed a motion to dismiss the lawsuit. On March 31, 2014, the court granted HP Inc.'s motion to dismiss this action with leave to amend. On July 16, 2014, the plaintiffs filed a second amended complaint containing substantially similar allegations and seeking substantially similar relief as the first amended complaint. On June 15, 2015, the court granted HP Inc.'s motion to dismiss the second amended complaint in its entirety and denied plaintiffs leave to file another amended complaint. On July 2, 2015, plaintiffs appealed the court's order to the United States Court of Appeals for the Ninth Circuit.
- *Vincent Ho v. Margaret C. Whitman, et al.* is a lawsuit filed on January 22, 2013 in California Superior Court alleging, among other things, that the defendants breached their fiduciary

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Notes to Combined and Consolidated Financial Statements (Continued)

Note 17: Litigation and Contingencies (Continued)

duties and wasted corporate assets in connection with HP Inc.'s acquisition of Autonomy and by causing HP Inc. to repurchase its own stock at allegedly inflated prices between August 2011 and October 2012. On April 22, 2013, the court stayed the lawsuit pending resolution of the *In re Hewlett-Packard Shareholder Derivative Litigation* matter in federal court. Two additional derivative actions, *James Gould v. Margaret C. Whitman, et al.* and *Leroy Noel v. Margaret C. Whitman, et al.*, were filed in California Superior Court on July 26, 2013 and August 16, 2013, respectively, containing substantially similar allegations and seeking substantially similar relief. Those actions were also stayed pending resolution of the *In re Hewlett-Packard Shareholder Derivative Litigation* matter. The court's final approval of the settlement of the federal derivative case resulted in a release of the claims asserted in all three actions other than claims asserted against Michael Lynch, the former chief executive officer of Autonomy. The *Ho* matter was dismissed in its entirety with prejudice on August 13, 2015.

- *Cook v. Whitman, et al.* is a lawsuit filed on March 18, 2014 in the Delaware Chancery Court, alleging, among other things, that the defendants breached their fiduciary duties and wasted corporate assets in connection with HP Inc.'s acquisition of Autonomy. On May 15, 2014, HP Inc. moved to dismiss or stay the *Cook* matter. On July 22, 2014, the Delaware Chancery Court stayed the motion pending the United States District Court's hearing on preliminary approval of the proposed settlement in the *In re Hewlett-Packard Shareholder Derivative Litigation* matter. The court's final approval of the settlement of the federal derivative case resulted in a release of all the claims asserted in the *Cook* matter other than those asserted against Michael Lynch, Sushovan Hussain, the former chief financial officer of Autonomy, and Deloitte UK. The *Cook* matter was dismissed by stipulation and order on August 19, 2015.
- *Autonomy Corporation Limited v. Michael Lynch and Sushovan Hussain.* On April 17, 2015, four HP Inc. subsidiaries (Autonomy Corporation Limited, HP Vision BV, Autonomy Systems, Limited, and Autonomy, Inc.) initiated civil proceedings in the U.K. High Court of Justice against two members of Autonomy's former management, Michael Lynch and Sushovan Hussain. The Particulars of Claim seek damages in excess of \$5 billion from Messrs. Lynch and Hussain for breach of their fiduciary duties by causing Autonomy group companies to engage in improper transactions and accounting practices. On October 1, 2015, Messrs. Lynch and Hussain filed their defenses. Mr. Lynch also filed a counterclaim against Autonomy Corporation Limited seeking \$160 million in damages, among other things, for alleged misstatements regarding Lynch. The HP Inc. subsidiary claimants will have an opportunity to file a response to the defenses and asserted counterclaim.

Environmental

The Company's operations and products are or may in the future become subject to various federal, state, local and foreign laws and regulations concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites, the substances and materials used in the Company's products, the energy consumption of products, services and operations and the operational or financial responsibility for recycling, treatment and disposal of those products. This includes legislation that makes producers of electrical goods, including servers and networking equipment, financially responsible for specified collection, recycling, treatment and disposal of past and future covered products (sometimes referred to as "product take-back legislation"). The Company

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Notes to Combined and Consolidated Financial Statements (Continued)

Note 17: Litigation and Contingencies (Continued)

could incur substantial costs, its products could be restricted from entering certain jurisdictions, and it could face other sanctions, if it were to violate or become liable under environmental laws or if its products become non-compliant with environmental laws. The Company's potential exposure includes impacts on revenue, fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs to comply with environmental laws are difficult to predict.

