Hewlett Packard Enterprise

Financial Review

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HPE is well positioned to drive attractive investment returns

1. Delivered strong value creation in FY17 while navigating rising commodities costs and competitive pricing
2. Drive significant net savings with an attractive return on required funding through HPE Next
3. Significantly increase earnings per share and free cash flow in FY18
4. Provide continued robust returns of capital to shareholders enabled by a solid balance sheet
5. Drive solid and sustained total shareholder returns through long-term financial model

FY17 financial highlights

	Current FY17 outlook
Revenue[1,2]	**5% Growth** adj. for divestitures, currency, and Tier 1
Non-GAAP EPS[1,2]	Approx. **$1.00** (includes $0.06 stranded costs)
Free cash flow[3] (includes partial year ES & SW contributions)	**($1.8B)**
Returns to shareholders	**$3.0B** ($2.6B in repurchases, $0.4B in dividends)

Highlights

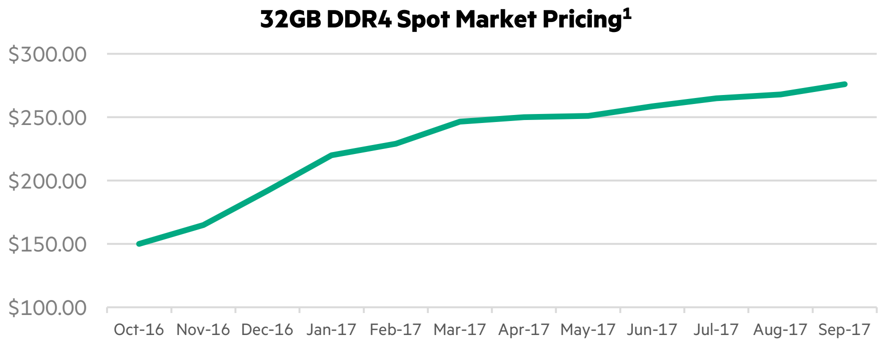
- Closed the ES and SW spin-merge transactions **delivering over $20B of value**
- SGI / SimpliVity / Nimble acquisitions **performing well** against their investment plans
- **Eliminated approx. $2.5B of unfunded pension** liability
- **Increased quarterly dividend** by 18% to $0.065 per share

1. Excludes financial contributions from Enterprise Services and Software for the full fiscal year
2. A reconciliation of specific adjustments to GAAP results and a description of HPE's use of non-GAAP and adjusted non-GAAP financial information is provided within the accompanying "Supplemental GAAP to non-GAAP reconciliations" presentation
3. 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

Markets evolving rapidly with significant commodities pressure

Hybrid IT Market Environment

- Volume **hardware market continues to be under pressure** from cloud and white-box solutions
- **Pricing environment is challenged** due to competition from both traditional players and new players
- **DRAM costs spiked in Q1 FY17** and continued increasing throughout the year and are **now at peak levels**
  - Creates a significant **headwind for FY18** particularly in the first quarter



DRAM comments:

- Current DRAM prices are **approximately 20% higher** than the average year-to-date in FY17
- At current levels, every **10% increase in average DRAM prices equates to $225M - $275M** of annualized cost increases

1. Source: De Dios & Associates

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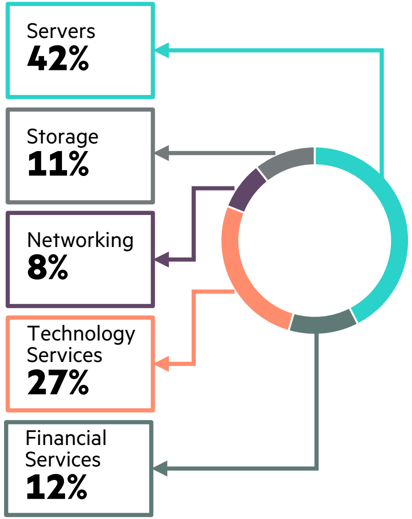
HPE is well diversified with a high mix of recurring revenue and profits

$28 **billion**[1]

Business unit net revenue mix[2]



Recurring Revenue

Recurring Operating Profit

HPE POINTNEXT

- Approx. 85% of PointNext portfolio is **highly profitable recurring Support Services** with average 3 year contracts and strong renewal rates
- Strong growth rates in new consumption based pricing models driving **incremental recurring revenue**

Financial Services

- Provides **financial flexibility** to customers
- High quality portfolio with average **lease terms of 3 years** with **loss ratios below 0.5%** of portfolio assets provides **highly predictable revenue and profit** streams
- Leverages cash from HPE debt financing to drive **13% return on equity**

1. Expected FY17 net revenue
2. Based on business unit revenue, which does not include intercompany eliminations

HPE Next will drive significant net savings with an attractive ROI

Gross cost savings	**Approx. $1.5B**
Go-to-market investments	($0.4B)
Operational investments	($0.2B)
R&D investments	($0.1B)
Net cost savings	**Approx. $0.8B**
Required cash funding	**Approx. $1.1B**

