



**Hewlett Packard**  
Enterprise

# **HPE Q2 FY16 Earnings Announcement**

May 24, 2016

<http://www.investors.hpe.com>

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# Forward-looking statements

This presentation 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 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, 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 or 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; 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 the separation or of implementing the 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.

As in prior periods, the financial information set forth in this presentation, including tax-related items, reflects estimates based on information available at this time. While Hewlett Packard Enterprise believes these estimates to be reasonable, these amounts could differ materially from reported amounts in the Hewlett Packard Enterprise Quarterly Report on Form 10-Q for the three and six months ended April 30, 2016. Hewlett Packard Enterprise assumes no obligation and does not intend to update these forward-looking statements.

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# Use of non-GAAP and adjusted financial information

Hewlett Packard Enterprise (HPE) has included non-GAAP financial measures in this presentation to supplement HPE's condensed, consolidated and combined financial statements presented on a GAAP basis. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this presentation.

HPE's management uses net revenue on a constant currency basis, non-GAAP operating expense, non-GAAP operating profit, non-GAAP income tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share to evaluate and forecast HPE's performance before gains, losses or other charges that are considered by HPE's management to be outside of HPE's core business segment operating results. Gross cash, net cash, free cash flow and net capital expenditures are liquidity measures that provide useful information to management about the amount of cash available for investment in HPE's businesses, funding acquisitions, repurchasing stock and other purposes. Net cash and net debt provide useful information to management about the state of HPE's condensed consolidated balance sheet. Operating company net cash and operating company net debt provide additional useful information to management about the state of HPE's condensed consolidated balance sheet by providing more transparency into the financial components of the operating company separate from HPE's financing business, which has different capital structure requirements and requires much greater leverage to run effectively.

These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of HPE's results as reported under GAAP. For example, items such as impairment of data center and intangible assets and amortization of intangible assets, though not directly affecting HPE's cash position, represent the loss in value of data center and intangible assets over time. The expense associated with this loss in value is not included in non-GAAP operating profit, non-GAAP income tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share and therefore does not reflect the full economic effect of the loss in value of those data center and intangible assets. In addition, items such as separation costs, restructuring charges, defined benefit plan settlement charges and acquisition-related charges that are excluded from non-GAAP operating expense, non-GAAP operating profit, non-GAAP tax rate, non-GAAP net earnings and non-GAAP diluted net earnings per share can have a material impact on the equivalent GAAP earnings measures and cash flow. Items such as income tax indemnification, valuation allowances, net, and the related tax impact from other non-GAAP measures that are excluded from the non-GAAP tax rate, non-GAAP net earnings and non-GAAP diluted net earnings per share can also have a material impact on the equivalent GAAP earnings measures and cash flow. HPE may not be able to liquidate the short-term and long-term investments included in gross cash immediately, which may limit the usefulness of gross cash as a liquidity measure. In addition, free cash flow, which includes net capital expenditures, does not represent the total increase or decrease in cash for the period. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies.

We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of each non-GAAP financial measure to the most directly comparable GAAP measure, and we encourage investors to review carefully those reconciliations.

We believe that providing these non-GAAP financial measures, in addition to the related GAAP measures provides investors with greater transparency to the information used by HPE's management in its financial and operational decision-making and allows investors to see HPE's results "through the eyes" of management. We further believe that providing this information better enables investors to understand HPE's operating performance and financial condition and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance and financial condition.

In addition, HPE included certain adjusted non-GAAP measures in this presentation. The company has included these adjustments because management believes they help to facilitate comparisons of the company's operating results between periods. The unaudited adjusted HPE fiscal 2015 non-GAAP diluted net earnings per share and cash flow metrics are used to assess the run-rate of its continuing operations. The adjusted amounts do not necessarily reflect what the fiscal 2015 non-GAAP diluted net EPS and cash flow of HPE would have been had the separation occurred on November 1, 2014. They also may not be useful in predicting the future financial condition and results of operations of the separate companies. The actual results of operations as reported in the company's Annual Report on Form 10-K and other filings with the Securities and Exchange Commission differ from the adjusted amounts reflected herein due to a variety of factors.

## Q2 FY16 results

- Net revenue of **\$12.7 billion**, up 1% from the prior year period and up 5% on a constant currency<sup>(2)</sup> basis
- Non-GAAP<sup>(1)</sup> diluted net earnings per share of **\$0.42**, down 2% from adjusted non-GAAP<sup>(1)</sup> diluted net earnings per share in the prior-year period, near the top end of the previously provided outlook of \$0.39 to \$0.43 per share
- GAAP diluted net earnings per share of **\$0.18**, up 13% from the prior-year period, above the previously provided outlook of \$0.13 to \$0.17 per share
- Cash flow from operations of **\$1.1 billion**, up 101% from adjusted cash flow from operations<sup>(1)</sup> in the prior-year period
- Returned **\$109 million** to shareholders in the form of dividends and share repurchases
- HPE board authorized additional **\$3 billion** for share repurchases; **\$4.8 billion** now remaining in stock repurchase authorization

## Q2 FY16 performance overview

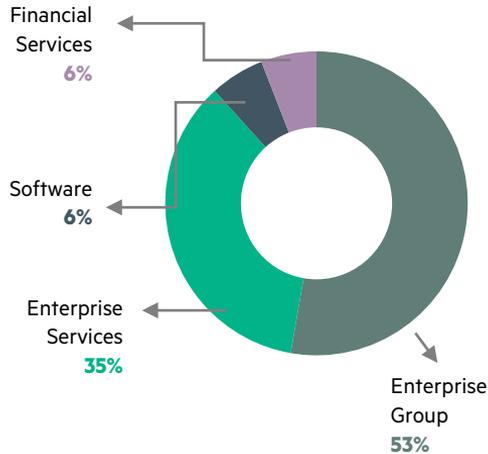
\$ in millions	Q2 Net Revenue	Growth y/y%	CC Growth <sup>(3)</sup> y/y%	Non-GAAP OP \$	Non-GAAP OP % of rev	Non-GAAP OP \$ y/y	Non-GAAP OP % of rev y/y
 Enterprise Group	\$7,010	7%	10%	\$817	11.7%	(\$106)	(2.4) pts
 Enterprise Services	\$4,723	(2%)	1%	\$317	6.7%	\$145	3.1 pts
 Software	\$774	(13%)	(10%)	\$192	24.8%	\$33	7.0 pts
 Financial Services	\$788	(2%)	1%	\$73	9.3%	(\$12)	(1.3) pts
<b>Total HPE <sup>(1)(2)</sup></b>	<b>\$12,711</b>	<b>1%</b>	<b>5%</b>	<b>\$998</b>	<b>7.9%</b>	<b>(\$60)</b>	<b>(0.5) pts</b>

