

**Hewlett Packard Enterprise Company
Annual Meeting of Stockholders
April 14, 2021
10:00 a.m., Central Time**

Patricia Russo:

Good morning and welcome. We're glad you could join us for HPE's 2021 annual meeting of shareholders. The meeting is now called to order. I'm Pat Russo, Chair of the board of Hewlett Packard Enterprise. While none of us could have predicted confronting a global health pandemic the likes of the COVID-19 pandemic, I would like to say on behalf of the entire how proud we are of the company's response during this very challenging time. As we continue to face these unusual circumstances, I'm pleased that our virtual meeting format, which is accessible to all of our shareholders around the world, allows you to participate in the meeting, submit questions and vote your shares online prior to the polls closing.

I'm joined today by Antonio Neri, our President and Chief Executive Officer, who also serves with me as a Director, as well as Rishi Varma, our General Counsel and Secretary. The company's other executive officers, as well as my fellow Board members and representatives from our registered public accounting firm, Ernst & Young are also participating in the meeting via webcast and are available to answer your questions as appropriate.

The Annual Meeting is an important event for shareholders to hear directly from the Board and management. You'll hear remarks from me about the Board's view of the progress HPE has made to advance the company strategy and its purpose-driven ESG initiatives. Then I'll turn it over to Rishi to review the rules and conduct of the meeting, as well as all of the administrative items for the meeting. We'll then hear from Antonio, who'll provide an update on the business, the market opportunity and how HPE is well positioned to help customers digitally transform as the world emerges from the pandemic.

We've received a number of questions that were submitted prior to today's meeting, and we continue to welcome your additional questions during the meeting. On your screen is a text box, where you can submit your questions now and throughout the meeting until the end of the Q&A session. Your questions are all important. And for those who are unable to address during today's session, we will respond to them and post them on the IR website after the meeting.

Before I hand it over to Rishi, I want to share a few reflections on the past year at HPE. Despite the unexpected difficulties that overwhelmed the world in 2020, HPE focused on executing with discipline and accelerating its own transformation. As we look to the future, our business needs, opportunities for creating operating leverage and team members preferences about the future of work.

We made the decision to relocate HPE's headquarters to the Houston area, where we have had a large operation for many years. The company ended the year with revenue momentum and notable performance in key growth businesses, such as the Intelligent Edge, high-performance compute and mission critical solutions.

Importantly, our ongoing efforts to strengthen our financial foundation and become an even more agile organization are paying dividends, helping to deliver long-term sustainable and profitable growth and generate shareholder value. We've made great progress transforming our culture, delivering strong results through disciplined execution and advancing our innovation agenda to provide strong and exceptional experiences to our customers as they accelerate their digital transformations.

Q1 results demonstrate our progress in enhancing our position to accelerate what comes next for our customers. HPE is committed to becoming an edge to cloud platform-as-a-service company, and to offering the entire portfolio as a service by 2022. As you may remember, we identified this opportunity back in 2019 and increasing demand for our technologies and offerings as a service

validates the direction we chose. Competitors' recent shifts to a similar model underscores our leadership and foresight.

Our approach from the edge to the cloud is unique. And our ability to offer IT-as-a-service gives customers greater choice and further differentiates us. HPE also continues to enhance our market position through targeted acquisitions, such as Silver Peak, bringing critical talent and complimentary technologies to the company that improve our ability to serve key segments of the global market.

As we advance our business objectives, we also remain laser-focused on purpose-driven ESG initiatives and weaving them more closely through HPE's business strategy. We believe they're critical to growing and evolving our culture as well as providing value to all of our stakeholders. The Board is actively providing oversight of ESG issues and ensuring that the risks and opportunities are integrated into HPE's long-term strategy.

HPE is recognized as an industry leader in ESG issues management and disclosure, driving the competitiveness of our business. And we see an enormous opportunity to engage directly with customers on sustainability related needs to drive new revenue opportunities and accelerate sustainable IT. In fact, 50% of HPE's portfolio has sustainability and IT efficiency attributes.

We'll continue to focus on delivering products and service that empower our customers to operate sustainably and efficiently, while also gaining maximum productivity from their IT investments and reducing costs. We'll also continue to push our innovation engine to improve processes transform efficiency and reduce environmental impact.

HPE GreenLake is a great example. It's driving sustainability by helping customers address the key causes of inefficiencies while executing an efficient hybrid multi-cloud delivery model, delivering many of the sustainability benefits commonly associated with the public cloud, such as

decreased energy use and dematerialization of infrastructure through an as-a-service consumption model. HPE GreenLake offerings use efficient hardware and solutions configured to, on average, reduce customer inefficiencies by 30%.

Our COVID-19 response has also been a successful effort, impacting the communities in which we work and live. The company and our team members have together contributed 27 million in cash and products to benefit the COVID-19 Solidarity Response Fund and other programs to aid those most at risk during these difficult times. This included donations of HPE Aruba connectivity kits to expand networking capacity for healthcare facilities, schools, libraries and other public buildings.

