



Hewlett Packard
Enterprise

HPE Q4 FY16 Earnings Announcement

November 22, 2016

<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 announced divestiture transactions, 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, 2015 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 Annual Report on Form 10-K for the fiscal year ended October 31, 2016. 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, 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, net revenue adjusted for divestitures and currency, 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 operating profit as % of revenue, 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 operating profit as % of revenue, 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.

Q4 FY16 results

- Net revenue of **\$12.5 billion**, down 7% from the prior year period and down 2% when adjusted for divestitures and currency⁽²⁾
- Non-GAAP⁽¹⁾ diluted net earnings per share of **\$0.61**, up 17% from adjusted non-GAAP⁽¹⁾ diluted net earnings per share in the prior-year period, within the previously provided outlook of \$0.58 to \$0.63 per share
- GAAP diluted net earnings per share of **\$0.18**, down from \$0.75 in the prior-year period, below the previously provided outlook of \$0.44 to \$0.49 per share
- Cash flow from operations of **\$2.2 billion**, up 44% from adjusted cash flow from operations⁽¹⁾ in the prior-year period
- Returned **\$92 million** to shareholders in the form of dividends

FY16 results

- Net revenue of **\$50.1 billion**, down 4% from the prior year period and up 2% when adjusted for divestitures and currency⁽²⁾
- Non-GAAP⁽¹⁾ diluted net earnings per share of **\$1.92**, up 4% from adjusted non-GAAP⁽¹⁾ diluted net earnings per share in the prior-year period, within the previously provided outlook of \$1.90 to \$1.95 per share
- GAAP diluted net earnings per share of **\$1.82**, up from \$1.34 in the prior-year period, below the previously provided outlook of \$2.09 to \$2.14 per share
- Cash flow from operations of **\$5.0 billion**, up 27% from adjusted cash flow from operations⁽¹⁾ in the prior-year period
- Returned **\$3.0 billion** to shareholders in the form of share repurchases and dividends

Q4 FY16 performance overview

\$ in millions	Q4 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	\$6,682	(9%)	(3%)	\$883	13.2%	(\$117)	(0.4) pts
Enterprise Services	\$4,736	(6%)	(2%)	\$509	10.7%	\$97	2.5 pts
Software	\$903	(6%)	0%	\$290	32.1%	\$3	2.2 pts
Financial Services	\$814	2%	2% ⁽⁴⁾	\$83	10.2%	(\$4)	(0.7 pts)
Total HPE⁽¹⁾⁽²⁾	\$12,478	(7%)	(2%)	\$1,391	11.1%	\$96	1.5 pts

1. A reconciliation of specific adjustments to GAAP results for the current and prior periods is included on slide 16 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 divestitures and currency. A reconciliation of GAAP revenue to revenue adjusted for divestitures and currency is provided on slides 32-36

4. Adjusted to eliminate the effects of currency only

FY16 performance overview

\$ in millions	FY16 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	\$27,219	(2%)	3%	\$3,459	12.7%	(\$403)	(1.1) pts
Enterprise Services	\$18,872	(5%)	(1%)	\$1,457	7.7%	\$438	2.6 pts
Software	\$3,195	(12%)	1%	\$749	23.4%	(\$39)	1.6 pts
Financial Services	\$3,190	(1%)	2% ⁽⁴⁾	\$336	10.5%	(\$13)	(0.4 pts)
Total HPE⁽¹⁾⁽²⁾	\$50,123	(4%)	2%	\$4,497	9.0%	(\$79)	0.2 pts

1. A reconciliation of specific adjustments to GAAP results for the current and prior periods is included on slides 21-30 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"

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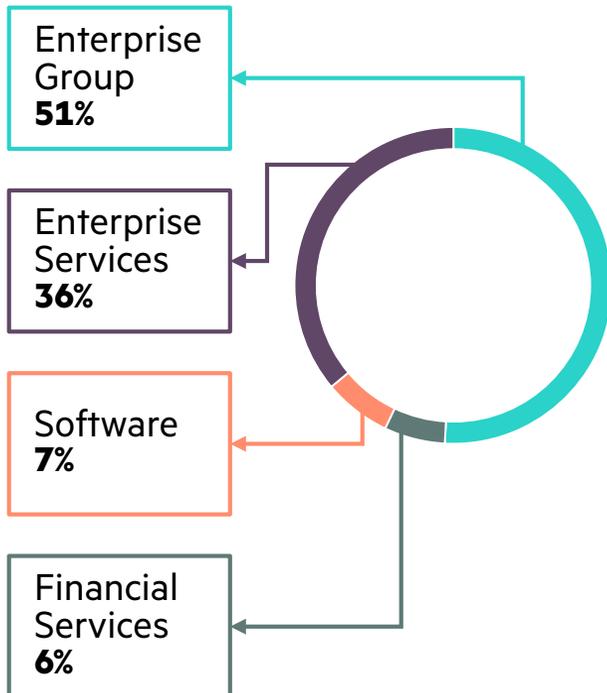
4. Adjusted to eliminate the effects of currency only

