



**Hewlett Packard
Enterprise**

HPE Q2 FY17 Earnings Announcement

May 31, 2017

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



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 divestiture transaction and the ongoing divestiture 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 divestiture transactions 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 transactions 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, 2016 and subsequent Quarterly Reports on Form 10-Q.

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 fiscal quarter ended April 30, 2017. Hewlett Packard Enterprise assumes no obligation and does not intend to update these forward-looking statements.

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 and consolidated 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, net revenue adjusted for divestitures and currency, non-GAAP income tax rate, non-GAAP net earnings from continuing operations, non-GAAP net earnings from discontinued operations, non-GAAP diluted net earnings per share from continuing operations and non-GAAP diluted net earnings per share from discontinued operations 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, normalized 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 amortization of intangible assets, though not directly affecting HPE's cash position, represent the loss in value of intangible assets over time. The expense associated with this loss in value is not included in non-GAAP operating profit, non-GAAP operating profit as % of revenue, non-GAAP income tax rate, non-GAAP net earnings from continuing operations, non-GAAP net earnings from discontinued operations, non-GAAP diluted net earnings per share from continuing operations and non-GAAP diluted net earnings per share from discontinued operations 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 remeasurement benefit and acquisition-related charges that are excluded from non-GAAP operating expense, non-GAAP operating profit, non-GAAP operating profit as % of revenue, non-GAAP tax rate, non-GAAP net earnings from continuing operations, non-GAAP net (loss) earnings from discontinued operations, non-GAAP diluted net earnings per share from continuing operations and non-GAAP diluted net (loss) earnings per share from discontinued operations 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 from continuing operations, non-GAAP net (loss) earnings from discontinued operations, non-GAAP diluted net earnings per share from continuing operations and non-GAAP diluted net (loss) earnings per share from discontinued operations 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.

Q2 FY17 results

- Combined net revenue of **\$9.9 billion** includes \$7.4 billion from continuing operations and \$2.5 billion associated with discontinued operations
- Net revenue of **\$7.4 billion**, down 13% from the prior-year period and down 5% when adjusted for divestitures and currency⁽¹⁾
 - Future HPE (excludes Enterprise Services and Software) revenue was up **1%** year-over-year, excluding Tier-1 server sales and when adjusted for divestitures and currency
- Non-GAAP⁽²⁾ diluted net earnings per share of **\$0.35**, within the previously provided outlook of \$0.33 to \$0.37 per share
- GAAP diluted net earnings per share of **(\$0.37)**, below the previously provided outlook of (\$0.07) to (\$0.03) per share, due primarily to a spin-merger related non-cash tax valuation allowance adjustment and charge
- Cash flow from operations of **\$0.6 billion**, down from \$1.1 billion in the prior-year period
- Returned **\$777 million** to shareholders in the form of share repurchases and dividends

1. Adjusted to eliminate the effects of divestitures and currency on continuing operations, does not include activity from discontinued operations. A reconciliation of GAAP revenue to revenue adjusted for divestitures and currency is provided on slides 27-30

2. A reconciliation of specific adjustments to GAAP results for the current and prior periods is included on slide 19 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"

Q2 FY17 performance overview

\$ in millions	Q2 Net Revenue	Growth y/y%	Growth y/y%, adj. for divestitures and currency ⁽³⁾	Non-GAAP OP \$	Non-GAAP OP % of rev	Non-GAAP OP \$ y/y	Non-GAAP OP % of rev y/y
Enterprise Group	\$6,243	(13%)	(7%)	\$548	8.8%	(\$299)	(3.0 pts)
Software	\$685	(11%)	(9%)	\$181	26.4%	(\$11)	1.6 pts
Financial Services	\$872	11%	11% ⁽⁴⁾	\$78	8.9%	\$5	(0.4 pts)
Total HPE continuing operations⁽¹⁾⁽²⁾	\$7,445	(13%)	(5%)	\$583	7.8%	(\$190)	(1.3 pts)

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2. Includes Corporate Investments, intercompany eliminations and other items not included in these segment results

3. Adjusted to eliminate the effects of divestitures and currency on continuing operations, does not include activity from discontinued operations. A reconciliation of GAAP revenue to revenue adjusted for divestitures and currency is provided on slides 27-30

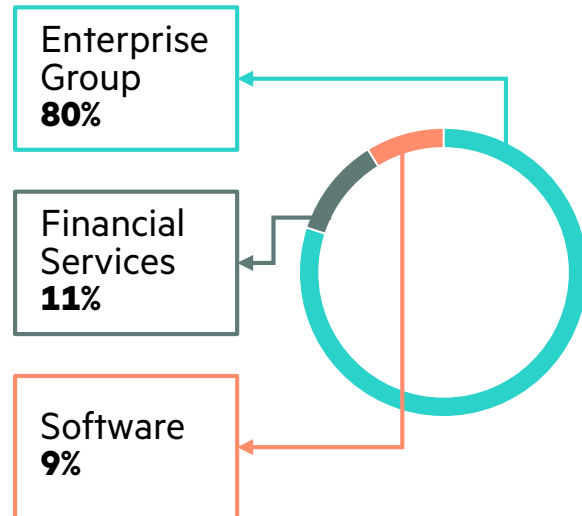
4. Adjusted to eliminate the effects of currency only

