

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 April 30,		Percent Inc/(Dec)
	2018	2017	
Net revenue	\$ 1,206	\$ 1,102	9%
Costs and expenses:			
Cost of products and services	562	510	10%
Research and development	91	84	8%
Selling, general and administrative	338	307	10%
Total costs and expenses	<u>991</u>	<u>901</u>	10%
Income from operations	215	201	7%
Interest income	10	5	100%
Interest expense	(19)	(20)	(5%)
Other income (expense), net	<u>21</u>	<u>5</u>	—
Income before taxes	227	191	19%
Provision for income taxes	22	27	(19%)
Net income	<u>\$ 205</u>	<u>\$ 164</u>	25%
Net income per share:			
Basic	\$ 0.64	\$ 0.51	
Diluted	\$ 0.63	\$ 0.50	
Weighted average shares used in computing net income per share:			
Basic	322	321	
Diluted	326	325	
Cash dividends declared per common share	\$ 0.149	\$ 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

	Six Months Ended April 30,		Percent
	2018	2017	Inc/(Dec)
Net revenue	\$ 2,417	\$ 2,169	11%
Costs and expenses:			
Cost of products and services	1,100	1,003	10%
Research and development	184	163	13%
Selling, general and administrative	679	596	14%
Total costs and expenses	<u>1,963</u>	<u>1,762</u>	11%
Income from operations	454	407	12%
Interest income	19	9	111%
Interest expense	(39)	(40)	(3%)
Other income (expense), net	<u>26</u>	<u>8</u>	—
Income before taxes	460	384	20%
Provision for income taxes	575	52	—
Net income (loss)	<u>\$ (115)</u>	<u>\$ 332</u>	—
Net income (loss) per share:			
Basic	\$ (0.36)	\$ 1.03	
Diluted	\$ (0.36)	\$ 1.02	
Weighted average shares used in computing net income (loss) per share:			
Basic	323	322	
Diluted	323	325	
Cash dividends declared per common share	\$ 0.298	\$ 0.264	

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

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

	<u>Three Months Ended</u> <u>April 30,</u>		<u>Six Months Ended</u> <u>April 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net income (loss)	\$ 205	\$ 164	\$ (115)	\$ 332
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on derivative instruments	4	(1)	(3)	—
Amounts reclassified into earnings related to derivative instruments	3	(1)	3	(1)
Foreign currency translation	(53)	7	26	4
Net defined benefit pension cost and post retirement plan costs:				
Change in actuarial net loss	7	9	13	26
Change in net prior service benefit	(2)	(2)	(3)	(3)
Other comprehensive income (loss)	<u>(41)</u>	<u>12</u>	<u>36</u>	<u>26</u>
Total comprehensive income (loss)	<u>\$ 164</u>	<u>\$ 176</u>	<u>\$ (79)</u>	<u>\$ 358</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>April 30,</u> <u>2018</u>	<u>October 31,</u> <u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,011	\$ 2,678
Accounts receivable, net	754	724
Inventory	594	575
Other current assets	166	192
Total current assets	<u>4,525</u>	<u>4,169</u>
Property, plant and equipment, net	798	757
Goodwill	2,618	2,607
Other intangible assets, net	314	361
Long-term investments	139	138
Other assets	390	394
Total assets	<u>\$ 8,784</u>	<u>\$ 8,426</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 271	\$ 305
Employee compensation and benefits	271	276
Deferred revenue	333	291
Short-term debt	315	210
Other accrued liabilities	175	181
Total current liabilities	<u>1,365</u>	<u>1,263</u>
Long-term debt	1,800	1,801
Retirement and post-retirement benefits	226	234
Other long-term liabilities	776	293
Total liabilities	<u>4,167</u>	<u>3,591</u>
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; 322 million shares at April 30, 2018 and 322 million shares at October 31, 2017, issued	3	3
Additional paid-in-capital	5,332	5,300
Accumulated deficit	(412)	(126)
Accumulated other comprehensive loss	(310)	(346)
Total stockholders' equity	<u>4,613</u>	<u>4,831</u>
Non-controlling interest	4	4
Total equity	<u>4,617</u>	<u>4,835</u>
Total liabilities and equity	<u>\$ 8,784</u>	<u>\$ 8,426</u>