In particular, the Company may become a party to, or otherwise involved in, proceedings brought by U.S. or state environmental agencies under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), known as "Superfund," or other federal, state or foreign laws and regulations addressing the clean-up of contaminated sites, and may become a party to, or otherwise involved in, proceedings brought by private parties for contribution towards clean-up costs. The Company is also contractually obligated to make financial contributions to address actions related to certain environmental liabilities, both ongoing and arising in the future, pursuant to its separation and distribution agreement with HP Inc.

Note 18: Guarantees, Indemnifications and Warranties

Guarantees

In the ordinary course of business, the Company may issue performance guarantees to certain of its clients, customers and other parties pursuant to which the Company has guaranteed the performance obligations of third parties. Some of those guarantees may be backed by standby letters of credit or surety bonds. In general, the Company would be obligated to perform over the term of the guarantee in the event a specified triggering event occurs as defined by the guarantee. The Company believes the likelihood of having to perform under a material guarantee is remote.

The Company has entered into service contracts with certain of its clients that are supported by financing arrangements. If a service contract is terminated as a result of the Company's non-performance under the contract or failure to comply with the terms of the financing arrangement, the Company could, under certain circumstances, be required to acquire certain assets related to the service contract. The Company believes the likelihood of having to acquire a material amount of assets under these arrangements is remote.

Indemnifications

In the ordinary course of business, the Company enters into contractual arrangements under which the Company may agree to indemnify a third party to such arrangement from any losses incurred relating to the services they perform on behalf of the Company or for losses arising from certain events as defined within the particular contract, which may include, for example, litigation or claims relating to past performance. The Company also provides indemnifications to certain vendors and customers against claims of IP infringement made by third parties arising from the use by such vendors and customers of the Company's software products and services and certain other matters. Some indemnifications may not be subject to maximum loss clauses. Historically, payments made related to these indemnifications have been immaterial.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 18: Guarantees, Indemnifications and Warranties (Continued)

General Cross-indemnification

In connection with the separation, the Company entered into a Separation and Distribution Agreement with HP Inc. effective November 1, 2015 where the Company agreed to indemnify HP Inc., each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to the Company as part of the separation. HP Inc. similarly agreed to indemnify the Company, each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to HP Inc. as part of the separation. As a result, as of October 31, 2015 the Company has recorded both a receivable from HP Inc. of \$232 million and a payable to HP Inc. of \$38 million related to litigation matters.

Shared Litigation with HP Inc.

As part of the Separation and Distribution Agreement, the Company and HP Inc. agreed to cooperate with each other in managing certain existing litigation related to both parties' businesses. The Separation and Distribution Agreement also included provisions that assign to the parties responsibility for managing pending and future litigation related to general corporate matters of HP Inc. arising prior to the separation.

Tax Matters Agreement and Other Income Tax Matters

In connection with the separation, the Company entered into a Tax Matters Agreement (the "Tax Matters Agreement") with HP Inc. effective November 1, 2015 that governs the rights and obligations of the Company and HP Inc. for certain pre-separation tax liabilities. The Tax Matters Agreement provides that the Company and HP Inc. will share certain pre-separation income tax liabilities that arise from adjustments made by tax authorities to the Company and HP Inc.'s U.S. and certain non-U.S. income tax returns. In certain jurisdictions, the Company and HP Inc. have joint and several liability for past income tax liabilities and accordingly, the Company could be legally liable under applicable tax law for such liabilities and required to make additional tax payments.

In addition, if the Distribution of Hewlett Packard Enterprise's common shares to the HP Inc. shareholders are determined to be taxable, the Company and HP Inc. would share the tax liability equally, unless the taxability of the Distribution is the direct result of action taken by either the Company or HP Inc. subsequent to the Distribution in which case the party causing the Distribution to be taxable would be responsible for any taxes imposed on the Distribution.

Upon completion of the separation on November 1, 2015, the Company recorded a net receivable of \$390 million from HP Inc. for certain tax liabilities that the Company is joint and severally liable for, but for which it is indemnified by the Company under the Tax Matters Agreement. The actual amount that the Company may receive could vary depending upon the outcome of certain unresolved tax matters, which may not be resolved for several years.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 18: Guarantees, Indemnifications and Warranties (Continued)

Warranties

The Company accrues the estimated cost of product warranties at the time it recognizes revenue. The Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers; however, contractual warranty terms, repair costs, product call rates, average cost per call, current period product shipments and ongoing product failure rates, as well as specific product class failures outside of the Company's baseline experience, affect the estimated warranty obligation.