Q2 FY17 mix by segment & region

HPE net revenue

\$7.4 billion

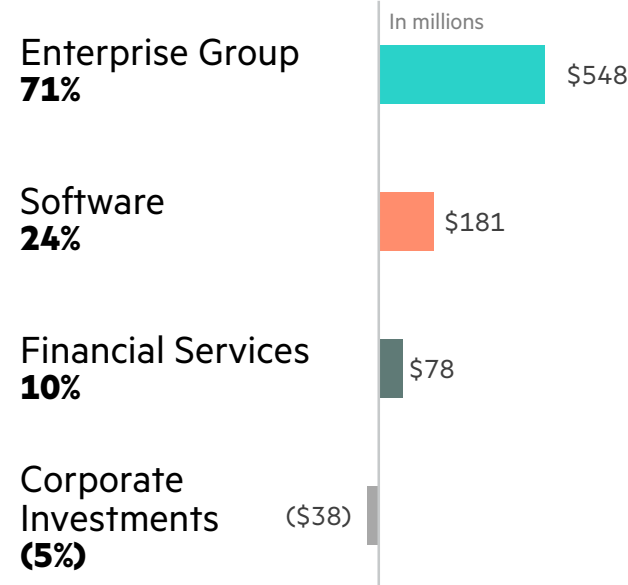
Segment net revenue mix⁽²⁾



HPE non-GAAP operating profit from continuing operations⁽¹⁾

\$583 million

Segment operating profit and mix⁽³⁾



Net revenue by region



Americas 42%
US: 34%
Canada/LA: 8%

↓12% y/y
↓8% adj.⁽⁴⁾

EMEA 35%

↓7% y/y
↓3% adj.⁽⁴⁾

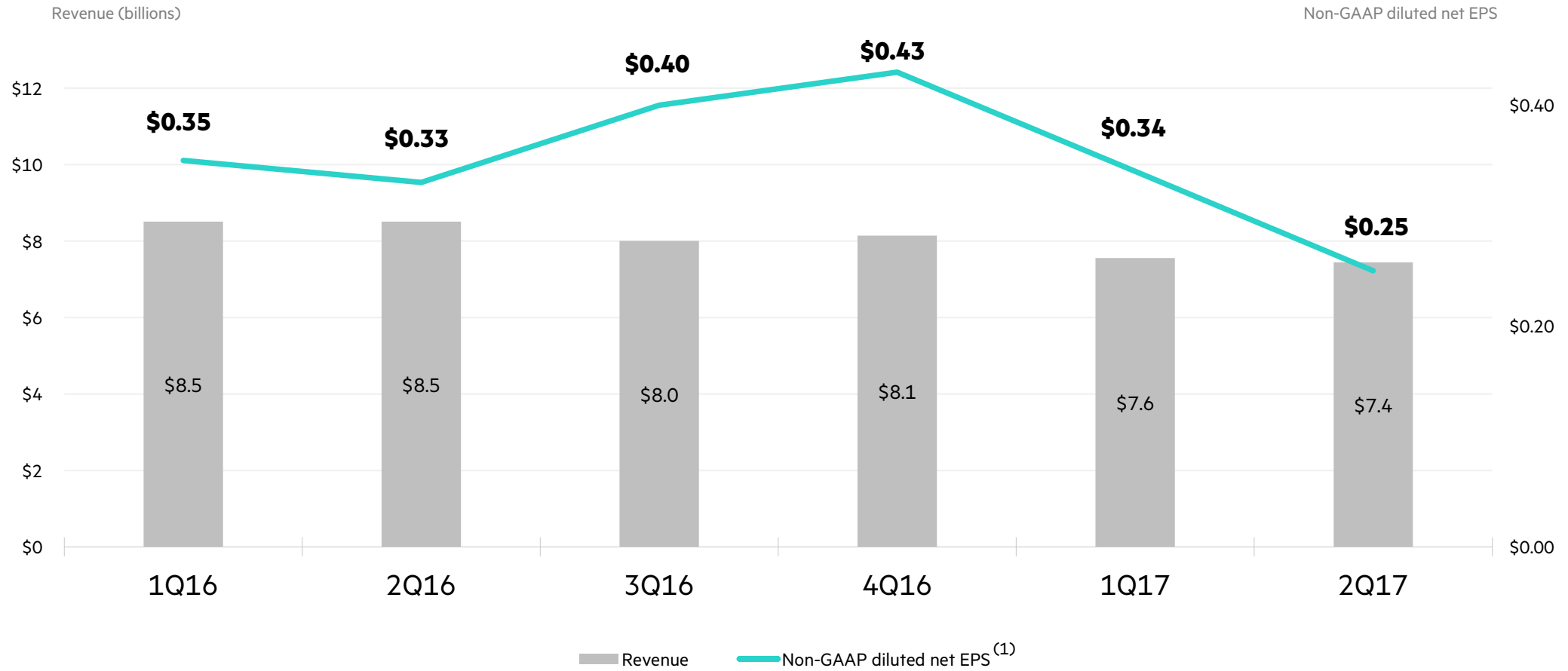
APJ 23%

↓20% y/y
↓2% adj.⁽⁴⁾

Non-US net revenue was 66% of total net revenue

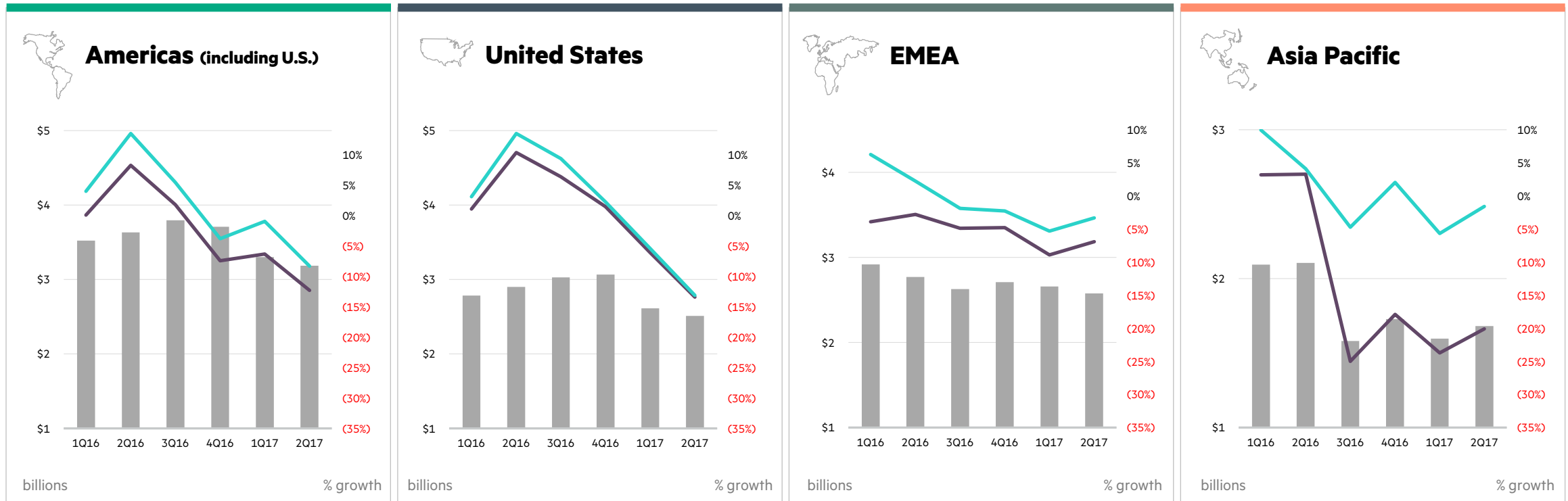
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 2. Segment net revenue mix calculated based on total segment revenue, which does not include intercompany eliminations
 3. Segment operating profit and mix calculated based on total segment operating profit, which does not include intercompany eliminations
 4. Adjusted to eliminate the effects of divestitures and currency on continuing operations, does not include activity from discontinued operations. A reconciliation of GAAP revenue to revenue adjusted for divestitures and currency is provided on slides 27-30

Revenue & non-GAAP diluted net EPS from continuing operations



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Regional revenue trends from continuing operations