We've always said that HPE's team members are our greatest asset and critical to the company's success. Our intentional efforts to foster a collaborative, inclusive and inspiring experience for all of our team members has resulted in a 12-point increase in employee engagement scores over the past three years. The Board's been pleased with the company's efforts to address racial inequality with leadership moving to further strengthen our commitment to diversity and inclusion and to advocate for equity.

We are committed to being unconditionally inclusive, to capture the ideas and perspectives that fuel innovation and enable our workforce, customers and communities to succeed in the digital age. This includes publishing our Living Progress Report, in which we share our diversity representation figures as we strive to create a future of impactful and meaningful change. We've set aggressive diversity targets to hold ourselves accountable. We measure and tie rewards for our top leaders to diversity measures, including representation of female and ethnically diverse talent and are a leader compared to the tech bench.

In 2020, HPE increased our female workforce at every level worldwide, including technical and executive roles. Our goal is to attract and retain the very best talent and capture the diversity of

ideas and perspectives needed to fuel innovation and execute on our vision. While we have much more work to do, we are pleased with our progress.

Overall, HPE has performed admirably during a most trying time. And the Board continues to have confidence that the company has the right team and the right strategy in place to deliver strong returns for you, our shareholders. We believe the company is well positioned for success as we continue to serve as a trusted partner to customers across the globe. We will be there for them as they adjust to meet new and evolving demands. And we're excited about the opportunities that poses.

Thank you for ongoing – thank you for your ongoing support, excuse me, as a shareholder of HPE and for joining us today. And now I'll turn it over to Rishi. Rishi?

Rishi Varma:

Thanks, Pat, and welcome, everyone. This morning, as Pat mentioned, I'll walk through the meeting logistics and the proposals to be voted on. And then you'll hear from Antonio followed by a Q&A session.

HPE's agents have certified that notice of the meeting was provided starting on February 25, 2021 to all shareholders of record as of the record date for this meeting. Copies of those certifications are in the possession of the secretary. I therefore declare that legal notice of the meeting has been duly given.

Today's meeting may include forward-looking statements that are based on certain assumptions and are subject to a number of risks and uncertainties, including those described in our Form 10-K for fiscal year 2020. In addition, the information presented at this meeting may include references to amounts that are expressed on a non-GAAP basis. A reconciliation of such amount

– non-GAAP amounts to GAAP and other information relating to these non-GAAP measures is available on our Investor Relations website.

The company has appointed Kris Veaco of the Veaco Group to serve as our Inspector of Election for this meeting. Kris is participating in the meeting live online today, and as required by law has taken and signed an oath as Inspector of Election. This document will be filed with the minutes of today's meeting.

As mentioned before, we will conduct a question and answer session later in the meeting, prior to the official closing of the polls. You should be able to see that on the virtual meeting portal. There's a text box where you submit questions. Please feel free to submit any questions at any time prior to the end of the Q&A session. We will answer questions that we received in connection with today's meeting. And if we run out of time, we will address unanswered questions on our Investor Relations website after the meeting.

The Inspector of Election has informed us that a majority of the outstanding shares held at record and entitled to vote as of the close of business on February 16, 2021, the record date for this meeting, are represented at the meeting. We therefore, declare that there is a quorum present and that we may proceed with the business of the meeting. Please remember that you may vote your shares online at any time during this meeting prior to the closing of the polls.

This morning, we have five proposals for you to consider, which were all described in the proxy statement prior to today's meeting. The first item is the election of directors. The following 12 people have been nominated to serve on the Board of Directors and will be voted upon today. Dan Ammann, Pamela Carter, Jean Hobby, George Kurtz, Ray Lane, Ann Livermore, Antonio Neri, Charles Noski, Raymond Ozzie, Gary Reiner, Pat Russo, and Mary Agnes Wilderotter. The biographies of the 12 directors are available in the proxy statement for today's meeting if you'd like to read them in detail. The Board recommends a vote for each of the Director nominees.

The second item is the ratification of the appointment of Ernst & Young to serve as HPE's independent registered public accounting firm for the fiscal year 2021. The Board recommends a vote for this proposal. At this time, I'd like to acknowledge Beth A. Carr, Constant Djacga, Mark Fernandez, and Linda M. Hill, all representatives of Ernst & Young, who are participating in today's meeting online.

The third item is approval of the HPE 2021 Stock Incentive Plan. The Board recommends a vote for this proposal. The fourth item is an advisory vote on HPE's executive compensation. The Board recommends a vote for this proposal. And finally, the fifth item is an advisory vote on the frequency of future advisory votes on executive compensation. Again, the Board recommends a vote for one year for this proposal. A description of each of these items is in our proxy statements, so I won't review them in further detail here.

We will address questions during the Q&A session later in this meeting. But in the meantime, again, I encourage you and all shareholders to submit any questions online in the box on your screen.

Now that you've heard about the five items that you've been asked to vote on, we will proceed with voting on these items. It is 10:14 a.m. Central Standard Time, and the polls are open for voting on each of these items.

Some voting instructions. If you have not yet voted or wish to change your vote, you may do so by clicking on the voting button on your screen and following the instructions there. Shareholders who have sent in proxies or voted via telephone or internet, and who do not wish to change their vote, do not need to take any further action.