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 April 30, 2018	Three Months Ended April 30, 2017	Six Months Ended April 30, 2018	Six Months Ended April 30, 2017
Cash flows from operating activities:				
Net income (loss)	\$ 205	\$ 164	\$ (115)	\$ 332
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	50	54	101	109
Share-based compensation	12	15	43	35
Excess and obsolete inventory related charges	12	8	17	15
Other non-cash expenses, net	1	—	2	2
Changes in assets and liabilities:				
Accounts receivable, net	(16)	(17)	(21)	(48)
Inventory	—	(3)	(34)	(29)
Accounts payable	(11)	(3)	(14)	6
Employee compensation and benefits	55	50	(7)	7
Change in assets and liabilities due to Tax Act	—	—	533	—
Other assets and liabilities	(5)	(11)	13	(56)
Net cash provided by operating activities ^(a)	<u>303</u>	<u>257</u>	<u>518</u>	<u>373</u>
Cash flows from investing activities:				
Investments in property, plant and equipment	(48)	(43)	(108)	(75)
Payment to acquire cost method investments	—	—	(1)	—
Proceeds from divestitures	—	—	—	1
Change in restricted cash and cash equivalents, net	1	—	1	—
Payment in exchange for convertible note	(2)	—	(2)	—
Acquisition of businesses and intangible assets, net of cash acquired	(1)	—	(7)	(70)
Net cash used in investing activities	<u>(50)</u>	<u>(43)</u>	<u>(117)</u>	<u>(144)</u>
Cash flows from financing activities:				
Issuance of common stock under employee stock plans	11	8	36	26
Payment of taxes related to net share settlement of equity awards	(1)	(1)	(29)	(13)
Payment of dividends	(48)	(43)	(96)	(85)
Proceeds from debt and revolving credit facility	82	97	356	228
Repayment of debt and revolving credit facility	(112)	(45)	(251)	(87)
Treasury stock repurchases	(46)	(83)	(93)	(194)
Net cash used in financing activities	<u>(114)</u>	<u>(67)</u>	<u>(77)</u>	<u>(125)</u>
Effect of exchange rate movements	(15)	1	9	(4)
Net increase in cash and cash equivalents	124	148	333	100
Cash and cash equivalents at beginning of period	<u>2,887</u>	<u>2,241</u>	<u>2,678</u>	<u>2,289</u>
Cash and cash equivalents at end of period	<u>\$ 3,011</u>	<u>\$ 2,389</u>	<u>\$ 3,011</u>	<u>\$ 2,389</u>
^(a) Cash payments included in operating activities:				
Income tax payments (refunds), net	\$ 16	\$ 14	\$ 48	\$ 41
Interest payments	\$ 14	\$ 11	\$ 43	\$ 40

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)

	2018				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 618	\$ 561			
Gross margin %	61.8%	59.5%			
Income from operations	\$ 159	\$ 119			
Operating margin %	25.8%	21.2%			

	2017				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 540	\$ 523	\$ 531	\$ 575	\$ 2,169
Gross margin %	59.6%	59.9%	59.7%	61.0%	60.1%
Income from operations	\$ 126	\$ 110	\$ 113	\$ 138	\$ 487
Operating margin %	23.4%	21.1%	21.3%	23.9%	22.5%

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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension settlement gain, NASD site costs, and special compliance 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)

	2018				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 185	\$ 219			
Gross margin %	54.4%	54.9%			
Income from operations	\$ 22	\$ 44			
Operating margin %	11.7%	20.2%			

	2017				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 164	\$ 201	\$ 197	\$ 210	\$ 772
Gross margin %	54.8%	57.6%	52.7%	55.2%	55.1%
Income from operations	\$ 23	\$ 49	\$ 33	\$ 44	\$ 149
Operating margin %	14.3%	24.2%	16.9%	20.8%	19.3%

