

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 January 31,		Percent
	2017	2016	Inc/(Dec)
Net revenue	\$ 1,067	\$ 1,028	4%
Costs and expenses:			
Cost of products and services	493	491	—
Research and development	79	78	1%
Selling, general and administrative	289	304	(5%)
Total costs and expenses	<u>861</u>	<u>873</u>	(1%)
Income from operations	206	155	33%
Interest income	4	2	100%
Interest expense	(20)	(18)	11%
Other income (expense), net	<u>3</u>	<u>3</u>	—
Income before taxes	193	142	36%
Provision for income taxes	25	21	19%
Net income	<u>\$ 168</u>	<u>\$ 121</u>	39%
Net income per share:			
Basic	\$ 0.52	\$ 0.37	
Diluted	\$ 0.52	\$ 0.36	
Weighted average shares used in computing net income per share:			
Basic	322	329	
Diluted	326	332	
Cash dividends declared per common share	\$ 0.132	\$ 0.115	

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 January 31,	
	2017	2016
Net income	\$ 168	\$ 121
Other comprehensive income (loss), net of tax:		
Unrealized gain on derivative instruments	1	3
Amounts reclassified into earnings related to derivative instruments	—	(1)
Foreign currency translation	(3)	(56)
Net defined benefit pension cost and post retirement plan costs:		
Change in actuarial net loss	17	15
Change in net prior service benefit	(1)	(8)
Other comprehensive income (loss)	14	(47)
Total comprehensive income	\$ 182	\$ 74

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>January 31,</u> <u>2017</u>	<u>October 31,</u> <u>2016</u> ^(a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,241	\$ 2,289
Accounts receivable, net	653	631
Inventory	551	533
Other current assets	190	182
Total current assets	<u>3,635</u>	<u>3,635</u>
Property, plant and equipment, net	653	639
Goodwill	2,563	2,517
Other intangible assets, net	411	408
Long-term investments	133	135
Other assets	477	460
Total assets	<u>\$ 7,872</u>	<u>\$ 7,794</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 268	\$ 257
Employee compensation and benefits	189	235
Deferred revenue	299	269
Short-term debt	189	—
Other accrued liabilities	143	184
Total current liabilities	<u>1,088</u>	<u>945</u>
Long-term debt	1,803	1,904
Retirement and post-retirement benefits	350	360
Other long-term liabilities	331	339
Total liabilities	<u>3,572</u>	<u>3,548</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 January 31, 2017 and 614 million shares at October 31, 2016, issued	3	6
Treasury stock at cost; zero shares at January 31, 2017 and 290 million shares at October 31, 2016	—	(10,508)
Additional paid-in-capital	5,236	9,159
Retained earnings (accumulated deficit)	(453)	6,089
Accumulated other comprehensive loss	(489)	(503)
Total stockholders' equity	<u>4,297</u>	<u>4,243</u>
Non-controlling interest	3	3
Total equity	<u>4,300</u>	<u>4,246</u>
Total liabilities and equity	<u>\$ 7,872</u>	<u>\$ 7,794</u>

^(a) Includes the impact of the adoption of ASU 2015-15.

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 January 31, 2017
	\$
Cash flows from operating activities:	
Net income	168
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation and amortization	55
Share-based compensation	20
Excess and obsolete inventory related charges	7
Other non-cash expenses, net	2
Changes in assets and liabilities:	
Accounts receivable	(31)
Inventory	(26)
Accounts payable	9
Employee compensation and benefits	(43)
Other assets and liabilities	(45)
Net cash provided by operating activities ^(a)	116
Cash flows from investing activities:	
Investments in property, plant and equipment	(32)
Proceeds from divestitures	1
Acquisition of businesses and intangible assets, net of cash acquired	(70)
Net cash used in investing activities	(101)
Cash flows from financing activities:	
Issuance of common stock under employee stock plans	18
Payment of taxes related to net share settlement of equity awards	(12)
Payment of dividends	(42)
Proceeds from revolving credit facility	131
Repayment of revolving credit facility	(42)
Treasury stock repurchases	(111)
Net cash used in financing activities	(58)
Effect of exchange rate movements	(5)
Net decrease in cash and cash equivalents	(48)
Cash and cash equivalents at beginning of period	2,289
Cash and cash equivalents at end of period	\$ 2,241
^(a) Cash payments included in operating activities:	
Severance payments	1
Income tax payments, net	27
Interest payments	29

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)

	2017				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 540				
Gross margin %	59.6%				
Income from operations	\$ 126				
Operating margin %	23.4%				

	2016				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 526	\$ 495	\$ 504	\$ 548	\$ 2,073
Gross margin %	58.7%	58.5%	57.8%	59.4%	58.6%
Income from operations	\$ 114	\$ 94	\$ 96	\$ 125	\$ 429
Operating margin %	21.7%	19.0%	19.1%	22.8%	20.7%

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 asset impairments, amortization of intangibles, pension curtailment gain, pension settlement gain, transformational initiatives, acquisition and integration costs, business exit and divestiture costs, and impairment of investment and loans.