As you're making your voting decisions, I'll now turn it over to Antonio Neri to provide some highlights of the past year at HPE, as well as an overview of our go-forward strategy. Antonio?

Antonio Neri:

Thanks, Rishi, and good morning, everyone. I am pleased you could join us today. Thank you for Investing in Hewlett Packard Enterprise.

Our purpose, as a company, which is to advance the way people live and work, has never been more important than it is today. Our response to the crisis was not only defined by how we manage our business, but also by how we help our team members and the communities we serve. The need to use innovative technologies has never been greater, from improving the health of our communities and educating our children, to digitizing our economy and enabling its recovery.

I am proud of HPE's response to the challenges of the pandemic and the strength of the company today. The pandemic has had a profound effect on how we live and work. Early last year, we recognized there was not going back to what it used to be, only preparing for and building what comes next. We acted decisively to manage our own business, so we can bring innovation and experience to our customers, which in turn, drives value for you, our shareholders.

While the COVID-19 pandemic has tested global markets, customers, employees, and all of us in ways we have never imagined, it also has served as a catalyst to bring digital transformation to the forefront of business priorities. Businesses are rethinking everything from remote work and collaboration to business continuity, to how to improve data-driven insights and customer engagement to business model evolution.

Customers are looking for the agility and simplicity of the cloud but need the flexibility and control of a hybrid business model, and increasingly, want to consume IT-as-a-service, where we have a

unique and differentiated value proposition. This is why I remain more committed than ever to our edge-to-cloud platform-as-a-service vision that addresses these evolving customer needs and position us to deliver long-term sustainable profitable growth for our shareholders.

In order to maintain our strategic momentum over the past 12 months, we took bold and deliberate actions to protect the financial foundation, adapt to be a more agile organization and align our resources to critical businesses in areas of growth. We align a set of strategic priorities to drive sustainable profitable growth, including strengthening our core businesses, doubling down in growth areas and accelerating our pivot to as a service. We believe execution of these priorities would result in a healthy long-term financial profile with sustainable revenue growth rates of 1% to 2% to 3% through fiscal year '23. We have been very intentional in our efforts to drive recurring revenue streams, including shifting our portfolio mix to higher margin as a service offerings.

Our annualized revenue run rate, or ARR, of \$649 million in Q1 fiscal year 2021 was up 27% year-over-year. This is a long-term value driver and we expect our ARR will grow to over \$1.4 billion over the next three years. We were ahead of our peers when we announced our cost optimization and prioritization plan last spring. We will remain on track to generate net annualized run rate savings of more than \$800 million by the end of the fiscal year 2022.

Through this plan, we are focused not only on cost efficiencies, but allocating resources to the most impactful areas to accelerate growth. Importantly, we maintain a strong and diversified balance sheet and liquidity position, which is a competitive advantage in the current environment. As of our January 31st quarter end, we had approximately \$4.2 billion of cash on hand. Together with an undrawn revolving credit facility of \$4.75 billion at our disposal, we exited Q1 with approximately \$9 billion of liquidity.

Through a dynamic capital allocation framework, we prioritize investments to fuel growth while remaining committed to shareholder distribution. We continue to prioritize dividend distributions, returning \$680 million to shareholders in fiscal year 2020.

We are seeing the momentum of these actions, started the new fiscal year with strong results. Our Q1 revenue of \$6.8 billion exceeded our outlook and represented a stronger than normal sequential seasonality. We significantly expanded our growth in operating margins, driving strong profitability ahead of pre-pandemic levels. Our Q1 non-GAAP earnings per share of \$0.52 was up 4% from the prior year and significantly exceeded the high end of our guidance by \$0.08.

We generated a record Q1 free cash flow of \$563 million, the highest achieved in the first fiscal quarter in the history of Hewlett Packard Enterprise. In Q1 alone, we returned \$155 million in the form of dividends.

These results gave us confidence to raise our fiscal year 2021 EPS and free cash flow outlook. Over the last several months, customers have increasingly turned to HPE to ensure they have the capabilities edge-to-cloud to extract insights from critical data and to help them leverage and consume IT flexibly as a service. Each of our businesses drive critical outcome for our customers, and is essential to our strategy to deliver long-term sustainable profitable growth that will create shareholder value.

Our core businesses in computer storage provide critical capabilities to customers, generate substantial free cash flow and are a foundational to our edge-to-cloud platform as a service strategy. Every 60 seconds, we ship four servers and 46 terabytes of storage. We have industry leading portfolios in compute and storage, and we'll continue our focus to grow in profitable segments.

We have taken deliberate steps to expand our portfolio and enter into new high value customer segments and markets to fuel future growth, such as Intelligent Edge and high-performance computing businesses. We saw the opportunity on the edge early when we acquired Aruba. And we have continued to invest in Intelligent Edge. We are accelerating our momentum in this business with rich software capabilities like ClearPass Security, cloud-native Aruba Central and Aruba Edge Services platform.

