

Agilent Technologies, Inc.
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AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Three Months Ended October 31,		Percent Inc/(Dec)
	2015	2014	
Net revenue	\$ 1,035	\$ 1,043	(1%)
Costs and expenses:			
Cost of products and services	500	564	(11%)
Research and development	82	97	(15%)
Selling, general and administrative	297	312	(5%)
Total costs and expenses	<u>879</u>	<u>973</u>	(10%)
Income from operations	156	70	123%
Interest income	1	2	(50%)
Interest expense	(16)	(23)	(30%)
Other income (expense), net	<u>2</u>	<u>(71)</u>	—
Income (loss) from continuing operations before taxes	143	(22)	—
Provision for income taxes	<u>3</u>	<u>4</u>	(25%)
Income (loss) from continuing operations	140	(26)	—
Income from discontinued operations, net of tax	<u>-</u>	<u>49</u>	
Net income	<u>\$ 140</u>	<u>\$ 23</u>	509%
Net income per share - Basic:			
Income (loss) from continuing operations	\$ 0.42	\$ (0.08)	
Income from discontinued operations	\$ -	\$ 0.15	
Net income per share - Basic	<u>\$ 0.42</u>	<u>\$ 0.07</u>	
Net income per share - Diluted:			
Income (loss) from continuing operations	\$ 0.42	\$ (0.08)	
Income from discontinued operations	\$ -	\$ 0.15	
Net income per share - Diluted	<u>\$ 0.42</u>	<u>\$ 0.07</u>	
Weighted average shares used in computing net income per share:			
Basic	331	334	
Diluted	333	334	
Cash dividends declared per common share	\$ 0.100	\$ 0.132	

The preliminary income statement is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Years Ended October 31,		Percent Inc/(Dec)
	2015	2014	
Net revenue	\$ 4,038	\$ 4,048	—
Costs and expenses:			
Cost of products and services	1,997	2,072	(4%)
Research and development	330	358	(8%)
Selling, general and administrative	1,189	1,199	(1%)
Total costs and expenses	<u>3,516</u>	<u>3,629</u>	(3%)
Income from operations	522	419	25%
Interest income	7	9	(22%)
Interest expense	(66)	(110)	(40%)
Other income (expense), net	17	(89)	—
Income from continuing operations before taxes	480	229	110%
Provision for income taxes	45	31	45%
Income from continuing operations	435	198	120%
Income (loss) from discontinued operations, net of tax	(37)	306	
Net income	<u>\$ 398</u>	<u>\$ 504</u>	(21%)
Net income per share - Basic:			
Income from continuing operations	\$ 1.31	\$ 0.59	
Income (loss) from discontinued operations	\$ (0.11)	\$ 0.92	
Net income per share - Basic	<u>\$ 1.20</u>	<u>\$ 1.51</u>	
Net income per share - Diluted:			
Income from continuing operations	\$ 1.30	\$ 0.59	
Income (loss) from discontinued operations	\$ (0.11)	\$ 0.90	
Net income per share - Diluted	<u>\$ 1.19</u>	<u>\$ 1.49</u>	
Weighted average shares used in computing net income per share:			
Basic	333	333	
Diluted	335	338	
Cash dividends declared per common share	\$ 0.400	\$ 0.528	

The preliminary income statement is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)
PRELIMINARY

	Three Months Ended October 31,		Years Ended October 31,	
	2015	2014	2015	2014
Net income	\$ 140	\$ 23	\$ 398	\$ 504
Other comprehensive income (loss), net of tax				
Unrealized gain on investments	—	3	—	11
Amounts reclassified into earnings related to investments	—	—	—	(1)
Unrealized gain on derivative instruments	1	7	8	8
Amounts reclassified into earnings related to derivative instrument	(3)	—	(12)	1
Foreign currency translation	(2)	(210)	(339)	(269)
Net defined benefit pension cost and post retirement plan costs				
Change in actuarial net loss	(63)	(179)	(46)	(143)
Change in net prior service benefit	(2)	(8)	(10)	(32)
Other comprehensive loss	<u>(69)</u>	<u>(387)</u>	<u>(399)</u>	<u>(425)</u>
Total comprehensive income (loss)	<u>\$ 71</u>	<u>\$ (364)</u>	<u>\$ (1)</u>	<u>\$ 79</u>

The preliminary statement of comprehensive income is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(In millions, except par value and share amounts)
(Unaudited)
PRELIMINARY

