



Hewlett Packard
Enterprise

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Supplemental GAAP to non-GAAP reconciliations

June 7, 2016

Forward-looking statements

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

Use of non-GAAP and adjusted financial information

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

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

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

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

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

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

FY16 Cash flow outlook

Cash flow \$ in billions	2015 SAM Guidance for FY16	Updated FY16 Guidance	1Q FY16 Actuals	2Q FY16 Actuals
Operating cash flow	\$5.0 – \$5.2	\$4.7 - \$4.9	\$(0.1)	\$1.1
Net capital expenditures	\$3.0	\$3.0	\$0.7	\$0.6
Free cash flow¹	\$2.0 – \$2.2	\$1.7 - \$1.9	\$(0.8)	\$0.5

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

FY16 Revenue outlook

	2015 SAM guidance for FY16	Q1 FY16 Actuals	Q2 FY16 Actuals
Revenue growth Y/Y, as reported	Growth in local currency	(3%)	1%
Currency impact	3%	7%	4%
Revenue growth Y/Y, constant currency¹	--	4%	5%

1. Adjusted to eliminate the effects of currency

FY16 Diluted net EPS outlook

	2015 SAM guidance for FY16	Updated FY16 Guidance	Q1 FY16 Actuals	Q2 FY16 Actuals
GAAP diluted net EPS	\$0.75 - \$0.85	\$1.68 – \$1.78	\$0.15	\$0.18
Non-GAAP adjustments	\$1.10 ¹	\$0.17 ²	\$0.26 ³	\$0.24 ⁴
Non-GAAP diluted net EPS	\$1.85 - \$1.95	\$1.85 - \$1.95	\$0.41	\$0.42

1. 2015 SAM guidance for FY16 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately \$1.10 per share related primarily to restructuring charges, amortization of intangible assets and separation costs

2. Updated full year guidance for FY16 non-GAAP diluted net EPS estimates exclude an after-tax gain on the divestiture of H3C Technologies and other of approximately \$1.06, and after-tax costs of approximately \$1.23 per share, related primarily to restructuring charges, amortization of intangible assets, separation costs, acquisition and other related charges and tax indemnification adjustments.

3. Q1 FY16 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately \$0.26 per share related primarily to restructuring charges, amortization of intangible assets, separation costs, acquisition and other related charges, and tax indemnification adjustments.

4. Q2 FY16 non-GAAP diluted net EPS estimates exclude after-tax costs of approximately \$0.24 per share related primarily to amortization of intangible assets, restructuring charges, separation costs, tax indemnification adjustments, and acquisition and other related charges.

2Q FY16 Operating company net cash

\$ in billions	2Q16
Total HPE gross cash ⁽¹⁾	\$9.3
Total HPE gross debt	16.1
HPE net cash (debt) ⁽²⁾	\$(6.8)
FS gross cash ⁽¹⁾	\$0.8
FS gross debt ⁽³⁾	11.3
FS net cash (debt) ⁽²⁾	\$(10.5)
Operating co. net cash ⁽²⁾⁽⁴⁾	\$3.7

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

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

3. 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

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