Key Assumptions

- Gross cost savings achieved by end of **three year period**
- **Net cost savings moderately front-end loaded** to FY18 and FY19
- Required cash **funding more front end loaded**
- Approx. **$300M of real estate sales** identified to partially offset cash funding

Achievement of HPE Next net savings will be evidenced by increasing total HPE operating margins

FY18 outlook and assumptions

Key assumptions	FY18
Revenue	Growth (adj. for Tier 1)
Currency impact	Approx. 2 point tailwind to revenue
Non-GAAP operating margin	Approx. 9.5%

Non-operational assumptions	FY18
OI&E w/ equity interests	Approx. $300M expense
Non-GAAP tax rate	20-22%
Diluted share count	1,600M – 1,620M

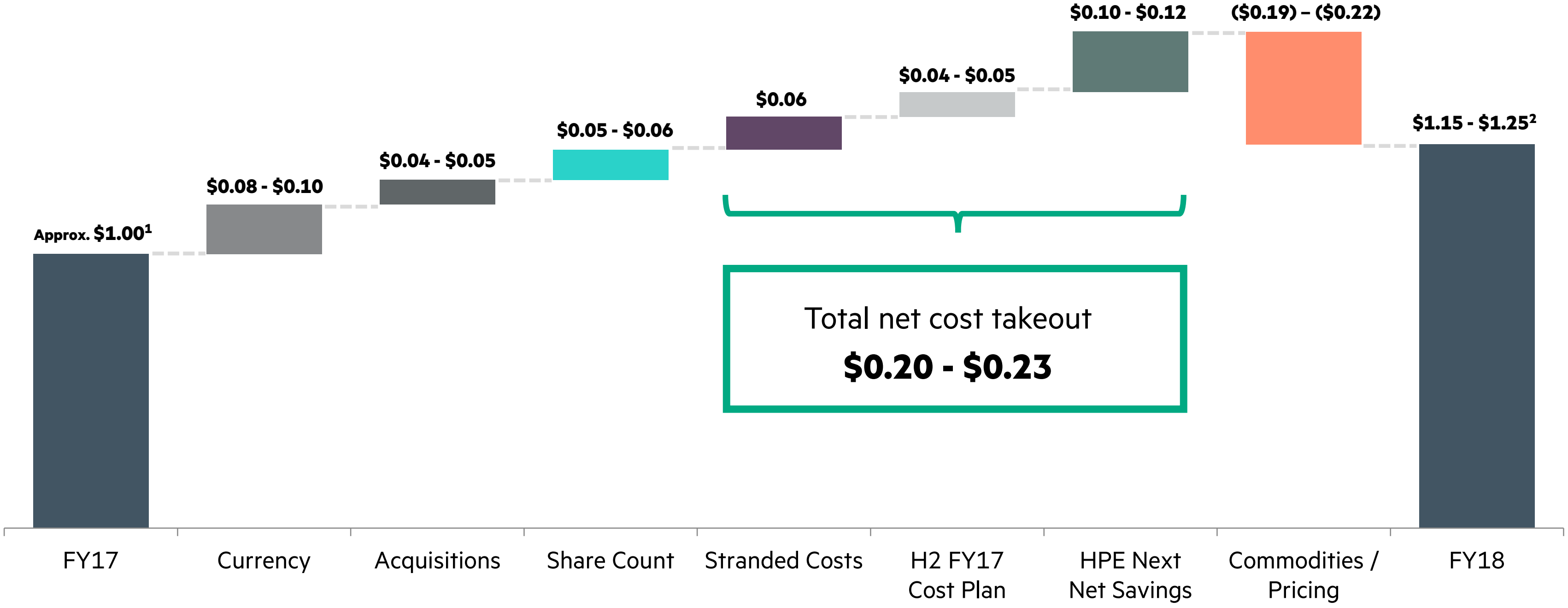
Outlook	FY18
Non-GAAP EPS[1]	$1.15 - $1.25
GAAP EPS	$0.43 - $0.53

Cash flow	FY18
Normalized free cash flow[2,3]	Approx. $2.0B

1. FY18 non-GAAP diluted net EPS excludes after-tax costs of approximately $0.72 per share primarily related to transformation costs, amortization of intangible assets, and separation costs
2. 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
3. Normalized free cash flow = free cash flow excluding HPE Next funding, tax settlement payments, ES/SW separation cash payments, restructuring cash payments, and real estate sales

Significant EPS improvement expected in FY18

Non-GAAP diluted net EPS



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2. FY18 non-GAAP diluted net EPS excludes after-tax costs of approximately $0.72 per share primarily related to transformation costs, amortization of intangible assets, and separation costs

Free cash flow improves in FY18 with reduced separation payments

FY18 normalized free cash flow[1,2]	**Approx. $2.0B**
ES/SW separation payments	($0.1B)
Legacy restructuring payments	($0.1B)
Tax settlements	($0.3B)
HPE Next funding	($0.6B)
Real estate sales	$0.1B
FY18 reported free cash flow[1]	**Approx. $1.0B**