1. A reconciliation of specific adjustments to GAAP results for the current and prior periods is included on slide 13 and in the GAAP to non-GAAP and adjusted non-GAAP bridges that appear as part of the supplemental slides section of this presentation. A description of HPE's use of non-GAAP and adjusted non-GAAP financial information is provided on slide 2 under "Use of non-GAAP and adjusted financial information"
2. Includes Corporate Investments, intercompany eliminations and other items not included in these segment results
3. Adjusted to eliminate the effects of currency

# Q2 FY16 mix by segment & region

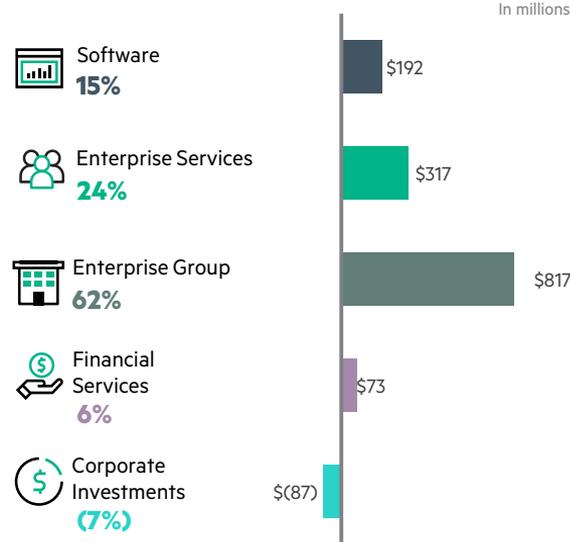
HPE net revenue  
**\$12.7 billion**

Segment net revenue mix<sup>(2)</sup>



HPE non-GAAP operating profit<sup>(1)</sup>  
**\$1.0 billion**

Segment operating profit and mix<sup>(3)</sup>



Net revenue by region



**Americas**  
**45%**  
 US: **38%**  
 Canada/LA: **7%**

**EMEA**  
**35%**

**APJ**  
**20%**

↑ **4% y/y**  
 ↑ **7% CC<sup>(4)</sup>**

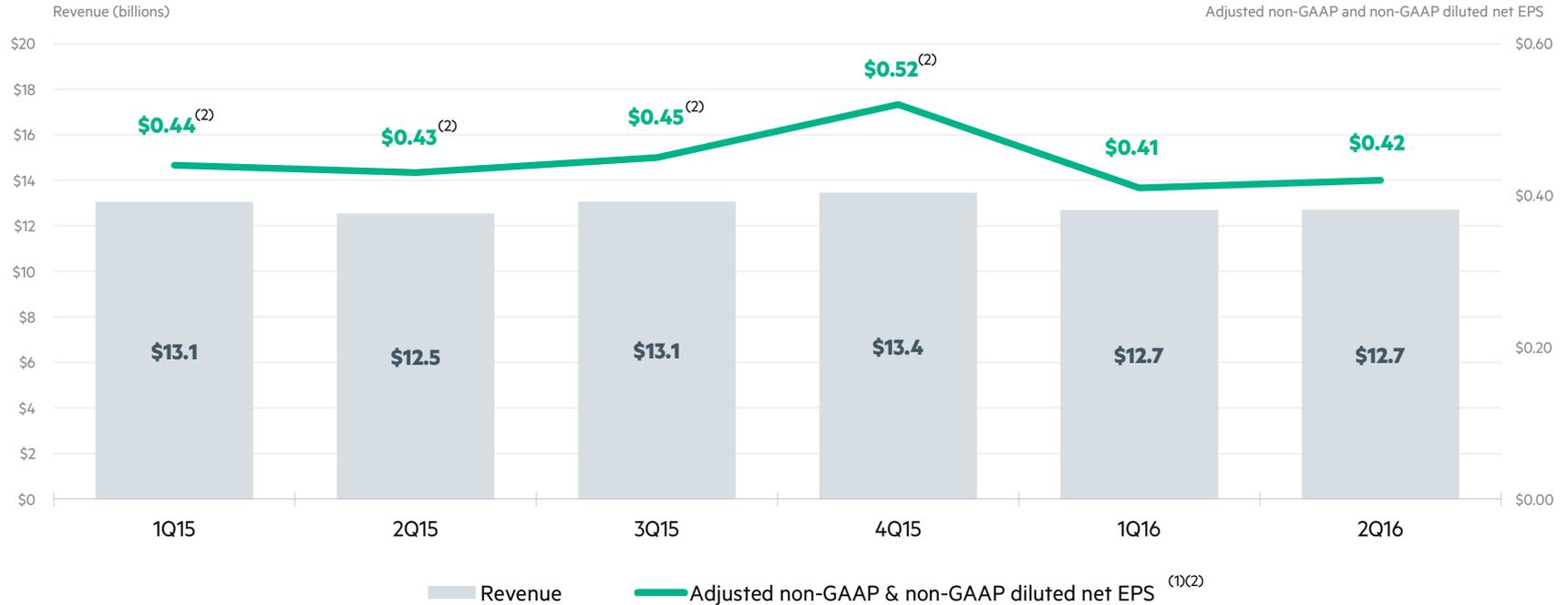
↓ **3% y/y**  
 ↑ **1% CC<sup>(4)</sup>**