Q4 FY16 mix by segment & region

HPE net revenue

\$12.5 billion

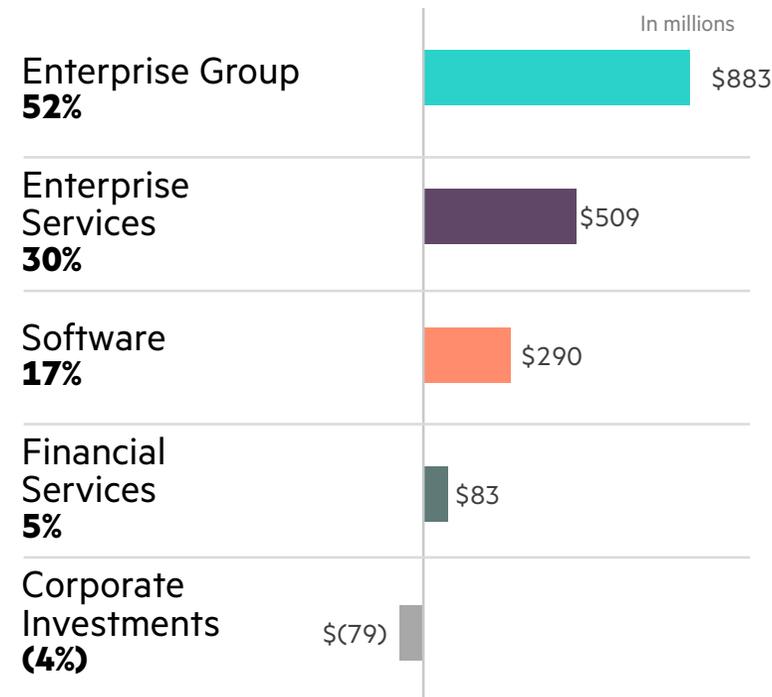
Segment net revenue mix⁽²⁾



HPE non-GAAP operating profit⁽¹⁾

\$1.4 billion

Segment operating profit and mix⁽³⁾



Net revenue by region



Americas 49%

US: 41%
Canada/LA: 8%

↓3% y/y
↓1% adj.⁽⁴⁾

EMEA 34%

↓9% y/y
↓6% adj.⁽⁴⁾

APJ 17%

↓14% y/y
↑3% adj.⁽⁴⁾

Non-US net revenue was 59% 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

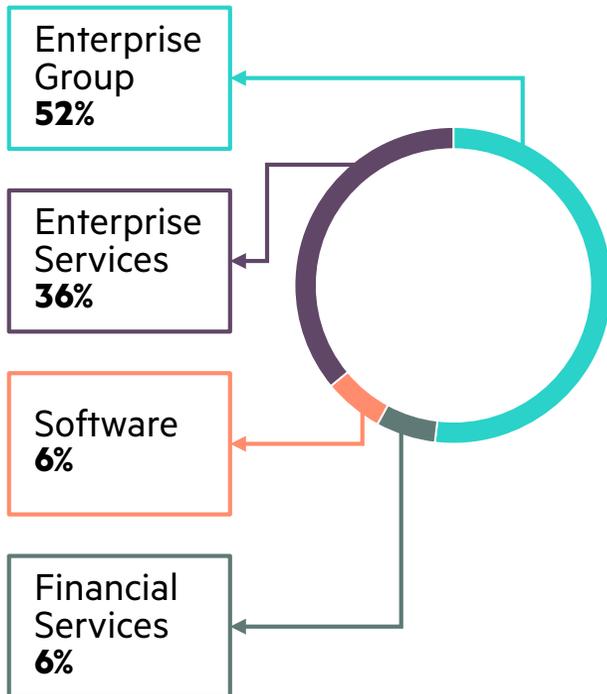
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FY16 mix by segment & region

