Thank you and welcome everyone to Agilent's Fourth Quarter Conference Call for Fiscal Year 2012. With me are Agilent's CEO, Bill Sullivan, as well as Senior Vice President and CFO, Didier Hirsch.

Joining in the Q&A after Didier’s comments will be Agilent’s President and Chief Operating Officer, Ron Nersesian. Also joining are the Presidents of our Electronic Measurement, Life Sciences, Chemical Analysis and Diagnostics and Genomics groups, Guy Séné, Nick Roelofs, Mike McMullen and Lars Holmqvist.

You can find the press release and information to supplement today’s discussion on our website at www.investor.agilent.com.

While there, please click on the link for “financial results,” where you will find revenue break outs, business segment results and historical financials for Agilent's operations. We will also post a copy of the prepared remarks following this call.

Bill and Didier’s comments today will refer to non-GAAP financial measures. You will find the most directly comparable GAAP financial metrics and reconciliations on our website.
We will make forward-looking statements about the 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.

For Agilent’s fiscal fourth quarter, orders were flat year-over year, while Q4 revenues were up 2 percent over last year. Operating margin was almost 22 percent and non-GAAP EPS was 86 cents per share.

The headline for this quarter is that most of our end-markets remain soft. But as a result of executing on our operating model, we:

- improved gross margins,
- tightly controlled our expenses to deliver a record non-GAAP operating profit,
- exceeded our EPS guidance, and
- strengthened our balance sheet as the result of excellent free cash flow.
We are pleased with our financial results for the quarter, as we’ve rebounded from our Q3 earnings miss.

In regards to end markets, Q4 played out as predicted. Fourth quarter revenue, excluding Dako, was flat compared to Q3.

Electronic measurement revenues declined 5 percent over last year. Communications markets were down in high single digits, with softness in R&D and manufacturing. Aerospace and defense spending was down 2 percent year-over-year.

All of our chemical analysis markets remained soft, except for forensics testing for drugs of abuse, with overall business revenues down three percent year-over-year.

Our life science business was flat compared to the previous year, as we continued to see positive growth for pharma and continued weakness in academic and research.

Overall organic growth in our new diagnostics and genomics business was slightly up year-over-year. Dako met its fourth-quarter revenue plan and continues to deliver on our expectations.

Looking ahead, for the full fiscal year 2013, Agilent expects revenue of $7.0 billion to $7.2 billion, and non-GAAP earnings of $2.80 to $3.10 per share.
Forecasting the outlook for FY13 is difficult, especially in the face of a potential U.S. financial or fiscal cliff. However, we would like to share the thinking that supports our FY13 guidance.

First, we are assuming that there will be no new crisis in the U.S. or Europe. However, continued uncertainty will dampen demand until the second half of our fiscal year.

Second, Agilent will face higher pension expenses and the traditional increases in compensation and benefits. These costs will be less easily absorbed in a slow-growth environment.

We’re delivering on our ambitious manufacturing cost-improvement plan. However, we’re also facing price competition, again because of the current slow-growth environment.

Overall, we are forecasting an FY13 core revenue growth rate in the range of plus or minus 1.5 percent. Total reported revenue growth, including the impact of acquisitions, is expected to be in the 2 to 5 percent range.

In regards to business segments, we are forecasting a 1 percent to 3 percent decline in our electronic measurement business. We are not counting on increased investments in cellular infrastructure in the first half.

Our chemical analysis and life sciences businesses will be flat to up 3 percent, with no fundamental changes in end markets.
For our diagnostics and genomics business, core growth will be in the range of 3 to 7 percent, with Dako growing around 6 percent.

Finally, we will continue our investments in R&D. We will ensure that we continue to meet customers’ needs with innovative and cost effective solutions, to solve their most critical measurement challenges.

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

DIDIER HIRSCH

Thank you, Bill, and hello, everyone.

As Bill stated, we are quite pleased with our fourth quarter results. Revenues were in line with our guidance and our operating margin reached a record high of 21.7%, a noteworthy performance in a challenging economic environment.

We delivered substantial sequential and year-over-year improvements in gross margin, thanks to Varian cost synergies and other cost saving programs in CAG and LSG.

We also maintained the strict operating expense controls implemented 6 months ago.

Reflecting on our performance for the full year, we reached a record 20.2% operating margin on 2.5% core revenue growth.
Our core revenue growth was close to the low end of the guidance we provided in November of last year, but our all-time high $3.12 EPS, including 4 cents from Dako standalone, was 12 cents above the low end of the guidance. We generated over $1.2B in operating cash flow, $100M more than the guidance provided one year ago.

Now turning to the guidance for Fiscal Year 2013.

As Bill stated, our FY13 revenue guidance of $7.0B to $7.2B assumes the economy will muddle through in the first half of our fiscal year and pick up moderately in the second half. We do not assume a fiscal cliff scenario but expect stringent government spending.

The $2.80 to $3.10 EPS guidance takes into account YoY increases in compensation and benefits of $100M as well as an increase in sales commissions of $15M (as quotas are being reset), offset by variable pay reduction, cost synergies, and the incremental Dako standalone OP contribution of about $30M. At the low end of the revenue guidance, one would also expect a tougher price environment.

As you update your models for FY13, please consider the following:

Annual salary increases will be effective December 1, 2012. Stock-based compensation will be about $90M, compared to $76M in FY12. As we front-load the recognition of stock-based compensation, the Q1 expense will be about $32M. Pension expenses will grow from $70M in FY12 to $85M in FY13.
Depreciation is projected to be $195M for the fiscal year.
Net interest expense is forecasted at $95M, and other income at $15M.
The non-GAAP effective tax rate is assumed to remain at 16% and the diluted share count at 355M.
We expect operating cash flow of $1.25B and capital expenditures of $220M

Finally, moving to the guidance for our first quarter

We expect Q1 revenues of $1.68B to $1.70B and EPS of 65 to 67 cents.
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