The Company's aggregate product warranty liabilities and changes therein were as follows:

	Fiscal year ended October 31	
	2015	2014
	In millions	
Balance at beginning of year	\$ 571	\$ 607
Accruals for warranties issued	373	475
Adjustments related to pre-existing warranties (including changes in estimates)	(16)	(11)
Settlements made (in cash or in kind)	(405)	(500)
Balance at end of year	<u>\$ 523</u>	<u>\$ 571</u>

Note 19: Commitments

Lease Commitments

The Company leases certain real and personal property under non-cancelable operating leases. Certain leases require the Company to pay property taxes, insurance and routine maintenance and include renewal options and escalation clauses. Rent expense was approximately \$0.7 billion in fiscal 2015 and approximately \$0.8 billion in fiscal 2014 and 2013.

Property under capital leases is comprised primarily of equipment and furniture. Capital lease assets included in Property, plant and equipment in the Combined and Consolidated Balance Sheets were \$203 million and \$164 million as of October 31, 2015 and 2014, respectively. Accumulated depreciation on the property under capital lease was \$186 million and \$151 million as of October 31, 2015 and 2014, respectively.

As of October 31, 2015, future minimum lease commitments were as follows:

Fiscal year	Operating Lease
	In millions
2016	\$ 538
2017	446
2018	338
2019	283
2020	222
Thereafter	738
Less: Sublease rental income	(142)
Total	<u>\$2,423</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Notes to Combined and Consolidated Financial Statements (Continued)

Note 19: Commitments (Continued)

Unconditional Purchase Obligations

At October 31, 2015, the Company had unconditional purchase obligations of approximately \$1.7 billion. These unconditional purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on the Company and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the approximate timing of the transaction. These unconditional purchase obligations are related principally to software maintenance and support services and other items. Unconditional purchase obligations exclude agreements that are cancelable without penalty.

As of October 31, 2015, future unconditional purchase obligations were as follows:

<u>Fiscal Year</u>	<u>In millions</u>
2016	\$ 477
2017	404
2018	402
2019	300
2020	71
Thereafter	<u>85</u>
Total	<u>\$1,739</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Quarterly Summary
(Unaudited)
(In millions, except per share amounts)

	For the three-month periods ended in fiscal 2015			
	January 31	April 30	July 31	October 31
Net revenue	\$13,053	\$12,549	\$13,057	\$13,448
Cost of sales	9,433	8,965	9,307	9,463
Research and development	532	552	602	652
Selling, general and administrative	1,973	1,974	2,040	2,038
Amortization of intangible assets	203	204	225	220
Restructuring charges	132	248	24	550
Acquisition and other related charges	4	19	46	20
Separation costs	44	159	255	339
Defined benefit plan settlement charges	—	—	178	47
Impairment of data center assets	—	—	136	—
Total costs and expenses	12,321	12,121	12,813	13,329
Earnings from operations	732	428	244	119
Interest and other, net	(18)	(30)	4	(9)
Earnings before taxes	714	398	248	110
(Provision) benefit for taxes	(167)	(93)	(24)	1,275
Net earnings	\$ 547	\$ 305	\$ 224	\$ 1,385
Net earnings per share: ⁽¹⁾				
Basic	\$ 0.30	\$ 0.17	\$ 0.13	\$ 0.76
Diluted	\$ 0.30	\$ 0.16	\$ 0.13	\$ 0.75
Number of shares used to compute net earnings per share ⁽¹⁾ :				
Basic	1,804	1,804	1,804	1,804
Diluted	1,834	1,834	1,834	1,834