HPE net revenue

\$50.1 billion

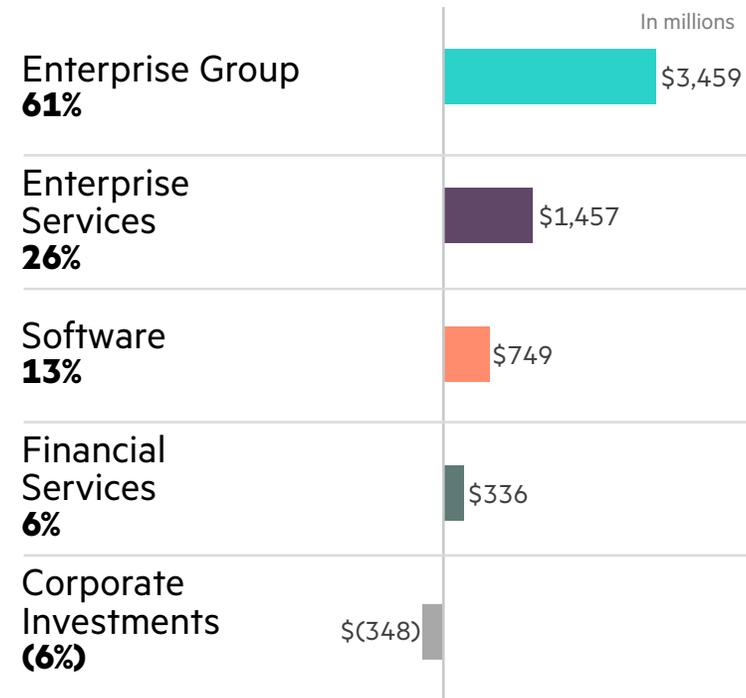
Segment net revenue mix⁽²⁾



HPE non-GAAP operating profit⁽¹⁾

\$4.5 billion

Segment operating profit and mix⁽³⁾



Net revenue by region



Americas 47%
US: 39%
Canada/LA: 8%

flat y/y
↑ 3% adj.⁽⁴⁾

EMEA 35%

↓ 6% y/y
↓ 1% adj.⁽⁴⁾

APJ 18%

↓ 8% y/y
↑ 3% adj.⁽⁴⁾

Non-US net revenue was 61% of total net revenue

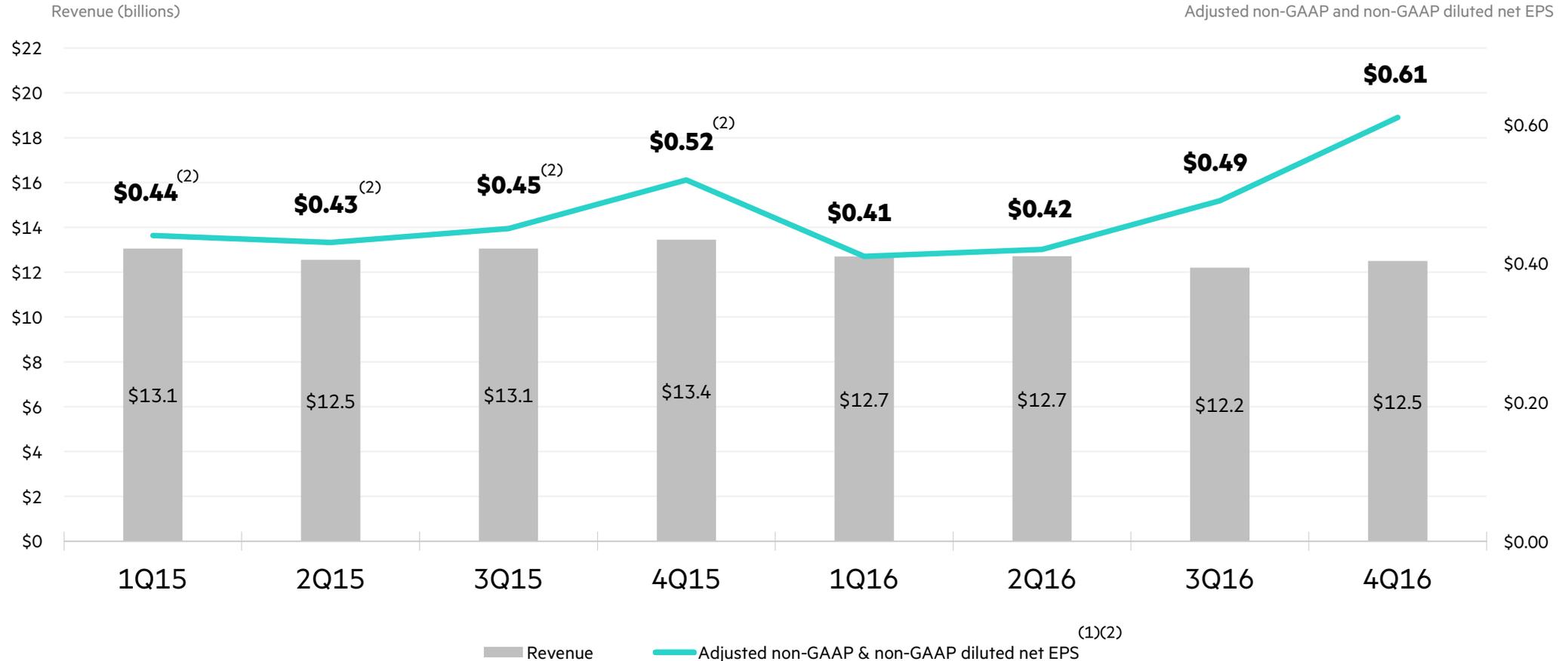
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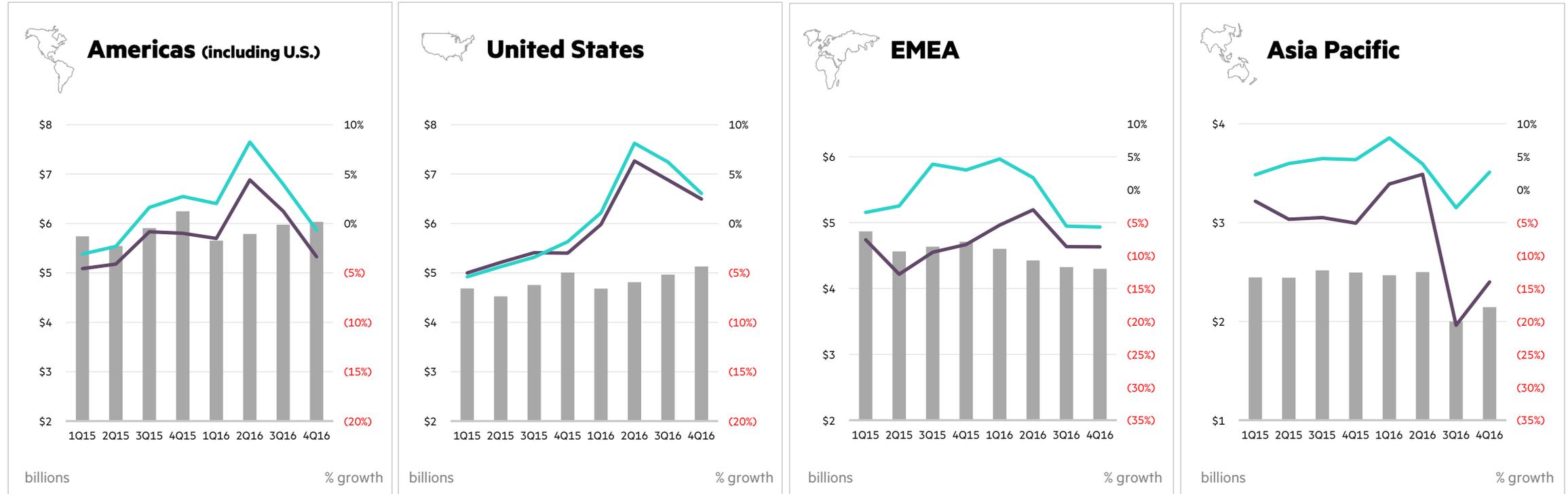
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Revenue & adjusted non-GAAP diluted net EPS



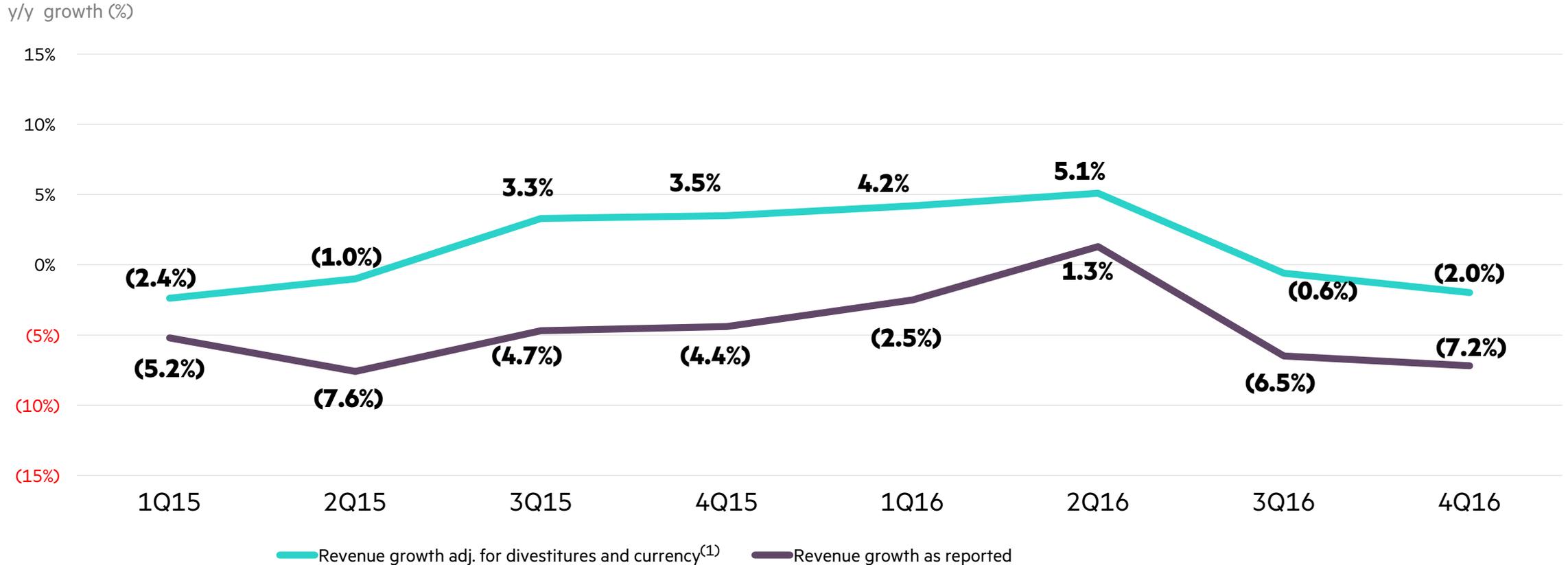
Regional revenue trends

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



1. Adjusted to eliminate the effects of divestitures and currency. A description of HPE's use of non-GAAP information is provided on slide 2 under "Use of non-GAAP and adjusted financial information." A reconciliation of GAAP revenue to revenue adjusted for divestitures and currency is provided on slides 32-36