Late last year, we acquired Silver Peak, providing an immediate presence in the attractive SD-WAN market, that's growing over 20%. In Q1, we reported 11% growth year-over-year. We expect to outpace the market and grow revenue at the 6% to 10% compound annual growth rate through fiscal year 2023.

The edge is where we live and work. It is your office space, your home, retail stores, hospitals, stadiums. In a post-COVID world, the need for edge-to-cloud architectures has never been more relevant as enterprises look to extend connectivity to branch locations and enable secure work from home experiences. The explosion of the devices applications and data, the edge will continue to fuel demand. This is why customers like LendingTree are standardizing on Aruba ESP to provide a modern mobile-first workplace. The Pentagon chose Aruba to modernize both its classified and unclassified networks to support tens of thousands of devices daily using Aruba's ESP base architecture.

High Performance Computing, or HPC, is also a key component of HPE's vision and growth strategy, as it provides the backbone to process, analyze and extract insights from massive amounts of data. We have a leading position that made us stronger by our acquisition of Cray in 2019.

Given our strong backlog of our work businesses that exceed well over \$2 billion for primarily what we call exascale contracts and our robust pipeline of multi-million dollar size deals, we

remain on track to outpace the market and achieve a compound annual growth rate of 8% to 12% through fiscal year 2023.

Last year, we continue to win several major HPC deals like the National Center for Atmospheric Research in a contract worth \$35 million to build a supercomputer for extreme weather research to provide new insights and improve predictions of wildfires, hurricanes, solar storms and other severe weather, with a goal to strengthen society's resiliency to potential disasters.

We see a tremendous opportunity to accelerate the enterprise mainstream adoption of High Performance Computing, and recently introduced HPE GreenLake Cloud Services for HPC, targeting a \$3 billion to \$4 billion total addressable market.

In 2019, I committed to delivering our entire portfolio as a service by the end of 2022. This is a growing trend as consumption-based solutions provide an attractive alternative for customers looking to drive innovation and modernize infrastructure without the capital intensity. HPE's industry-leading GreenLake Cloud Services portfolio is the broadest in the market and delivers truly optimized solutions for any workload from edge-to-cloud, including workloads in public cloud environments.

We are seeing very strong momentum and customer adoption. We signed several of our largest HPE GreenLake Cloud Services deal in history last year, including LyondellBasell, one of the largest plastics chemicals and refining companies in the world, who signed a \$27 million HPE GreenLake deal to drive the digital transformation and environmental efficiency.

We remain very confident in our unique approach in differentiated portfolio. HPE GreenLake Cloud Services is one of our fastest growing segments, showing high double-digit growth rates on a year-over-year basis. Customer retention in this business are above 95%. And the average customer uses of HPE GreenLake Cloud Services is currently running at 120% of original

commitment. We are excited about this long-term opportunity and are very confident in our 30% to 40% CAGR target by fiscal year 2022.

Last year, we introduced our HPE Ezmeral software portfolio, that's based on highly differentiated IP, empowering customers to harness the flexibility and efficiency of containers with persistent storage. HPE Ezmeral is one of the key ingredients in our broad set of a unique software IP portfolio that help us accelerate our pivot to as-a-service and expand the gross margins.

We expect to see our other service and other growth businesses, including the Intelligent Edge and HPC, to represent a large portion of our overall revenue mix, grow into more than 30% in fiscal year 2023 versus close to 20% today, which will put us firmly on a path to towards top line growth with higher margins.

We also have two strategic business that provide critical expertise and financial flexibility to help us with deals and facilitate our customers digital transformations. HPE Pointnext Services help our customers design build, optimize and run their hybrid IT estates. We see improving order trends. And in Q1, revenue stabilized to flat year-over-year with expanded operating margins.

HPE Financial Services provides significant value to our customers, as they rebuild and rethink their IT transformational requirements by helping customers create investment capacity and weather financial volatility. Last year HPEFS allocated \$2 billion in financing through HPE Financial Services to help customers and partners with COVID-19 financial hardships, a program that has been very well received. This business maintained best-in-class bad debt loss ratios. And in Q1, we saw strong class collections above pre-pandemic levels.

At HPE, we are committed to winning the right way and being a force for good. You heard Pat talk earlier about our ESG commitments and initiatives. In a world of rapid change, mounting global challenges and racial injustice, we believe we have responsibility to make a difference.

HPE was one of the first IT companies to set science-based targets for our operations in 2015. For instance, we have set aggressive goals to reduce carbon emissions in our business operations and supply chain.

By 2025, we have committed to a 55% reduction in operational greenhouse gas emissions over 2016 levels. So it's 50% of total operational electricity consumption for renewables. Reduce absolute manufacturing-related emissions in our supply chain by 15% over 2016 levels, and increase earnings performance of our product portfolio, 30 times over 2015 levels.

One of the largest portions of our emission results from customers use is in our products. And this here where we believe we can have the greatest impact through our pivot to offering all of our products as a service by 2022.

I believe our people are our greatest assets and strength. We are committed of being unconditional inclusive to capture the ideas and perspective that fuel innovation. Our Inclusion & Diversity Council provides strong governance and oversight. We set annual goals to increase representation of both women and ethically diverse talent by at least one percentage point year-over-year.