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)

	2017				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 164				
Gross margin %	54.8%				
Income from operations	\$ 23				
Operating margin %	14.3%				

	2016				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 158	\$ 178	\$ 180	\$ 193	\$ 709
Gross margin %	52.7%	54.1%	55.8%	55.4%	54.6%
Income from operations	\$ 15	\$ 27	\$ 34	\$ 38	\$ 114
Operating margin %	9.6%	15.0%	18.8%	19.6%	16.0%

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 asset impairments, amortization of intangibles, pension curtailment gain, pension settlement gain, transformational initiatives, acquisition and integration costs, business exit and divestiture costs, and impairment of investment and loans.

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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)

	2017				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 363				
Gross margin %	48.5%				
Income from operations	\$ 74				
Operating margin %	20.3%				

	2016				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 344	\$ 346	\$ 360	\$ 370	\$ 1,420
Gross margin %	50.1%	49.3%	48.7%	49.4%	49.4%
Income from operations	\$ 76	\$ 74	\$ 82	\$ 84	\$ 316
Operating margin %	22.1%	21.5%	22.7%	22.7%	22.3%

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

Agilent Technologies, Inc.
Non-GAAP Financial Results Q1FY16 - Q1FY17
(Unaudited)

M\$	Preliminary					
	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q1 Y/Y
Net Revenue	1,028	1,019	1,044	1,111	1,067	4%
Gross Profit %	54.9%	54.6%	54.3%	55.4%	55.1%	0.2 ppt
R&D	80	80	80	84	82	2%
% Revenue	7.8%	7.9%	7.7%	7.6%	7.6%	-0.2 ppt
SG&A	280	281	275	284	283	1%
% Revenue	27.2%	27.6%	26.3%	25.6%	26.5%	-0.7 ppt
Operating Profit	205	195	212	247	223	9%
Operating Margin	20.0%	19.1%	20.3%	22.2%	20.9%	0.9 ppt
Other Income/ (Expense)	(14)	(14)	(12)	(15)	(11)	21%
Pre-Tax Earnings	191	181	200	232	212	11%
Income Tax	38	36	40	39	40	5%
Net Income	153	145	160	193	172	12%
Regular Headcount	12,100	12,200	12,300	12,500	12,600	500
Non-GAAP EPS	\$ 0.46	\$ 0.44	\$ 0.49	\$ 0.59	\$ 0.53	\$ 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 asset impairments, amortization of intangibles, transformational initiatives, acquisition and integration costs, business exit and divestiture costs, pension curtailment gain, pension settlement gain, and impairment of investment and loans.

Asset impairments 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.

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.

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

Pension curtailment gain resulted from certain retirement plans benefit reductions.

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

Impairment of investment and loans include investments and their related convertible loans that have been written down to their fair value.

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

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

	Q1'16 ^(a)	Q2'16 ^(a)	Q3'16	Q4'16	Q1'17	Q1'17 Year Over Year Percent Inc/(Dec)
GAAP						
Americas	\$ 348	\$ 350	\$ 361	\$ 396	\$ 366	5%
Europe	327	279	292	306	316	(3%)
Asia Pacific	353	390	391	409	385	9%
Revenue	<u>\$ 1,028</u>	<u>\$ 1,019</u>	<u>\$ 1,044</u>	<u>\$ 1,111</u>	<u>\$ 1,067</u>	4%

^(a) Prior periods were adjusted to reflect our ship-to location methodology.

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

<u>GROSS MARGIN</u>	<u>Q1'17</u>	<u>Gross Margin %</u>	<u>Q1'16</u>	<u>Gross Margin %</u>
Revenue:	\$ 1,067		\$ 1,028	
Gross margin:				
Cost of products and services	\$ 493	53.8%	\$ 491	52.2%
Add:				
Intangible amortization	(23)		(27)	
Transformational initiatives	-		-	
Acquisition and integration costs	(1)		-	
Pension curtailment gain	-		5	
Pension settlement gain	11		-	
Business exit and divestiture costs	-		(4)	
Other	(1)		(2)	
Non-GAAP cost of products and services	\$ 479	55.1%	\$ 463	54.9%

<u>RESEARCH & DEVELOPMENT EXPENSES</u>	<u>Q1'17</u>	<u>R&D as % of Revenue</u>	<u>Q1'16</u>	<u>R&D as % of Revenue</u>
Revenue:	\$ 1,067		\$ 1,028	
Research and development expenses	\$ 79	7.4%	\$ 78	7.6%
Add:				
Asset impairments	-		-	
Transformational initiatives	-		(1)	
Acquisition and integration costs	-		-	
Pension curtailment gain	-		3	
Pension settlement gain	3		-	
Non-GAAP research and development expenses	\$ 82	7.6%	\$ 80	7.8%