Revenue growth



Enterprise Group

Q4 FY16

Revenue

\$6.7 billion

↓ 9% y/y
↓ 3% y/y adj.⁽¹⁾

Operating profit

\$883 million

13.2% of revenue

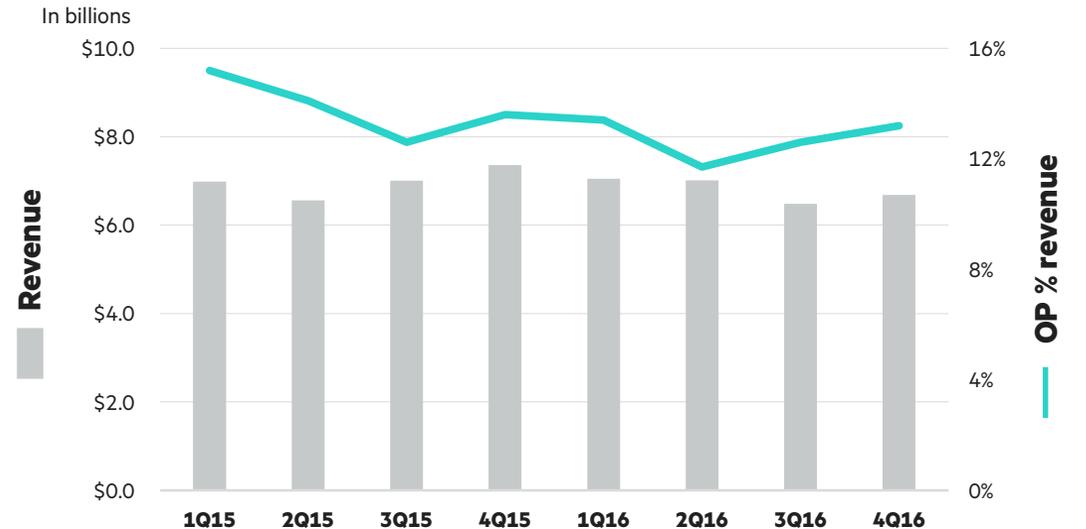
Revenue



Servers	52%
Storage	12%
Networking	9%
Technology Services (TS)	27%

Overview

- Servers revenue down **7%** y/y (down 6% adj.⁽¹⁾)
- Storage revenue down **5%** y/y (down 3% adj.⁽¹⁾) (Converged revenue of \$433M, up 1% y/y, traditional revenue of \$346M, down 11% y/y)
- Networking revenue down **34%** y/y (flat adj.⁽¹⁾)
- TS revenue down **4%** y/y (up 2% adj.⁽¹⁾)



Enterprise Services

Q4 FY16

Revenue

\$4.7 billion

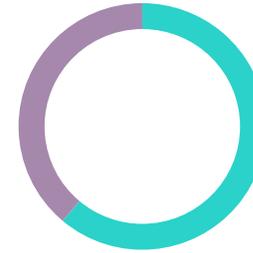
↓ 6% y/y
↓ 2% y/y adj.⁽¹⁾

Operating profit

\$509 million

10.7% of revenue

Revenue

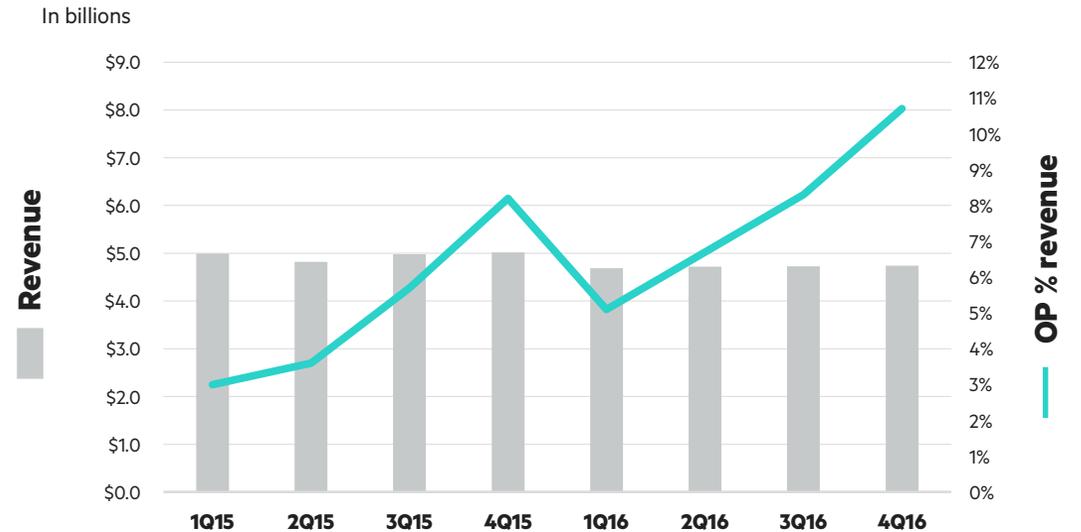


Infrastructure Technology Outsourcing (ITO) **60%**

Application and Business Services (ABS) **40%**

Overview

- ITO revenue down **7%** y/y (down 5% adj.⁽¹⁾)
- ABS revenue down **3%** y/y (up 4% adj.⁽¹⁾)



Software

Q4 FY16

Revenue

\$903 million

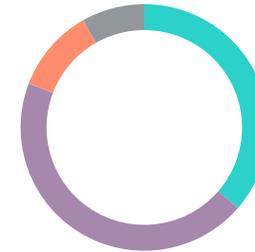
↓ 6% y/y
flat y/y adj.⁽¹⁾

Operating profit

\$290 million

32.1% of revenue

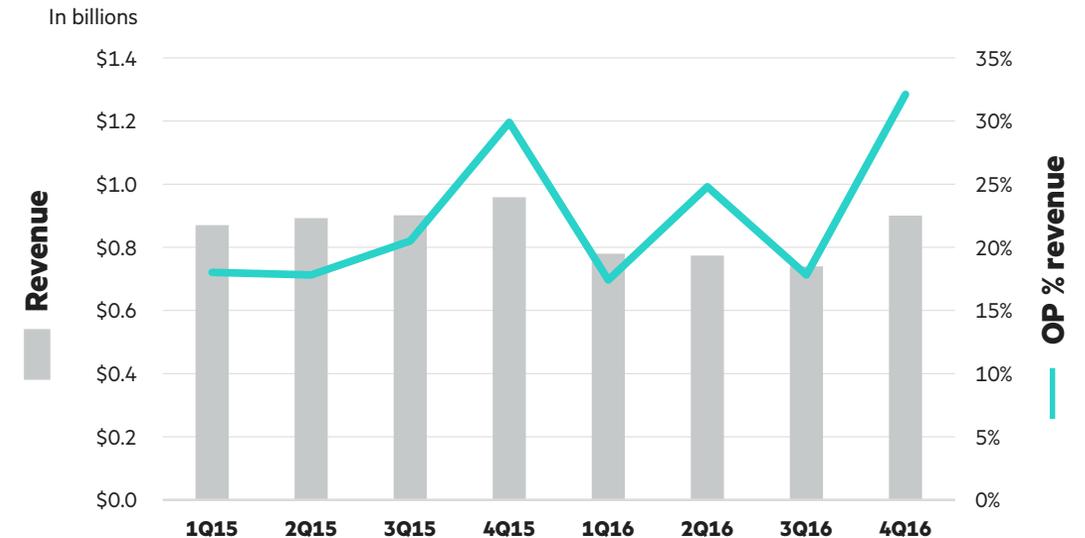
Revenue



Licenses	36%
Support	44%
Professional Services	11%
SaaS	9%

Overview

- Licenses revenue down **5%** y/y (down 1% adj.⁽¹⁾)
- Support revenue down **7%** y/y (up 1% adj.⁽¹⁾)
- Services revenue down **4%** y/y (up 2% adj.⁽¹⁾)
 - Professional Services revenue down **7%** y/y (down 4% adj.⁽¹⁾)
 - SaaS revenue down **1%** y/y (up 11% adj.⁽¹⁾)