↑ **2% y/y**  
 ↑ **7% CC<sup>(4)</sup>**

Non-US net revenue was  
**62%** of total net revenue

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2. Segment net revenue mix calculated based on total segment revenue, which does not include intercompany eliminations
3. Segment operating profit and mix calculated based on total segment operating profit, which does not include intercompany eliminations
4. Adjusted to eliminate the effects of currency

# Revenue & adjusted non-GAAP diluted net EPS

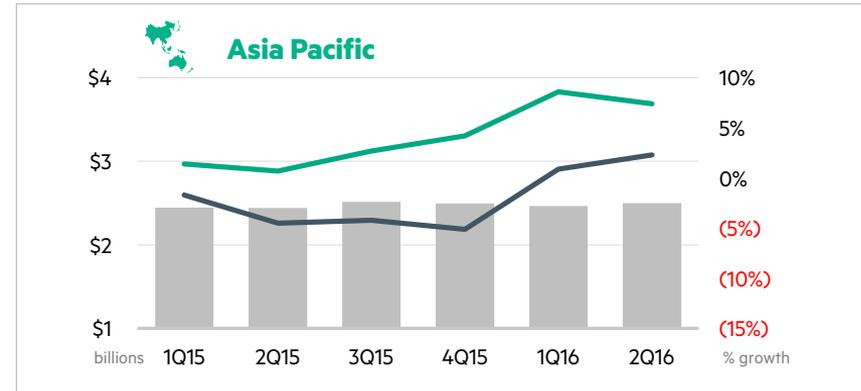
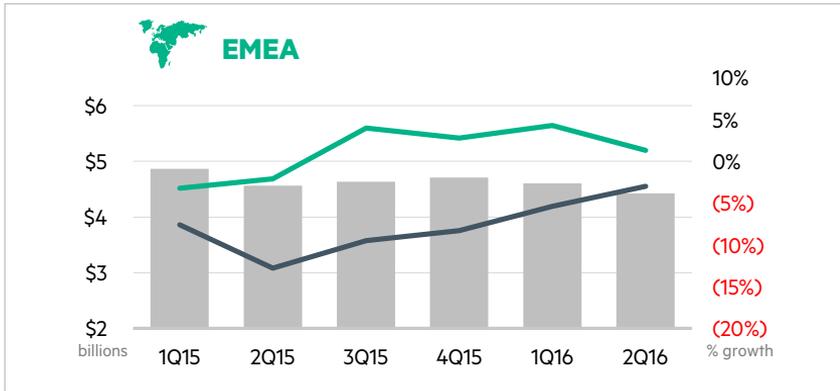
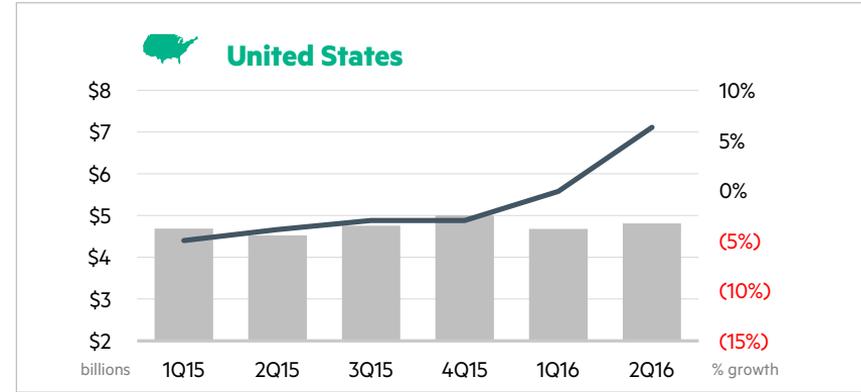
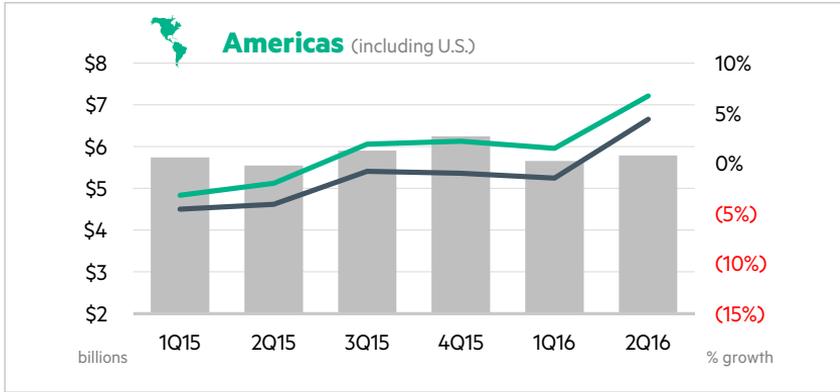


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2. Non-GAAP adjusted diluted net EPS reconciliation shown in slides 20-24