<u>SELLING, GENERAL & ADMINISTRATIVE EXPENSES</u>	<u>Q1'17</u>	<u>SG&A as % of Revenue</u>	<u>Q1'16</u>	<u>SG&A as % of Revenue</u>
Revenue:	\$ 1,067		\$ 1,028	
Selling, general and administrative expenses	\$ 289	27.1%	\$ 304	29.6%
Add:				
Intangible amortization	(8)		(16)	
Transformational initiatives	(2)		(10)	
Acquisition and integration costs	(13)		(5)	
Pension curtailment	-		8	
Pension settlement gain	18		-	
Business exit and divestiture costs	-		(1)	
Other	(1)		-	
Non-GAAP selling, general & administrative expenses	\$ 283	26.5%	\$ 280	27.2%

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, pension curtailment gain, and pension settlement gain.

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

	Q1'17	Operating Margin %	Q1'16	Operating Margin %	Year Over Year Percent Inc/(Dec)
Revenue:	\$ 1,067		\$ 1,028		
Income from operations:					
GAAP Income from operations	\$ 206	19.3%	\$ 155	15.1%	
Add:					
Intangible amortization	31		43		
Business exit and divestiture costs	-		5		
Transformational initiatives	2		11		
Acquisition and integration costs	14		5		
Pension curtailment gain	-		(16)		
Pension settlement gain	(32)		-		
Other	2		2		
Non-GAAP income from operations	<u>\$ 223</u>	20.9%	<u>\$ 205</u>	20.0%	
Reimbursement from Keysight for services ^(a)	3		3		
Adjusted non-GAAP income from operations	<u>\$ 226</u>	21.2%	<u>\$ 208</u>	20.2%	1.0%

^(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, pension curtailment gain, and pension settlement gain.

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

	FY16	Operating Margin %
Revenue:	\$ 4,202	
Income from operations:		
GAAP Income from operations	\$ 615	14.6%
Add:		
Amortization of intangible assets	152	
Transformational initiatives	38	
Acquisition and integration costs	41	
Asset impairments and write-downs	4	
Pension curtailment	(16)	
Business exit and divestiture costs	11	
Impairment of loans	7	
Other	7	
Non-GAAP income from operations	\$ 859	20.4%
Reimbursement from Keysight for services ^(a)	12	
Adjusted non-GAAP income from operations	\$ 871	20.7%

^(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 asset impairments, amortization of intangibles, transformational initiatives, acquisition and integration costs, pension curtailment, business exit and divestiture costs, and impairment of loans.

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.
NON-GAAP NET INCOME AND DILUTED EPS RECONCILIATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Q1'16		Q2'16		Q3'16		Q4'16		Q1'17	
	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS
GAAP net income	\$ 121	\$ 0.36	\$ 91	\$ 0.28	\$ 124	\$ 0.38	\$ 126	\$ 0.38	\$ 168	\$ 0.52
Non-GAAP adjustments:										
Asset impairments	—	—	—	—	4	0.01	—	—	—	—
Intangible amortization	43	0.13	40	0.12	37	0.11	32	0.10	31	0.10
Business exit and divestiture costs	4	0.01	1	—	1	—	4	0.01	—	—
Transformational initiatives	11	0.03	10	0.03	11	0.03	6	0.02	2	0.01
Acquisition and integration costs	5	0.02	12	0.04	11	0.03	13	0.04	16	0.05
Pension curtailment gain	(16)	(0.05)	—	—	—	—	—	—	—	—
Pension settlement gain	—	—	—	—	—	—	—	—	(32)	(0.11)
Impairment of investment and loans	—	—	—	—	—	—	25	0.08	—	—
Other	2	0.01	1	—	2	0.01	1	—	2	0.01
Adjustment for taxes ^(a)	(17)	(0.05)	(10)	(0.03)	(30)	(0.08)	(14)	(0.04)	(15)	(0.05)
Non-GAAP net income	<u>\$ 153</u>	<u>\$ 0.46</u>	<u>\$ 145</u>	<u>\$ 0.44</u>	<u>\$ 160</u>	<u>\$ 0.49</u>	<u>\$ 193</u>	<u>\$ 0.59</u>	<u>\$ 172</u>	<u>\$ 0.53</u>

^(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 January 31, 2017 and 2016, management uses a non-GAAP effective tax rate of 19.0% and 20.0%, respectively.

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 asset impairments, amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension curtailment gain, and pension settlement gain and impairment of investment and loans.