	For the three-month periods ended in fiscal 2014			
	January 31	April 30	July 31	October 31
Net revenue	\$13,772	\$13,574	\$13,704	\$14,073
Cost of sales	10,162	9,758	9,799	9,767
Research and development	512	563	574	548
Selling, general and administrative	2,142	2,196	2,203	2,176
Amortization of intangible assets	251	243	206	206
Restructuring charges	122	237	565	547
Acquisition and other related charges	2	3	3	3
Total costs and expenses	13,191	13,000	13,350	13,247
Earnings from operations	581	574	354	826
Interest and other, net	(16)	(31)	(16)	(28)
Earnings before taxes	565	543	338	798
Provision for taxes	(123)	(119)	(72)	(282)
Net earnings	\$ 442	\$ 424	\$ 266	\$ 516
Net earnings per share: ⁽¹⁾				
Basic	\$ 0.24	\$ 0.24	\$ 0.15	\$ 0.28
Diluted	\$ 0.24	\$ 0.23	\$ 0.15	\$ 0.28
Number of shares used to compute net earnings per share ⁽¹⁾ :				
Basic	1,804	1,804	1,804	1,804
Diluted	1,834	1,834	1,834	1,834

⁽¹⁾ On November 1, 2015, HP Inc. (formerly Hewlett-Packard Company) shareholders received one share of Hewlett Packard Enterprise common stock for every share of Hewlett-Packard Company common stock held as of the record date. The number of shares used to compute the basic and diluted net earnings per share as of October 31, 2015 is used for calculation of net earnings per share for all periods presented in this quarterly summary. See Note 16, "Net Earnings Per Share", for details on shares used to compute net earnings per share as of October 31, 2015.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

ITEM 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this report (the "Evaluation Date"). Based on this evaluation, our principal executive officer and principal financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to Hewlett Packard Enterprise, including our consolidated subsidiaries, required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to Hewlett Packard Enterprise's management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

Changes in Internal Control Over Financial Reporting

During the fourth quarter of fiscal 2015, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we completed our preparations and implementation for a series of changes to our information technology environment, which includes our financial reporting systems, to support the separate financial reporting requirements for Hewlett Packard Enterprise and HP Inc. There were no other changes in our internal control over financial reporting during fiscal 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information.

We anticipate holding our first Annual Meeting of Shareholders on or about March 23, 2016. Because the 2016 Annual Meeting is our first Annual Meeting, pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we have set a deadline for the receipt of any shareholder proposals submitted pursuant to Rule 14a-8 for inclusion in our proxy materials for the 2016 Annual Meeting. In order to be considered timely, such shareholder proposals must be received by us on or before December 27, 2015, which we believe is a reasonable time before we begin to print and distribute our proxy materials for the 2016 Annual Meeting. Such proposals must also comply with the SEC's regulations regarding the inclusion of shareholder proposals in our proxy materials. The December 27, 2015 deadline also will apply in determining whether notice is timely for purposes of exercising discretionary voting authority with respect to proxies for purposes of Rule 14a-4(c) under the Exchange Act.

A shareholder intending to submit a proposal outside of Rule 14a-8 or to nominate persons for election to serve as a director of the Company, in each case in connection with the 2016 Annual

Meeting, must provide written notice of such proposal or nomination in accordance with the requirements set forth in our Amended and Restated Bylaws. To be considered timely, any such notice must be received by the Secretary of the Company not later than the close of business on December 27, 2015. The notice must comply with and contain the information required by our Amended and Restated Bylaws.

In addition, our Amended and Restated Bylaws provide that under certain circumstances, a shareholder or group of shareholders may include director candidates that they have nominated in our annual meeting proxy statement. These proxy access provisions of our Amended and Restated Bylaws provide, among other things, that a shareholder or group of up to 20 shareholders seeking to include director candidates in our annual meeting proxy statement must own 3% or more of our outstanding common stock continuously for at least the previous three years. The nominating shareholder or group of shareholders must deliver the information required by and otherwise comply with the provisions of our Amended and Restated Bylaws, and each nominee must meet the qualifications required by our Amended and Restated Bylaws. Requests to include shareholder-nominated candidates in our proxy materials for the 2016 Annual Meeting must be received by the Secretary of the Company not later than the close of business on January 16, 2016.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

The names of the executive officers of Hewlett Packard Enterprise and their ages, titles and biographies as of the date hereof are incorporated by reference from Part I, Item 1, above.

