

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 <u>Inc/(Dec)</u>
	2017	2016	
Net revenue	\$ 1,102	\$ 1,019	8%
Costs and expenses:			
Cost of products and services	510	489	4%
Research and development	84	81	4%
Selling, general and administrative	307	318	(3%)
Total costs and expenses	<u>901</u>	<u>888</u>	1%
Income from operations	201	131	53%
Interest income	5	3	67%
Interest expense	(20)	(18)	11%
Other income (expense), net	<u>5</u>	<u>1</u>	—
Income before taxes	191	117	63%
Provision for income taxes	27	26	4%
Net income	<u>\$ 164</u>	<u>\$ 91</u>	80%
Net income per share:			
Basic	\$ 0.51	\$ 0.28	
Diluted	\$ 0.50	\$ 0.28	
Weighted average shares used in computing net income per share:			
Basic	321	326	
Diluted	325	328	
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 OPERATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Six Months Ended April 30,		Percent
	2017	2016	Inc/(Dec)
Net revenue	\$ 2,169	\$ 2,047	6%
Costs and expenses:			
Cost of products and services	1,003	980	2%
Research and development	163	159	3%
Selling, general and administrative	596	622	(4%)
Total costs and expenses	<u>1,762</u>	<u>1,761</u>	—
Income from operations	407	286	42%
Interest income	9	5	80%
Interest expense	(40)	(36)	11%
Other income (expense), net	<u>8</u>	<u>4</u>	100%
Income before taxes	384	259	48%
Provision for income taxes	52	47	11%
Net income	<u>\$ 332</u>	<u>\$ 212</u>	57%
Net income per share:			
Basic	\$ 1.03	\$ 0.65	
Diluted	\$ 1.02	\$ 0.64	
Weighted average shares used in computing net income per share:			
Basic	322	327	
Diluted	325	330	
Cash dividends declared per common share	\$ 0.264	\$ 0.230	

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

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

	<u>Three Months Ended</u> <u>April 30,</u>		<u>Six Months Ended</u> <u>April 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net income	\$ 164	\$ 91	\$ 332	\$ 212
Other comprehensive income (loss), net of tax:				
Unrealized loss on derivative instruments	(1)	(9)	—	(6)
Amounts reclassified into earnings related to derivative instruments	(1)	—	(1)	(1)
Foreign currency translation	7	145	4	89
Net defined benefit pension cost and post retirement plan costs:				
Change in actuarial net loss	9	6	26	21
Change in net prior service benefit	(2)	(3)	(3)	(11)
Other comprehensive income	<u>12</u>	<u>139</u>	<u>26</u>	<u>92</u>
Total comprehensive income	<u>\$ 176</u>	<u>\$ 230</u>	<u>\$ 358</u>	<u>\$ 304</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>2017</u>	<u>October 31,</u> <u>2016</u> ^(a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,389	\$ 2,289
Accounts receivable, net	677	631
Inventory	548	533
Other current assets	186	182
Total current assets	<u>3,800</u>	<u>3,635</u>
Property, plant and equipment, net	675	639
Goodwill	2,568	2,517
Other intangible assets, net	373	408
Long-term investments	134	135
Other assets	466	460
Total assets	<u>\$ 8,016</u>	<u>\$ 7,794</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 265	\$ 257
Employee compensation and benefits	241	235
Deferred revenue	301	269
Short-term debt	241	—
Other accrued liabilities	139	184
Total current liabilities	<u>1,187</u>	<u>945</u>
Long-term debt	1,802	1,904
Retirement and post-retirement benefits	317	360
Other long-term liabilities	335	339
Total liabilities	<u>3,641</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; 321 million shares at April 30, 2017 and 614 million shares at October 31, 2016, issued	3	6
Treasury stock at cost; zero shares at April 30, 2017 and 290 million shares at October 31, 2016	—	(10,508)
Additional paid-in-capital	5,239	9,159
Retained earnings (accumulated deficit)	(393)	6,089
Accumulated other comprehensive loss	(477)	(503)
Total stockholders' equity	<u>4,372</u>	<u>4,243</u>
Non-controlling interest	3	3
Total equity	<u>4,375</u>	<u>4,246</u>
Total liabilities and equity	<u>\$ 8,016</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 April 30, 2017	Three Months Ended April 30, 2016	Six Months Ended April 30, 2017	Six Months Ended April 30, 2016
Cash flows from operating activities:				
Net income	\$ 164	\$ 91	\$ 332	\$ 212
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	54	64	109	130
Share-based compensation	15	13	35	36
Excess and obsolete inventory related charges	8	8	15	12
Other non-cash expenses, net	—	6	2	8
Changes in assets and liabilities:				
Accounts receivable	(17)	34	(48)	19
Inventory	(3)	—	(29)	(13)
Accounts payable	(3)	(35)	6	(53)
Employee compensation and benefits	50	34	7	(13)
Other assets and liabilities	(11)	39	(56)	27
Net cash provided by operating activities ^(a)	<u>257</u>	<u>254</u>	<u>373</u>	<u>365</u>
Cash flows from investing activities:				
Investments in property, plant and equipment	(43)	(25)	(75)	(63)
Proceeds from divestitures	—	—	1	—
Proceeds from sale of investment securities	—	—	—	1
Payment to acquire cost method investment	—	(80)	—	(80)
Loan to equity method investment	—	(3)	—	(3)
Change in restricted cash and cash equivalents, net	—	—	—	245
Payment in exchange for convertible note	—	—	—	(1)
Acquisition of businesses and intangible assets, net of cash acquired	—	—	(70)	(235)
Net cash used in investing activities	<u>(43)</u>	<u>(108)</u>	<u>(144)</u>	<u>(136)</u>
Cash flows from financing activities:				
Issuance of common stock under employee stock plans	8	8	26	32
Payment of taxes related to net share settlement of equity awards	(1)	—	(13)	(5)
Payment of dividends	(43)	(37)	(85)	(75)
Proceeds from revolving credit facility	97	155	228	255
Repayment of revolving credit facility	(45)	—	(87)	(20)
Treasury stock repurchases	(83)	(94)	(194)	(294)
Net cash provided by (used in) financing activities	<u>(67)</u>	<u>32</u>	<u>(125)</u>	<u>(107)</u>
Effect of exchange rate movements	1	30	(4)	14
Net increase in cash and cash equivalents	148	208	100	136
Cash and cash equivalents at beginning of period	<u>2,241</u>	<u>1,931</u>	<u>2,289</u>	<u>2,003</u>
Cash and cash equivalents at end of period	<u>\$ 2,389</u>	<u>\$ 2,139</u>	<u>\$ 2,389</u>	<u>\$ 2,139</u>
^(a) Cash payments included in operating activities:				
Severance payments	\$ 2	\$ 1	\$ 3	\$ 3
Income tax payments (refunds), net	\$ 14	\$ (16)	\$ 41	\$ 21
Interest payments	\$ 11	\$ 8	\$ 40	\$ 37

