Thank you and welcome everyone to Agilent's Fourth Quarter Conference Call for Fiscal Year 2011. With me are Agilent's President and CEO, Bill Sullivan, as well as Senior Vice President and CFO, Didier Hirsch.

Bill will give his perspective on the quarter, and Didier will follow with a view of financial results. After Didier’s comments, we will open the line for questions.

Joining in our Q&A will be the Presidents of Agilent's Electronic Measurement, Life Sciences, and Chemical Analysis groups, Ron Nersesian, Nick Roelofs, and Mike McMullen.

In case you’ve not had a chance to review our press release, you can find it on our website at www.investor.agilent.com. We are also providing further information to supplement today's discussion.

At our website, please click on the link for “supporting materials”. There you will find information such as revenue break outs, historical financials for Agilent's operations, and an investor presentation. We will also post a copy of the prepared remarks following this call.

If during this conference call we use any non-GAAP financial measures, you will find on our website the most directly comparable GAAP financial metrics and a reconciliation between the two.
We will make forward-looking statements about the future financial performance of the company. These statements are subject to risks and uncertainties, and are only valid as of today. The company assumes no obligation to update them.

Please look at the company's recent SEC filings for a more complete picture of our risks and other factors.

And now, I’d like to turn the call over to Bill.
BILL SULLIVAN:

Thanks Alicia, and hello everyone.

Agilent had Q4 orders of $1.75 billion, up 4 percent year-over-year. Q4 revenues of $1.73 billion were up 9 percent year-over-year. Revenues were slightly below our guidance due to currency.

Non-GAAP EPS was 84 cents per share, above our guidance; and operating margin was 21.6 percent. Agilent’s operational performance was the best in its history.

Electronic Measurement had Q4 revenues of $855 million, up 12 percent over last year. Communications growth of 20 percent was driven by wireless manufacturing. General Purpose growth of 8 percent was driven by industrial markets, while Aerospace and Defense grew 2 percent. Quarterly operating margin was above 24 percent, another record high for the business.

Chemical Analysis saw revenue growth of 4 percent over last year to $405 million. Petrochemical grew 8 percent, with strong GC sales to industrial accounts. Food was up 5 percent, driven primarily by China. Forensics and environmental revenues were up 1 percent. Q4 operating margin was 24 percent.

Life Sciences revenues of $471 million were up 9 percent over last year. Strong demand from applied markets led the growth. Pharma grew 5 percent, academic/government was up 4 percent, and operating margin for the quarter was 14 percent. In summary, our applied markets grew 9 percent. Our core life science business grew 4 percent.

We generated $510 million of cash from operations and ended the fiscal year with $1.4 billion in net cash.

For the year, Agilent’s revenues of $6.6 billion were up 21 percent over last year. Operating profit of $1.3 billion – 20 percent of revenue – was up 40 percent. FY11 was an excellent year for Agilent.
Our outlook for FY12 is for the revenue to be $6.85 billion to $7.15 billion. FY12 EPS is expected to be in the range of $3.00 to $3.35 per share. The basis for our forecast is as follows.

Today, the outlook for the worldwide gross domestic product growth is about 3.5 percent. We are going to take a conservative position in the measurement market, and assume that that market will also grow 3.5 percent.

Based on the geographic and product mix of our eight market segments, we believe we will have an additional 1.5 percent growth. And finally, the Electronic Measurement Group’s backlog flush will contribute 0.7 percent.

Therefore, we will end up in the mid-range of our guidance of roughly 5.7 percent growth for next year.

By market segment, electronic measurement is expected to grow 4.2 percent, inclusive of the anticipated reduction of backlog. Life sciences and chemical analysis combined are expected to grow 7.1 percent. Again, resulting in our mid-range growth guidance of 5.7 percent.

First-quarter FY12 revenue guidance is $1.65 to $1.67 billion, with non-GAAP earnings of 67 to 69 cents per share. Our revenue/EPS guidance reflects the impact of the Lunar Holiday in the last week of January, which is the end of our fiscal quarter.

We remain cautious as we enter the New Year, but believe there are several excellent market opportunities. We believe communications and petrochemical markets will remain robust, along with solid opportunities in the food markets. We also see continued opportunities to increase our presence in the life sciences market.

Couple these market opportunities with our continued investment in emerging markets, and we believe our growth expectations are realistic, barring a financial crisis.

In addition, we will continue to focus on improving gross margins in the Chemical Analysis and Life Sciences Groups. As I have noted in the past, we are leveraging
Agilent’s design capability, supply chain and low-cost manufacturing capability to improve CAG and LSG gross margins. While this effort will take several years, we believe we can continue to make solid progress in FY12.

