Hewlett Packard
Enterprise

Enterprise Services

Mike Nefkens
Executive Vice President and General Manager

Executive Summary

1	On track to meet FY16 guidance for revenue and operating profit: revenue expected to be flat to down 2% Y/Y in constant currency, while operating margins will be at the high end of our 6-7% outlook
2	Our turnaround plan has momentum entering FY17. We have stabilized revenue, win rates are up Y/Y, and profit margins have more than doubled since FY13
3	Our spin-merge with CSC will provide significant value to shareholders and create the number one independent, end-to-end IT services firm in the world
4	Separation activities are on track to complete our spin-merge with CSC on or about April 1, 2017, and our FY17 plan is developed

Enterprise Services has delivered on its commitments in FY16 and significantly improved performance over the past three years

USD in billions	FY14	FY15	Q1	Q2	Q3	FY16 YTD (Q1-Q3)
Revenue	**22.4**	**19.8**	**4.7**	**4.7**	**4.7**	**14.1**
Y/Y Reported % [1]	-7%	-12%	-6%	-2%	-5%	**-4%**
Y/Y Constant Currency % [1,2]	-7%	-6%	0%	+1%	-3%	1 **0%**
Op Profit	**0.8**	**1.0**	**0.2**	**0.3**	**0.4**	2 **0.9**
Op Margin	3.7%	5.1%	5.1%	6.7%	8.3%	3 **6.7%**
Y/Y Pts. [1]	0.4pts	1.4pts	2.1pts.	3.1pts.	2.6pts.	2.6pts.

1 **ES revenue has stabilized with FY16 revenue roughly flat in constant currency for the first time since 2012**
- Won several new large deals during the year, including Omnicom Group, Tesoro, Carrefour, Microsoft
- Strategic Enterprise Services (SES) revenue has grown 33% Y/Y YTD

2 **Successfully executing our cost take-out plan to deliver on our OP commitments**
- On track for cost take-out of over $1.1B during FY16
- 49% of our workforce in low-cost locations, well on track to achieve our Low Cost mix target of 60% by FY18

3 **Improved OP% by over 300bps over 3-year period**
- 6.7% OP through three quarters with traditionally strongest quarter results still to come
- On track to meet our long term OP target of 7%-9%

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1. Amounts presented based on segment amounts reported in HPE's Quarterly Form 10-Q filings in Fiscal 2016 and Annual Form 10-K filing in Fiscal 2015
2. Adjusted to eliminate the effects of currency

ES has made significant progress across all operational metrics

Improved operations

57.1% TCOW % of revenue lowest since FY12

+11.2pts Location mix improvement over last 7 quarters

+1.5pts Labor Pyramid Index improvement over last 7 quarters

Clients are happier

36 Net Promoter Score (among the highest in the industry)

+13pts NPS improvement since FY13

Growing in strategic areas

+33% Strategic Enterprise Services Y/Y revenue growth YTD

Beating the competition

10% Adjusted Growth
New Logo TCV Y/Y[1]

Largest Renewal
Won by ES in 2 Yrs.[2]

95% renewal
win rates

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1. FY16 Q3 YTD; adjusted to exclude FY15 Large deal (Deutcshe Bank)
2. Sabre Corporation renewal, announced in Q1 FY16

Spin-merge with CSC delivers HPE over $11 billion in value

Value to HPE Shareholders

~$7.6B[1]
stock to HPE shareholders

+

$4.0B[2]
cash payment to and liabilities transfer from HPE

~$11.6B
Current transaction value

Key Points

- Transaction targeted to be **completed on or about April 1, 2017**
- Transaction expected to be **tax-free for HPE**
- ES/CSC expects first-year **cost synergies** of approx. $1B post-close, with an **annual run-rate of $1.5B** exiting the first year
- **HPE shareholders** (not HPE company) **receive approx. 50% interest** in the new combined ES/CSC company
- Value of **stock consideration** fluctuates with share price of CSC, **now valued at approx. $7.6B[1]**

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1. Value of stock based on closing CSC share price on October 17, 2016, contrasts with previous value of $4.5B, which was based on the 60-day moving average of CSC's closing price before the deal announcement in May, 2016
2. HPE will effectively transfer $600 million in net unfunded pension liability to the new company

CSC + HPE's Enterprise Services

The newly combined company will be the number one independent, end-to-end IT services firm in the world and deliver world-class offerings in next-generation cloud, mobility, application development & modernization, business process services, big data & analytics, workspace, IT services, and security