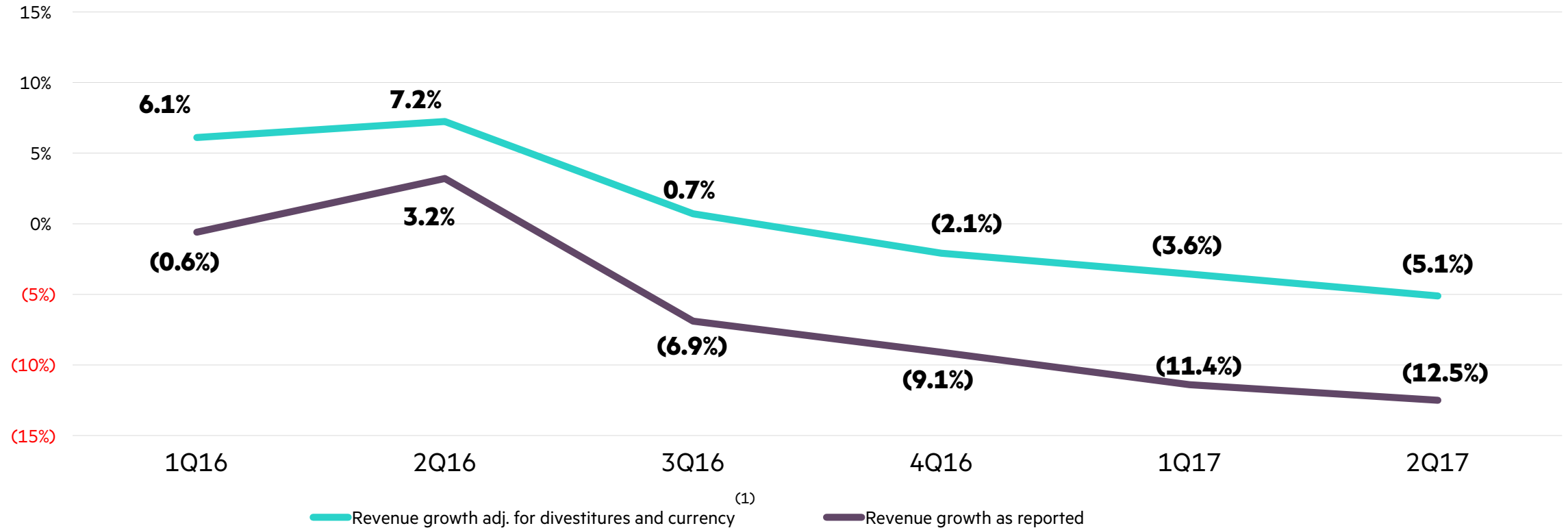


— y/y revenue growth %
— y/y revenue growth %, adjusted for divestitures and currency⁽¹⁾

1. Adjusted to eliminate the effects of divestitures and currency on continuing operations, does not include activity from discontinued operations. A reconciliation of GAAP revenue to revenue adjusted for divestitures and currency is provided on slides 27-30

Revenue growth from continuing operations

y/y growth (%)



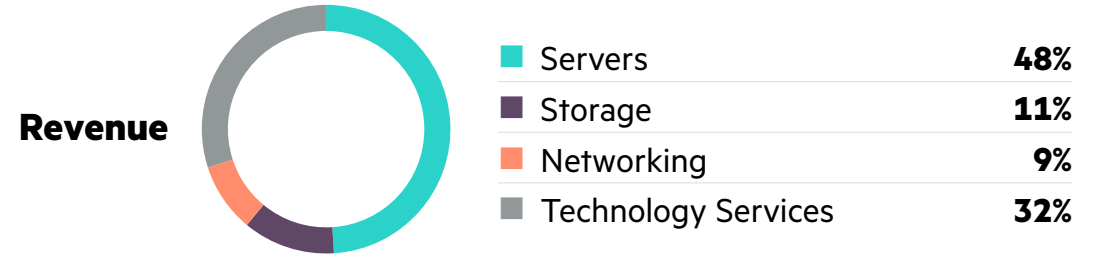
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Enterprise Group

Q2 FY17

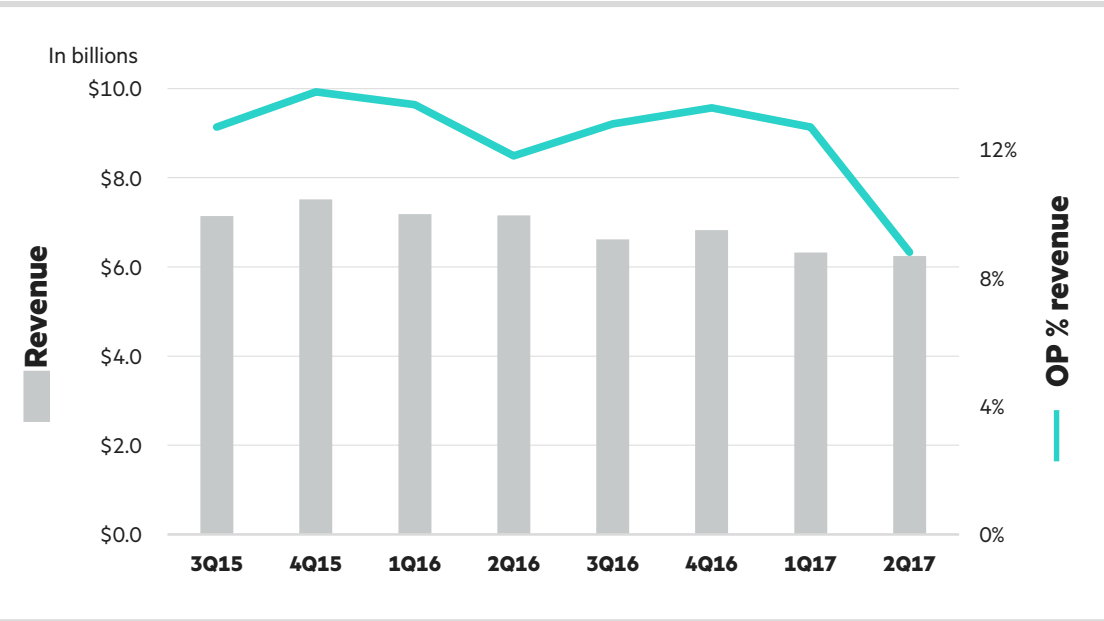
Revenue
\$6.2 billion
 ↓ 13% y/y
 ↓ 7% y/y adj.⁽¹⁾

Operating profit
\$548 million
 8.8% of revenue



Overview

- Servers revenue down **14%** y/y (down 14% adj.⁽¹⁾)
 - Revenue down 1% in CC excluding Tier-1 sales
- Storage revenue down **13%** y/y (down 13% adj.⁽¹⁾)
 - All-Flash Array revenue up 33% in CC
- Networking revenue down **30%** y/y (up 14% adj.⁽¹⁾)
- TS revenue down **2%** y/y (up 3% adj.⁽¹⁾)