Finally, we plan to continue to invest 10 percent of revenue in R&D. We have a deep pipeline of new product launches in FY12 across all of our product lines. We are committed to be the technology leader, and to maintain our No. 1 position in customer satisfaction.

Thank you for being on the call. And now, I’ll turn it over to Didier.
DIDIER HIRSCH:

Thank you, Bill, and hello, everyone.

I will start by providing some additional color on our fourth quarter results and then comment on our outlook for Q1 and the fiscal year.

As in prior calls, all of my comments will refer to non-GAAP figures.

Starting with Q4 results

As Bill mentioned, we are quite pleased with Agilent’s fourth quarter results, as revenues, once adjusted for currency, were in line with our guidance, and operating margin, EPS and cash flow reached an all time high.

Orders of $1.75B were up 4% from one year ago, including 2 percentage points from currency. Adjusted for currency, EMG orders declined 1%, while LSG and CAG grew 7% and 2% respectively.

The regional distribution of the 2% order growth at constant currency was a combination of flat orders in the Americas, a 2% decline in Europe, a 6% decline in Japan and 11% growth in the rest of Asia Pacific.

Revenues of $1.73B were up 9% from one year ago, including 2 percentage points due to currency. Adjusted for currency, EMG revenues grew 10%, LSG 6% and CAG 1%.

The regional distribution of the 7% revenue growth at constant currency was 6% growth in the Americas, a 1% decline in Europe, 9% growth in Japan and 13% growth in the rest of Asia Pacific.

Moving to the income statement

While currency impacts each P&L line, it has minimal impact on our operating margin performance, as a result of our geographic diversification and systematic hedging program.
Gross margin of 55.1% improved nearly one point on a sequential basis, starting to reflect Varian costs of sale synergies.

Expenses were very well-controlled and only increased 1% YoY.

Q4 operating margin of 21.6% was another all-time high for Agilent. Operating margin improved 140 basis points from last quarter and was up 250 basis points year over year.

By segment, EMG’s operating margin reached a record 24.4%, CAG’s operating margin of 24.0% was up 340 basis points sequentially, and LSG’s operating margin of 14.4% was up 120 basis points sequentially.

Finally, Agilent’s year-over-year operating margin incremental of 48% was way above the secular 30% to 40% range.

While the world economic outlook remains uncertain, we continue to maintain the discipline of our operating model as evidenced by this quarter’s financial results.

Non-GAAP net income of $296M, or $0.84 cents per share, compares to $228M and $0.65 cents per share one year ago, an increase of approximately 30% year over year. Both quarterly earnings per share and full year EPS of $2.95 are historic highs for Agilent.

Turning to the cash flow and our net cash position

Total quarterly cash generated from operations was $510M, an increase of $137M compared to the same period last year.

During the quarter, we received $5M from employee stock programs and repurchased $35M worth of shares, for a net share buyback of $30M. This year we invested $497M in gross share repurchases, or $193M net of stock issuances from employee stock plans.

Our net cash position at the end of October was $1.4 billion, an increase of $426M from one quarter ago and $829M higher than Q4 last year.
Now turning to the guidance for Fiscal Year 2012

Given our solid Q4 performance and reflecting our confidence in Agilent’s competitive position and operating model, we are projecting a fiscal year 2012 revenue range of $6.85B to $7.15B. The corresponding EPS range is $3.00 to $3.35 based on 355M diluted shares and no change in the tax rate.

You will note that the midpoint of our revenue guidance, $7B, translates into 5.7% YOY growth. The midpoint of our EPS guidance at $3.18 translates into 8% growth over our FY11 EPS of $2.95, which is consistent with a year-over-year operating margin incremental of 31%.

As you update your models for FY12, please consider the following:

1. Annual salary increases will be effective December 1, 2011.
2. Stock-based compensation will be about $84M, compared to $73M in FY11. As we front-load the recognition of stock-based compensation, the Q1 expense will be about $31M.
3. Depreciation is projected to be $160M for the fiscal year.
4. Net interest expense is forecasted at $83M, and other income at $16M.
5. We expect operating cash flow of approximately $1.1B and capital expenditures of about $180M, which yields free cash flow of approximately $900M.
6. We distribute our variable and incentive pay in Q1 and Q3; hence, Q2 and Q4 are seasonally higher cash flow quarters.

Finally, moving to the guidance for our first quarter

We expect Q1 revenues of $1.65B to $1.67B and EPS of 67 to 69 cents. At midpoint, year-over-year revenue growth will be 9%, while the midpoint of our EPS guidance corresponds to a year-over-year EPS growth of 13%. As a reminder, we typically see EPS decline materially from Q4 to Q1, because of the impact of the December salary increase, front-loading of stock-based compensation, and the increase in payroll taxes due to the disbursement of the variable and incentive pay of the previous semester.
With that, I will turn it over to Alicia for the Q&A