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	\$ 523			\$ 1,063
Gross margin %	59.6%	59.9%			59.8%
Income from operations	\$ 126	\$ 110			\$ 236
Operating margin %	23.4%	21.1%			22.3%

	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	\$ 201			\$ 365
Gross margin %	54.8%	57.6%			56.4%
Income from operations	\$ 23	\$ 49			\$ 72
Operating margin %	14.3%	24.2%			19.7%

	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	\$ 378			\$ 741
Gross margin %	48.5%	49.7%			49.1%
Income from operations	\$ 74	\$ 82			\$ 156
Operating margin %	20.3%	21.6%			21.0%

	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%

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.
Non-GAAP Financial Results Q1FY16 - Q2FY17
(Unaudited)

M\$	Q1'16	Q2'16	Q3'16	Q4'16	Preliminary		Q2 Y/Y
					Q1'17	Q2'17	
Net Revenue	1,028	1,019	1,044	1,111	1,067	1,102	8%
Gross Profit %	54.9%	54.6%	54.3%	55.4%	55.1%	56.0%	1.4 ppt
R&D	80	80	80	84	82	83	4%
% Revenue	7.8%	7.9%	7.7%	7.6%	7.6%	7.5%	-0.4 ppt
SG&A	280	281	275	284	283	293	4%
% Revenue	27.2%	27.6%	26.3%	25.6%	26.5%	26.6%	-1.0 ppt
Operating Profit	205	195	212	247	223	241	23%
Operating Margin	20.0%	19.1%	20.3%	22.2%	20.9%	21.8%	2.7 ppt
Other Income/ (Expense)	(14)	(14)	(12)	(15)	(11)	(10)	29%
Pre-Tax Earnings	191	181	200	232	212	231	28%
Income Tax	38	36	40	39	40	44	22%
Net Income	153	145	160	193	172	187	29%
Net Margin	14.9%	14.2%	15.3%	17.4%	16.1%	17.0%	2.8 ppt
Regular Headcount	12,100	12,200	12,300	12,500	12,600	12,900	700
Non-GAAP EPS	\$ 0.46	\$ 0.44	\$ 0.49	\$ 0.59	\$ 0.53	\$ 0.58	\$ 0.14