	<u>October 31,</u> <u>2015</u>	<u>October 31,</u> <u>2014</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,003	\$ 2,218
Short-term restricted cash and cash equivalents	242	—
Accounts receivable, net	606	626
Inventory	541	574
Other current assets	294	261
Current assets of discontinued operations	—	1,821
Total current assets	3,686	5,500
Property, plant and equipment, net	604	631
Goodwill	2,366	2,507
Other intangible assets, net	445	649
Long-term investments	86	96
Other assets	289	283
Non-current assets of discontinued operations	—	1,165
Total assets	\$ 7,476	\$ 10,831
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 279	\$ 302
Employee compensation and benefits	221	228
Deferred revenue	258	260
Other accrued liabilities	228	289
Current liabilities of discontinued operations	—	623
Total current liabilities	986	1,702
Long-term debt	1,655	1,663
Retirement and post-retirement benefits	264	209
Other long-term liabilities	413	522
Long-term liabilities of discontinued operations	—	1,434
Total liabilities	3,318	5,530
Total Equity:		
Stockholders' equity:		
Preferred stock; \$0.01 par value; 125 million shares authorized; none issued and outstanding	—	—
Common stock; \$0.01 par value, 2 billion shares authorized; 611 million shares at October 31, 2015 and 608 million shares at October 31, 2014, issued	6	6
Treasury stock at cost; 279 million shares at October 31, 2015 and 273 million shares at October 31, 2014	(10,074)	(9,807)
Additional paid-in-capital	9,043	8,967
Retained earnings	5,581	6,466
Accumulated other comprehensive loss	(401)	(334)
Total stockholders' equity	4,155	5,298
Non-controlling interest	3	3
Total equity	4,158	5,301
Total liabilities and equity	\$ 7,476	\$ 10,831

The preliminary balance sheet is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)
(Unaudited)
PRELIMINARY

	Three Months Ended October 31, 2015	Year Ended October 31, 2015
Cash flows from operating activities:		
Net income	\$ 140	\$ 398
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	60	253
Share-based compensation	11	54
Excess tax benefit from share-based plans	(3)	(8)
Excess and obsolete inventory related charges	10	30
Other non-cash expenses, net	6	19
Changes in assets and liabilities:		
Accounts receivable	(25)	(24)
Inventory	(6)	(24)
Accounts payable	21	(26)
Employee compensation and benefits	32	5
Other assets and liabilities	(9)	(186)
Net cash provided by operating activities ^(a)	<u>237</u>	<u>491</u>
Cash flows from investing activities:		
Investments in property, plant and equipment	(27)	(98)
Proceeds from sale of property, plant and equipment	1	12
Proceeds from divestiture	—	3
Payment to acquire equity method investment	—	(1)
Change in restricted cash and cash equivalents, net	(241)	(240)
Payment in exchange for convertible note	—	(2)
Acquisition of businesses and intangible assets, net of cash acquired	(8)	(74)
Net cash used in investing activities	<u>(275)</u>	<u>(400)</u>
Cash flows from financing activities:		
Issuance of common stock under employee stock plans	1	58
Treasury stock repurchases	—	(267)
Payment of dividends	(33)	(133)
Net transfer to Keysight	—	(734)
Excess tax benefit from share-based plans	3	8
Net cash used in financing activities	<u>(29)</u>	<u>(1,068)</u>
Effect of exchange rate movements	(5)	(48)
Net decrease in cash and cash equivalents	(72)	(1,025)
Change in cash and cash equivalents within current assets of discontinued operations	—	810
Cash and cash equivalents at beginning of period	<u>2,075</u>	<u>2,218</u>
Cash and cash equivalents at end of period	<u>\$ 2,003</u>	<u>\$ 2,003</u>
^(a) Cash payments included in operating activities:		
Severance payments	3	33
Income tax payments, net	9	129

The preliminary cash flow is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
LIFE SCIENCES AND APPLIED MARKETS SEGMENT
(Unaudited)
PRELIMINARY

(In millions, except margins data)

	2015				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 547	\$ 473	\$ 511	\$ 515	\$ 2,046
Gross margin %	56.1%	56.1%	55.6%	56.9%	56.2%
Income from operations	\$ 107	\$ 75	\$ 95	\$ 103	\$ 380
Operating margin %	19.6%	15.8%	18.7%	20.0%	18.6%

	2014				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 537	\$ 495	\$ 507	\$ 539	\$ 2,078
Gross margin %	56.2%	54.4%	55.2%	57.1%	55.8%
Income from operations	\$ 105	\$ 71	\$ 84	\$ 109	\$ 369
Operating margin %	19.6%	14.2%	16.5%	20.2%	17.7%

Income from operations reflect the results of our reportable segments under Agilent's management reporting system which are not necessarily in conformity with GAAP financial measures. Income from operations of our reporting segments exclude, among other things, charges related to the amortization of intangibles, the impact of restructuring charges, transformational initiatives, acquisition and integration costs, business exit and divestiture costs and pre-separation costs.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