Leadership

Mike Lawrie
Chairman, President & CEO

Mike Nefkens
Key member of executive team

Meg Whitman
Board member

Annual Revenue
$26 billion*

Global Alliances
100+ with Best of Breed Partners

Customers
5,000

Data Centers
95

Delivery Centers
85

Countries
70

The new company's board will be split 50/50 between directors nominated by HPE and CSC

Deep Industry Experience

- Financial Services
- Transportation
- Consumer Products
- Healthcare
- Insurance

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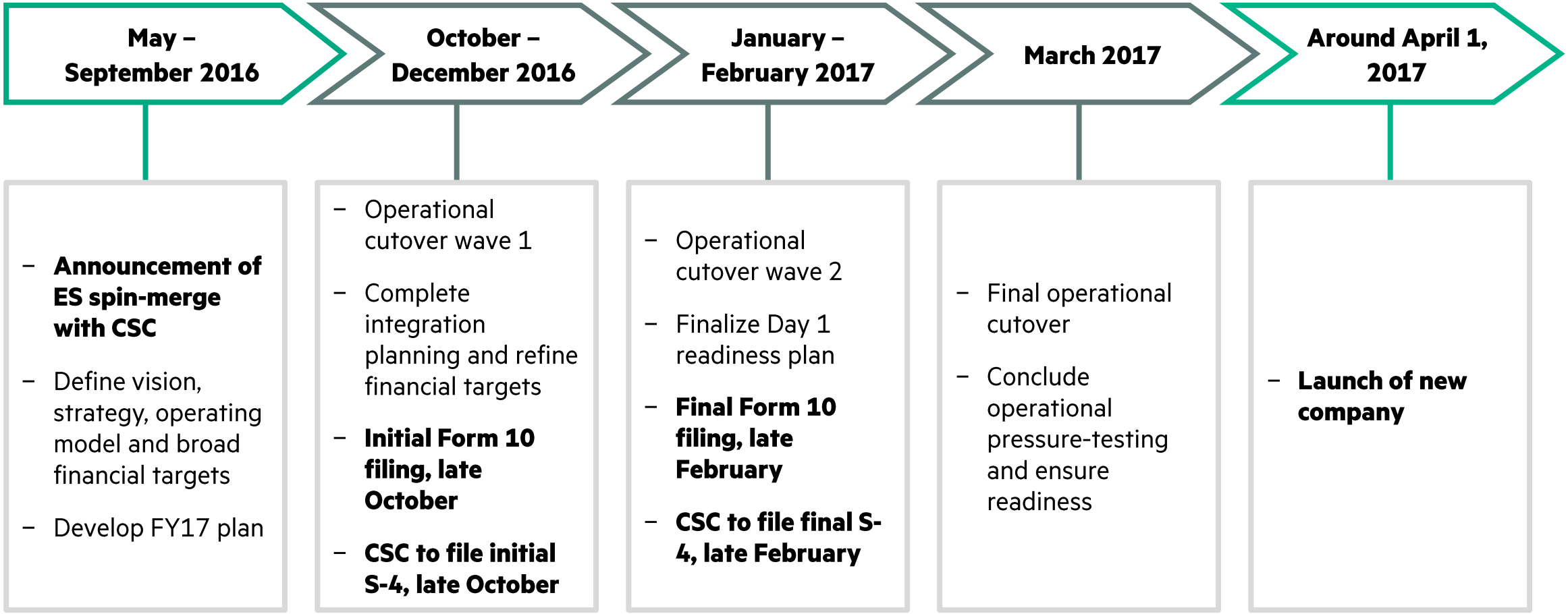
*Based on $18B in trailing 4 quarters of revenue for HPE's ES segment as of Q3 end (adjusted for Mphasis and CMS), plus $8B in trailing 4 quarters of revenue for CSC (adjusted for recent acquisitions)

ES separation activities are on track to close on or about April 1, 2017



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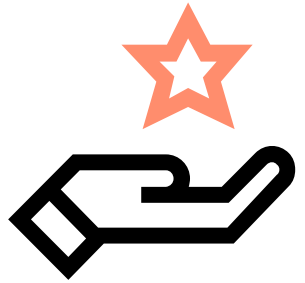
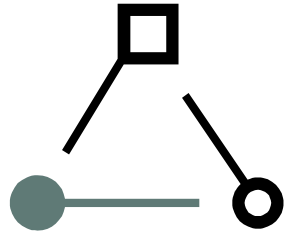
ES priorities looking ahead

Close
FY16
strong

Focus
on customers and
employees



Execute
FY17
plan



Complete
separation and
integration activities

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