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

	Q2'16 ^(a)	Q3'16	Q4'16	Q1'17	Q2'17	Q2'17 Year Over Year Percent Inc/(Dec)
GAAP						
Americas	\$ 351	\$ 361	\$ 396	\$ 366	\$ 375	7%
Europe	279	292	306	316	298	7%
Asia Pacific	389	391	409	385	429	10%
Revenue	<u>\$ 1,019</u>	<u>\$ 1,044</u>	<u>\$ 1,111</u>	<u>\$ 1,067</u>	<u>\$ 1,102</u>	8%

^(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>Q2'17</u>	<u>Gross Margin %</u>	<u>Q2'16</u>	<u>Gross Margin %</u>
Revenue:	\$ 1,102		\$ 1,019	
Gross margin:				
Cost of products and services	\$ 510	53.7%	\$ 489	52.0%
Add:				
Intangible amortization	(21)		(24)	
Acquisition and integration costs	(3)		—	
Business exit and divestiture costs	—		(2)	
Other	(1)		—	
Non-GAAP cost of products and services	<u>\$ 485</u>	56.0%	<u>\$ 463</u>	54.6%

<u>RESEARCH & DEVELOPMENT EXPENSES</u>	<u>Q2'17</u>	<u>R&D as % of Revenue</u>	<u>Q2'16</u>	<u>R&D as % of Revenue</u>
Revenue:	\$ 1,102		\$ 1,019	
Research and development expenses	\$ 84	7.6%	\$ 81	7.9%
Add:				
Transformational initiatives	(1)		(1)	
Acquisition and integration costs	—		(1)	
Other	—		1	
Non-GAAP research and development expenses	<u>\$ 83</u>	7.5%	<u>\$ 80</u>	7.9%

<u>SELLING, GENERAL & ADMINISTRATIVE EXPENSES</u>	<u>Q2'17</u>	<u>SG&A as % of Revenue</u>	<u>Q2'16</u>	<u>SG&A as % of Revenue</u>
Revenue:	\$ 1,102		\$ 1,019	
Selling, general and administrative expenses	\$ 307	27.9%	\$ 318	31.2%
Add:				
Intangible amortization	(10)		(16)	
Transformational initiatives	1		(9)	
Acquisition and integration costs	(4)		(11)	
Business exit and divestiture costs	—		1	
Other	(1)		(2)	
Non-GAAP selling, general & administrative expenses	<u>\$ 293</u>	26.6%	<u>\$ 281</u>	27.6%

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, 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

	Q2'17	Operating Margin %	Q2'16	Operating Margin %	Year Over Year Percent Pts Inc/(Dec)
Revenue:	\$ 1,102		\$ 1,019		
Income from operations:					
GAAP Income from operations	\$ 201	18.2%	\$ 131	12.9%	
Add:					
Intangible amortization	31		40		
Business exit and divestiture costs	—		1		
Transformational initiatives	—		10		
Acquisition and integration costs	7		12		
Other	2		1		
Non-GAAP income from operations	<u>\$ 241</u>	21.8%	<u>\$ 195</u>	19.1%	
Reimbursement from Keysight for services ^(a)	3		3		
Adjusted non-GAAP income from operations	<u>\$ 244</u>	22.1%	<u>\$ 198</u>	19.4%	2.7%

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

	Q2'16		Q3'16		Q4'16		Q1'17		Q2'17	
	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS
GAAP net income	\$ 91	\$ 0.28	\$ 124	\$ 0.38	\$ 126	\$ 0.38	\$ 168	\$ 0.52	\$ 164	\$ 0.50
Non-GAAP adjustments:										
Asset impairments	—	—	4	0.01	—	—	—	—	—	—
Intangible amortization	40	0.12	37	0.11	32	0.10	31	0.10	31	0.10
Business exit and divestiture costs	1	—	1	—	4	0.01	—	—	—	—
Transformational initiatives	10	0.03	11	0.03	6	0.02	2	0.01	—	—
Acquisition and integration costs	12	0.04	11	0.03	13	0.04	16	0.05	7	0.02
Pension settlement gain	—	—	—	—	—	—	(32)	(0.11)	—	—
Impairment of investment and loans	—	—	—	—	25	0.08	—	—	—	—
Other	1	—	2	0.01	1	—	2	0.01	2	0.01
Adjustment for taxes ^(a)	(10)	(0.03)	(30)	(0.08)	(14)	(0.04)	(15)	(0.05)	(17)	(0.05)
Non-GAAP net income	<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>	<u>\$ 187</u>	<u>\$ 0.58</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 and six months ended April 30, 2017, management uses a non-GAAP effective tax rate of 19.0%. In the same periods last year, management used a non-GAAP effective tax rate of 20.0%.

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.

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

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.

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.