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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension settlement gain, NASD site costs, and special compliance 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)

	2018				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 408	\$ 426			
Gross margin %	50.6%	50.2%			
Income from operations	\$ 88	\$ 98			
Operating margin %	21.6%	23.1%			

	2017				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 363	\$ 378	\$ 386	\$ 404	\$ 1,531
Gross margin %	48.5%	49.7%	49.9%	49.6%	49.5%
Income from operations	\$ 74	\$ 82	\$ 90	\$ 92	\$ 338
Operating margin %	20.3%	21.6%	23.4%	22.9%	22.1%

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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension settlement gain, NASD site costs, and special compliance costs.

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

Agilent Technologies, Inc.
Non-GAAP Financial Results Q1'17 - Q2'18
(Unaudited)

M/\$	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Preliminary		Q2
						Q2'18		Y/Y
Net Revenue	1,067	1,102	1,114	1,189	1,211	1,206		9%
Gross Profit %	55.1%	56.0%	55.1%	56.1%	56.9%	55.4%		-0.6 ppt
R&D	82	83	86	88	92	92		10%
% Revenue	7.6%	7.5%	7.7%	7.4%	7.6%	7.6%		0.1 ppt
SG&A	283	293	292	305	328	315		8%
% Revenue	26.5%	26.6%	26.2%	25.6%	27.1%	26.2%		-0.4 ppt
Operating Profit	223	241	236	274	269	261		9%
Operating Margin	20.9%	21.8%	21.2%	23.0%	22.2%	21.7%		-0.1 ppt
Other Income/ (Expense)	(11)	(10)	(8)	(8)	(5)	(3)		70%
Pre-Tax Earnings	212	231	228	266	264	258		12%
Income Tax	40	44	37	48	48	46		5%
Net Income	172	187	191	218	216	212		13%
Net Margin	16.1%	17.0%	17.1%	18.3%	17.8%	17.6%		0.6 ppt
Regular Headcount	12,600	12,900	13,300	13,600	13,800	14,000		1.100
Non-GAAP EPS	\$ 0.53	\$ 0.58	\$ 0.59	\$ 0.67	\$ 0.66	\$ 0.65		\$ 0.07

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 amortization of intangibles, transformational initiatives, acquisition and integration costs, pension settlement gain, NASD site costs, special compliance costs, and adjustment for Tax Reform.

Business exit and divestiture costs include costs associated with business divestitures.

Transformational initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers, small site consolidations, legal entity and other business 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 company programs to transform our product lifecycle management (PLM) system and human resources and financial systems.

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, the transfer of assets and intellectual property, information technology systems and infrastructure and other employee-related costs.

Pension settlement gain resulted from transfer of the substitutional portion of our Japanese pension plan to the government.

NASD site costs include all the costs related to the expansion of our manufacturing of nucleic acid active pharmaceutical ingredients incurred prior to the commencement of commercial manufacturing.

Special compliance costs include costs associated with transforming our processes to implement new regulations such as the EU's General Data Protection Regulation (GDPR), revenue recognition and certain tax reporting requirements.

Other includes certain legal costs and settlements in addition to other miscellaneous adjustments.

Adjustment for Tax Reform primarily consists of an estimated provision of \$480 million for U.S. transition tax and correlative items on deemed repatriated earnings of non-U.S. subsidiaries and an estimated provision of \$53 million associated with the decrease in the U.S. corporate tax rate from 35% to 21% and its impact on our U.S. deferred tax assets and liabilities. The taxes payable associated with the transition tax, net of tax attributes, on deemed repatriation of foreign earnings is approximately \$440 million, payable over 8 years. The final impact of Tax Reform may differ materially from these estimates, due to, among other things, changes in interpretations, analysis and assumptions made, additional guidance that may be issued, and actions that we may undertake.