The preliminary segment information is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
DIAGNOSTICS AND GENOMICS SEGMENT
(Unaudited)
PRELIMINARY

(In millions, except margins data)

	2015				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 148	\$ 169	\$ 167	\$ 178	\$ 662
Gross margin %	48.9%	54.8%	57.0%	56.0%	54.4%
Income from operations	\$ 1	\$ 25	\$ 28	\$ 34	\$ 88
Operating margin %	0.5%	15.0%	16.8%	19.2%	13.3%

	2014				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 157	\$ 168	\$ 166	\$ 172	\$ 663
Gross margin %	58.3%	57.8%	55.7%	54.0%	56.4%
Income from operations	\$ 19	\$ 26	\$ 22	\$ 26	\$ 93
Operating margin %	12.3%	15.2%	13.5%	14.9%	14.0%

Income from operations reflect the results of our reportable segments under Agilent's management reporting system which are not necessarily in conformity with GAAP financial measures. Income from operations of our reporting segments exclude, among other things, charges related to the amortization of intangibles, the impact of restructuring charges, transformational initiatives, acquisition and integration costs and pre-separation costs.

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The preliminary segment information is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
AGILENT CROSSLAB™ SEGMENT
(Unaudited)
PRELIMINARY

(In millions, except margins data)

	2015				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 331	\$ 321	\$ 336	\$ 342	\$ 1,330
Gross margin %	50.1%	49.6%	48.5%	50.3%	49.6%
Income from operations	\$ 68	\$ 69	\$ 76	\$ 86	\$ 299
Operating margin %	20.7%	21.5%	22.6%	25.1%	22.5%

	2014				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 314	\$ 325	\$ 336	\$ 332	\$ 1,307
Gross margin %	48.5%	47.9%	49.1%	48.5%	48.5%
Income from operations	\$ 69	\$ 70	\$ 84	\$ 78	\$ 301
Operating margin %	22.0%	21.5%	24.9%	23.6%	23.0%

Income from operations reflect the results of our reportable segments under Agilent's management reporting system which are not necessarily in conformity with GAAP financial measures. Income from operations of our reporting segments exclude, among other things, charges related to the amortization of intangibles, the impact of restructuring charges, transformational initiatives, acquisition and integration costs and pre-separation costs.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

The preliminary segment information is estimated based on our current information.

Agilent Technologies, Inc.
Non-GAAP Operating Results Q1FY14 - Q4FY15
(Unaudited)

M\$	Q1'14 ^(a)	Q2'14 ^(a)	Q3'14 ^(a)	Q4'14 ^(a)	Preliminary					Q4
					Q1'15	Q2'15	Q3'15	Q4'15	Y/Y	
Net Revenue	1,008	988	1,009	1,043	1,026	963	1,014	1,035		-1%
Gross Profit %	54.1%	52.9%	53.3%	53.8%	53.1%	53.8%	53.5%	54.6%		0.8 ppt
R&D	86	85	87	87	82	80	77	77		-11%
% Revenue	8.5%	8.6%	8.6%	8.3%	8.0%	8.3%	7.6%	7.4%		-0.9 ppt
SG&A	266	270	261	261	286	269	266	265		2%
% Revenue	26.4%	27.3%	25.9%	25.0%	27.9%	27.9%	26.2%	25.6%		0.6 ppt
Operating Profit	193	167	190	213	176	169	199	223		5%
Operating Margin	19.2%	16.9%	18.8%	20.4%	17.2%	17.6%	19.7%	21.5%		1.1 ppt
Other Income/ (Expense)	(27)	(25)	(26)	(21)	(2)	(8)	(15)	(13)		-38%
Pre-Tax Earnings	166	142	164	192	174	161	184	210		9%
Income Tax	26	23	27	31	35	32	37	42		35%
Income from continuing operations	140	119	137	161	139	129	147	168		4%
Regular Headcount	11,300	11,500	11,800	11,900	11,700	11,600	11,600	11,800		0.8 ppt
Net Margin	13.9%	12.0%	13.6%	15.4%	13.5%	13.4%	14.5%	16.2%		0.8 ppt
Non-GAAP EPS	\$ 0.41	\$ 0.35	\$ 0.41	\$ 0.48	\$ 0.41	\$ 0.38	\$ 0.44	\$ 0.50		0.02

(a) Non-GAAP operating results are presented on a continuing operations basis. Prior periods have been restated to exclude Keysight Technologies, Inc. (Agilent's former Electronics Measurement Group) which was separated from Agilent effective on November 1, 2014, the distribution date.