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	Q2'17	Q2'16	Year-over-Year % Change				
Life Sciences and Applied Markets Group	\$ 523	\$ 495	6%				
Diagnostics and Genomics Group	201	178	13%				
Agilent CrossLab Group	378	346	9%				
Agilent	<u>\$ 1,102</u>	<u>\$ 1,019</u>					
				Currency Adjustments	Currency-Adjusted ^(a)		
Non GAAP Revenue by Segment	Q2'17	Q2'16	Year-over-Year % Change	Q2'17	Q2'17	Q2'16	Year-over-Year % Change
Life Sciences and Applied Markets Group excluding NMR	\$ 523	\$ 494	6%	\$ (3)	\$ 526	\$ 494	6%
Diagnostics and Genomics Group excluding acquisition	198	178	12%	(2)	200	178	13%
Agilent CrossLab Group excluding acquisition	376	346	9%	(4)	380	346	10%
Agilent Revenue (Core)	<u>\$ 1,097</u>	<u>\$ 1,018</u>		<u>\$ (9)</u>	<u>\$ 1,106</u>	<u>\$ 1,018</u>	9%

^(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

<u>GAAP Revenue by Region</u>	GAAP			Year-over-Year		
	Q2'17	Q2'16	Year-over-Year % Change			
Revenue	\$ 1,102	\$ 1,019	8%			
Americas	375	351	7%			
Europe	298	279	7%			
Japan	72	62	15%			
China and Hong Kong	229	219	5%			
Rest of Asia Pacific	128	108	17%			
Total Revenue	\$ 1,102	\$ 1,019	8%			
Asia Pacific	\$ 429	\$ 389	10%			

<u>Non-GAAP Revenue by Region</u>	Non-GAAP			Currency Adjustments			Currency-Adjusted ^(a)		
	Q2'17	Q2'16	Year-over-Year % Change	Q2'17	Q2'17	Q2'16	Year-over-Year % Change		
Revenue	\$ 1,097	\$ 1,018	8%	\$ (9)	\$ 1,106	\$ 1,018	9%		
Americas	373	351	7%	2	371	351	6%		
Europe	295	279	6%	(12)	307	279	10%		
Japan	72	62	15%	3	69	62	12%		
China and Hong Kong	229	218	5%	(5)	234	218	7%		
Rest of Asia Pacific	128	108	18%	3	125	108	15%		
Total Revenue (CORE)	\$ 1,097	\$ 1,018	8%	\$ (9)	\$ 1,106	\$ 1,018	9%		
Asia Pacific	\$ 429	\$ 388	10%	\$ 1	\$ 428	\$ 388	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%	\$ 1,102	\$ 1,019	8%									
Less: Revenue related to NMR, Acquisitions and Divestitures	(3)	(2)		(5)	(1)										
Non-GAAP Revenue	\$ 1,064	\$ 1,026		\$ 1,097	\$ 1,018		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	
Less: Currency adjustment ^(a)	(11)	-		(9)	-										
Agilent Core Revenue	\$ 1,075	\$ 1,026	5%	\$ 1,106	\$ 1,018	9%	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	

	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.

AGILENT TECHNOLOGIES, INC.
RECONCILIATION OF INCREMENTAL REVENUE DOLLAR TO BOTTOM LINE
(IN MILLIONS)
PRELIMINARY

	<u>Q2'17</u>	<u>Q2'16</u>	<u>Year over Year</u>	
			<u>\$ Change</u>	<u>Incremental</u>
Agilent GAAP				
Revenue	\$ 1,102	\$ 1,019	\$ 83	
Income from Operations	\$ 201	\$ 131	\$ 70	84%
Agilent Non-GAAP				
Revenue	\$ 1,102	\$ 1,019	\$ 83	
Income from Operations	\$ 241	\$ 195	\$ 46	56%

	<u>Q1'17</u>	<u>Q1'16</u>	<u>Year over Year</u>	
			<u>\$ Change</u>	<u>Incremental</u>
Agilent GAAP				
Revenue	\$ 1,067	\$ 1,028	\$ 39	
Income from Operations	\$ 206	\$ 155	\$ 51	131%
Agilent Non-GAAP				
Revenue	\$ 1,067	\$ 1,028	\$ 39	
Income from Operations	\$ 223	\$ 205	\$ 18	47%

	<u>FY16</u>	<u>FY15</u>	<u>Year over Year</u>	
			<u>\$ Change</u>	<u>Incremental</u>
Agilent GAAP				
Revenue	\$ 4,202	\$ 4,038	\$ 164	
Income from Operations	\$ 615	\$ 522	\$ 93	57%
Agilent Non-GAAP				
Revenue	\$ 4,202	\$ 4,038	\$ 164	
Income from Operations	\$ 859	\$ 767	\$ 92	56%

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