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 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

	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q2'18 Year Over Year Percent Inc/(Dec)
GAAP						
Americas	\$ 376	\$ 378	\$ 418	\$ 393	\$ 404	7%
Europe	293	326	347	381	356	22%
Asia Pacific	433	410	424	437	446	3%
Revenue	<u>\$ 1,102</u>	<u>\$ 1,114</u>	<u>\$ 1,189</u>	<u>\$ 1,211</u>	<u>\$ 1,206</u>	9%

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 OF NON-GAAP AND GAAP FINANCIAL RESULTS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

GROSS MARGIN	Q2'18	Gross Margin %	Q2'17	Gross Margin %
Revenue:	\$ 1,206		\$ 1,102	
Gross margin:				
Cost of products and services	\$ 562	53.4%	\$ 510	53.7%
Add:				
Intangible amortization	(14)		(21)	
Business exit and divestiture costs	(8)		—	
Transformational initiatives	(1)		—	
NASD site costs	(1)		—	
Acquisition and integration costs	—		(3)	
Other	—		(1)	
Non-GAAP cost of products and services	\$ 538	55.4%	\$ 485	56.0%

RESEARCH & DEVELOPMENT EXPENSES	Q2'18	R&D as % of Revenue	Q2'17	R&D as % of Revenue
Revenue:	\$ 1,206		\$ 1,102	
Research and development expenses	\$ 91	7.5%	\$ 84	7.6%
Add:				
Transformational initiatives	—		\$ (1)	
Acquisition and integration costs	1		—	
Non-GAAP research and development expenses	\$ 92	7.6%	\$ 83	7.5%

SELLING, GENERAL & ADMINISTRATIVE EXPENSES	Q2'18	SG&A as % of Revenue	Q2'17	SG&A as % of Revenue
Revenue:	\$ 1,206		\$ 1,102	
Selling, general and administrative expenses	\$ 338	28.0%	\$ 307	27.8%
Add:				
Intangible amortization	(11)		(10)	
Transformational initiatives	(4)		1	
Acquisition and integration costs	(5)		(4)	
NASD site costs	(1)		—	
Special compliance costs	(1)		—	
Other	(1)		(1)	
Non-GAAP selling, general & administrative expenses	\$ 315	26.2%	\$ 293	26.6%

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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, NASD site costs, and special compliance 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.
RECONCILIATION OF ADJUSTED NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGINS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

	Q2'18	Operating Margin %	Q2'17	Operating Margin %	Year Over Year Percent Pts Inc/(Dec)
Revenue:	\$ 1,206		\$ 1,102		
Income from operations:					
GAAP Income from operations	\$ 215	17.8%	\$ 201	18.2%	
Add:					
Intangible amortization	25		31		
Business exit and divestiture costs	8		—		
Transformational initiatives	5		—		
Acquisition and integration costs	4		7		
NASD site costs	2		—		
Special compliance costs	1		—		
Other	1		2		
Non-GAAP income from operations	<u>\$ 261</u>	21.7%	<u>\$ 241</u>	21.8%	
Reimbursement from Keysight for services ^(a)	3		3		
Adjusted non-GAAP income from operations	<u>\$ 264</u>	21.9%	<u>\$ 244</u>	22.1%	(0.2%)

^(a) Post separation, Agilent is providing Keysight Technologies, Inc. certain site services. These 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 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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, NASD site costs, and special compliance 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.

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The preliminary reconciliation of income from operations and operating margins 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

	H1'18	Operating Margin %	H1'17	Operating Margin %	Year Over Year Percent Pts Inc/(Dec)
Revenue:	\$ 2,417		\$ 2,169		
Income from operations:					
GAAP Income from operations	\$ 454	18.8%	\$ 407	18.8%	
Add:					
Intangible amortization	50		62		
Business exit and divestiture costs	8		—		
Transformational initiatives	9		2		
Acquisition and integration costs	7		21		
Pension settlement gain	(5)		(32)		
NASD site costs	4		—		
Special compliance costs	2		—		
Other	1		4		
Non-GAAP income from operations	\$ 530	21.9%	\$ 464	21.4%	
Reimbursement from Keysight for services ^(a)	6		6		
Adjusted non-GAAP income from operations	\$ 536	22.2%	\$ 470	21.7%	0.5%