Software

Q2 FY17

Revenue

\$685 million

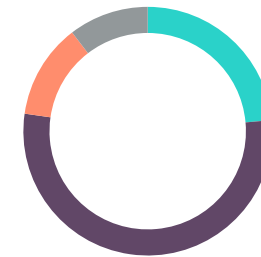
↓ 11% y/y
↓ 9% y/y adj.⁽¹⁾

Operating profit

\$181 million

26.4% of revenue

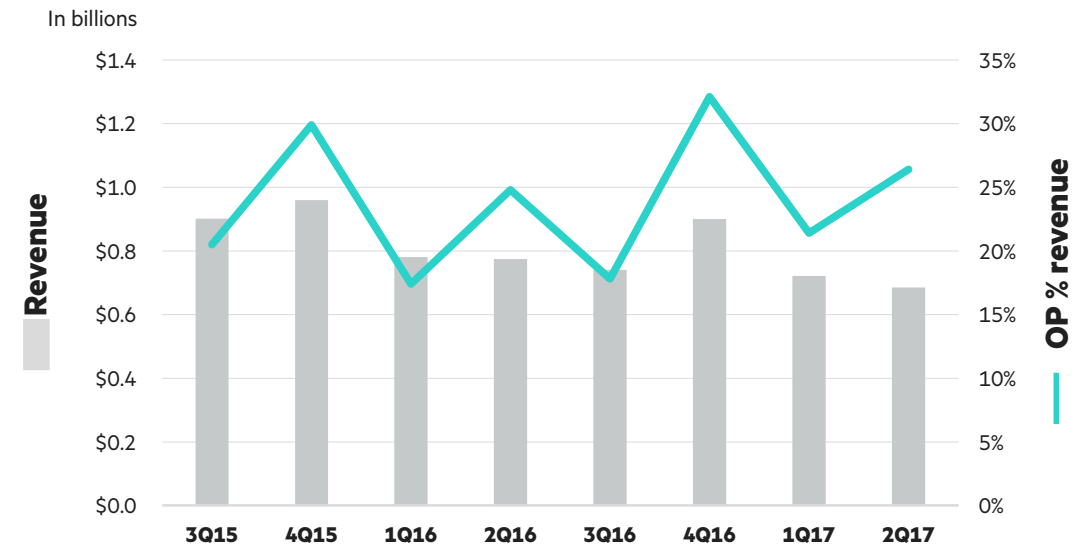
Revenue



Licenses	20%
Support	57%
Professional Services	12%
SaaS	11%

Overview

- Licenses revenue down **29%** y/y (down 28% adj.⁽¹⁾)
- Support revenue down **4%** y/y (flat adj.⁽¹⁾)
- Services revenue down **9%** y/y (down 8% adj.⁽¹⁾)
 - Professional Services revenue down **17%** y/y (down 16% adj.⁽¹⁾)
 - SaaS revenue up **3%** y/y (up 4% adj.⁽¹⁾)



Financial Services

Q2 FY17

Revenue

\$872 million

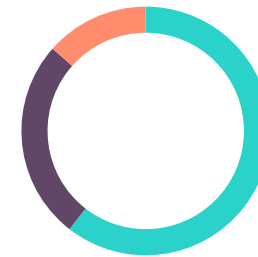
↑11% y/y

Operating profit

\$78 million

8.9% of revenue

Revenue



Americas

58%

EMEA

28%

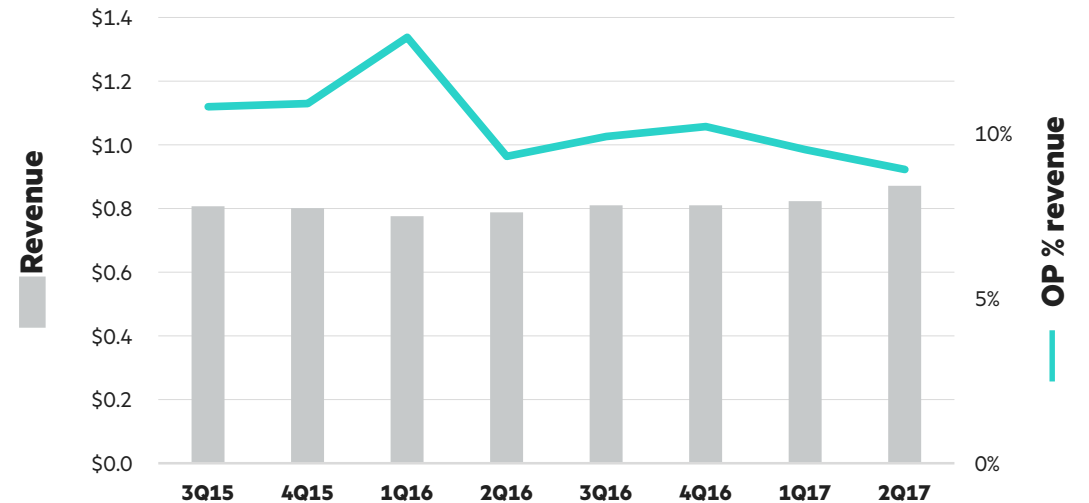
Asia Pacific

14%

Overview

- Financing volume down **7%** y/y
- Net portfolio assets of **\$12.6B**, down **1%** y/y

