



Hewlett-Packard Limited Retirement Benefits Plan: Digital Section (the Plan)

Annual Actuarial Report as at 31 October 2017

Prepared for	Hewlett Packard Enterprise UK Pension Trustee Limited (the Trustee)
Prepared by	David Eteen FIA, Scheme Actuary
Date	10 April 2018

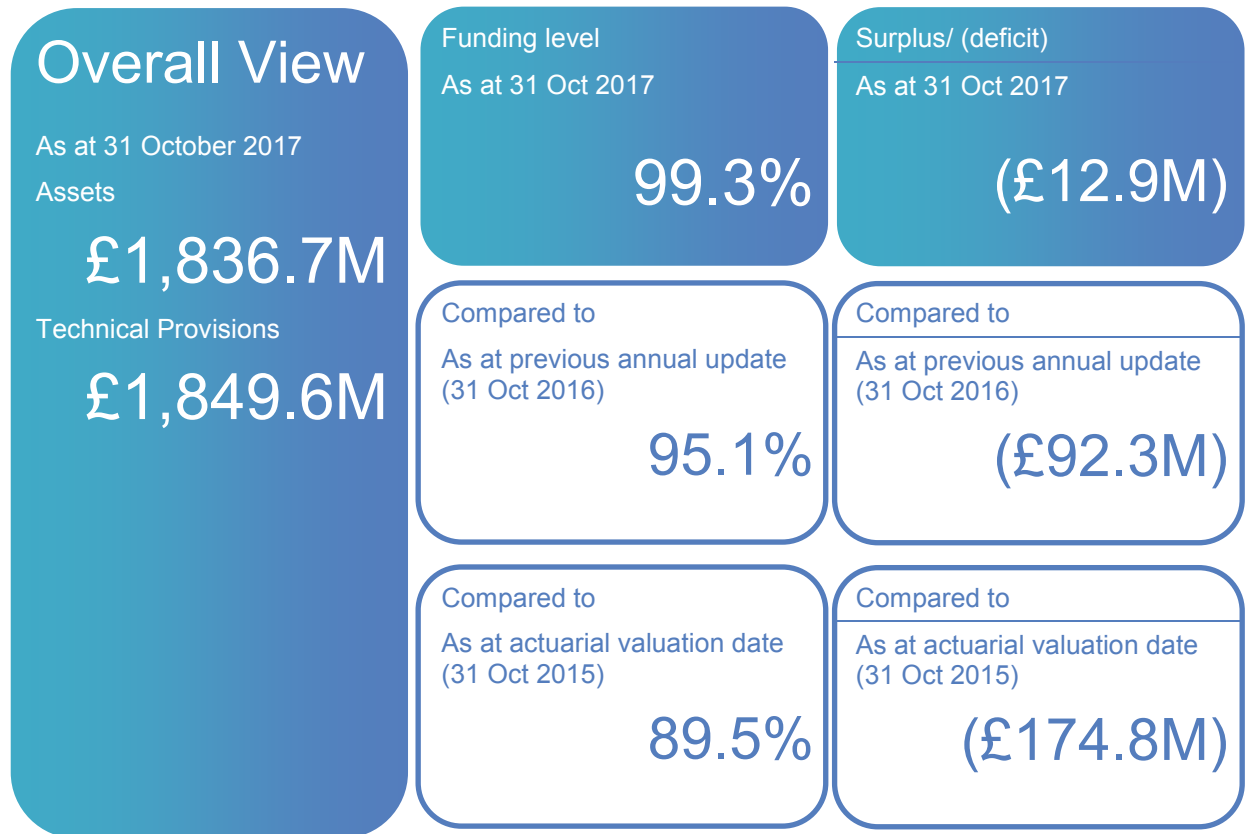
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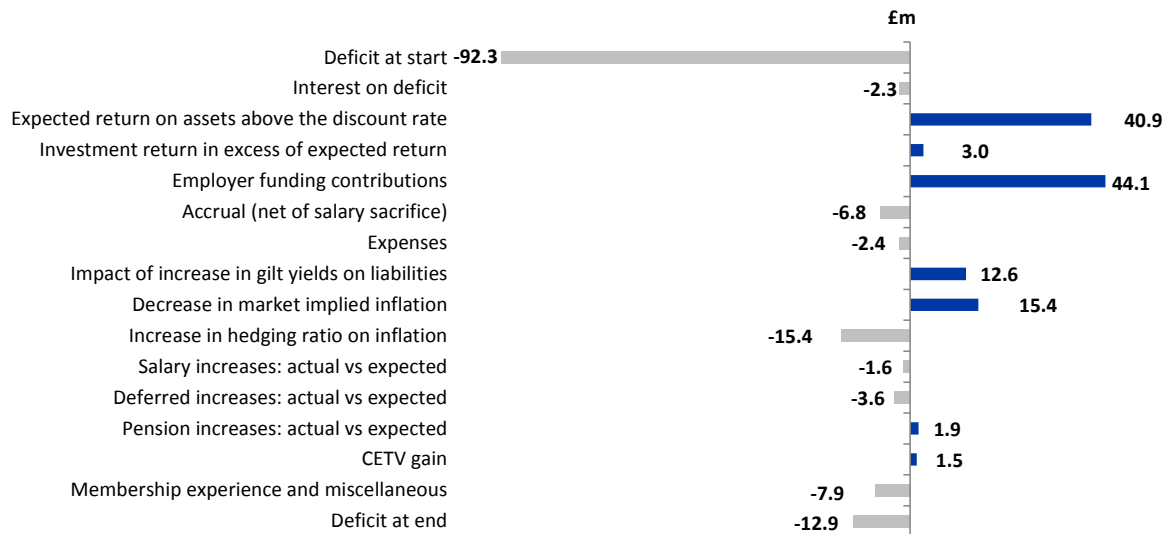
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Annual funding update as at 31 October 2017