We provide the non-GAAP income statements in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to the amortization of intangibles, the impact of restructuring charges, transformational initiatives, acquisition and integration costs, business exit and divestiture costs, net loss on debt extinguishment and pre-separation costs.

Restructuring costs include incremental expenses associated with publicly announced major restructuring programs, usually aimed at material changes in business and/or cost structure. Such costs may include one-time termination benefits, asset impairments, facility-related costs and contract termination fees.

Asset impairments and write-downs include assets that have been written-down to their fair value.

Transformational initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers, small site consolidations, reorganizations, insourcing or outsourcing of activities. Such costs may include move and relocation costs, one-time termination benefits and other one-time reorganization costs. Included in this category are also expenses associated with the post-separation resizing of the IT infrastructure and streamlining of IT systems as well as the expenses incurred to effect the Agile Agilent reengineering.

Acquisition and Integration costs include all incremental expenses incurred to effect a business combination. Such acquisition costs may include advisory, legal, accounting, valuation, and other professional or consulting fees. Such integration costs may include expenses directly related to integration of business and facility operations, information technology systems and infrastructure and other employee-related costs.

Pre-separation costs include Agilent-specific incremental expenses incurred in order to effect the separation, through November 1, 2014 distribution date.

Net loss on extinguishment of debt relates to the early redemption of some of our senior notes.

Business exit and divestiture costs include costs associated with the exit of the NMR business and the divestiture of the XRD

Our management uses non-GAAP measures to evaluate the performance of our core businesses, to estimate future core performance and to compensate employees. Since management finds this measure to be useful, we believe that our investors benefit from seeing our results "through the eyes" of management in addition to seeing our GAAP results. This information facilitates our management's internal comparisons to our historical operating results as well as to the operating results of our competitors.

Our management recognizes that items such as amortization of intangibles, net loss on debt extinguishment and restructuring charges can have a material impact on our cash flows and/or our net income. Our GAAP financial statements including our statement of cash flows portray those effects. Although we believe it is useful for investors to see core performance free of special items, investors should understand that the excluded items are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company's profit and loss from any and all events, management does (and investors should) rely upon the GAAP income statement. The non-GAAP numbers focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

For reconciliations of the non-GAAP financial information to the most directly comparable GAAP information, please see the non-GAAP reconciliations for all prior periods provided at the Investor's page of our website.

AGILENT TECHNOLOGIES, INC.
REVENUE BY REGION
(in millions)
(Unaudited)
PRELIMINARY

	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q4'15 Year Over Year Percent Inc/(Dec)
GAAP						
Americas	\$ 376	\$ 342	\$ 344	\$ 363	\$ 383	2%
Europe	330	361	298	304	315	(5%)
Asia Pacific	337	323	321	347	337	—
Revenue	\$ 1,043	\$ 1,026	\$ 963	\$ 1,014	\$ 1,035	(1%)

Management believes that this measure provides useful information to investors by reflecting an additional way of viewing aspects of Agilent's operations that, when reconciled to the corresponding GAAP measures, help our investors to better identify underlying growth trends in our business and facilitate easier comparisons of our revenue performance with prior and future periods and to our peers.

The preliminary reconciliation of revenue by region is based on our current information.

AGILENT TECHNOLOGIES, INC.
RECONCILIATION FROM GAAP TO NON-GAAP

THREE MONTHS ENDED OCTOBER 31, 2015
(Unaudited)
PRELIMINARY

NON-GAAP ADJUSTMENTS

(in millions, except per share amounts)

			GAAP	Asset Impairments and Write-downs	Intangible Amortization	Transformational Initiatives	Acquisition & Integration Costs	Business Exit and Divestiture Costs	Other	Adjustment for Taxes	Non-GAAP	
Net Revenue	Change Year Over Year	-1%	\$ 1,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,035	-1% Change Year Over Year
Costs and expenses:												
Cost of products and services	Gross Margin	51.7%	500	-	(24)	(6)	-	2	(2)	-	470	54.6% Gross Margin
Research and development	As a % of Revenue	7.9%	82	(3)	-	-	(1)	(1)	-	-	77	7.4% As a % of Revenue
Selling, general and administrative	As a % of Revenue	28.7%	297	-	(13)	(9)	(6)	(2)	(2)	-	265	25.6% As a % of Revenue
Total costs and expenses			879	(3)	(37)	(15)	(7)	(1)	(4)	-	812	
Income from operations	Operating Margin	15.1%	156	3	37	15	7	1	4	-	223	21.5% Operating Margin
Other income(expense), net			(13)	-	-	-	-	-	-	-	(13)	
Income from continuing operations before taxes			143	3	37	15	7	1	4	-	210	
Provision for income taxes	Tax Rate	2%	3	-	-	-	-	-	-	39	42	20% Tax Rate
Income from continuing operations	Net Margin	13.5%	\$ 140	\$ 3	\$ 37	\$ 15	\$ 7	\$ 1	\$ 4	\$ (39)	\$ 168	16.2% Net Margin