The following information is included in Hewlett Packard Enterprise's Proxy Statement related to its 2016 Annual Meeting of Stockholders to be filed within 120 days after Hewlett Packard Enterprise's fiscal year end of October 31, 2015 (the "Proxy Statement") and is incorporated herein by reference:

- Information regarding directors of Hewlett Packard Enterprise including those who are standing for reelection and any persons nominated to become directors of Hewlett Packard Enterprise is set forth under "Corporate Governance—Board Leadership Structure" and/or "Proposals to be Voted On—Proposal No. 1—Election of Directors".
- Information regarding Hewlett Packard Enterprise's Audit Committee and designated "audit committee financial experts" is set forth under "Board Structure and Committee Composition—Audit Committee".
- Information on Hewlett Packard Enterprise's code of business conduct and ethics for directors, officers and employees, also known as the "Standards of Business Conduct," and on Hewlett Packard Enterprise's Corporate Governance Guidelines is set forth under "Corporate Governance Principles and Board Matters".
- Information regarding Section 16(a) beneficial ownership reporting compliance is set forth under "Section 16(a) Beneficial Ownership Reporting Compliance".

ITEM 11. Executive Compensation.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding Hewlett Packard Enterprise's compensation of its named executive officers is set forth under "Executive Compensation".
- Information regarding Hewlett Packard Enterprise's compensation of its directors is set forth under "Director Compensation and Stock Ownership Guidelines".
- The report of Hewlett Packard Enterprise's HR and Compensation Committee is set forth under "HR and Compensation Committee Report on Executive Compensation".

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding security ownership of certain beneficial owners, directors and executive officers is set forth under "Common Stock Ownership of Certain Beneficial Owners and Management".
- Information regarding Hewlett Packard Enterprise's equity compensation plans, including both stockholder approved plans and non-stockholder approved plans, is set forth in the section entitled "Equity Compensation Plan Information".

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding transactions with related persons is set forth under “Transactions with Related Persons”.
- Information regarding director independence is set forth under “Corporate Governance Principles and Board Matters—Director Independence”.

ITEM 14. Principal Accounting Fees and Services.

Information regarding principal accounting fees and services is set forth under “Principal Accounting Fees and Services” in the Proxy Statement, which information is incorporated herein by reference.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. All Financial Statements:

The following financial statements are filed as part of this report under Item 8—"Financial Statements and Supplementary Data."

Report of Independent Registered Public Accounting Firm	79
Combined and Consolidated Statements of Earnings	80
Combined and Consolidated Statements of Comprehensive Income	81
Combined and Consolidated Balance Sheets	82
Combined and Consolidated Statements of Cash Flows	83
Combined and Consolidated Statements of Equity	84
Notes to Combined and Consolidated Financial Statements	85
Quarterly Summary	171

2. Financial Statement Schedules:

All schedules are omitted as the required information is not applicable or the information is presented in the Combined and Consolidated Financial Statements and notes thereto in Item 8 above.

3. Exhibits:

A list of exhibits filed or furnished with this Annual Report on Form 10-K (or incorporated by reference to exhibits previously filed or furnished by Hewlett Packard Enterprise) is provided in the accompanying Exhibit Index. Hewlett Packard Enterprise will furnish copies of exhibits for a reasonable fee (covering the expense of furnishing copies) upon request. Stockholders may request exhibits copies by contacting:

Hewlett Packard Enterprise Company
Attn: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 17, 2015

HEWLETT PACKARD ENTERPRISE COMPANY

By: /s/ TIMOTHY C. STONESIFER
Timothy C. Stonesifer
*Executive Vice President and
Chief Financial Officer*

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Timothy C. Stonesifer, John F. Schultz and Rishi Varma, or any of them, his or her attorneys-in-fact, for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title(s)</u>	<u>Date</u>
<u>/s/ MARGARET C. WHITMAN</u> Margaret C. Whitman	President and Chief Executive Officer (Principal Executive Officer)	December 17, 2015
<u>/s/ TIMOTHY C. STONESIFER</u> Timothy C. Stonesifer	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	December 17, 2015
<u>/s/ JEFF T. RICCI</u> Jeff T. Ricci	Senior Vice President and Controller (Principal Accounting Officer)	December 17, 2015
<u>/s/ PATRICIA F. RUSSO</u> Patricia F. Russo	Chairman	December 17, 2015
<u>/s/ DANIEL L. AMMANN</u> Daniel L. Ammann	Director	December 17, 2015
<u>/s/ MARC L. ANDREESSEN</u> Marc L. Andreessen	Director	December 17, 2015
<u>/s/ MICHAEL J. ANGELAKIS</u> Michael J. Angelakis	Director	December 17, 2015