# Regional revenue trends

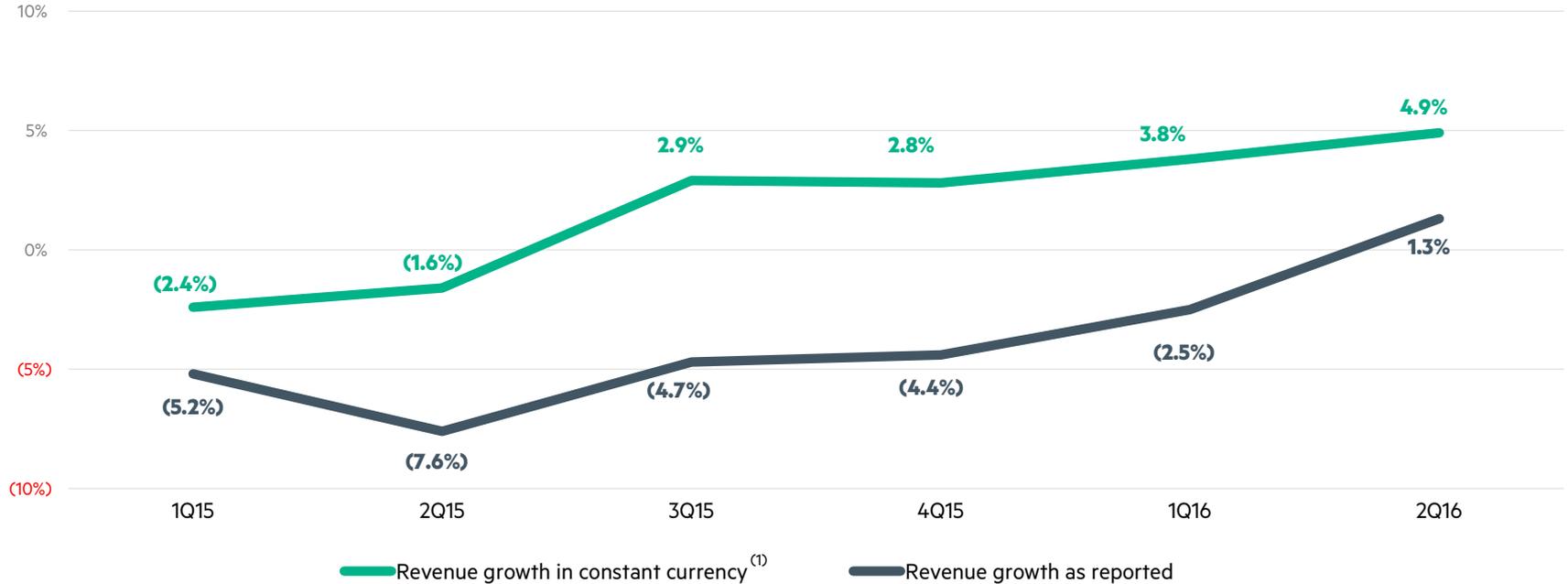
— y/y revenue growth %  
 — y/y constant currency revenue growth %<sup>(1)</sup>



1. Adjusted to eliminate the effects of currency. A description of HPE's use of non-GAAP information is provided on slide 3 under "Use of non-GAAP financial information"

# Revenue growth

y/y growth (%)



1. Adjusted to eliminate the effects of currency. A description of HPE's use of non-GAAP financial information is provided on slide 2 under "Use of non-GAAP and adjusted financial information"



# Enterprise Group

## Q2 FY16

### Revenue

# \$7.0 billion

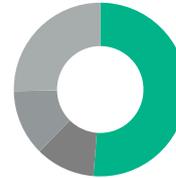
↑ 7% y/y  
↑ 10% y/y in CC<sup>(1)</sup>

### Operating profit

# \$817 million

11.7% of revenue

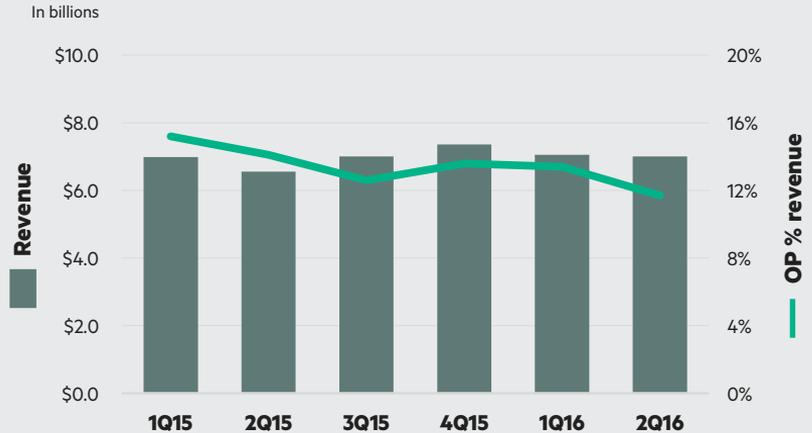
### Revenue



Servers	51%
Storage	11%
Networking	12%
Technology Services (TS)	26%

## Overview

- Servers revenue up **7%** y/y (up 10% in CC<sup>(1)</sup>)
- Storage revenue up **2%** y/y (up 5% in CC<sup>(1)</sup>) (Converged revenue of \$406M, up 14% y/y, traditional revenue of \$346M, down 10% y/y)
- Networking revenue up **57%** y/y (up 62% in CC<sup>(1)</sup>)
- TS revenue down **6%** y/y (down 2% in CC<sup>(1)</sup>)



1. Adjusted to eliminate the effects of currency. A description of HPE's use of non-GAAP financial information is provided on slide 2 under "Use of non-GAAP and adjusted financial information."

# Enterprise Services

Q2 FY16

## Revenue

**\$4.7** billion

↓ 2% y/y  
↑ 1% y/y in CC<sup>(1)</sup>

## Operating profit

**\$317** million

6.7% of revenue

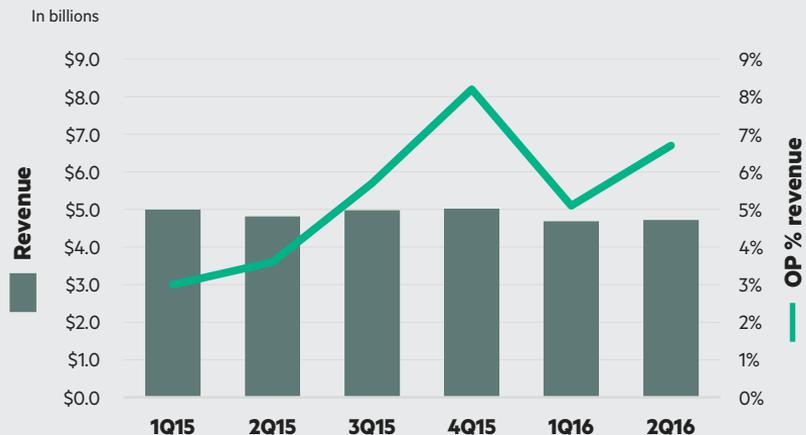
## Revenue



■ Infrastructure Technology Outsourcing (ITO) **60%**  
■ Application and Business Services (ABS) **40%**

## Overview

- ITO revenue down **1%** y/y (up 2% in CC<sup>(1)</sup>)
- ABS revenue down **3%** y/y (flat in CC<sup>(1)</sup>)