Income from continuing operations per share - Basic and Diluted:

Basic	\$ 0.42	\$ 0.01	\$ 0.11	\$ 0.05	\$ 0.02	\$ -	\$ 0.01	\$ (0.11)	\$ 0.51
Diluted	\$ 0.42	\$ 0.01	\$ 0.11	\$ 0.05	\$ 0.02	\$ -	\$ 0.01	\$ (0.12)	\$ 0.50

Weighted average shares used in computing net income (loss) per share:

Basic	331	331	331	331	331	331	331	331	331
Diluted	333	333	333	333	333	333	333	333	333

The preliminary reconciliation from GAAP to Non-GAAP net income is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
RECONCILIATION FROM GAAP TO NON-GAAP

YEAR ENDED OCTOBER 31, 2015
(Unaudited)
PRELIMINARY

		NON-GAAP ADJUSTMENTS											
		GAAP	Asset Impairments and Write-downs	Acceleration of Share-based Compensation Related to Workforce Reduction	Intangible Amortization	Transformational Initiatives	Acquisition & Integration Costs	Business Exit and Divestiture Costs	Other	Adjustment for Taxes	Non-GAAP		
(in millions, except per share amounts)													
Net Revenue	Change Year Over Year	0%	\$ 4,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,038	0% Change Year Over Year
Costs and expenses:													
Cost of products and services	Gross Margin	50.5%	1,997	-	-	(101)	(16)	(2)	(5)	(4)	-	1,869	53.7% Gross Margin
Research and development	As a % of Revenue	8.2%	330	(3)	-	-	(3)	(3)	(5)	-	-	316	7.8% As a % of Revenue
Selling, general and administrative	As a % of Revenue	29.4%	1,189	-	(2)	(55)	(37)	(8)	(2)	1	-	1,086	26.9% As a % of Revenue
	Total costs and expenses		3,516	(3)	(2)	(156)	(56)	(13)	(12)	(3)	-	3,271	
Income from operations	Operating Margin	12.9%	522	3	2	156	56	13	12	3	-	767	19.0% Operating Margin
Other income(expense), net			(42)	-	-	-	-	-	2	2	-	(38)	
Income from continuing operations before taxes			480	3	2	156	56	13	14	5	-	729	
Provision for income taxes	Tax Rate	9%	45	-	-	-	-	-	-	-	101	146	20% Tax Rate
Income from continuing operations	Net Margin	10.8%	\$ 435	\$ 3	\$ 2	\$ 156	\$ 56	\$ 13	\$ 14	\$ 5	\$ (101)	\$ 583	14.4% Net Margin
Income from continuing operations per share - Basic and Diluted:													
	Basic		\$ 1.31	\$ 0.01	\$ 0.01	\$ 0.47	\$ 0.17	\$ 0.04	\$ 0.04	\$ 0.01	\$ (0.31)	\$ 1.75	
	Diluted		\$ 1.30	\$ 0.01	\$ 0.01	\$ 0.47	\$ 0.17	\$ 0.04	\$ 0.04	\$ 0.01	\$ (0.31)	\$ 1.74	
Weighted average shares used in computing net income (loss) per share:													
	Basic		333	333	333	333	333	333	333	333	333	333	333
	Diluted		335	335	335	335	335	335	335	335	335	335	335

The preliminary reconciliation from GAAP to Non-GAAP net income is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
RECONCILIATION OF ADJUSTED NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGINS

(In millions, except margin data)
(Unaudited)
PRELIMINARY

	Q4 2015	Operating Margin %	Q4 2014	Operating Margin %	FY 2015	Operating Margin %	FY 2014	Operating Margin %
Revenue:	\$ 1,035		\$ 1,043		\$ 4,038		\$ 4,048	
Income from operations:								
GAAP Income from operations	\$ 156	15.1%	\$ 70	6.7%	\$ 522	12.9%	\$ 419	10.4%
Add:								
Restructuring and other related cost	—		—		—		(2)	
Amortization of intangible assets	37		45		156		189	
Transformational initiatives	15		11		56		29	
Acquisition and integration costs	7		1		13		11	
Asset impairments and write-downs	3		4		3		4	
Acceleration of share-based compensation expense related to workforce reduction	—		1		2		1	
Business exit and divestiture costs	1		68		12		68	
Pre-separation costs	—		6		—		14	
Unallocated corporate costs	—		10		—		40	
Other	4		(3)		3		(10)	
Non-GAAP income from operations	\$ 223	21.5%	\$ 213	20.4%	\$ 767	19.0%	\$ 763	18.8%
Reimbursement from Keysight for services ^(a)	3		—		25		—	
Keysight spin-off cost dis-synergies	—		(10)		—		(40)	
Adjusted non-GAAP income from operations	\$ 226	21.9%	\$ 203	19.5%	\$ 792	19.6%	\$ 723	17.9%

(a) Post separation, Agilent is providing Keysight Technologies, Inc. certain IT and site services. These IT and site services are included in our operating expenses. The amounts billed to Keysight for these services are recorded in other income.