Financial Services

Q4 FY16

Revenue

\$814 million

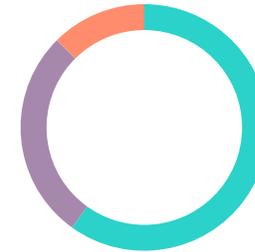
↑2% y/y

Operating profit

\$83 million

10.2% of revenue

Revenue

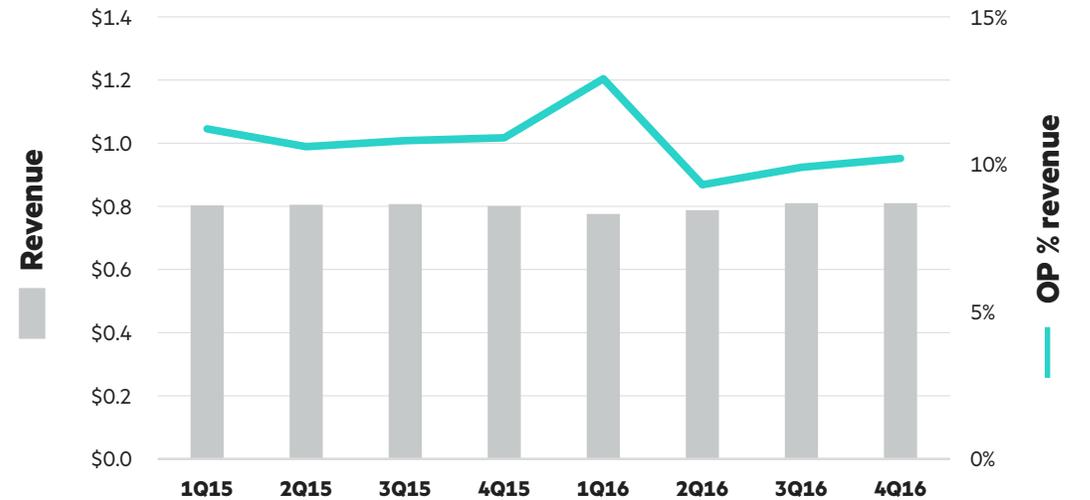


Americas	59%
EMEA	27%
Asia Pacific	14%

Overview

- Financing volume down **4%** y/y
- Net portfolio assets of **\$12.8B**, up **4%** y/y

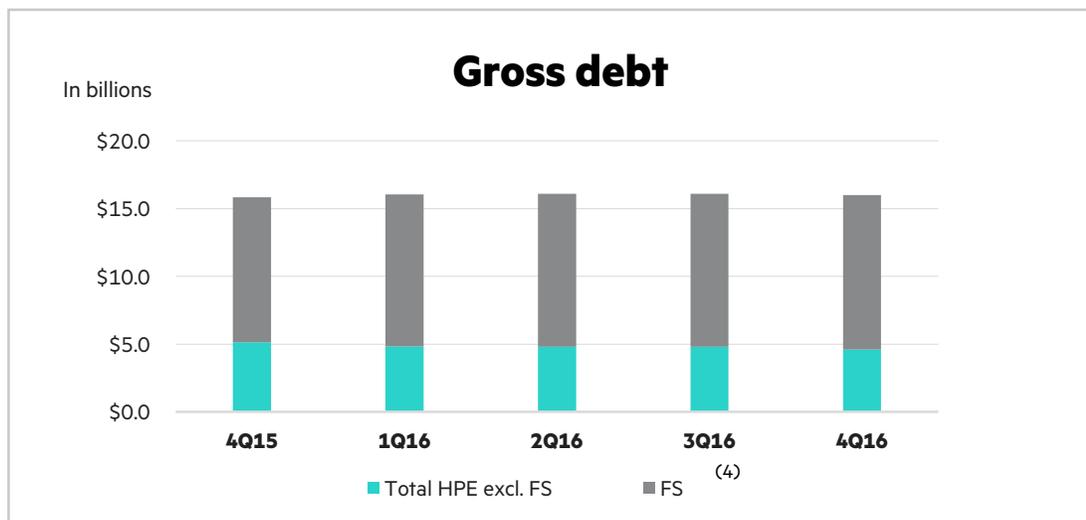
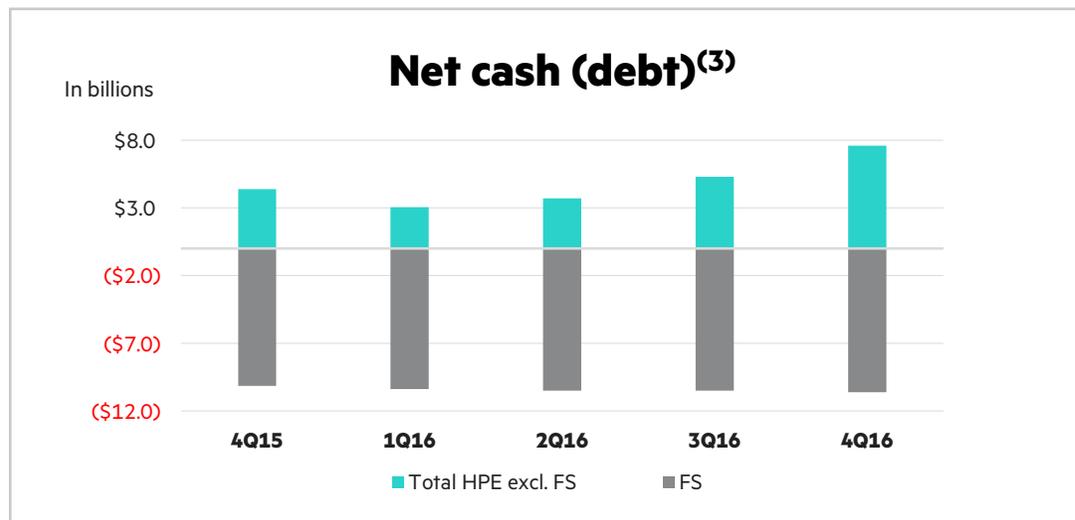
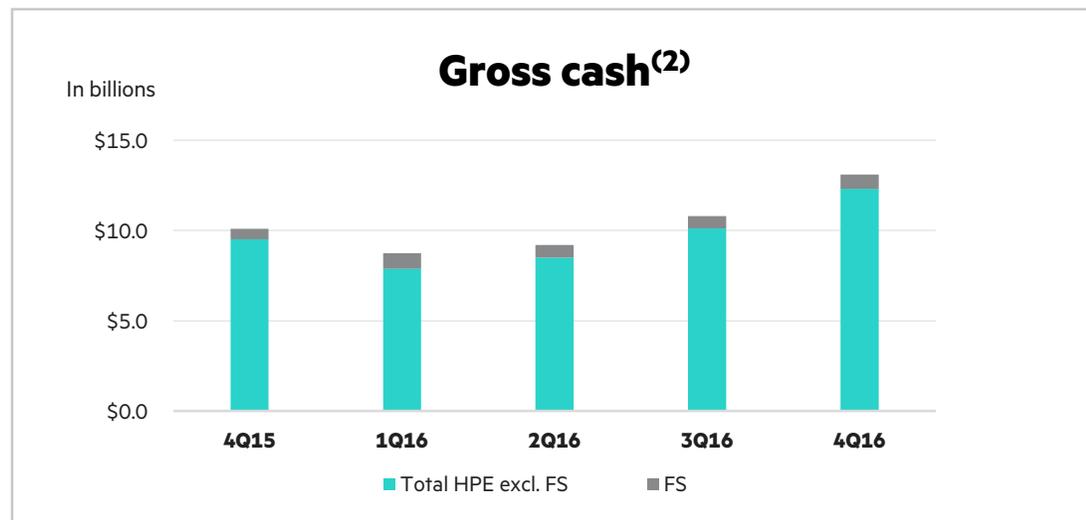
In billions