# Software

## Q2 FY16

### Revenue

**\$774 million**

↓ 13% y/y  
↓ 10% y/y in CC<sup>(1)</sup>

### Operating profit

**\$192 million**

24.8% of revenue

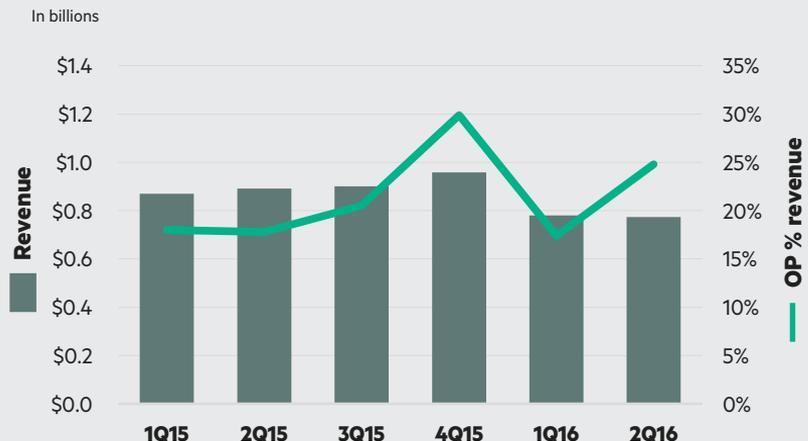
### Revenue



Licenses	26%
Support	52%
Professional Services	13%
SaaS	9%

## Overview

- Licenses revenue down **12%** y/y (down 11% in CC<sup>(1)</sup>)
- Support revenue down **16%** y/y (down 13% in CC<sup>(1)</sup>)
- Services revenue down **6%** y/y (down 5% in CC<sup>(1)</sup>)
  - Professional Services revenue down **3%** y/y (down 1% in CC<sup>(1)</sup>)
  - SaaS revenue down **11%** y/y (down 10% in CC<sup>(1)</sup>)





# Financial Services

## Q2 FY16

Revenue

**\$788** million

↓ 2% y/y  
↑ 1% y/y in CC<sup>(1)</sup>

Operating profit

**\$73** million

9.3% of revenue

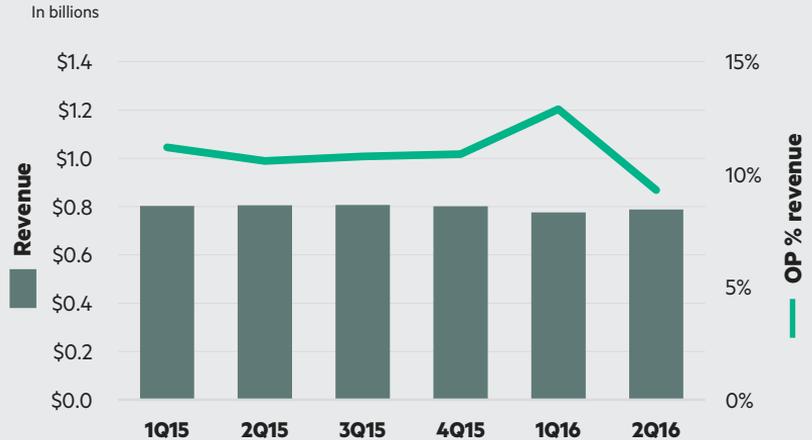
Revenue



Americas	60%
EMEA	27%
Asia Pacific	13%

### Overview

- Financing volume up **15%** y/y (up 19% in CC<sup>(1)</sup>)
- Net portfolio assets of **\$12.7B**, up **8%** y/y (up 9% in CC<sup>(1)</sup>)

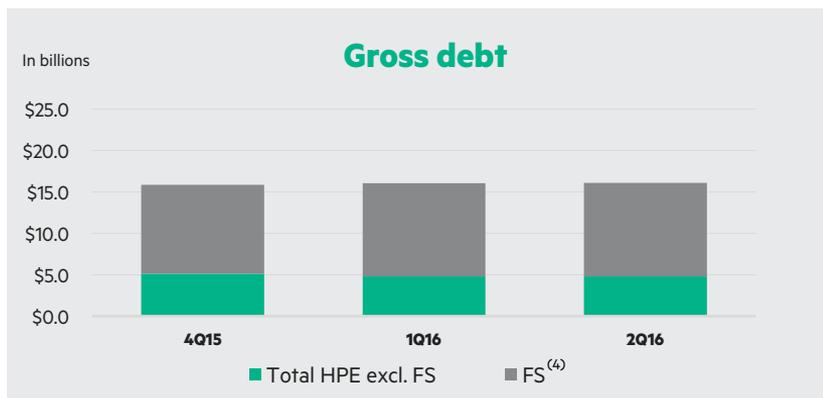
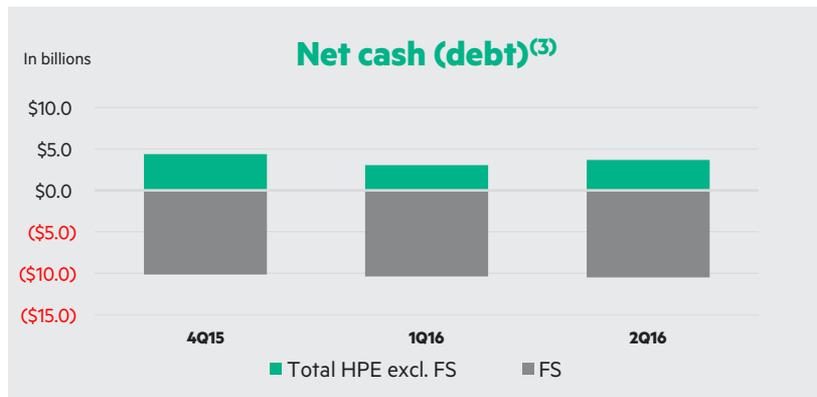
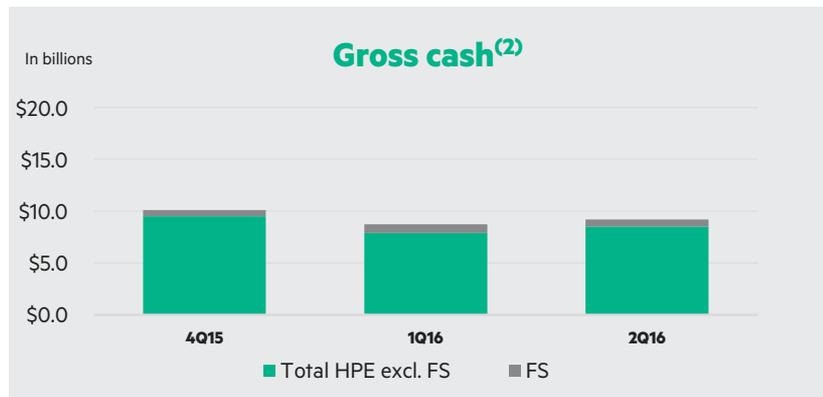