We provide non-GAAP income from operations in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to the amortization of intangibles, transformational initiatives, acquisition and integration costs and business exit and divestiture costs.

Our management recognizes that items such as amortization of intangibles can have a material impact on our cash flows and/or our net income. Our GAAP financial statements including our statement of cash flows portray those effects. Although we believe it is useful for investors to see core performance free of special items, investors should understand that the excluded items are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company's profit and loss from any and all events, management does (and investors should) rely upon the GAAP income statement. The non-GAAP numbers focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

The preliminary reconciliation of income from operations and operating margins is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
NON-GAAP INCOME (LOSS) FROM CONTINUING OPERATIONS AND DILUTED EPS RECONCILIATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Q4 2014		Q1 2015		Q2 2015		Q3 2015		Q4 2015		Year Ended October 31, 2015		Year Ended October 31, 2014	
	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS
GAAP Income (loss) from continuing operations	\$ (26)	\$ (0.08)	\$ 102	\$ 0.30	\$ 88	\$ 0.26	\$ 105	\$ 0.31	\$ 140	\$ 0.42	\$ 435	\$ 1.30	\$ 198	\$ 0.59
Non-GAAP adjustments:														
Restructuring and other related costs	—	—	—	—	—	—	—	—	—	—	—	—	(2)	(0.01)
Asset impairments and write-downs	4	0.01	—	—	—	—	—	—	3	0.01	3	0.01	4	0.01
Acceleration of share-based compensation expense related to workforce reduction	1	—	1	—	1	—	—	—	—	—	2	0.01	1	—
Intangible amortization	45	0.13	43	0.13	38	0.11	38	0.11	37	0.11	156	0.47	189	0.56
Transformational initiatives	11	0.03	12	0.04	17	0.05	12	0.04	15	0.05	56	0.17	29	0.09
Acquisition and integration costs	1	—	1	—	1	—	4	0.01	7	0.02	13	0.04	11	0.03
Pre-separation costs	7	0.02	—	—	—	—	—	—	—	—	—	—	15	0.05
Net loss on extinguishment of debt	68	0.21	—	—	—	—	—	—	—	—	—	—	89	0.26
Business exit and divestiture costs	68	0.21	3	0.01	10	0.03	—	—	1	—	14	0.04	68	0.20
Unallocated corporate costs	12	0.04	—	—	—	—	—	—	—	—	—	—	44	0.13
Other	(3)	(0.01)	1	—	(2)	(0.01)	2	0.01	4	0.01	5	0.01	(13)	(0.04)
Adjustment for taxes ^(a)	(27)	(0.08)	(24)	(0.07)	(24)	(0.06)	(14)	(0.04)	(39)	(0.12)	(101)	(0.31)	(76)	(0.22)
Non-GAAP Income from continuing operations	\$ 161	\$ 0.48	\$ 139	\$ 0.41	\$ 129	\$ 0.38	\$ 147	\$ 0.44	\$ 168	\$ 0.50	\$ 583	\$ 1.74	\$ 557	\$ 1.65

^(a) The adjustment for taxes excludes tax benefits that management believes are not directly related to ongoing operations and which are either isolated or cannot be expected to occur again with any regularity or predictability. For FY 2014 and FY 2015, management uses a non-GAAP effective tax rate of 16% and 20%, respectively, that we believe to be indicative of on-going operations.

Historical amounts are reclassified to conform with current presentation.

We provide non-GAAP net income and non-GAAP net income per share amounts in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to the amortization of intangibles, the impact of restructuring charges, transformational initiatives, acquisition and integration costs, business exit and divestiture costs, net loss on debt extinguishment and pre-separation costs.

Restructuring costs include incremental expenses associated with publicly announced major restructuring programs, usually aimed at material changes in business and/or cost structure. Such costs may include one-time termination benefits, asset impairments, facility-related costs and contract termination fees.

Asset impairments and write-downs include assets that have been written-down to their fair value.