Non-GAAP and adjusted non-GAAP⁽¹⁾ financial information

In millions, except per share amounts and percentages	Q4 FY16		Q3 FY16		Q4 FY15	
Revenue	\$12,478	100%	\$12,210	100%	\$13,448	100%
Cost of sales	8,689	69.6%	8,638	70.7%	9,463	70.4%
Total OpEx	2,398	19.3%	2,493	20.5%	2,690	20.0%
Operating profit	\$1,391	11.1%	\$1,079	8.8%	\$1,295	9.6%
Interest & other, net	(94)		(78)		(5)	
Earnings (loss) from equity interests	31		(14)		-	
Pre-tax earnings	1,328	10.6%	987	8.1%	1,290	9.6%
Income tax	(293)		(147)		(282)	
Net earnings	1,035	8.3%	840	6.9%	1,008	7.5%
Diluted net earnings per share	\$0.61		\$0.49		\$0.55	
Adjustments ⁽¹⁾	N/A		N/A		(\$0.03)	
Adjusted diluted net earnings per share⁽¹⁾	N/A		N/A		\$0.52	

Select cash and debt balances⁽¹⁾



\$ in billions	4Q15	1Q16	2Q16	3Q16	4Q16
Total HPE gross cash ⁽²⁾	10.1	8.7	9.3	10.8	13.0
Total HPE gross debt	15.8	16.0	16.1	16.0	16.0
HPE net cash (debt) ⁽³⁾	(5.7)	(7.3)	(6.8)	(5.2)	(3.0)
FS gross cash ⁽²⁾	0.6	0.8	0.8	0.7	0.8
FS gross debt ⁽⁴⁾	10.7	11.2	11.3	11.2	11.4
FS net cash (debt) ⁽³⁾	(10.1)	(10.4)	(10.5)	(10.5)	(10.6)
Operating co. net cash⁽³⁾⁽⁵⁾	4.4	3.1	3.7	5.3	7.6

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 31 of this presentation

Outlook

First quarter FY17 net EPS guidance

GAAP diluted net EPS \$0.03 – \$0.07

Non-GAAP diluted net EPS⁽¹⁾ \$0.42 – \$0.46

Full year FY17 net EPS guidance

GAAP diluted net EPS \$0.72 – \$0.82

Non-GAAP diluted net EPS⁽²⁾ \$2.00 – \$2.10

GAAP to non-GAAP and adjusted non-GAAP bridges

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	\$50,123										\$50,123
Cost of sales	35,507										35,507
Total OpEx	10,466	(755)	(1,236)	(598)	(178)	2,167	253				10,119
Operating profit	4,150	755	1,236	598	178	(2,167)	(253)				4,497
Interest & other, net	5							(317)			(312)
Loss from equity interests	(76)								93		17
Pre-tax earnings	4,079	755	1,236	598	178	(2,167)	(253)	(317)	93		4,202
Tax settlements	(647)									647	-
Income tax	(271)	(214)	(212)	(204)	(66)	169	(124)	67	(10)		(865)
Tax rate	22.5%										20.6%
Net earnings	\$3,161										\$3,337
Diluted net earnings per share	\$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	Loss on H3C divestiture	Gain on Mphasis divestiture	Tax indemnification adjustments	Loss from equity interests	Tax settlements	Non- GAAP
Revenue	\$12,478										\$12,478
Cost of sales	8,689										8,689
Total OpEx	3,012	(126)	(395)	(293)	(51)	(2)	253				2,398
Operating profit	777	126	395	293	51	2	(253)				1,391
Interest & other, net	217							(311)			(94)
Loss from equity interests	(4)								35		31
Pre-tax earnings	990	126	395	293	51	2	(253)	(311)	35		1,328
Tax settlements	(647)									647	-
Income tax	(41)	(39)	(59)	(104)	(13)	46	(124)	45	(4)		(293)
Tax rate	69.5%										22.1%
Net earnings	\$302										\$1,035
Diluted net earnings per share	\$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	\$12,210								\$12,210
Cost of sales	8,638								8,638
Total OpEx	1,075	(210)	(369)	(135)	(37)	2,169			2,493
Operating profit	2,497	210	369	135	37	(2,169)			1,079
Interest & other, net	(18)						(60)		(78)
Loss from equity interests	(72)							58	(14)
Pre-tax earnings	2,407	210	369	135	37	(2,169)	(60)	58	987
Income tax	(135)	(60)	(74)	(49)	(8)	123	62	(6)	(147)
Tax rate	5.6%								14.9%
Net earnings	\$2,272								\$840
Diluted net earnings per share	\$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	\$12,711						\$12,711
Cost of sales	9,068						9,068
Total OpEx	3,151	(201)	(161)	(91)	(53)		2,645
Operating profit	492	201	161	91	53		998
Interest & other, net	(129)					69	(60)
Pre-tax earnings	363	201	161	91	53	69	938
Income tax	(43)	(53)	(33)	(30)	(23)	(25)	(207)
Tax rate	11.8%						22.1%
Net earnings	\$320						\$731
Diluted net earnings per share	\$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	\$12,724						\$12,724
Cost of sales	9,112						9,112
Total OpEx	3,228	(218)	(311)	(79)	(37)		2,583
Operating profit	384	218	311	79	37		1,029
Interest & other, net	(65)					(15)	(80)
Pre-tax earnings	319	218	311	79	37	(15)	949
Income tax	(52)	(62)	(46)	(21)	(22)	(15)	(218)
Tax rate	16.3%						23.0%
Net earnings	\$267						\$731
Diluted net earnings per share	\$0.15						\$0.41