^(a) Post separation, Agilent is providing Keysight Technologies, Inc. certain site services. These 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 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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, NASD site costs, and special compliance 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 NET INCOME AND DILUTED EPS RECONCILIATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Q1'17		Q2'17		Q3'17		Q4'17		Q1'18		Q2'18		H1'17		H1'18	
	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income (loss)	Diluted EPS	Net income	Diluted EPS	Net income (loss)	Diluted EPS	Net income	Diluted EPS
GAAP net income (loss)	\$ 168	\$ 0.52	\$ 164	\$ 0.50	\$ 175	\$ 0.54	\$ 177	\$ 0.54	\$ (320)	\$ (0.99) ^(b)	\$ 205	\$ 0.63	\$ 332	\$ 1.02	\$ (115)	\$ (0.36) ^(d)
Non-GAAP adjustments:																
Intangible amortization	31	0.10	31	0.10	27	0.08	28	0.09	25	0.08	25	0.08	62	0.19	50	0.15
Business exit and divestiture costs	—	—	—	—	—	—	—	—	—	—	8	0.02	—	—	8	0.02
Transformational initiatives	2	0.01	—	—	3	0.01	7	0.02	5	0.02	5	0.02	2	0.01	10	0.03
Acquisition and integration costs	16	0.05	7	0.02	4	0.01	5	0.02	3	0.01	4	0.01	23	0.07	7	0.02
Pension settlement gain	(32)	(0.11)	—	—	—	—	—	—	(5)	(0.02)	—	—	(32)	(0.10)	(5)	(0.02)
NASD site costs	—	—	—	—	—	—	—	—	2	0.01	2	0.01	—	—	4	0.01
Special compliance costs	—	—	—	—	—	—	—	—	1	—	1	—	—	—	2	0.01
Other	2	0.01	2	0.01	1	—	—	—	—	—	(14)	(0.04)	4	0.01	(14)	(0.04)
Adjustment for Tax Reform	—	—	—	—	—	—	—	—	533	1.63	—	—	—	—	533	1.63
Adjustment for taxes ^(a)	(15)	(0.05)	(17)	(0.05)	(19)	(0.05)	1	—	(28)	(0.08)	(24)	(0.08)	(32)	(0.10)	(52)	(0.14)
Non-GAAP net income	\$ 172	\$ 0.53	\$ 187	\$ 0.58	\$ 191	\$ 0.59	\$ 218	\$ 0.67	\$ 216	\$ 0.66 ^(c)	\$ 212	\$ 0.65	\$ 359	\$ 1.10	\$ 428	\$ 1.31 ^(e)

^(a) The adjustment for taxes excludes tax benefits that management believes are not directly related to on-going operations and which are either isolated or cannot be expected to occur again with any regularity or predictability. For the three months ended April 30, 2018 and January 31, 2018, management used a non-GAAP effective tax rate of 18.0%. For the three months ended October 31, 2017, July 31, 2017, April 30, 2017 and January 31, 2017, management used a non-GAAP effective tax rate of 18.0%, 16.2%, 19.0% and 19.0%, respectively.

^(b) GAAP diluted net loss per share for the three months ended January 31, 2018 was computed using 323 million weighted average diluted shares which excludes from consideration the anti-dilutive effects of all potential common shares outstanding.

^(c) Non-GAAP diluted net income per share for the three months ended January 31, 2018 was computed using 327 million weighted average diluted shares which includes the dilutive effects of potential common shares outstanding.

^(d) GAAP diluted net loss per share for the six months ended April 30, 2018 was computed using 323 million weighted average diluted shares which excludes from consideration the anti-dilutive effects of all potential common shares outstanding.

^(e) Non-GAAP diluted net income per share for the six months ended April 30, 2018 was computed using 326 million weighted average diluted shares which includes the dilutive effects of potential common shares outstanding.