Transformational initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers, small site consolidations, reorganizations, insourcing or outsourcing of activities. Such costs may include move and relocation costs, one-time termination benefits and other one-time reorganization costs. Included in this category are also expenses associated with the post-separation resizing of the IT infrastructure and streamlining of IT systems as well as the expenses incurred to effect the Agile Agilent reengineering.

Acquisition and integration costs include all incremental expenses incurred to effect a business combination. Such acquisition costs may include advisory, legal, accounting, valuation, and other professional or consulting fees. Such integration costs may include expenses directly related to integration of business and facility operations, information technology systems and infrastructure and other employee-related costs.

Pre-separation costs include Agilent-specific incremental expenses incurred in order to effect the separation, through November 1, 2014 distribution date.

Net loss on extinguishment of debt relates to the early redemption of some of our senior notes.

Business exit and divestiture costs include costs associated with the exit of the NMR business and the divestiture of the XRD business.

Our management uses non-GAAP measures to evaluate the performance of our core businesses, to estimate future core performance and to compensate employees. Since management finds this measure to be useful, we believe that our investors benefit from seeing our results "through the eyes" of management in addition to seeing our GAAP results. This information facilitates our management's internal comparisons to our historical operating results as well as to the operating results of our competitors.

Our management recognizes that items such as amortization of intangibles, net loss on debt extinguishment and restructuring charges can have a material impact on our cash flows and/or our net income. Our GAAP financial statements including our statement of cash flows portray those effects. Although we believe it is useful for investors to see core performance free of special items, investors should understand that the excluded items are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company's profit and loss from any and all events, management does (and investors should) rely upon the GAAP income statement. The non-GAAP numbers focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

The preliminary non-GAAP net income and diluted EPS reconciliation is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
RECONCILIATIONS OF REVENUE BY SEGMENT EXCLUDING THE NMR BUSINESS,
ACQUISITIONS, DIVESTITURES AND THE IMPACT OF CURRENCY ADJUSTMENTS (CORE)
(in millions)
(Unaudited)
PRELIMINARY

	Year-over-Year					
<u>GAAP Revenue by Segment</u>	GAAP					
	Q4'15	Q4'14	Year-over-Year % Change			
Life Sciences and Applied Markets Group	\$ 515	\$ 539	(4%)			
Diagnostics and Genomics Group	178	172	4%			
Agilent CrossLab™ Group	342	332	3%			
Agilent	<u>\$ 1,035</u>	<u>\$ 1,043</u>	(1%)			

<u>Non-GAAP Revenue by Segment</u>	Non-GAAP			Currency Adjustments	Currency-Adjusted ^(a)		
	Q4'15	Q4'14	Year-over-Year % Change	Q4'15	Q4'15	Q4'14	Year-over-Year % Change
Life Sciences and Applied Markets Group (excluding NMR)	\$ 507	\$ 524	(3%)	\$ (28)	\$ 535	\$ 524	2%
Diagnostics and Genomics Group (excluding acquisitions)	178	172	4%	(12)	190	172	10%
Agilent CrossLab™ Group	342	332	3%	(26)	368	332	11%
Agilent Revenue (CORE)	<u>\$ 1,027</u>	<u>\$ 1,028</u>	0%	<u>\$ (66)</u>	<u>\$ 1,093</u>	<u>\$ 1,028</u>	6.2%

^(a) We compare the year-over-year change in revenue excluding the effect of the NMR business, recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business. To determine the impact of currency fluctuations, current period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the actual exchange rate in effect during the respective prior periods.

The preliminary reconciliation of GAAP revenue adjusted for the NMR business, recent acquisitions and divestitures and impact of currency is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
RECONCILIATIONS OF REVENUE BY REGION EXCLUDING THE NMR BUSINESS,
ACQUISITIONS, DIVESTITURES AND THE IMPACT OF CURRENCY ADJUSTMENTS (CORE)
(in millions)
(Unaudited)
PRELIMINARY

	Year-over-Year							
	GAAP							
	Q4'15	Q4'14	Year-over-Year % Change					
GAAP Revenue by Region								
Revenue	\$ 1,035	\$ 1,043	(1%)					
Americas	383	376	2%					
Europe	315	330	(5%)					
Japan	55	61	(11%)					
Asia Pacific, excluding Japan	282	276	2%					
Total Revenue	\$ 1,035	\$ 1,043	(1%)					
Asia Pacific	\$ 337	\$ 337	0%					
				Currency Adjustments	Currency-Adjusted ^(a)			
	Q4'15	Q4'14	Year-over-Year % Change	Q4'15	Q4'15	Q4'14	Year-over-Year % Change	
Non-GAAP Revenue by Region								
Revenue	\$ 1,027	\$ 1,028	0%	\$ (66)	\$ 1,093	\$ 1,028	6%	
Americas	382	369	4%	(13)	395	369	7%	
Europe	310	326	(5%)	(34)	344	326	5%	
Japan	55	61	(10%)	(8)	63	61	3%	
Asia Pacific, excluding Japan	280	272	3%	(11)	291	272	7%	
Total Revenue (CORE)	\$ 1,027	\$ 1,028	0%	\$ (66)	\$ 1,093	\$ 1,028	6%	
Asia Pacific	\$ 335	\$ 333	1%	\$ (19)	\$ 354	\$ 333	6%	

^(a) We compare the year-over-year change in revenue excluding the effect of the NMR business, recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business. To determine the impact of currency fluctuations, current period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the actual exchange rate in effect during the respective prior periods.