1. Adjusted to eliminate the effects of currency. A description of HPE's use of non-GAAP financial information is provided on slide 2 under "Use of non-GAAP and adjusted financial information."

# Non-GAAP and adjusted non-GAAP<sup>(1)</sup> financial information

In millions, except per share amounts and percentages	Q2 FY16		Q1 FY16		Q2 FY15	
<b>Revenue</b>	<b>\$12,711</b>	<b>100%</b>	<b>\$12,724</b>	<b>100%</b>	<b>\$12,549</b>	<b>100%</b>
Cost of sales	9,068	71.3%	9,112	71.6%	8,965	71.4%
Total OpEx	2,645	20.8%	2,583	20.3%	2,526	20.2%
<b>Operating profit</b>	<b>\$998</b>	<b>7.9%</b>	<b>\$1,029</b>	<b>8.1%</b>	<b>\$1,058</b>	<b>8.4%</b>
Interest & other, net	(60)		(80)		(30)	
Pre-tax earnings	938	7.4%	949	7.5%	1,028	8.2%
Income tax	(207)		(218)		(223)	
Net earnings	731	5.8%	731	5.7%	805	6.4%
Diluted net earnings per share	\$0.42		\$0.41		\$0.44	
Adjustments <sup>(1)</sup>	N/A		N/A		(\$0.01)	
<b>Adjusted diluted net earnings per share<sup>(1)</sup></b>	<b>N/A</b>		<b>N/A</b>		<b>\$0.43</b>	

# Select cash and debt balances<sup>(1)</sup>



\$ in billions	4Q15	1Q16	2Q16
Total HPE gross cash <sup>(2)</sup>	10.1	8.7	9.3
Total HPE gross debt	15.8	16.0	16.1
HPE net cash (debt) <sup>(3)</sup>	(5.7)	(7.3)	(6.8)
FS gross cash <sup>(2)</sup>	0.6	0.8	0.8
FS gross debt <sup>(4)</sup>	10.7	11.2	11.3
FS net cash (debt) <sup>(3)</sup>	(10.1)	(10.4)	(10.5)
<b>Operating co. net cash<sup>(5)</sup></b>	<b>4.4</b>	<b>3.1</b>	<b>3.7</b>

1. A description of HPE's use of non-GAAP financial information is provided on slide 2 under "Use of non-GAAP and adjusted financial information"

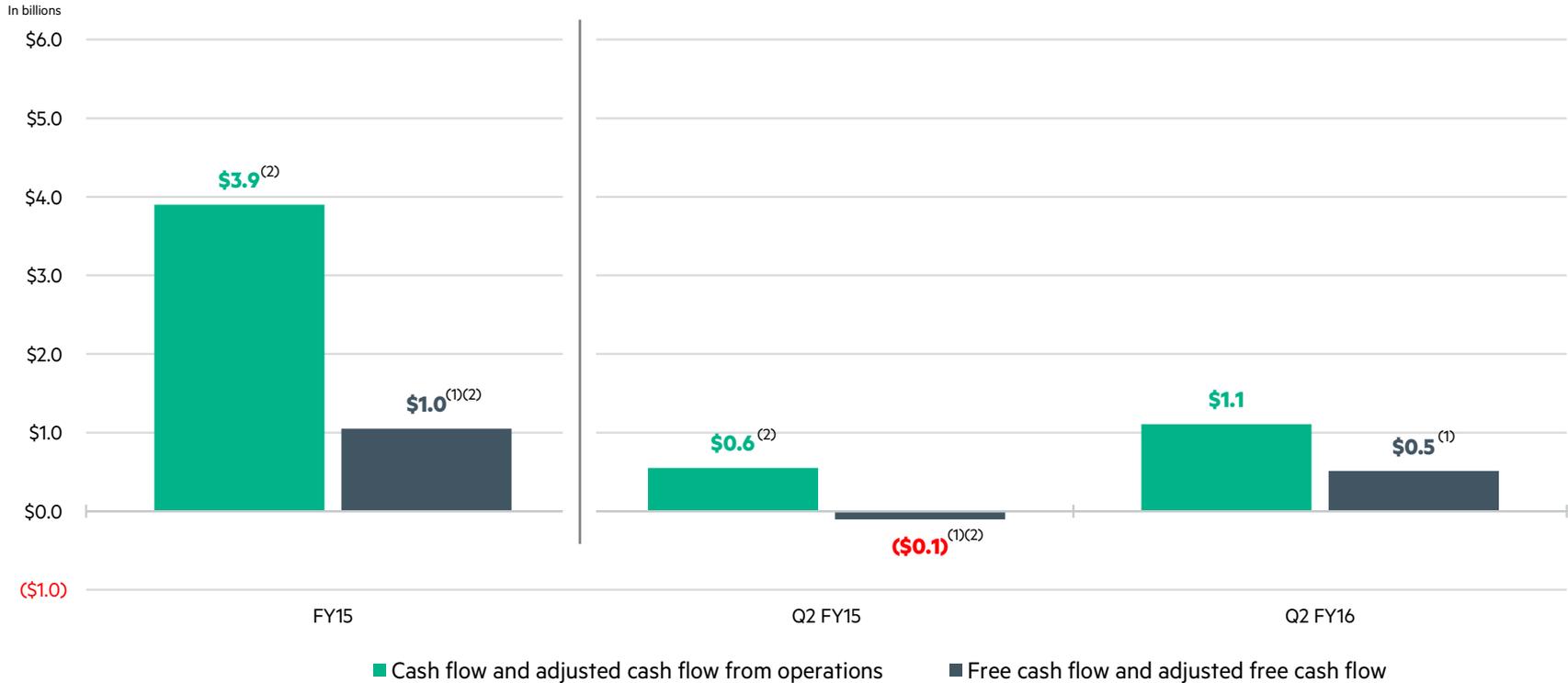
2. Gross cash includes cash and cash equivalents, short-term investments, and certain liquid long-term investments