<u>Signature</u>	<u>Title(s)</u>	<u>Date</u>
_____ /s/ LESLIE A. BRUN Leslie A. Brun	Director	December 17, 2015
_____ /s/ PAMELA L. CARTER Pamela L. Carter	Director	December 17, 2015
_____ /s/ KLAUS KLEINFELD Klaus Kleinfeld	Director	December 17, 2015
_____ /s/ RAYMOND J. LANE Raymond J. Lane	Director	December 17, 2015
_____ /s/ ANN M. LIVERMORE Ann M. Livermore	Director	December 17, 2015
_____ /s/ RAYMOND E. OZZIE Raymond E. Ozzie	Director	December 17, 2015
_____ /s/ GARY M. REINER Gary M. Reiner	Director	December 17, 2015
_____ /s/ LIP-BU TAN Lip-Bu Tan	Director	December 17, 2015

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			
		<u>Form</u>	<u>File No.</u>	<u>Exhibit(s)</u>	<u>Filing Date</u>
2.1	Separation and Distribution Agreement, dated as of October 31, 2015, by and among Hewlett-Packard Company, Hewlett Packard Enterprise Company and the Other Parties Thereto	8-K	001-37483	2.1	November 5, 2015
2.2	Transition Services Agreement, dated as of November 1, 2015, by and between Hewlett- Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.2	November 5, 2015
2.3	Tax Matters Agreement, dated as of October 31, 2015, by and between Hewlett- Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.3	November 5, 2015
2.4	Employee Matters Agreement, dated as of October 31, 2015, by and between Hewlett- Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.4	November 5, 2015
2.5	Real Estate Matters Agreement, dated as of October 31, 2015, by and between Hewlett- Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.5	November 5, 2015
2.6	Master Commercial Agreement, dated as of November 1, 2015, by and between Hewlett- Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.6	November 5, 2015
2.7	Information Technology Service Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and HP Enterprise Services, LLC	8-K	001-37483	2.7	November 5, 2015
3.1	Registrant's Amended and Restated Certificate of Incorporation	8-K	001-37483	3.1	November 5, 2015
3.2	Registrant's Amended and Restated Bylaws effective October 31, 2015	8-K	001-37483	3.2	November 5, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
4.1	Senior Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee	8-K	001-37483	4.1	October 13, 2015
4.2	First Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 2.450% notes due 2017	8-K	001-37483	4.2	October 13, 2015
4.3	Second Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 2.850% notes due 2018	8-K	001-37483	4.3	October 13, 2015
4.4	Third Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 3.600% notes due 2020	8-K	001-37483	4.4	October 13, 2015
4.5	Fourth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 4.400% notes due 2022	8-K	001-37483	4.5	October 13, 2015
4.6	Fifth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 4.900% notes due 2025	8-K	001-37483	4.6	October 13, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
4.7	Sixth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 6.200% notes due 2035	8-K	001-37483	4.7	October 13, 2015
4.8	Seventh Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 6.350% notes due 2045	8-K	001-37483	4.8	October 13, 2015
4.9	Eighth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's floating rate notes due 2017	8-K	001-37483	4.9	October 13, 2015
4.10	Ninth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's floating rate notes due 2018	8-K	001-37483	4.10	October 13, 2015
4.11	Guarantee Agreement, dated as of October 9, 2015, between Hewlett-Packard Company, Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, in favor of the holders of the Notes	8-K	001-37483	4.11	October 13, 2015
4.12	Registration Rights Agreement, dated as of October 9, 2015, among Hewlett Packard Enterprise Company, Hewlett-Packard Company, and the representatives of the initial purchasers of the Notes	8-K	001-37483	4.12	October 13, 2015
4.13	Eighth Supplemental Indenture, dated as of November 1, 2015, among Hewlett Packard Enterprise				