The preliminary reconciliation of GAAP revenue adjusted for the NMR business, recent acquisitions and divestitures and impact of currency is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
RECONCILIATIONS OF REVENUE EXCLUDING THE NMR BUSINESS, ACQUISITIONS, DIVESTITURES
AND THE IMPACT OF CURRENCY ADJUSTMENTS (CORE)
(in millions)
(Unaudited)
PRELIMINARY

	Three Months Ended Jan. 31,			Three Months Ended April 30,			Three Months Ended July 31,			Three Months Ended October 31,			Year Ended October 31,		
	2015	2014	% Growth	2015	2014	% Growth	2015	2014	% Growth	2015	2014	% Growth	2015	2014	% Growth
GAAP Revenue	\$ 1,026	\$ 1,008	2%	\$ 963	\$ 988	(3%)	\$ 1,014	\$ 1,009	1%	\$ 1,035	\$ 1,043	(1%)	\$ 4,038	\$ 4,048	0%
Less: Revenue related to NMR, Acquisitions and Divestitures	(24)	(22)		(20)	(24)		(9)	(22)		(8)	(15)		(61)	(83)	
Non-GAAP Revenue	\$ 1,002	\$ 986		\$ 943	\$ 964		\$ 1,005	\$ 987		\$ 1,027	\$ 1,028		\$ 3,977	\$ 3,965	
Less: Currency adjustment ^(a)	(39)	-		(68)	-		(71)	-		(66)	-		(244)	-	
Agilent Core Revenue	\$ 1,041	\$ 986	6%	\$ 1,011	\$ 964	5%	\$ 1,076	\$ 987	9%	\$ 1,093	\$ 1,028	6%	\$ 4,221	\$ 3,965	6.4%

	Three Months Ended Jan. 31,			Three Months Ended April 30,			Three Months Ended July 31,			Three Months Ended October 31,			Year Ended October 31,		
	2014	2013	% Growth	2014	2013	% Growth	2014	2013	% Growth	2014	2013	% Growth	2014	2013	% Growth
GAAP Revenue	\$ 1,008	\$ 958	5%	\$ 988	\$ 972	2%	\$ 1,009	\$ 951	6%	\$ 1,043	\$ 1,013	3%	\$ 4,048	\$ 3,894	4%
Less: Revenue related to NMR, Acquisitions and Divestitures	(22)	(19)		(24)	(28)		(22)	(29)		(15)	(29)		(83)	(105)	
Non-GAAP Revenue	\$ 986	\$ 939		\$ 964	\$ 944		\$ 987	\$ 922		\$ 1,028	\$ 984		\$ 3,965	\$ 3,789	
Less: Currency adjustment ^(a)	(11)	-		(6)	-		9	-		(9)	-		(17)	-	
Agilent Core Revenue	\$ 997	\$ 939	6%	\$ 970	\$ 944	3%	\$ 978	\$ 922	6%	\$ 1,037	\$ 984	5%	\$ 3,982	\$ 3,789	5.1%

^(a) We compare the year-over-year change in revenue excluding the effect of the NMR business, recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business. To determine the impact of currency fluctuations, current period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the actual exchange rate in effect during the respective prior periods.

The preliminary reconciliation of GAAP revenue adjusted for the NMR business, recent acquisitions and divestitures and impact of currency is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
NET CASH
(in millions)
(Unaudited)
PRELIMINARY

	<u>Q4'15</u>	<u>Q4'14</u>	<u>Q3'15</u>
Cash and cash equivalents	\$ 2,003	\$ 2,118	\$ 2,075
Senior notes, par value	(1,600)	(1,600)	(1,600)
Other debt	(37)	(38)	(37)
Total Net Cash	<u>\$ 366</u>	<u>\$ 480</u>	<u>\$ 438</u>

The preliminary reconciliation of net cash is estimated based on our current information.

Management believes this metric provides useful information to investors about the Company's overall liquidity and financial position. Net Cash is a measure at a point in time and does not reflect the Company's future financial prospects or liquidity.