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 amortization of intangibles, transformational initiatives, acquisition and integration costs, pension settlement gain, NASD site costs, special compliance costs, and adjustment for Tax Reform.

Business exit and divestiture costs include costs associated with business divestitures.

Transformational initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers, site consolidations, legal entity and other business 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 company programs to transform our product lifecycle management (PLM) system and human resources and financial systems.

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

Pension settlement gain resulted from transfer of the substitutional portion of our Japanese pension plan to the government.

NASD site costs include all the costs related to the expansion of our manufacturing of nucleic acid active pharmaceutical ingredients incurred prior to the commencement of commercial manufacturing.

Special compliance costs include costs associated with transforming our processes to implement new regulations such as the EU's General Data Protection Regulation (GDPR), revenue recognition and certain tax reporting requirements.

Other includes certain legal costs and settlements in addition to other miscellaneous adjustments.

Adjustment for Tax Reform primarily consists of an estimated provision of \$480 million for U.S. transition tax and correlative items on deemed repatriated earnings of non-U.S. subsidiaries and an estimated provision of \$53 million associated with the decrease in the U.S. corporate tax rate from 35% to 21% and its impact on our U.S. deferred tax assets and liabilities. The taxes payable associated with the transition tax, net of tax attributes, on deemed repatriation of foreign earnings is approximately \$440 million, payable over 8 years. The final impact of Tax Reform may differ materially from these estimates, due to, among other things, changes in interpretations, analysis and assumptions made, additional guidance that may be issued, and actions that we may undertake.

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 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
ACQUISITIONS, DIVESTITURES AND THE IMPACT OF CURRENCY ADJUSTMENTS (CORE)
(in millions)
(Unaudited)
PRELIMINARY

	Year-over-Year			
	GAAP			
GAAP Revenue by Segment	Q2'18	Q2'17	Year-over-Year % Change	
Life Sciences and Applied Markets Group	\$ 561	\$ 523	7%	
Diagnostics and Genomics Group	219	201	9%	
Agilent CrossLab Group	426	378	13%	
Agilent	<u>\$ 1,206</u>	<u>\$ 1,102</u>	9%	

	Non-GAAP (excluding Acquisitions & Divestitures)			Year-over-Year at Constant Currency ^(a)		Current Quarter Currency Impact ^(b)
Non GAAP Revenue by Segment	Q2'18	Q2'17	Year-over-Year % Change	Year-over-Year % Change	Percentage Point Impact from Currency	Current Quarter Currency Impact ^(b)
Life Sciences and Applied Markets Group	\$ 557	\$ 522	7%	3%	4 pts	\$ 22
Diagnostics and Genomics Group	219	201	9%	4%	5 pts	10
Agilent CrossLab Group	426	378	13%	7%	6 pts	22
Agilent (Core)	<u>\$ 1,202</u>	<u>\$ 1,101</u>	9%	4%	5 pts	<u>\$ 54</u>

We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

^(a) The constant currency year-over-year growth percentage is calculated by recalculating all periods in the comparison period at the foreign currency exchange rates used for accounting during the last month of the current quarter, and then using those revised values to calculate the year-over-year percentage change.

^(b) The dollar impact from the current quarter currency impact is equal to the total year-over-year dollar change less the constant currency year-over-year change.

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

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

<u>GAAP Revenue by Region</u>	Year-over-Year					
	GAAP					
	Q2'18	Q2'17	Year-over-Year % Change			
Revenue	\$ 1,206	\$ 1,102	9%			
Americas	404	376	7%			
Europe	356	293	22%			
Japan	75	72	6%			
China and Hong Kong	238	229	4%			
Rest of Asia Pacific	133	132	1%			
Total Revenue	<u>\$ 1,206</u>	<u>\$ 1,102</u>	9%			
Asia Pacific	\$ 446	\$ 433	3%			