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

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

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

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

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 & other related charges	Non-GAAP & 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 ⁽¹⁾						(\$0.02)
Tax rate and organizational adjustments ⁽¹⁾						(\$0.01)
Adjusted diluted net earnings per share ⁽¹⁾						\$0.44

Q4 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

Q4 FY15 adjusted cash flow bridge

In millions, except per share amounts	GAAP	Basis of presentation differences	Adjusted cash flow
Cash flow from operations	\$(158)	1,693	\$1,535
Investment in property, plant and equipment	(738)		
Proceeds from sale of property, plant and equipment	113		
Free cash flow	\$(783)	1,584	\$801

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

HPE WW	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-5%	-8%	-5%	-4%	-5%	-3%	1%	-6%	-7%	-4%
Impact of divestitures	0 pts	(0 pts)	(4 pts)	(4 pts)	(2 pts)					
Impact of currency	(3 pts)	(6 pts)	(8 pts)	(7 pts)	(6 pts)	(6 pts)	(3 pts)	(2 pts)	(1 pts)	(3 pts)
Adjusted revenue change Y/Y	-2%	-1%	3%	3%	1%	4%	5%	-1%	-2%	2%

HPE AMS	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-5%	-4%	-1%	-1%	-3%	-2%	4%	1%	-3%	0%
Impact of divestitures	(0 pts)	0 pts	0 pts	(1 pts)	(0 pts)	(1 pts)	(2 pts)	(2 pts)	(2 pts)	(2 pts)
Impact of currency	(1 pts)	(2 pts)	(3 pts)	(3 pts)	(2 pts)	(3 pts)	(2 pts)	(1 pts)	(0 pts)	(2 pts)
Adjusted revenue change Y/Y	-3%	-2%	2%	3%	0%	2%	8%	4%	-1%	3%

HPE US	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-5%	-4%	-3%	-3%	-4%	0%	6%	4%	2%	3%
Impact of divestitures	0 pts	0 pts	0 pts	(1 pts)	0 pts	(1 pts)	(2 pts)	(2 pts)	(1 pts)	(1 pts)
Adjusted revenue change Y/Y	-5%	-4%	-3%	-2%	-4%	1%	8%	6%	3%	5%

HPE EMEA	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-8%	-13%	-9%	-8%	-10%	-5%	-3%	-9%	-9%	-6%
Impact of divestitures	0 pts	0 pts	(0 pts)	(0 pts)	(0 pts)	(0 pts)	(1 pts)	(1 pts)	(0 pts)	(0 pts)
Impact of currency	(4 pts)	(10 pts)	(13 pts)	(11 pts)	(10 pts)	(10 pts)	(4 pts)	(3 pts)	(3 pts)	(5 pts)
Adjusted revenue change Y/Y	-3%	-2%	4%	3%	0%	5%	2%	-6%	-6%	-1%

HPE APJ	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-2%	-5%	-4%	-5%	-4%	1%	2%	-21%	-14%	-8%
Impact of divestitures	(1 pts)	(2 pts)	(1 pts)	1 pts	(1 pts)	1 pts	4 pts	(14 pts)	(17 pts)	(7 pts)
Impact of currency	(3 pts)	(6 pts)	(8 pts)	(10 pts)	(7 pts)	(8 pts)	(5 pts)	(4 pts)	0 pts	(4 pts)
Adjusted revenue change Y/Y	2%	4%	5%	5%	4%	8%	4%	-3%	3%	3%

Trended segment revenue bridges – adjusted for divestitures and currency ¹

Enterprise Group	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	0%	-1%	2%	1%	1%	1%	7%	-8%	-9%	-2%
Impact of divestitures	(0 pts)	(1 pts)	(1 pts)	(0 pts)	(1 pts)	0 pts	1 pts	(5 pts)	(5 pts)	(2 pts)
Impact of currency	(3 pts)	(6 pts)	(7 pts)	(7 pts)	(6 pts)	(6 pts)	(4 pts)	(2 pts)	(1 pts)	(3 pts)
Adjusted revenue change Y/Y	3%	6%	10%	9%	7%	7%	9%	0%	-3%	3%

Enterprise Services	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-11%	-16%	-11%	-9%	-12%	-6%	-2%	-5%	-6%	-5%
Impact of divestitures	0 pts	1 pts	0 pts	0 pts	(2 pts)	(0 pts)				
Impact of currency	(3 pts)	(6 pts)	(8 pts)	(7 pts)	(6 pts)	(6 pts)	(3 pts)	(2 pts)	(1 pts)	(3 pts)
Adjusted revenue change Y/Y	-8%	-10%	-4%	-3%	-6%	0%	1%	-3%	-2%	-1%

Software	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-5%	-8%	-6%	-12%	-8%	-10%	-13%	-18%	-6%	-12%
Impact of divestitures	0 pts	1 pts	0 pts	(8 pts)	(2 pts)	(9 pts)	(13 pts)	(13 pts)	(5 pts)	(10 pts)
Impact of currency	(2 pts)	(4 pts)	(5 pts)	(5 pts)	(4 pts)	(5 pts)	(3 pts)	(2 pts)	(1 pts)	(3 pts)
Adjusted revenue change Y/Y	-3%	-6%	-1%	1%	-2%	3%	3%	-3%	0%	1%

Trended EG revenue bridges– adjusted for divestitures and currency ¹

Servers	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	6%	9%	6%	4%	6%	-1%	7%	-4%	-7%	-1%
Impact of divestitures	0 pts	(0 pts)	0 pts	(0 pts)	(0 pts)	(0 pts)				
Impact of currency	(2 pts)	(6 pts)	(7 pts)	(7 pts)	(6 pts)	(6 pts)	(3 pts)	(2 pts)	(1 pts)	(3 pts)
Adjusted revenue change Y/Y	8%	15%	13%	12%	12%	5%	10%	-2%	-6%	2%

Storage	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	0%	-8%	-2%	-7%	-4%	-3%	2%	-8%	-5%	-4%
Impact of divestitures	1 pts	1 pts	(0 pts)	(0 pts)	0 pts	(1 pts)	(1 pts)	(1 pts)	(0 pts)	(1 pts)
Impact of currency	(2 pts)	(6 pts)	(9 pts)	(7 pts)	(6 pts)	(7 pts)	(4 pts)	(2 pts)	(1 pts)	(3 pts)
Adjusted revenue change Y/Y	2%	-3%	7%	0%	2%	4%	6%	-5%	-3%	0%