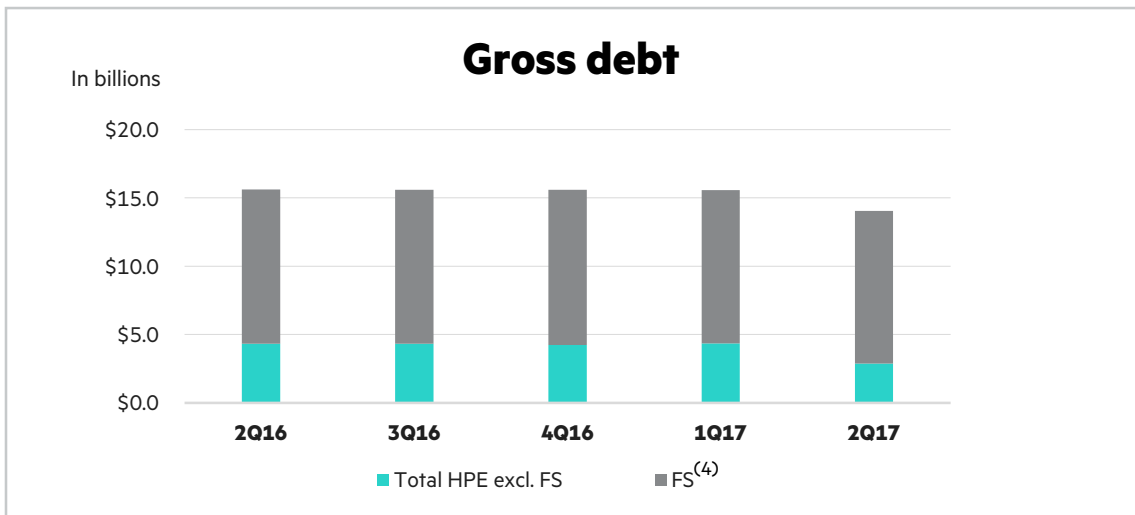
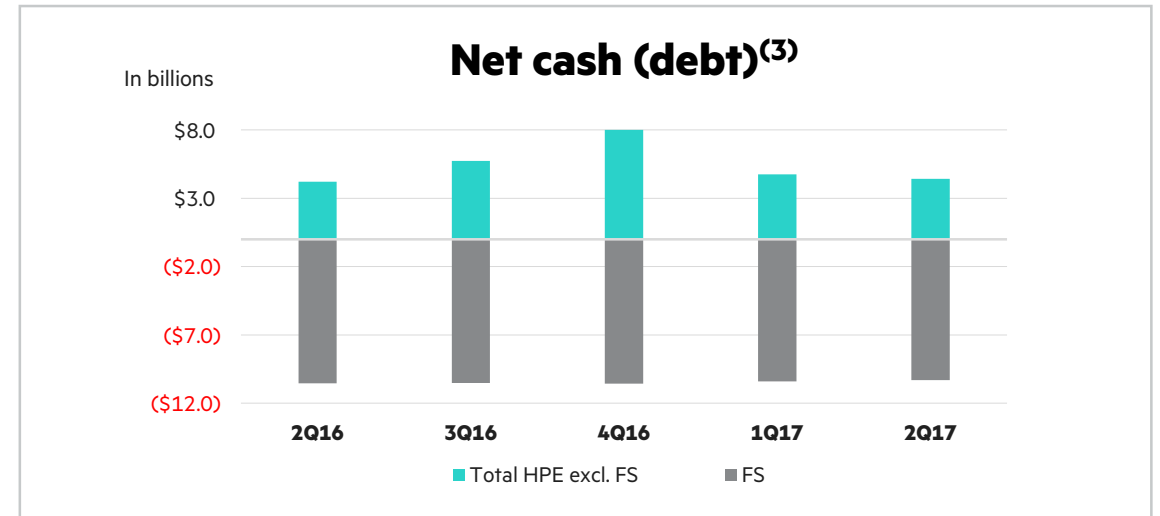
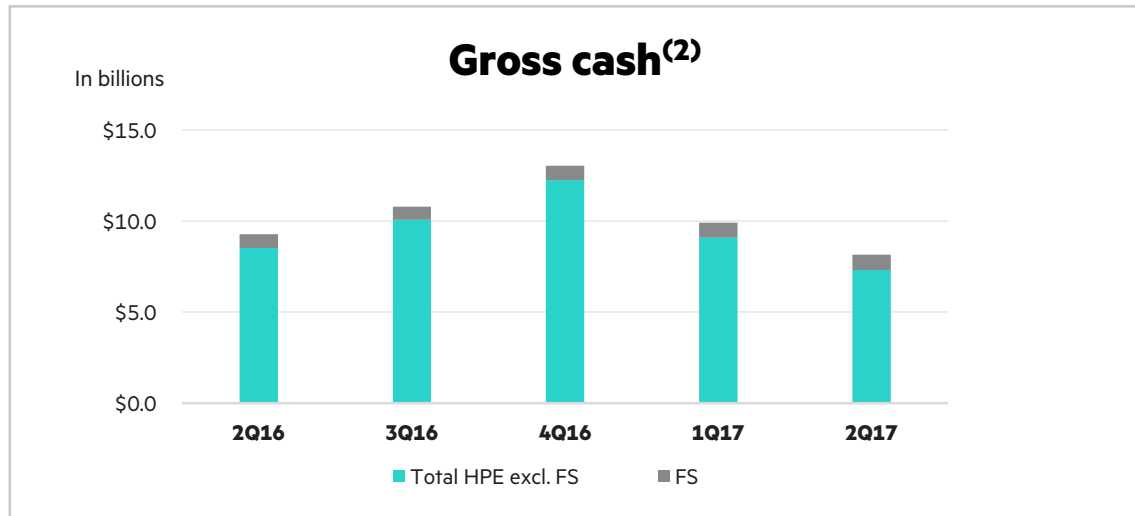
In billions



Non-GAAP financial information from continuing and discontinued operations

In millions, except per share amounts and percentages	Q2 FY17		Q1 FY17		Q2 FY16	
Revenue	\$7,445	100%	\$7,556	100%	\$8,509	100%
Cost of sales	4,927	66.2%	4,824	63.8%	5,467	64.2%
Total OpEx	1,935	26.0%	1,935	25.7%	2,269	26.7
Operating profit	\$583	7.8%	\$797	10.5%	\$773	9.1%
Interest & other, net	(85)		(78)		(52)	
Earnings from equity interests	35		13		-	
Pre-tax earnings	533	7.2%	732	9.7%	721	8.5%
Income tax	(117)		(151)		(135)	
Net earnings from continuing operations	416	5.6%	581	7.7%	586	6.9%
Diluted net earnings per share from continuing operations	\$0.25		\$0.34		\$0.33	
Net earnings from discontinued operations	171	2.3%	191	2.5%	145	1.7%
Diluted net earnings per share from discontinued operations	\$0.10		\$0.11		\$0.09	
Net earnings	587	7.9%	772	10.2%	731	8.6%
Diluted net earnings per share	\$0.35		\$0.45		\$0.42	