Also, Pat has referenced in 2020 HPE increase our female workforce at every level worldwide, including technical and executive roles. The integration of ESG issues into our business strategy increases the competitiveness and resilience of our business and differentiates us in the marketplace. We successfully navigated through the unprecedented challenge – challenges of this past year to become a stronger and more agile company, and one that's well positioned to help our customers transform and digitize their businesses thrive in this new world, which in turn will drive value for our shareholders.

I am very confident that we have the right team, the right strategy, and have taken the right actions to support our path to sustainable profitable growth to drive shareholder value. Thank you again for joining the webcast today. And I hope you continue to stay safe and healthy.

Now, I will turn it over to Rishi Varma for the Q&A section. So Rishi, over to you.

Rishi Varma:

Thank you very much, Antonio. Now let's move on to the question and answer portion. Again, please note that you may submit questions at any time prior to the end of the Q&A session. I'll turn it over to Andy Simanek, our Director of Investor Relations. Andy?

Andy Simanek:

Great. Thanks, Rishi. So we've received a number of questions already regarding HPE's strategy and the performance compared to competitors in the context of a very challenging last year with the pandemic that's now showing signs of improvement. And we just had a question come in a second ago that why has no mention been made of the drop in revenue?

So maybe Antonio, we can start with you. You can just discuss a little bit how HPE navigated the business through the last year and any impacts to our strategy. And then Tarek, maybe we can turn over to you to just to provide some context to the financial performance.

Antonio Neri:

Thanks, Andy. And thank you for the question. There is no question last year was a difficult year for everyone, but a year that brought to the forefront a need to accelerate the digital transformation. And so when I speak to customers, which I do more than 50% of my time, everyone is telling me they need to improve IT resiliency. They need to accelerate the digitization of their enterprise. And most importantly, they need to extract insights from the data.

We are creating an enormous amount of data at the pace we have never seen before. And that allow us to really rethink our entire approach and portfolio and where to invest going forward. But before we did that, we also had to address some unique issues because obviously the disruption we saw was quite significant. So, the first step in our execution was to really create the capacity for us to reinvest back in the business. So that's why we took very deliberate actions to protect our financial foundation and then drive cost optimization and reprioritization the resources in the years we want to drive going forward.

That allows us to now become more agile in everything we do. And you saw in our results in Q1, we returned to pre-pandemic levels in many aspects of our business performance. And most importantly, we actually accelerated our gross margin and operating profits improvements, which give us the confidence to raise the outlook for the year.

But as I think about what customer solutions we're bringing to the market, there is clearly a need to accelerate connectivity in a secure way. We live in a digital economy and we need to make sure we don't create a digital divide. So, the edge is the next frontier for us, something that we have the right to play and win. And we have a fantastic portfolio with Aruba.

Obviously, we have invested quite a bit around AI, data analytics, and we have an incredible portfolio with our high-performance computing and the techniques to extract insight from the data. And now we are transforming our entire core business to become cloud-native in everything we do. So, we feel very good about our vision to deliver everything as a service, because ultimately what we're doing is transforming not only our innovation, but the way we deliver the solution to our customers in a more innovative way.

But the customer likes the simplicity and the flexibility of the – what we call the public cloud, but they need choice and control. And that's why we believe the world is hybrid. And that's what we're really focused on. So, Tarek?

Tarek Robbiati:

Yes, Antonio, you said it very well. I think the measures we've taken at the end of the second quarter of fiscal year 2020, almost a year ago, are already bearing fruit. We are emerging from this unprecedented crisis as a different company, one that is leaner, more agile, and better prepared to help our customers navigate and move forward.

Our results translated these actions of a clearly, we are already reaping the benefits of the decisions we made in the middle of fiscal year 2020. Just by way of example, in Q4, we returned revenues to pre-pandemic levels and our Q1 quarter or fiscal year 2021 results reflect the continued momentum we have.

Our Q1 revenue of \$6.8 billion exceeded our outlook and represented a stronger than normal sequential seasonality. We significantly expanded both our gross margins and operating margins year-over-year, driving strong profitability above pre-pandemic levels. Our Q1 non-GAAP earnings per share of \$0.52 cents was up 4% from a prior year, significantly exceeding the high end of our guidance by about \$0.08.

We generated a record Q1 free cash flow of \$563 million, as you said, Antonio, the highest achieved in the first fiscal quarter in the history of Hewlett Packard Enterprise. And these results give us great confidence to raise our fiscal year 2021 EPS and free cash flow outlook. And as a result of all of the actions we've taken last year, we are a very different company now, one that is much better positioned to capitalize on the gradual economic recovery that is currently at play.

Andy Simanek:

Great. Thank you, Tarek and Antonio. So, the next question we have coming in is a comment from a shareholder regarding HPE's headquarter move to Houston after being based in Silicon

Valley in the Greater Bay Area for so long. Antonio, maybe I could ask you just to provide some context around the rationale for the move.

Antonio Neri:

Yeah. Again, thank you for the question. We – let me start by saying we are incredibly committed to the Silicon Valley. We have a very large presence and we will continue to be present in Silicon Valley. Obviously, all of the future long-term innovation and thought leadership happens in the Valley.