Key Assumptions

- Normalized free **cash flow aligns to non-GAAP net earnings**
- ES/SW separation payments reflect **delay of tax credits** previously expected in FY18
- HPE Next **funding is partially offset by real estate sales** enabled through the ES/SW spin-offs
- Working capital expected to be **neutral to cash flow** over time

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2. Normalized free cash flow = free cash flow excluding HPE Next funding, tax settlement payments, ES/SW separation cash payments, restructuring cash payments, and real estate sales

One-time cash payments decrease in each year going forward

	FY18	FY19	FY20
ES/SW separation payments	$0.1B	-	($0.1B)
Legacy restructuring payments[1]	$0.1B	-	-
HPE Next funding[2]	$0.6B	$0.3B	$0.1B
Total one-time cash payments	**$0.8B**	**$0.3B**	**-**

1. Includes payments associated with the Fiscal 2015 Plan
2. HPE Next funding in FY17 is expected to be $0.1B

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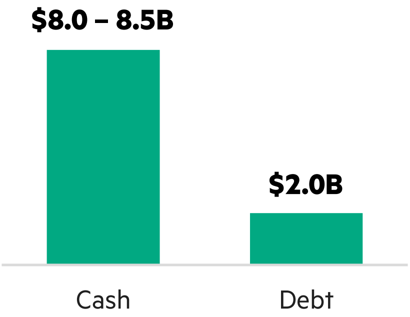
Solid balance sheet enables disciplined investments and cash return

Operating company net cash[1]

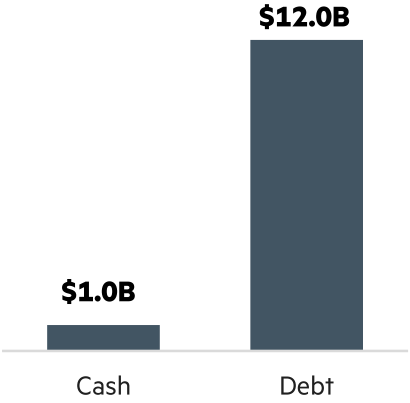
$6.0 – 6.5 billion

FY17 ending balance expectations

Operating Company



Financing Company



Key Credit Highlights

- Committed to existing **investment grade** credit rating
  - Enables **competitive cost of funding** to support $13B of Financial Services net portfolio assets
  - Provides **access to commercial paper** markets
- **Strong liquidity** profile
- Substantially all of **cash balance resides off-shore** with **access in the US** over time

1. Operating company net cash (debt) is total HPE net cash (debt) less HPE Financial Services net cash (debt), HPE Financial Services is expected to have approximately $1B of cash and $12B of debt

HPE will continue robust capital returns to shareholders in FY18

ROI-based strategy with rigorous investment evaluation process

Investment in key growth areas

Bias towards share repurchases

Remain committed to growing dividends

FY18		FY18		FY18
$2.0B	+	**$0.5B**	=	**$2.5B**
Share Repurchases		Dividends		Return to Shareholders

Share repurchase authorization increased by $5.0B

HPE's return of cash to shareholders is among the top of S&P 500 companies

	Share Repurchases		Dividends	
	$	% of Market Cap[1]	$	Yield[2]
FY16	$2.7B	10%	$0.4B	1.3%
FY17	$2.6B	7%	$0.4B	1.3%
FY18	$2.0B	8%	$0.5B	2.0%

Key Highlights

- HPE will have returned **$8.5B of cash to shareholders** over a three year period through the end of FY18
- HPE is **repurchasing 3 to 5 times more than the S&P 500** of its shares outstanding as a percentage of market capitalization
- Dividend **yield is increasing** and is expected to be near the median of the S&P 500
  - Quarterly dividend was raised 18% in FY17 with another **meaningful 15% increase** approved for FY18

1. Based on market capitalization at beginning of each fiscal year; FY18 assumes market capitalization on October 13, 2017
2. Based on average closing stock price for each fiscal year; FY17 assumes average closing stock price through October 13, 2017; FY18 assumes closing stock price on October 13, 2017

Long-term financial model drives solid and sustained shareholder returns

Financial focus areas

1	Sustain the core business and pivot to **faster growing markets**
2	Continue to have **diversified revenue streams** with **more than 2/3 of profits recurring**
3	**Drive margin improvements** through an optimized operating model, targeted cost reductions, and favorable product mix
4	Generate **free cash flow** returning to normalized levels
5	Utilize **solid balance sheet** for capital returns to shareholders and disciplined investments

Long-term financial model

Revenue growth
0-1%

Operating profit growth
4-5%

Earnings per share growth
7-9%

Cash flow
Long-term trajectory tracks earnings

Capital distributions
ROI-based with at least 75% of normalized free cash flow
Share repurchases: Valuation-based
Dividends: Meaningful annual increases

Key takeaways

1. Delivered strong value creation in FY17 while navigating rising commodities costs and competitive pricing
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