<u>Non GAAP Revenue by Segment</u>	Non-GAAP (excluding Acquisitions & Divestitures)			Year-over-Year at Constant Currency ^(a)		Current Quarter Currency Impact ^(b)
	Year-over-Year			Year-over-Year	Percentage Point	
	Q2'18	Q2'17	% Change	% Change	Impact from Currency	
Revenue	\$ 1,202	\$ 1,101	9%	4%	5 pts	\$ 54
Americas	403	376	7%	7%	—	1
Europe	353	292	21%	9%	12 pts	36
Japan	75	72	6%	1%	5 pts	4
China and Hong Kong	238	229	4%	—	4 pts	9
Rest of Asia Pacific	133	132	1%	-3%	4 pts	4
Total Revenue (Core)	<u>\$ 1,202</u>	<u>\$ 1,101</u>	9%	4%	5 pts	<u>\$ 54</u>
Asia Pacific	\$ 446	\$ 433	3%	-1%	4 pts	\$ 17

We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

^(a) The constant currency year-over-year growth percentage is calculated by recalculating all periods in the comparison period at the foreign currency exchange rates used for accounting during the last month of the current quarter, and then using those revised values to calculate the year-over-year percentage change.

^(b) The dollar impact from the current quarter currency impact is equal to the total year-over-year dollar change less the constant currency year-over-year change.

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

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

Agilent	Year-over-Year					
				Year-over-Year at Constant Currency ^(a)		Currency Impact ^(b)
	H1'18	H1'17	Year-over-Year % Change	Year-over-Year % Change	Percentage Point Impact from Currency	
GAAP revenue	\$ 2,417	\$ 2,169	11%			
Non-GAAP revenue	2,408 ^(c)	2,166 ^(c)	11%	7%	4 pts	\$ 91

We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

^(a) The constant currency year-over-year growth percentage is calculated by recalculating each quarter in the comparison period at the foreign currency exchange rates used for accounting during the last month of Q1'18 and Q2'18, and then using those revised values to calculate the year-over-year percentage change.

^(b) The dollar impact from the currency impact is equal to the total year-over-year dollar change less the constant currency year-over-year change.

^(c) Non-GAAP revenue excludes the impact of acquisitions and divestitures.

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

AGILENT TECHNOLOGIES, INC.
RECONCILIATIONS OF CHINA and HONG KONG REVENUE EXCLUDING
ACQUISITIONS, DIVESTITURES AND THE IMPACT OF CURRENCY ADJUSTMENTS (CORE)
(in millions)
(Unaudited)
PRELIMINARY

	Year-over-Year						
				Year-over-Year at Constant Currency ^(a)			
	H1'18	H1'17	Year-over-Year % Change	Year-over-Year % Change	Percentage Point Impact from Currency	Currency Impact ^(b)	
China and Hong Kong							
GAAP revenue	\$ 485	\$ 434	12%				
Non-GAAP revenue	485 ^(c)	434 ^(c)	12%	9%	3 pts	\$	13

We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

^(a) The constant currency year-over-year growth percentage is calculated by recalculating each quarter in the comparison period at the foreign currency exchange rates used for accounting during the last month of Q1'18 and Q2'18, and then using those revised values to calculate the year-over-year percentage change.

^(b) The dollar impact from the currency impact is equal to the total year-over-year dollar change less the constant currency year-over-year change.

^(c) Non-GAAP revenue excludes the impact of acquisitions and divestitures.

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

AGILENT TECHNOLOGIES, INC.
RECONCILIATION OF CORE NON-GAAP INCOME FROM OPERATIONS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

	Q2'18	Q2'17
Revenue:	\$ 1,206	\$ 1,102
Income from operations:		
GAAP Income from operations	\$ 215	\$ 201
Add:		
Intangible amortization	25	31
Business exit and divestiture costs	8	—
Transformational initiatives	5	—
Acquisition and integration costs	4	7
NASD site costs	2	—
Special compliance costs	1	—
Other	1	2
Non-GAAP income from operations	\$ 261	\$ 241
Less: Currency impact	6	2
Add: Acquisitions and divestitures	—	—
Core non-GAAP income from operations	\$ 255	\$ 239

We provide non-GAAP income from operations 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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, NASD site costs, and special compliance costs.