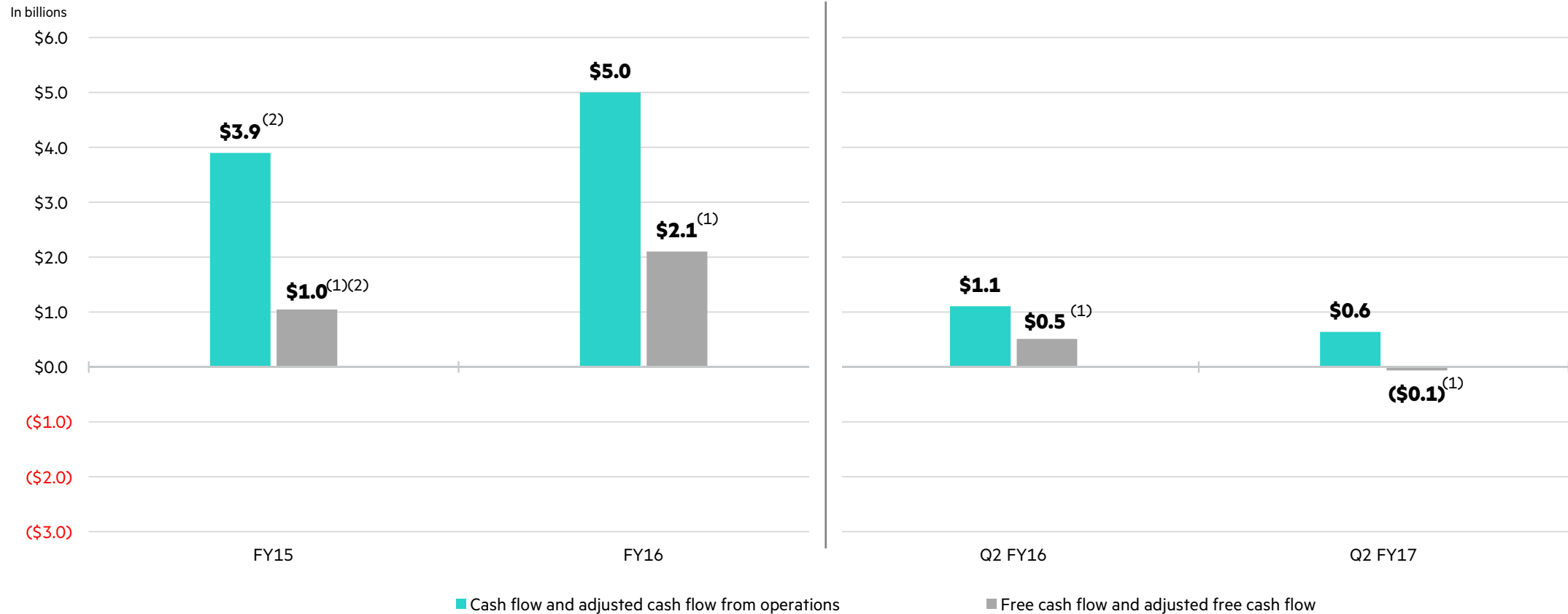
Select cash and debt balances⁽¹⁾



\$ in billions	2Q16	3Q16	4Q16	1Q17	2Q17
Total HPE gross cash ⁽²⁾	9.3	10.8	13.0	9.9	8.1
Total HPE gross debt	15.6	15.6	15.6	15.6	14.0
HPE net cash (debt) ⁽³⁾	(6.3)	(4.8)	(2.6)	(5.7)	(5.9)
FS gross cash ⁽²⁾	0.8	0.7	0.8	0.8	0.8
FS gross debt ⁽⁴⁾	11.3	11.2	11.4	11.2	11.1
FS net cash (debt) ⁽³⁾	(10.5)	(10.5)	(10.6)	(10.4)	(10.3)
Operating co. net cash⁽³⁾⁽⁵⁾	4.2	5.7	8.0	4.7	4.4

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 is also included on slide 30 of this presentation

Outlook

Third quarter FY17 net EPS guidance

GAAP diluted net EPS	(\$0.02) – \$0.02
Non-GAAP diluted net EPS ⁽¹⁾	\$0.24 – \$0.28

Full year FY17 net EPS guidance

GAAP diluted net EPS	(\$0.03) – \$0.07
Non-GAAP diluted net EPS ⁽²⁾	\$1.46 – \$1.56

1. Third quarter fiscal 2017 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately \$0.26 per share, related primarily to separation costs, restructuring charges and amortization of intangible assets

2. Full year fiscal 2017 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately \$1.49 per share, related primarily to tax valuation allowances and divestiture taxes, separation costs, restructuring charges and amortization of intangible assets

Discontinued operations elements, GAAP to non-GAAP and adjusted non-GAAP bridges

Q2 FY17 discontinued operations elements

\$ in millions	GAAP
Revenue⁽¹⁾	\$2,487
Costs and expenses	\$2,716
Earnings (loss) from operations	(\$229)
Earnings (loss) before taxes	(\$233)
Net earnings (loss) from discontinued operations	(\$125)
Non-GAAP adjustments net of taxes²	\$296
Non-GAAP net earnings from discontinued operations	\$171

1. Includes revenue for 2 months in Q217 related to the Enterprise Services business, the results of which is now reported under discontinued operations

2. A reconciliation of specific adjustments to GAAP results for the current and prior periods is included on slide 19 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"

Q2 FY17 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	Defined benefit plan settlement charges and remeasurement benefit	Tax indemnification adjustments	Loss from equity interests	Valuation allowances, net, and separation taxes	Non-GAAP
Revenue	\$7,445									\$7,445
Cost of sales	4,927									4,927
Total OpEx	2,336	(107)	(118)	(141)	(51)	16				1,935
Operating profit	182	107	118	141	51	(16)				583
Interest & other, net	(78)						(7)			(85)
(Loss) earnings from equity interests	(3)							38		35
Pre-tax earnings	101	107	118	141	51	(16)	(7)	38		533
Tax valuation allowances and divestiture taxes	(593)								593	-
Income tax	5	(34)	(16)	(44)	(19)		12	(21)		(117)
Tax rate	(5.0%)									22.0%
Net earnings (loss) from continuing operations	(\$487)	73	102	97	32	(16)	5	17	593	\$416
Net earnings (loss) from discontinued operations	(\$125)	-	-	238	77	(1)	-	-	(18)	\$171
Net earnings (loss)	(\$612)									\$587
Diluted net EPS from continuing operations	(\$0.29)									\$0.25
Diluted net EPS from discontinued operations	(\$0.08)									\$0.10
Diluted net EPS	(\$0.37)									\$0.35

Q1 FY17 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	Defined benefit plan settlement charges and remeasurement benefit	Tax indemnification adjustments	Loss from equity interests	Non-GAAP
Revenue	\$7,556								\$7,556
Cost of sales	4,824								4,824
Total OpEx	2,276	(101)	(116)	(85)	(44)	5			1,935
Operating profit	456	101	116	85	44	(5)			797
Interest & other, net	(96)						18		(78)
(Loss) earnings from equity interests	(22)							35	13
Pre-tax earnings	338	101	116	85	44	(5)	18	35	732
Income tax	(83)	(21)	(25)	(26)	(11)		19	(4)	(151)
Tax rate	24.6%								20.6%
Net earnings (loss) from continuing operations	\$255	80	91	59	33	(5)	37	31	\$581
Net earnings (loss) from discontinued operations	\$12	-	48	132	-	(1)	-	-	\$191
Net earnings (loss)	\$267								\$772
Diluted net EPS from continuing operations	\$0.15								\$0.34
Diluted net EPS from discontinued operations	\$0.01								\$0.11
Diluted net EPS	\$0.16								\$0.45