However, as Pat said, we have a very large presence in the Houston area. In fact, Houston today is the second largest site for us around the globe, where also innovation takes place, but also has access to an amazing set of talent, and most importantly, diverse talent. So in the end, we decided to move the, what we call, the corporate office to Houston, because it gave us the ability to attract and retain the diverse talent to also drive further efficiencies and actually rationalize our space in the Bay Area, where we built a state-of-the-art site in 2019.

So, in the end, we get the best of both worlds. We got a great presence in the Silicon Valley, where we drive a lot of innovation around our data services, our connectivity, our software and also Silicon. And then in the Houston side, we will have our corporate offices as well as a lot of the innovation that happen in the as-a-service and in the compute space.

So, we get the best of both worlds and we can drive further efficiencies that will drive value for our shareholders, while we can attract and retain the best talents in both locations.

Andy Simanek:

Great. Perfect. Thank you, Antonio. So, here's the next question we received regarding small business. This pandemic has been extremely tough on small businesses here in the States, and it seems like a lot of HPE products have amazing potential to help those businesses digitize their

company and retool for a future that will increasingly be driven by virtual infrastructure. How do you plan to make HPE products more accessible to these small businesses and help introduce the potential impact of HPE products to those business owners, since they will be able to scale up much faster with the rapid progression of new technologies? Antonio, maybe that's another good one for you to tackle.

Antonio Neri:

Sure. I couldn't agree more. I mean, we have a fantastic phenomenal portfolio from edge-to-cloud that we can help the small businesses thrive in this new digital economy. They need to get the access to that technology and not different than the very large or global 2000 enterprises around the globe. And we already have a lot of those solutions that we sell through our very large network of partners.

In fact, we have almost 200,000 partners around the globe that sell with us every single day. And so we're focusing on making sure that the solutions are ready to be deployed without the intensity of the capital needed. And that's why where we offer SaaS offerings in our software, or a pure as-a-service, including the hardware are essential ingredients for us driving forward.

Whether it's in the compute space and the storage space, on the connectivity space, what really these types of customers are looking for is business outcomes. They don't have the luxury. They have IT departments to help them. And that's where a Hewlett Packard Enterprise is uniquely positioned, not only with the products, but with the services.

And last year, obviously through the pandemic, we saw a significant disruption in this segment of the market. Obviously, it was the most impacted. And Hewlett Packard Enterprise was one of the first IT companies to make available its own capital to help them thrive through this period of time. And that's why HPEFS, our financial services, made available \$2 billion to help them to go through these financial hardships. And I have to tell you, I have received many notes from those

types of customers and partners, by the way, because in many cases that was a question of staying in business or not. And that's something we are really proud of it.

So, you will see more of that from us and also our own direct engagement as we deploy the new capabilities we have been working on in the transformation of our company.

Andy Simanek:

Yes. That's great. Perfect. So, the – we received a number of questions regarding executive compensation. In particular, one shareholder asks, your compensation is outrageous considering poor financial results. Revenue continues to drop, and yet executive salaries increase and you are still handing out bonuses. Please justify it. We also received some questions and comments regarding the temporary pay decreases last year. And also a couple of questions regarding what consideration HPE gives to the CEO pay ratio in determining executive compensation? So I think best to address these questions, I'm going to turn it over to Pam Carter, who is the Chair of our HR and Compensation Committee. Pam, you're there?

Pam Carter:

I'm here. Thanks, Andy, for the question. And let me start off by speaking to our overall rationale and approach to compensation. HPE's success depends upon our ability to attract, develop, support and retain a highly talented workforce that's dedicated to achieving our strategies and goals.

We believe in a strong pay for performance, shareholder aligned approach to compensation. And we believe employees at all levels should share in the value that they help create. Our total rewards program is designed to link market competitive pay through our annual and long-term performance to the achievement of financial and business strategies and objectives, and to align with our shareholders.

And a significant portion of executive compensation is performance-based. And more than three fourths of our senior management targeted total rewards program is at risk, which means it is contingent on reaching the performance based goals and metrics. As noted in the proxy, most executive officers, including the CEO, earned below target payouts for these programs in fiscal year 2020.

Antonio Neri:

Maybe I can add one more thing on Pam's comment here. You know, obviously, we have to take some actions last year, which impacted all of us. But as Tarek said, those actions have made us even more agile and we're going to reap the benefits. We already did some of that in Q1, where we return our revenue to pre-pandemic levels. And we are seeing now better performance and expansion of our margins.

And because of that, we've raised our guidance for 2021. And our projection based on the new guidance we provided at the end of the Q1 earnings, at the mid point, we expect to increase our EPS by 16% on a year-over-year basis. So that's how we are driving it today. And obviously, it's all about performance, but we have to navigate through last year. And I believe the company has taken all the necessary action to position us better for 2021 and beyond.

Pam Carter:

Thanks, Antonio. Regarding the questions relating to the temporary salary reductions last year, in response to the impact and uncertainty caused by the COVID-19 pandemic, the Board approved a number of short-term and longer term measures to reduce operating expenses and to strengthen our professional and our financial profile.