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
	Company, HP Enterprise Services, LLC and the Bank of New York Mellon Trust Company, N.A., as Trustee, relating to HP Enterprise Services LLC's 7.45% Senior Notes due October 2029.‡				
10.1	Hewlett Packard Enterprise Company 2015 Stock Incentive Plan*	10	001-37483	10.1	September 28, 2015
10.2	Hewlett Packard Enterprise Company 2015 Employee Stock Purchase Plan	10	001-37483	10.2	September 28, 2015
10.3	Hewlett Packard Enterprise Company Severance and Long-Term Incentive Change in Control Plan for Executive Officers*	10	001-37483	10.4	September 28, 2015
10.4	Hewlett Packard Enterprise Executive Deferred Compensation Plan*	S-8	001-37483	4.3	October 30, 2015
10.5	Hewlett Packard Enterprise Grandfathered Executive Deferred Compensation Plan*	S-8	001-37483	4.4	October 30, 2015
10.6	Form of Non-Qualified Stock Option Grant Agreement*	8-K	001-37483	10.4	November 5, 2015
10.7	Form of Restricted Stock Unit Grant Agreement*	8-K	001-37483	10.5	November 5, 2015
10.8	Form of Performance-Adjusted Restricted Stock Unit Grant Agreement*	8-K	001-37483	10.6	November 5, 2015
10.9	Form of Restricted Stock Unit Launch Grant Agreement*	8-K	001-37483	10.7	November 5, 2015
10.10	Form of Performance-Contingent Non-Qualified Stock Option Launch Grant Agreement*	8-K	001-37483	10.8	November 5, 2015
10.11	Form of Non-Employee Director Stock Options Grant Agreement*	8-K	001-37483	10.9	November 5, 2015
10.12	Form of Non-Employee Director Restricted Stock Unit Grant Agreement*	8-K	001-37483	10.10	November 5, 2015
10.13	Credit Agreement, dated as of November 1, 2015, by and among Hewlett Packard Enterprise Company, JPMorgan Chase Bank, N.A., Citibank, N.A., and the other parties thereto	8-K	001-37483	10.1	November 5, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
12	Statement of Computation of Ratio of Earnings to Fixed Charges‡				
21	Subsidiaries of Hewlett Packard Enterprise Company‡				
23	Consent of Independent Registered Public Accounting Firm‡				
24	Power of Attorney (included on the signature page)				
31.1	Certification of Chief Executive Officer pursuant to Rule 13a- 14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended‡				
31.2	Certification of Chief Financial Officer pursuant to Rule 13a- 14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended‡				
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002†				
101.INS	XBRL Instance Document‡				
101.SCH	XBRL Taxonomy Extension Schema Document‡				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document‡				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document‡				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document‡				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document‡				

* Indicates management contract or compensation plan, contract or arrangement

‡ Filed herewith

† Furnished herewith

The registrant agrees to furnish to the Commission supplementally upon request a copy of (1) any instrument with respect to long-term debt not filed herewith as to which the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis and (ii) schedules or exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K of any material plan of acquisition, disposition or reorganization set forth above.

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Forward-looking statements

This document contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett Packard Enterprise and its consolidated subsidiaries may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, share repurchases, currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring charges; any statements of the plans, strategies and objectives of management for future operations, including the recently completed separation transaction and the future performance of the post-separation Hewlett Packard Enterprise, as well as the execution of restructuring plans and any resulting cost savings or revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on Hewlett Packard Enterprise and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing Hewlett Packard Enterprise's businesses; the competitive pressures faced by Hewlett Packard Enterprise's businesses; risks associated with executing Hewlett Packard Enterprise's strategy, including the separation transaction; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of Hewlett Packard Enterprise's products and the delivery of Hewlett Packard Enterprise's services effectively; the protection of Hewlett Packard Enterprise's intellectual property assets, including intellectual property licensed from third parties and shared with its former parent; risks associated with Hewlett Packard Enterprise's international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by Hewlett Packard Enterprise and its suppliers, customers and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; the results of the separation transaction or restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of Hewlett Packard Enterprise's business) and the anticipated benefits of implementing the separation transaction and restructuring plans; the resolution of pending investigations, claims and disputes; and other risks that are described in Hewlett Packard Enterprise's Annual Report on Form 10-K for the fiscal year ended October 31, 2015 and that are otherwise described or updated from time to time in Hewlett Packard Enterprise's Securities and Exchange Commission reports. Hewlett Packard Enterprise assumes no obligation and does not intend to update these forward-looking statements.



The cover of this annual report is printed on 80 lb Cougar 10% Recycled Cover and the text is printed on 35lb. White Financial Opaque, FSC® Certified stock, 3-10% Recycled content, both being environmentally and socially responsible papers. The cover and text contain fibers from well-managed forests, independent certified according to the standards of the Forest Stewardship Council® ("FSC").

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