3. Net cash (debt) is defined as gross cash less gross debt including the effect of hedging

4. FS gross debt includes primarily intercompany equity that is treated as debt for segment reporting purposes at a debt to equity ratio of 7.0x, intercompany debt, and borrowing and funding related activity associated with Financial Services and its subsidiaries

5. Operating company net cash is total HPE net cash (debt) less FS net cash (debt)

# 💰 Cash flow and adjusted cash flow



1. Free cash flow = cash flow from operations less net capital expenditures; net capital expenditures = investments in property, plant and equipment less proceeds from the sale of property, plant and equipment  
 2. A description of HPE's use of non-GAAP financial information is provided on slide 2 under "Use of non-GAAP and adjusted financial information". For further details on basis of presentation differences of adjusted cash flow from operations and adjusted free cash flow, refer to HPE's FY15 adjusted financial measures presentation that was filed with the SEC on March 2, 2016 and slide 25 of this presentation

# Outlook

## Q3 FY16 net EPS guidance

GAAP diluted net EPS	\$1.10 – \$1.14
Non-GAAP diluted net EPS <sup>(1)</sup>	\$0.42 – \$0.46

## Full year FY16 net EPS guidance

GAAP diluted net EPS	\$1.68 – \$1.78
Non-GAAP diluted net EPS <sup>(2)</sup>	\$1.85 – \$1.95

1. Third quarter fiscal 2016 non-GAAP diluted net EPS estimates exclude an after-tax gain on the divestiture of H3C Technologies and other of approximately \$1.06, and after-tax costs of approximately \$0.38 per share, related to restructuring charges, separation costs, amortization of intangible assets, and acquisition and other related charges

2. Full year fiscal 2016 non-GAAP diluted net EPS estimates exclude an after-tax gain on the divestiture of H3C Technologies and other of approximately \$1.06, and after-tax costs of approximately \$1.23 per share, related primarily to restructuring charges, amortization of intangible assets, separation costs, acquisition and other related charges and tax indemnification adjustments

# GAAP to non-GAAP and adjusted non-GAAP bridges

## Q2 FY16 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Separation costs	Acquisition and other related charges	Tax indemnification adjustments	Non-GAAP
Revenue	<b>\$12,711</b>						<b>\$12,711</b>
Cost of sales	<b>9,068</b>						<b>9,068</b>
Total OpEx	<b>3,151</b>	(201)	(161)	(91)	(53)		<b>2,645</b>
Operating profit	<b>492</b>	201	161	91	53		<b>998</b>
Interest & other, net	<b>(129)</b>					69	<b>(60)</b>
Pre-tax earnings	<b>363</b>	201	161	91	53	69	<b>938</b>
Income tax	<b>(43)</b>	(53)	(33)	(30)	(23)	(25)	<b>(207)</b>
Tax rate	<b>11.8%</b>						<b>22.1%</b>
Net earnings	<b>\$320</b>						<b>\$731</b>
Diluted net earnings per share	<b>\$0.18</b>						<b>\$0.42</b>

# Q1 FY16 GAAP to non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Separation costs	Acquisition and other related charges	Tax indemnification adjustments	Non-GAAP
Revenue	<b>\$12,724</b>						<b>\$12,724</b>
Cost of sales	<b>9,112</b>						<b>9,112</b>
Total OpEx	<b>3,228</b>	(218)	(311)	(79)	(37)		<b>2,583</b>
Operating profit	<b>384</b>	218	311	79	37		<b>1,029</b>
Interest & other, net	<b>(65)</b>					(15)	<b>(80)</b>
Pre-tax earnings	<b>319</b>	218	311	79	37	(15)	<b>949</b>
Income tax	<b>(52)</b>	(62)	(46)	(21)	(22)	(15)	<b>(218)</b>
Tax rate	<b>16.3%</b>						<b>23.0%</b>
Net earnings	<b>\$267</b>						<b>\$731</b>
Diluted net earnings per share	<b>\$0.15</b>						<b>\$0.41</b>

# FY15 GAAP to non-GAAP and adjusted non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Separation costs	Acquisition and other related charges	Defined benefit plan settlement charges	Impairment of data center assets	Separation costs in interest and other, net	Valuation allowances, net, and separation taxes	Non-GAAP and adjusted non-GAAP
Revenue	<b>\$52,107</b>									<b>\$52,107</b>
Cost of sales	<b>37,168</b>									<b>37,168</b>
Total OpEx	<b>13,416</b>	(852)	(954)	(797)	(89)	(225)	(136)			<b>10,363</b>
Operating profit	<b>1,523</b>	852	954	797	89	225	136			<b>4,576</b>
Interest & other, net	<b>(53)</b>							4		<b>(49)</b>
Pre-tax earnings	<b>1,470</b>	852	954	797	89	225	136	4		<b>4,527</b>
Valuation allowances, net, and separation taxes	<b>1,251</b>								(1,251)	-
Income tax	<b>(260)</b>	(247)	(152)	(252)	(27)	(15)	(29)	(2)	-	<b>(984)</b>
Tax rate	<b>(67.4%)</b>									<b>21.7%</b>
Net earnings	<b>\$2,461</b>									<b>\$3,543</b>
Diluted net earnings per share	<b>\$1.34</b>									<b>\$1.93</b>
Interest and other, net adjustments <sup>(1)</sup>										<b>(\$0.07)</b>
Tax rate and organizational adjustments <sup>(1)</sup>										<b>(\$0.02)</b>
Adjusted diluted net earnings per share <sup>(1)</sup>										<b>\$1.84</b>