And like many of our peers, this included temporary salary reductions for all team members, where it was legally permitted, with the highest percentage of salary reductions for the CEO and

executive team. For team members who lived in countries, where pay reductions could not be mandatory due to local laws and regulations, we implemented unpaid leave.

In addition, we implemented cost containment measures across the company, restricted external hiring through the end of our fiscal year and put salary increases on hold. It was important to us to also put an end date on these temporary measures and through disciplined execution we reinstated full salaries by October 31, 2020, the end of our fiscal year.

And finally, let me address the questions relating to the CEO pay ratio. The pay ratio is a function of two data points. The first being the CEO's disclosed compensation, and the second being the compensation of our median employee when we determined on the same basis as the CEO. There is no standardized benchmark to consider pay ratio as the median employee differs by company, and can be impacted by multiple factors, including geographic footprint or whether labor has been outsourced and other factors specific to each company.

Therefore, while we focus carefully on pay levels for all employees, we do not consider pay ratio as an independent data point in making decisions. We carefully consider a variety of factors when setting both top management compensation opportunities and the pay of our entire workforce. And these include the market for comparable talent, the employees experience and skill set, the performance over an extended period of time, and the importance of each person to our long-term success.

And I will finally add that regarding the advisory shareholder say-on-pay vote, we are so grateful for your strong vote of approval. It looks like of over 95% in the favor of our executive compensation this year. Andy?

Andy Simanek:

Great. Thank you, Pam, for all the color and detail on that. So, let's shift gears a bit. So, we've received several questions relating to the composition of the Board. In particular, some shareholders have noted the size of our Board and question whether 12 directors is too many. We had another shareholder specifically comment. It is important to appoint young technology entrepreneurs to the Board. Pat, maybe I can turn it over to you as chair to take those questions.

Patricia Russo:

Sure. Thanks, Rishi. First, let me comment on the size and composition of the Board. Right off the bat, I would say the size, we have 12 Board members, is works pretty well for us. We have always taken a thoughtful approach to recruiting for the Board. We have a broad range of skills and experiences and diversity that we think are important and are necessary and aligned with our strategy.

If you look at our Board members, they – we have some great breadth and depth across technology, global management, finance, and really understanding our industry, folks who have access to viewing and seeing new technology investments in other areas outside of HPE. And so really the composition of the Board is a bit of a mosaic of the skills and experiences and perspectives that we think are important.

The other thing I would say is every year we do a Board evaluation and we ask the Directors each to give us input about how they think about the size of the Board, the structure of the Board, the skill sets of the Board and how the Board functions. And I'm pleased to report that we get very positive reactions from our Board members about the Board experience.

I will tell you it is a highly engaged Board, incredibly competent set of people. I am proud to work with all of them. Transparency is fantastic. We have no shy folks in terms of expressing their point

of view. And so size composition right now is – we feel is working well. I think Andy, there was a second element to that with respect to technology if I recall, right? How do we make sure – yeah.

So HPE, and Antonio may want to speak to this as well, does a lot to stay in touch with what's happening technologically and everything from our – we have a millennial recruiting strategy to really bring young people into the business. Our Pathfinder program is one that invests in tech – in companies with early stage technology that HPE finds interesting.

And so, there's lots of touch points. But additionally, we have, I think, great breadth and depth from a technology perspective on our Board with folks that bring different experiences. Most recently, a great example is George Kurtz joined our Board. George, as many of you know, is the CEO of CrowdStrike. He brings an incredible depth and perspective around security, AI, cloud-based services and has just been a terrific add. In addition to that, he's an extremely successful entrepreneur. So, we find lots of ways to stay tapped into technology, including by – including through our Board members.

Antonio Neri:

Maybe just to add a couple of thoughts on the technology side. I mean, I have to say our work with series of people that are very passionate about technology. Their job is to question to drive debate and then ultimate push us to think about long-term future and how we about solving customer problems in ways others are not doing it.

And we have a very thorough and deep engagement to our tech committee, where we go deep into technology and architectures to a level I have not seen elsewhere. So, I'm really proud of all that work, because it makes me a better CEO, but also pushes our executive team to think differently, which is ultimately the role of the Board.

Patricia Russo:

Yeah. And I would just add to close this out, that the real measure is do you find that the influence and reaction of Board members does in fact influence and inform direction? And I have to say in the case of Hewlett Packard Enterprise, it does. And there's a great back and forth and dynamic that Antonio just mentioned.

Andy Simanek:

Perfect. Great. Thank you both. So also related to the Board, we received a specific question regarding compensation to Board members. How that's determined? How it compares to other companies of similar size? Pat, maybe that's another good one for you.

Patricia Russo:

Yeah. Thanks. Thanks for the question. As you might expect for Board compensation, just like executive compensation, we utilize external benchmarks. We target paying Directors at the median. We have a peer group that we feel is representative. And this is consistent with the way many companies with which I'm familiar do it.