Analysis

Reasons for change in Technical Provisions deficit since 31 October 2016



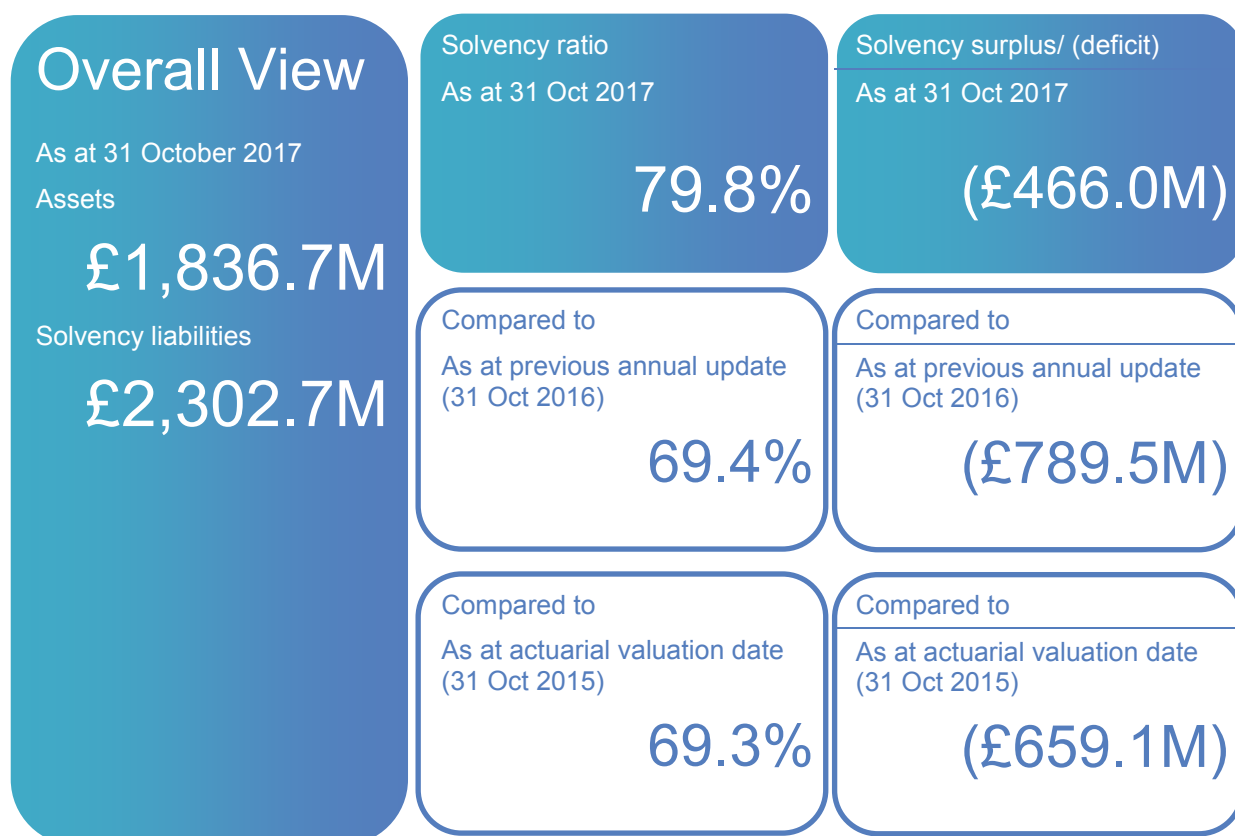
Comments

The chart above sets out the factors contributing to the change in the funding deficit, which reduced by £79.4m over the year to 31 October 2017.