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	Gain on H3C divestiture	Gain on MphasiS divestiture	Tax indemnification adjustments	Loss from equity interests	Tax settlements	Non- GAAP
Revenue	\$33,192										\$33,192
Cost of sales	21,093										21,093
Total OpEx	7,821	(425)	(530)	(409)	(165)	2,167	253				8,712
Operating profit	4,278	425	530	409	165	(2,167)	(253)				3,387
Interest & other, net	32							(317)			(285)
(Loss) earnings from equity interests	(76)								93		17
Pre-tax earnings	4,234	425	530	409	165	(2,167)	(253)	(317)	93		3,119
Tax settlements	(647)									647	-
Income tax	(149)	(157)	(92)	(141)	(12)	123	(127)	67	(10)		(497)
Tax rate	18.8%										15.9%
Net earnings (loss) from continuing operations	\$3,438	268	438	268	153	(2,044)	(380)	(250)	83	647	\$2,621
Net earnings (loss) from discontinued operations	\$(277)	274	586	125	8	-	-	-	-	-	\$716
Net earnings (loss)	\$3,161										\$3,337
Diluted net EPS from continuing operations	\$1.98										\$1.51
Diluted net EPS from discontinued operations	\$(0.16)										\$0.41
Diluted net EPS	\$1.82										\$1.92

Q4 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	Gain on H3C divestiture	Gain on MphasiS divestiture	Tax indemnification adjustments	Loss from equity interests	Tax settlements	Non-GAAP
Revenue	\$8,146										\$8,146
Cost of sales	5,136										5,136
Total OpEx	2,300	(94)	(184)	(163)	(51)	(2)	253				2,059
Operating profit	710	94	184	163	51	2	(253)				951
Interest & other, net	221							(311)			(90)
(Loss) earnings from equity interests	(4)								35		31
Pre-tax earnings	927	94	184	163	51	2	(253)	(311)	35		892
Tax settlements	(647)									647	-
Income tax	17	(35)	(30)	(62)	35	-	(127)	46	(4)	-	(159)
Tax rate	68.0%										17.9%
Net earnings (loss) from continuing operations	\$297	58	154	101	86	2	(380)	(265)	31	647	\$732
Net earnings (loss) from discontinued operations	\$5	29	182	87	-	-	-	-	-	-	\$303
Net earnings (loss)	\$302										\$1,035
Diluted net EPS from continuing operations	\$0.17										\$0.43
Diluted net EPS from discontinued operations	\$0.01										\$0.18
Diluted net EPS	\$0.18										\$0.61

Q3 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	Gain on H3C divestiture	Tax indemnification adjustments	Loss from equity interests	Non- GAAP
Revenue	\$8,005								\$8,005
Cost of sales	5,089								5,089
Total OpEx	271	(111)	(93)	(76)	(34)	2,169			2,126
Operating profit	2,645	111	93	76	34	(2,169)			790
Interest & other, net	(9)						(60)		(69)
(Loss) earnings from equity interests	(72)							58	(14)
Pre-tax earnings	2,564	111	93	76	34	(2,169)	(60)	58	707
Income tax	(107)	(41)	(19)	(28)	(7)	123	61	(6)	(24)
Tax rate	4.2%								3.4%
Net earnings (loss) from continuing operations	\$2,457	70	74	48	27	(2,046)	1	52	\$683
Net earnings (loss) from discontinued operations	\$(185)	81	221	38	2	-	-	-	\$157
Net earnings (loss)	\$2,272								\$840
Diluted net EPS from continuing operations	\$1.43								\$0.40
Diluted net EPS from discontinued operations	\$(0.11)								\$0.09
Diluted net EPS	\$1.32								\$0.49

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	\$8,509						\$8,509
Cost of sales	5,467						5,467
Total OpEx	2,591	(101)	(87)	(91)	(43)		2,269
Operating profit	451	101	87	91	43		773
Interest & other, net	(121)					69	(52)
Pre-tax earnings	330	101	87	91	43	69	721
Income tax	(8)	(36)	(18)	(30)	(18)	(25)	(135)
Tax rate	2.4%						18.7%
Net earnings (loss) from continuing operations	\$322	65	69	61	25	44	\$586
Net earnings (loss) from discontinued operations	\$(2)	82	59	-	6	-	\$145
Net earnings (loss)	\$320						\$731
Diluted net EPS from continuing operations	\$0.18						\$0.33
Diluted net EPS from discontinued operations	\$0.00						\$0.09
Diluted net EPS	\$0.18						\$0.42

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	\$8,532						\$8,532
Cost of sales	5,401						5,401
Total OpEx	2,659	(119)	(166)	(79)	(37)		2,258
Operating profit	472	119	166	79	37		873
Interest & other, net	(59)					(15)	(74)
Pre-tax earnings	413	119	166	79	37	(15)	799
Income tax	(51)	(45)	(25)	(21)	(22)	(15)	(179)
Tax rate	12.3%						22.4%
Net earnings (loss) from continuing operations	\$362	74	141	58	15	(30)	\$620
Net earnings (loss) from discontinued operations	\$(95)	82	124	-	-	-	\$111
Net earnings (loss)	\$267						\$731
Diluted net EPS from continuing operations	\$0.20						\$0.35
Diluted net EPS from discontinued operations	\$(0.05)						\$0.06
Diluted net EPS	\$0.15						\$0.41

FY15 adjusted and Q2 FY16 and Q2 FY17 normalized 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

HPE Q2 FY16 normalized free cash flow^{1,2}

\$0.8B

Restructuring payments

(\$0.2B)

HPE / HPQ separation payments

(\$0.1B)

Reported Q2 FY16 free cash flow¹

\$0.5B

HPE Q2 FY17 normalized free cash flow^{1,2}

\$0.6B

Restructuring payments

(\$0.2B)

ES / SW separation payments

(\$0.5B)

Reported Q2 FY17 free cash flow¹

(\$0.1B)

Trended worldwide and region revenue bridges – adjusted for divestitures and currency ¹

HPE WW	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	-1%	3%	-7%	-9%	-11%	-13%
<i>Impact of divestitures</i>	(0 pts)	(0 pts)	(6 pts)	(6 pts)	(7 pts)	(7 pts)
<i>Impact of currency</i>	(6 pts)	(4 pts)	(2 pts)	(1 pts)	(1 pts)	(1 pts)
Adjusted revenue change Y/Y	6%	7%	1%	-2%	-4%	-5%

HPE AMS	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	0%	8%	2%	-7%	-6%	-12%
<i>Impact of divestitures</i>	(1 pts)	(3 pts)	(2 pts)	(3 pts)	(5 pts)	(4 pts)
<i>Impact of currency</i>	(3 pts)	(2 pts)	(1 pts)	(0 pts)	0 pts	0 pts
Adjusted revenue change Y/Y	4%	13%	5%	-4%	-1%	-8%

HPE US	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	1%	10%	6%	1%	-6%	-13%
<i>Impact of divestitures</i>	(2 pts)	(3 pts)	(3 pts)	(1 pts)	(1 pts)	(0 pts)
Adjusted revenue change Y/Y	3%	14%	9%	2%	-5%	-13%