## Q4 FY15 GAAP to non-GAAP and adjusted non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Separation costs	Acquisition and other related charges	Defined benefit plan settlement charges	Separation costs in interest and other, net	Valuation allowances, net, and separation taxes	Non-GAAP and adjusted non- GAAP
Revenue	<b>\$13,448</b>								<b>\$13,448</b>
Cost of sales	<b>9,463</b>								<b>9,463</b>
Total OpEx	<b>3,866</b>	(220)	(550)	(339)	(20)	(47)			<b>2,690</b>
Operating profit	<b>119</b>	220	550	339	20	47			<b>1,295</b>
Interest & other, net	<b>(9)</b>						4		<b>(5)</b>
Pre-tax earnings	<b>110</b>	220	550	339	20	47	4		<b>1,290</b>
Valuation allowances, net, and separation taxes	<b>1,251</b>							(1,251)	<b>-</b>
Income tax	<b>24</b>	(86)	(95)	(128)	(7)	(12)	(2)	-	<b>(282)</b>
Tax rate	<b>(21.8%)</b>								<b>21.9%</b>
Net earnings	<b>\$1,385</b>								<b>\$1,008</b>
Diluted net earnings per share	<b>\$0.75</b>								<b>\$0.55</b>
Interest and other, net adjustments <sup>(1)</sup>									<b>(\$0.03)</b>
Adjusted diluted net earnings per share <sup>(1)</sup>									<b>\$0.52</b>

## Q3 FY15 GAAP to non-GAAP and adjusted non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Separation costs	Acquisition and other related charges	Defined benefit plan settlement charges	Impairment of data center assets	Non-GAAP and adjusted non-GAAP
Revenue	<b>\$13,057</b>							<b>\$13,057</b>
Cost of sales	<b>9,307</b>							<b>9,307</b>
Total OpEx	<b>3,506</b>	(225)	(24)	(255)	(46)	(178)	(136)	<b>2,642</b>
Operating profit	<b>244</b>	225	24	255	46	178	136	<b>1,108</b>
Interest & other, net	<b>4</b>							<b>4</b>
Pre-tax earnings	<b>248</b>	225	24	255	46	178	136	<b>1,112</b>
Income tax	<b>(24)</b>	(69)	(3)	(75)	(14)	(27)	(29)	<b>(241)</b>
Tax rate	<b>9.7%</b>							<b>21.7%</b>
Net earnings	<b>\$224</b>							<b>\$871</b>
Diluted net earnings per share	<b>\$0.13</b>							<b>\$0.47</b>
Interest and other, net adjustments <sup>(1)</sup>								<b>(\$0.02)</b>
Adjusted diluted net earnings per share <sup>(1)</sup>								<b>\$0.45</b>

## Q2 FY15 GAAP to non-GAAP and adjusted non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Separation costs	Acquisition and other related charges	Non-GAAP and adjusted non- GAAP
Revenue	<b>\$12,549</b>					<b>\$12,549</b>
Cost of sales	<b>8,965</b>					<b>8,965</b>
Total OpEx	<b>3,156</b>	(204)	(248)	(159)	(19)	<b>2,526</b>
Operating profit	<b>428</b>	204	248	159	19	<b>1,058</b>
Interest & other, net	<b>(30)</b>					<b>(30)</b>
Pre-tax earnings	<b>398</b>	204	248	159	19	<b>1,028</b>
Income tax	<b>(93)</b>	(46)	(41)	(38)	(5)	<b>(223)</b>
Tax rate	<b>23.3%</b>					<b>21.7%</b>
Net earnings	<b>\$305</b>					<b>\$805</b>
Diluted net earnings per share	<b>\$0.16</b>					<b>\$0.44</b>
Interest and other, net adjustments <sup>(1)</sup>						<b>(\$0.01)</b>
Adjusted diluted net earnings per share <sup>(1)</sup>						<b>\$0.43</b>

# Q1 FY15 GAAP to non-GAAP and adjusted non-GAAP bridge

In millions, except tax rate and per share amounts	GAAP	Amortization of intangible assets	Restructuring charges	Separation Costs	Acquisition and other related charges	Non-GAAP and adjusted non- GAAP
Revenue	\$13,053					\$13,053
Cost of sales	9,433					9,433
Total OpEx	2,888	(203)	(132)	(44)	(4)	2,505
Operating profit	732	203	132	44	4	1,115
Interest & other, net	(18)					(18)
Pre-tax earnings	714	203	132	44	4	1,097
Income tax	(167)	(46)	(13)	(11)	(1)	(238)
Tax rate	23.4%					21.7%
Net earnings	\$547					\$859
Diluted net earnings per share	\$0.30					\$0.47
Interest and other, net adjustments <sup>(1)</sup>						(\$0.02)
Tax rate and organizational adjustments <sup>(1)</sup>						(\$0.01)
Adjusted diluted net earnings per share <sup>(1)</sup>						\$0.44

## Q2 FY15 and FY15 adjusted cash flow bridges

### FY15 adjusted cash flow bridge

In millions, except per share amounts	GAAP	Basis of presentation differences	Adjusted cash flow
Cash flow from operations	\$3,661	229	\$3,890
Investment in property, plant and equipment	(3,344)		
Proceeds from sale of property, plant and equipment	380		
Free cash flow	\$697	351	\$1,048

### Q2 FY15 adjusted cash flow bridge

In millions, except per share amounts	GAAP	Basis of presentation differences	Adjusted cash flow
Cash flow from operations	\$1,188	(638)	\$550
Investment in property, plant and equipment	(646)		
Proceeds from sale of property, plant and equipment	77		
Free cash flow	\$619	(725)	\$(106)