We compare the year-over-year change in core non-GAAP income from operations excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

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.
RECONCILIATION OF CORE NON-GAAP INCOME FROM OPERATIONS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

	Q1'18	Q1'17
Revenue:	\$ 1,211	\$ 1,067
Income from operations:		
GAAP Income from operations	\$ 239	\$ 206
Add:		
Intangible amortization	25	31
Transformational initiatives	4	2
Acquisition and integration costs	3	14
Pension settlement gain	(5)	(32)
NASD site costs	2	—
Special compliance costs	1	—
Other	—	2
Non-GAAP income from operations	\$ 269	\$ 223
Less: Currency impact	11	—
Add: Acquisitions and divestitures	2	—
Core non-GAAP income from operations	\$ 260	\$ 223

We provide non-GAAP income from operations 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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, NASD site costs, and special compliance costs.

We compare the year-over-year change in core non-GAAP income from operations excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

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.
RECONCILIATION OF INCREMENTAL REVENUE DOLLAR TO INCOME FROM OPERATIONS
(IN MILLIONS)
PRELIMINARY

	Q2'18	Q2'17	Year over Year	
			\$ Change	Incremental
GAAP				
Revenue	\$ 1,206	\$ 1,102	\$ 104	
Income from operations	\$ 215	\$ 201	\$ 14	13%
Non-GAAP				
Revenue	\$ 1,206	\$ 1,102	\$ 104	
Income from operations	\$ 261	\$ 241	\$ 20	20%
Core				
Revenue	\$ 1,148	\$ 1,101	\$ 47	
Income from operations ^(a)	\$ 255	\$ 239	\$ 16	34%
Percentage point impact from currency				14%

	Q1'18	Q1'17	Year over Year	
			\$ Change	Incremental
GAAP				
Revenue	\$ 1,211	\$ 1,067	\$ 144	
Income from operations	\$ 239	\$ 206	\$ 33	23%
Non-GAAP				
Revenue	\$ 1,211	\$ 1,067	\$ 144	
Income from operations	\$ 269	\$ 223	\$ 46	32%
Core				
Revenue	\$ 1,169	\$ 1,066	\$ 103	
Income from operations ^(b)	\$ 260	\$ 223	\$ 37	36%
Percentage point impact from currency				4%

We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business. See reconciliation provided on page 15.

^(a) See reconciliation provided on page 19.

^(b) See reconciliation provided on page 20.

The preliminary reconciliation of incremental change is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
RECONCILIATION OF ADJUSTED NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGIN EXCLUDING IMPACT OF CURRENCY
ADJUSTMENTS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

	Q2'18	Operating Margin %	Q2'17	Operating Margin %	Year Over Year Percent Pts Inc/(Dec)
Revenue:	\$ 1,152 ^(a)		\$ 1,102		
Income from operations:					
GAAP Income from operations	\$ 215	18.7%	\$ 201	18.2%	
Add:					
Intangible amortization	25		31		
Business exit and divestiture costs	8		—		
Transformational initiatives	5		—		
Acquisition and integration costs	4		7		
NASD site costs	2		—		
Special compliance costs	1		—		
Other	1		2		
Non-GAAP income from operations	<u>\$ 261</u>	22.7%	<u>\$ 241</u>	21.8%	
Add: Reimbursement from Keysight for services	3 ^(b)		3		
Less: Currency impact	(6)		(2)		
Adjusted non-GAAP income from operations excluding impact of currency	<u>\$ 258</u>	22.4%	<u>\$ 242</u>	22.1%	0.3%

^(a) Revenue excludes the impact of currency.

^(b) Post separation, Agilent is providing Keysight Technologies, Inc. certain site services. These 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 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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, NASD site costs, and special compliance costs.

We compare the year-over-year change in non-GAAP income from operations excluding the effect of foreign currency rate fluctuations to assess the performance of our underlying business.

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.