HPE EMEA	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	-4%	-3%	-5%	-5%	-9%	-7%
<i>Impact of divestitures</i>	(1 pts)	(1 pts)	(1 pts)	(1 pts)	(0 pts)	(0 pts)
<i>Impact of currency</i>	(10 pts)	(4 pts)	(2 pts)	(2 pts)	(3 pts)	(3 pts)
Adjusted revenue change Y/Y	6%	2%	-2%	-2%	-5%	-3%

HPE APJ	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	3%	3%	-25%	-18%	-24%	-20%
<i>Impact of divestitures</i>	1 pts	4 pts	(16 pts)	(20 pts)	(18 pts)	(19 pts)
<i>Impact of currency</i>	(8 pts)	(5 pts)	(4 pts)	0 pts	0 pts	1 pts
Adjusted revenue change Y/Y	10%	4%	-5%	2%	-6%	-2%

Trended segment revenue bridges – adjusted for divestitures and currency ¹

Enterprise Group	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	1%	7%	-7%	-9%	-12%	-13%
<i>Impact of divestitures</i>	<i>0 pts</i>	<i>1 pts</i>	<i>(5 pts)</i>	<i>(5 pts)</i>	<i>(5 pts)</i>	<i>(5 pts)</i>
<i>Impact of currency</i>	<i>(6 pts)</i>	<i>(3 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>
Adjusted revenue change Y/Y	7%	9%	0%	-3%	-6%	-7%

Software	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	-10%	-13%	-18%	-6%	-8%	-11%
<i>Impact of divestitures</i>	<i>(9 pts)</i>	<i>(13 pts)</i>	<i>(13 pts)</i>	<i>(5 pts)</i>	<i>(5 pts)</i>	<i>(2 pts)</i>
<i>Impact of currency</i>	<i>(5 pts)</i>	<i>(3 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>
Adjusted revenue change Y/Y	3%	3%	-3%	0%	-1%	-9%

Trended EG revenue bridges– adjusted for divestitures and currency ¹

Servers	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	-1%	5%	-6%	-8%	-12%	-14%
<i>Impact of divestitures</i>	<i>(0 pts)</i>	<i>0 pts</i>	<i>(0 pts)</i>	<i>(0 pts)</i>	<i>(0 pts)</i>	<i>(0 pts)</i>
<i>Impact of currency</i>	<i>(6 pts)</i>	<i>(3 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>
Adjusted revenue change Y/Y	5%	8%	-3%	-7%	-11%	-14%

Storage	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	0%	9%	-3%	1%	-13%	-13%
<i>Impact of divestitures</i>	<i>(1 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>	<i>(0 pts)</i>	<i>(0 pts)</i>	<i>(0 pts)</i>
<i>Impact of currency</i>	<i>(7 pts)</i>	<i>(4 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>	<i>(0 pts)</i>	<i>(0 pts)</i>
Adjusted revenue change Y/Y	7%	14%	0%	3%	-12%	-13%

Networking	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	45%	49%	-27%	-39%	-33%	-30%
<i>Impact of divestitures</i>	<i>(11 pts)</i>	<i>3 pts</i>	<i>(30 pts)</i>	<i>(30 pts)</i>	<i>(38 pts)</i>	<i>(43 pts)</i>
<i>Impact of currency</i>	<i>(9 pts)</i>	<i>(5 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>
Adjusted revenue change Y/Y	66%	51%	5%	-7%	6%	14%

Technology Services	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	-7%	-3%	-4%	-2%	-2%	-2%
<i>Impact of divestitures</i>	<i>(0 pts)</i>	<i>(1 pts)</i>	<i>(5 pts)</i>	<i>(5 pts)</i>	<i>(5 pts)</i>	<i>(4 pts)</i>
<i>Impact of currency</i>	<i>(7 pts)</i>	<i>(4 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>
Adjusted revenue change Y/Y	0%	1%	3%	4%	4%	3%

Trended Software revenue bridges– adjusted for divestitures and currency ¹

License	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	-6%	-13%	-29%	-5%	-9%	-29%
<i>Impact of divestitures</i>	<i>(6 pts)</i>	<i>(12 pts)</i>	<i>(10 pts)</i>	<i>(4 pts)</i>	<i>(6 pts)</i>	<i>(2 pts)</i>
<i>Impact of currency</i>	<i>(5 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>	<i>(0 pts)</i>	<i>(1 pts)</i>	<i>0 pts</i>
Adjusted revenue change Y/Y	5%	2%	-17%	-1%	-2%	-28%

Support	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	-13%	-16%	-17%	-7%	-9%	-4%
<i>Impact of divestitures</i>	<i>(9 pts)</i>	<i>(13 pts)</i>	<i>(15 pts)</i>	<i>(6 pts)</i>	<i>(6 pts)</i>	<i>(3 pts)</i>
<i>Impact of currency</i>	<i>(5 pts)</i>	<i>(4 pts)</i>	<i>(3 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>
Adjusted revenue change Y/Y	1%	1%	0%	1%	-2%	0%

Services Total	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	-8%	-7%	-7%	-4%	-3%	-9%
<i>Impact of divestitures</i>	<i>(13 pts)</i>	<i>(12 pts)</i>	<i>(12 pts)</i>	<i>(4 pts)</i>	<i>(0 pts)</i>	<i>(0 pts)</i>
<i>Impact of currency</i>	<i>(4 pts)</i>	<i>(2 pts)</i>	<i>(2 pts)</i>	<i>(2 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>
Adjusted revenue change Y/Y	9%	8%	7%	2%	0%	-8%

SaaS	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	-9%	-11%	-5%	0%	4%	3%
<i>Impact of divestitures</i>	<i>(21 pts)</i>	<i>(19 pts)</i>	<i>(21 pts)</i>	<i>(10 pts)</i>	<i>(1 pts)</i>	<i>0 pts</i>
<i>Impact of currency</i>	<i>(2 pts)</i>	<i>(2 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>	<i>(1 pts)</i>
Adjusted revenue change Y/Y	14%	10%	17%	11%	6%	4%

Professional Services	Y/Y % change					
	Q116	Q216	Q316	Q416	Q117	Q217
Revenue as Reported	-7%	-3%	-8%	-6%	-7%	-17%
<i>Impact of divestitures</i>	<i>(7 pts)</i>	<i>(8 pts)</i>	<i>(7 pts)</i>	<i>(0 pts)</i>	<i>0 pts</i>	<i>0 pts</i>
<i>Impact of currency</i>	<i>(6 pts)</i>	<i>(3 pts)</i>	<i>(2 pts)</i>	<i>(2 pts)</i>	<i>(3 pts)</i>	<i>(1 pts)</i>
Adjusted revenue change Y/Y	6%	7%	1%	-4%	-5%	-16%