Networking	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-11%	-16%	23%	35%	8%	53%	57%	-22%	-34%	5%
Impact of divestitures	(3 pts)	(7 pts)	(26 pts)	(24 pts)	(15 pts)	(17 pts)	(2 pts)	(33 pts)	(33 pts)	(22 pts)
Impact of currency	(3 pts)	(8 pts)	(11 pts)	(11 pts)	(8 pts)	(10 pts)	(5 pts)	(2 pts)	(1 pts)	(3 pts)
Adjusted revenue change Y/Y	-5%	-1%	60%	70%	31%	81%	64%	12%	0%	30%

Technology Services	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-5%	-8%	-10%	-11%	-9%	-9%	-6%	-7%	-4%	-7%
Impact of divestitures	1 pts	0 pts	1 pts	0 pts	0 pts	(0 pts)	(1 pts)	(6 pts)	(5 pts)	(3 pts)
Impact of currency	(4 pts)	(6 pts)	(7 pts)	(7 pts)	(6 pts)	(7 pts)	(4 pts)	(2 pts)	(1 pts)	(3 pts)
Adjusted revenue change Y/Y	-2%	-2%	-4%	-4%	-3%	-2%	-1%	1%	2%	0%

Trended ES revenue bridges– adjusted for divestitures and currency ¹

ITO	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-11%	-20%	-13%	-11%	-14%	-8%	-1%	-6%	-7%	-6%
<i>Impact of divestitures</i>	<i>0 pts</i>									
<i>Impact of currency</i>	<i>(3 pts)</i>	<i>(6 pts)</i>	<i>(8 pts)</i>	<i>(7 pts)</i>	<i>(6 pts)</i>	<i>(7 pts)</i>	<i>(3 pts)</i>	<i>(2 pts)</i>	<i>(2 pts)</i>	<i>(4 pts)</i>
Adjusted revenue change Y/Y	-8%	-14%	-5%	-4%	-8%	-2%	2%	-3%	-5%	-2%

ABS	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-11%	-8%	-7%	-6%	-8%	-2%	-3%	-4%	-3%	-3%
<i>Impact of divestitures</i>	<i>1 pts</i>	<i>1 pts</i>	<i>1 pts</i>	<i>2 pts</i>	<i>1 pts</i>	<i>1 pts</i>	<i>0 pts</i>	<i>0 pts</i>	<i>(7 pts)</i>	<i>(1 pts)</i>
<i>Impact of currency</i>	<i>(4 pts)</i>	<i>(6 pts)</i>	<i>(7 pts)</i>	<i>(7 pts)</i>	<i>(6 pts)</i>	<i>(5 pts)</i>	<i>(3 pts)</i>	<i>(2 pts)</i>	<i>(1 pts)</i>	<i>(3 pts)</i>
Adjusted revenue change Y/Y	-8%	-2%	-1%	-1%	-3%	2%	-1%	-3%	4%	1%

Trended Software revenue bridges– adjusted for divestitures and currency ¹

License	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-16%	-17%	-12%	-10%	-13%	-6%	-12%	-28%	-5%	-12%
<i>Impact of divestitures</i>	0 pts	2 pts	(1 pts)	(6 pts)	(2 pts)	(6 pts)	(12 pts)	(10 pts)	(4 pts)	(8 pts)
<i>Impact of currency</i>	(3 pts)	(4 pts)	(7 pts)	(5 pts)	(5 pts)	(5 pts)	(2 pts)	(1 pts)	(0 pts)	(2 pts)
Adjusted revenue change Y/Y	-14%	-14%	-4%	1%	-7%	5%	2%	-17%	-1%	-3%

Support	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	0%	-2%	-3%	-15%	-5%	-13%	-16%	-17%	-7%	-14%
<i>Impact of divestitures</i>	(0 pts)	0 pts	1 pts	(9 pts)	(2 pts)	(9 pts)	(13 pts)	(15 pts)	(6 pts)	(11 pts)
<i>Impact of currency</i>	(2 pts)	(3 pts)	(5 pts)	(5 pts)	(4 pts)	(5 pts)	(4 pts)	(3 pts)	(2 pts)	(3 pts)
Adjusted revenue change Y/Y	2%	0%	1%	-2%	0%	1%	1%	0%	1%	1%

Services Total	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-4%	-10%	-6%	-8%	-7%	-8%	-7%	-7%	-4%	-6%
<i>Impact of divestitures</i>	0 pts	2 pts	(1 pts)	(8 pts)	(2 pts)	(13 pts)	(12 pts)	(12 pts)	(5 pts)	(10 pts)
<i>Impact of currency</i>	(2 pts)	(5 pts)	(6 pts)	(5 pts)	(4 pts)	(4 pts)	(2 pts)	(2 pts)	(2 pts)	(3 pts)
Adjusted revenue change Y/Y	-2%	-7%	1%	5%	-1%	9%	8%	7%	2%	6%

SaaS	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	0%	-4%	-5%	-6%	-4%	-9%	-11%	-5%	-1%	-7%
<i>Impact of divestitures</i>	(0 pts)	1 pts	(3 pts)	(9 pts)	(3 pts)	(21 pts)	(19 pts)	(20 pts)	(11 pts)	(18 pts)
<i>Impact of currency</i>	(1 pts)	(1 pts)	(2 pts)	(2 pts)	(1 pts)	(2 pts)	(2 pts)	(2 pts)	(1 pts)	(2 pts)
Adjusted revenue change Y/Y	1%	-3%	0%	5%	1%	14%	10%	17%	11%	13%

Professional Services	Y/Y%					Y/Y%				
	Q115	Q215	Q315	Q415	FY15	Q116	Q216	Q316	Q416	FY16
Revenue as Reported	-7%	-14%	-6%	-9%	-9%	-7%	-3%	-8%	-7%	-6%
<i>Impact of divestitures</i>	(0 pts)	2 pts	0 pts	(7 pts)	(1 pts)	(7 pts)	(7 pts)	(7 pts)	(1 pts)	(5 pts)
<i>Impact of currency</i>	(3 pts)	(7 pts)	(8 pts)	(7 pts)	(6 pts)	(6 pts)	(3 pts)	(2 pts)	(2 pts)	(3 pts)
Adjusted revenue change Y/Y	-3%	-9%	2%	5%	-2%	6%	7%	1%	-4%	2%

1. Revenue adjusted to exclude amounts for the following divestitures: Marketing Optimization, TippingPoint, iManage, Live Vault, HPPA Teleform. Revenue adjusted to eliminate the impact of currency

2. Amounts may not add due to rounding