Since 31 October 2016:

- The assets have increased, due to higher than expected investment returns and the Company's contributions of £43.9 million paid in March 2017 and £0.2 million in October 2017.
- The technical provisions have decreased over the period as a result of a rise in the expected return on bonds and a decrease in expectations for future inflation. This meant that less money was needed to be set aside in order to pay benefits in the future.

Solvency funding update



Background information

Purpose

This is the annual actuarial report required by legislation.

Its purpose is to provide an update of the assets and Technical Provisions of the Digital Section of the Hewlett-Packard Limited Retirement Benefits Plan (the Plan).

This update is intended to be used by the Trustee as the basis of the summary funding statement provided to members.

A copy of this report must be made available to the sponsor within seven days of receiving it and to members within two months of request.

Method

This funding update is consistent with the Technical Provisions calculations for the formal actuarial valuation as at 31 October 2015. The assumptions used have been modified only insofar as is necessary to maintain consistency with the statement of funding principles dated 30 June 2017, reflecting the change in the effective date and in relevant market conditions.

The figures in this update have been based on full actuarial calculations using membership data provided by the Plan administrators.

This update is designed to give a broad picture of the direction of funding changes since the actuarial valuation but does not have the same level of reliability as, and therefore does not replace the need for, formal actuarial valuations.

It does not reflect any changes to assumptions which would be made if a full actuarial valuation were to be carried out to reflect, for example, changes to the covenant of the sponsoring employer, investment strategy or economic outlook.

If you believe there has been a material deterioration in the covenant or the economic outlook and/or the Plan's investment strategy has changed materially since the last valuation, it may not be suitable to rely on the results of this actuarial report as being representative of the Plan's funding position as at 31 October 2017 were you to have reviewed your statement of funding principles and conducted an out of cycle actuarial valuation.

Membership data

The actuarial calculations as at 31 October 2017 are based on membership data as at 31 July 2017 provided by Equiniti Paymaster Ltd (the Plan administrators). The update therefore allows for changes during most of the year such as membership movements and salary increases. I am not aware of any significant membership changes between 31 July 2017 and 31 October 2017. A summary of the data used is set out in the Appendix.

Assets

For the purpose of this update, I have used an audited value of the Plan's assets (excluding money purchase AVCs) as at 31 October 2017.

Making decisions

Other than deciding that it is not necessary to commission an out of cycle actuarial valuation, you should not rely on this update when making any decision about plan funding or the investment strategy, without first talking to me.

Glossary

Funding level/ratio is the ratio of the value of assets to the value of liabilities.

Surplus / Deficit displays the value of assets less the value of the liabilities. If the value of the liabilities is greater than the value of the assets, then the difference is called a deficit.

Technical Provisions represent the funding target for a scheme agreed as part of the actuarial valuation.

Solvency ratio represents the value of assets expressed as a percentage of the cost of buy-in out the liabilities from an insurance company.

Appendix: Membership Data

A summary of the membership data provided is set out below

Membership data as at 31 July 2017 was provided by Equiniti Paymaster Ltd

Active members

	Number	Average age	Total annual salaries (£000 p.a.)	Average annual salary (£ p.a.)	Average service (years)
2017	244	54	14,038	57,533	26
2016	335	53	20,290	60,568	25

Deferred pensioners

	Number	Average age	Total deferred pensions (£000 p.a.)	Average pension (£ p.a.)
2017	5,859	55	32,725	5,585
2016	6,138	54	33,276	5,421

Pensioners

	Number	Average age	Total pensions (£000 p.a.)	Average pension (£ p.a.)
2017	4,097	68	38,573	9,415
2016	3,889	68	36,249	9,321

Notes

- The average service for active members includes any transferred in service
- The deferred pension amounts include revaluations up to 31 October of the relevant year
- The pensioners include dependants including dependant children
- Average age figures shown are un-weighted
- The membership data is as at 31 July of the relevant year

Further information

Requirement for report

This report is required by and has been produced in accordance with section 224 of the Pensions Act 2004 and Regulation 7 of the Occupational Pension Schemes (Scheme Funding) regulations 2005.

This report has been requested by the Trustee of the Plan. It has been prepared under the terms of the Scheme Actuary Agreement between the Trustee and me on the understanding that it is solely for the benefit of the addressee.

TAS compliant

This report and the work relating to it comply with 'Technical Actuarial Standard 100: Principles for Technical Actuarial Work' and 'Technical Actuarial Standard 300: Pensions'.

This report should be read in conjunction with:

- My Annual Actuarial Report as at 31 October 2016 dated 27 July 2017
- My report on the most recent actuarial valuation of the Plan as at 31 October 2015 dated 12 July 2017
- The statement of funding principles dated 30 June 2017

The compliance is on the basis that the Trustee of the Hewlett-Packard Limited Retirement Benefits Plan is the addressee and the only user of this report, and that the report is only to be used to form the basis of the summary funding statement provided to members and to help the Trustee decide whether an out of cycle actuarial valuation needs further consideration.

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