Look, it's important that we have a competitive compensation package. We want to attract and retain the most qualified and capable Directors we can. And so, we utilize that approach. We do it on every two-year basis. And that process utilizes an outside, an independent consultant. And the last review we did had the pay the compensation levels for our Board right at the median of our peer group.

Andy Simanek:

It makes a lot of sense. Thanks, Pat. So, I think we have time for just one more question. So, we received a few questions and comments regarding diversity and inclusion, and in particular, how HPE is supporting and emphasizing equality in the workforce. Maybe Antonio, that's a great one for you to take.

Antonio Neri:

Absolutely. Thank you, Andy. Well, as I said, in my opening remarks, I think we have a responsibility to make a difference in this world that's changing very rapidly. I mean, the challenges we saw last year were tougher and I mean, unbelievable in many ways and unacceptable.

So, our team members, as I said, in my remarks, are our greatest assets. And to me, the way we compete, and win is with the best people and the best technology, supported by unique culture. And that's one of the things I'm really proud of the work the executive team has done with me and our organization as whole to drive a unique culture. Our culture is all about accelerating what is next. It's all about we believe in the power. Yes, we can. We – to take bold moves and then ultimate being force for good.

But we do that with uncompromising integrity, and we do it with inclusion and diversity in mind. And that's why while a lot of progress has been made, and Pat covered this in her remarks, we have a lot of work to be done. I mean, we still have ways to go. And this is where we have established very aggressive targets at every aspect of our workforce, including improving in a size of our organization, which is 60,000 employees, representation at all levels. And that's why we put very specific goals where last year we improved one point, but the reality is we need to do more.

And it's not just the executive side. It's also the technical side. And the work we have done last year, where we establish an Inclusion & Diversity Council, which by the way I chair with Pam Carter, which is on the phone, is something that I think is best-in-class in the industry. And we have representation from all employee resource groups from employees all over the world. And it's unbelievable. You can see when we meet together on a two hours basis with ideas and

passion and thoughts that we can improve our – this place, which is a unique place in my mind with a unique culture.

But definitely this is top of mind for me as a CEO. I have worked all over the world. In many ways I consider myself a citizen of the world, and I truly believe when you have a diverse company, you actually perform better.

Andy Simanek:

Great. Well, thank you very much, Antonio. And thank you everyone for submitting questions today. With that, Rishi, let me pass it back to you.

Rishi Varma:

Great. Thank you, Andy. And again, this concludes our question and answer session. As Andy mentioned, thank you for your participation for submitting questions ahead of time, as well as during the meeting itself.

As a reminder for the questions we were unable to cover, please check our Investor Relations website in the next few days, where we will be posting copies of all questions we received along with our responses.

So, we will be closing these polls very shortly. If you have not already voted and wished to do so, please do so now. Therefore, I ask that you complete your voting at this time. The Inspector of election will not accept votes submitted after the closing of the polls. Any votes submitted during the meeting today will be subject to final verification by the Inspector of Election.

I hereby declare that it is now 10.56 am Central Standard Time, and the polls are now closed for voting on the items of the business. I will now announce the preliminary results of the vote.

Please note the results to be announced are based on the preliminary tally provided by our Inspector of Election. All votes are subject to the final count certified by the inspector.

So, Kris, let's start with the votes cast for election of Directors.

Kris Veaco:

For each of the 12 Director nominees has received the requisite number of votes required for election.

Rishi Varma:

Thank you, Kris. Based on the vote, I declare that all 12 Director nominees have been elected to serve for the next year to hold office until their successors are duly elected and qualify. Now for the results of the vote on the ratification of Ernst & Young as HPE's independent registered public accounting firm.

Kris Veaco:

The proposal for the ratification of Ernst & Young as HPE's independent registered public accounting firm has received the affirmative vote of 99% of the shares voted.

Rishi Varma:

Based on the vote, I declare that the appointment of Ernst & Young is HPE's independent registered public accounting firm has been ratified. Now for the results of the vote on the approval of the HPE 2021 Stock Incentive Plan.

Kris Veaco:

The proposal for approval of the HPE 2021 stock incentive plan has received the affirmative vote of 97% of the shares voted.

Rishi Varma:

Excellent. Next, the results of the advisory vote regarding executive compensation.

Kris Veaco:

The proposal for approving on an advisory basis executive compensation has received the affirmative vote of 95% of the shares voted.

Rishi Varma:

Next, the results of the advisory vote on the frequency of future advisory votes on executive compensation.

Kris Veaco:

The proposal for approving the advisory vote on the frequency of future advisory votes on executive compensation has received the affirmative vote of 97% of the shares voted with respect to one year.

Rishi Varma:

Thank you. So, based on the preliminary results of the vote, I declare that the proposals have been approved. Thanks again, Kris Veaco. I will now turn the meeting over to Pat.

Patricia Russo:

Thank you, Rishi. And thank you, Kris, for reading out the results of the vote. It is now 11:58 am Eastern Standard Time. And I declare that the business of today's meeting is concluded and the meeting is now adjourned. Thank you very much for joining us today. We're sincerely grateful for your interest in HPE and invite you to visit our Investor Relations website for additional information or for a replay of this meeting. We will file the final results based on the final vote tally in the days following the meeting.