Asset impairments 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 primarily in fiscal year 2015 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, the transfer of assets and intellectual property, information technology systems and infrastructure and other employee-related costs.

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

Impairment of investment and loans include investments and their related convertible loans that have been written down to their fair value.

Pension curtailment gain resulted from certain retirement plans benefit reductions.

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

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

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

	Year-over-Year						
	GAAP						
GAAP Revenue by Segment	Q1'17	Q1'16	Year-over-Year % Change				
Life Sciences and Applied Markets Group	\$ 540	\$ 526	3%				
Diagnostics and Genomics Group	164	158	4%				
Agilent CrossLab Group	363	344	6%				
Agilent	<u>\$ 1,067</u>	<u>\$ 1,028</u>					
				Currency Adjustments	Currency-Adjusted ^(a)		
Non GAAP Revenue by Segment	Q1'17	Q1'16	Year-over-Year % Change	Q1'17	Q1'17	Q1'16	Year-over-Year % Change
Life Sciences and Applied Markets Group excluding NMR	\$ 540	\$ 524	3%	\$ (5)	\$ 545	\$ 524	4%
Diagnostics and Genomics Group excluding acquisition	163	158	3%	(1)	164	158	4%
Agilent CrossLab Group excluding acquisition	361	344	5%	(5)	366	344	7%
Agilent Revenue (Core)	<u>\$ 1,064</u>	<u>\$ 1,026</u>		<u>\$ (11)</u>	<u>\$ 1,075</u>	<u>\$ 1,026</u>	5%

^(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							
<u>GAAP Revenue by Region</u>	Q1'17	Q1'16	Year-over-Year % Change					
Revenue	\$ 1,067	\$ 1,028	4%					
Americas	366	348	5%					
Europe	316	327	(3%)					
Japan	60	55	9%					
Asia Pacific, excluding Japan	325	298	10%					
Total Revenue	\$ 1,067	\$ 1,028	4%					
Asia Pacific	\$ 385	\$ 353	9%					

	Non-GAAP			Year-over-Year % Change	Currency Adjustments	Currency-Adjusted ^(a)		
<u>Non-GAAP Revenue by Region</u>	Q1'17	Q1'16	Year-over-Year % Change	Currency Adjustments	Q1'17	Q1'16	Year-over-Year % Change	Currency-Adjusted ^(a)
Revenue	\$ 1,064	\$ 1,026	4%	\$ (11)	\$ 1,075	\$ 1,026	5%	
Americas	364	348	5%	-	364	348	4%	
Europe	315	326	(3%)	(10)	325	326	—	
Japan	60	55	9%	5	55	55	1%	
Asia Pacific, excluding Japan	325	297	9%	(6)	331	297	11%	
Total Revenue (CORE)	\$ 1,064	\$ 1,026	4%	\$ (11)	\$ 1,075	\$ 1,026	5%	
Asia Pacific	\$ 385	\$ 352	9%	\$ (1)	\$ 386	\$ 352	10%	

^(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,		
	2017	2016	% Growth	2017	2016	% Growth	2017	2016	% Growth	2017	2016	% Growth	2017	2016	% Growth
GAAP Revenue	\$ 1,067	\$ 1,028	4%												
Less: Revenue related to NMR, Acquisitions and Divestitures	(3)	(2)													
Non-GAAP Revenue	\$ 1,064	\$ 1,026		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	
Less: Currency adjustment ^(a)	(11)	-													
Agilent Core Revenue	\$ 1,075	\$ 1,026	5%	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	

	Three Months Ended Jan. 31,			Three Months Ended April 30,			Three Months Ended July 31,			Three Months Ended October 31,			Year Ended October 31,		
	2016	2015	% Growth	2016	2015	% Growth	2016	2015	% Growth	2016	2015	% Growth	2016	2015	% Growth
GAAP Revenue	\$ 1,028	\$ 1,026	0%	\$ 1,019	\$ 963	6%	\$ 1,044	\$ 1,014	3%	\$ 1,111	\$ 1,035	7%	\$ 4,202	\$ 4,038	4%
Less: Revenue related to NMR, Acquisitions and Divestitures	(14)	(24)		(12)	(20)		(15)	(9)		(15)	(8)		(56)	(61)	
Non-GAAP Revenue	\$ 1,014	\$ 1,002		\$ 1,007	\$ 943		\$ 1,029	\$ 1,005		\$ 1,096	\$ 1,027		\$ 4,146	\$ 3,977	
Less: Currency adjustment ^(a)	(53)	-		(13)	-		(8)	-		4	-		(70)	-	
Agilent Core Revenue	\$ 1,067	\$ 1,002	6%	\$ 1,020	\$ 943	8%	\$ 1,037	\$ 1,005	3%	\$ 1,092	\$ 1,027	6%	\$ 4,216	\$ 3,977	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.