

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 July 31,		Percent Inc/(Dec)
	2017	2016	
Net revenue	\$ 1,114	\$ 1,044	7%
Costs and expenses:			
Cost of products and services	518	502	3%
Research and development	87	86	1%
Selling, general and administrative	308	310	(1%)
Total costs and expenses	<u>913</u>	<u>898</u>	2%
Income from operations	201	146	38%
Interest income	6	3	100%
Interest expense	(19)	(17)	12%
Other income (expense), net	<u>5</u>	<u>2</u>	150%
Income before taxes	193	134	44%
Provision for income taxes	18	10	80%
Net income	<u>\$ 175</u>	<u>\$ 124</u>	41%
Net income per share:			
Basic	\$ 0.55	\$ 0.38	
Diluted	\$ 0.54	\$ 0.38	
Weighted average shares used in computing net income per share:			
Basic	321	325	
Diluted	326	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

	Nine Months Ended July 31,		Percent Inc/(Dec)
	2017	2016	
Net revenue	\$ 3,283	\$ 3,091	6%
Costs and expenses:			
Cost of products and services	1,521	1,482	3%
Research and development	250	245	2%
Selling, general and administrative	904	932	(3%)
Total costs and expenses	<u>2,675</u>	<u>2,659</u>	1%
Income from operations	608	432	41%
Interest income	15	8	88%
Interest expense	(59)	(53)	11%
Other income (expense), net	<u>13</u>	<u>6</u>	117%
Income before taxes	577	393	47%
Provision for income taxes	70	57	23%
Net income	<u>\$ 507</u>	<u>\$ 336</u>	51%
Net income per share:			
Basic	\$ 1.57	\$ 1.03	
Diluted	\$ 1.56	\$ 1.02	
Weighted average shares used in computing net income per share:			
Basic	322	326	
Diluted	325	329	
Cash dividends declared per common share	\$ 0.396	\$ 0.345	

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>July 31,</u>		<u>Nine Months Ended</u> <u>July 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net income	\$ 175	\$ 124	\$ 507	\$ 336
Other comprehensive income (loss), net of tax:				
Unrealized loss on derivative instruments	(3)	(5)	(3)	(11)
Amounts reclassified into earnings related to derivative instruments	(1)	1	(2)	—
Foreign currency translation	57	(48)	61	41
Net defined benefit pension cost and post retirement plan costs:				
Change in actuarial net loss	8	8	34	29
Change in net prior service benefit	(1)	(2)	(4)	(13)
Other comprehensive income (loss)	<u>60</u>	<u>(46)</u>	<u>86</u>	<u>46</u>
Total comprehensive income	<u>\$ 235</u>	<u>\$ 78</u>	<u>\$ 593</u>	<u>\$ 382</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>July 31,</u> <u>2017</u>	<u>October 31,</u> <u>2016</u> ^(a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,563	\$ 2,289
Accounts receivable, net	678	631
Inventory	566	533
Other current assets	189	182
Total current assets	3,996	3,635
Property, plant and equipment, net	716	639
Goodwill	2,612	2,517
Other intangible assets, net	375	408
Long-term investments	137	135
Other assets	425	460
Total assets	\$ 8,261	\$ 7,794
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 289	\$ 257
Employee compensation and benefits	230	235
Deferred revenue	301	269
Short-term debt	280	—
Other accrued liabilities	141	184
Total current liabilities	1,241	945
Long-term debt	1,801	1,904
Retirement and post-retirement benefits	323	360
Other long-term liabilities	285	339
Total liabilities	3,650	3,548
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 July 31, 2017 and 614 million shares at October 31, 2016, issued	3	6
Treasury stock at cost; zero shares at July 31, 2017 and 290 million shares at October 31, 2016	—	(10,508)
Additional paid-in-capital	5,282	9,159
(Accumulated deficit) retained earnings	(260)	6,089
Accumulated other comprehensive loss	(417)	(503)
Total stockholders' equity	4,608	4,243
Non-controlling interest	3	3
Total equity	4,611	4,246
Total liabilities and equity	\$ 8,261	\$ 7,794

^(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 July 31, 2017	Three Months Ended July 31, 2016	Nine Months Ended July 31, 2017	Nine Months Ended July 31, 2016
Cash flows from operating activities:				
Net income	\$ 175	\$ 124	\$ 507	\$ 336
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	51	60	160	190
Share-based compensation	13	11	48	47
Excess and obsolete inventory related charges	4	4	19	16
Other non-cash expenses, net	3	8	5	16
Changes in assets and liabilities:				
Accounts receivable	19	—	(29)	19
Inventory	(17)	2	(46)	(11)
Accounts payable	5	26	11	(27)
Employee compensation and benefits	(18)	(1)	(11)	(14)
Other assets and liabilities	(7)	(40)	(63)	(13)
Net cash provided by operating activities ^(a)	<u>228</u>	<u>194</u>	<u>601</u>	<u>559</u>
Cash flows from investing activities:				
Investments in property, plant and equipment	(43)	(24)	(118)	(87)
Proceeds from divestitures	—	—	1	—
Proceeds from sale of investment securities	—	—	—	1
Payment to acquire cost method investment	—	—	—	(80)
Loan to equity method investment	—	—	—	(3)
Change in restricted cash and cash equivalents, net	—	—	—	245
Payment in exchange for convertible note	(1)	—	(1)	(1)
Acquisition of businesses and intangible assets, net of cash acquired	(57)	—	(127)	(235)
Net cash used in investing activities	<u>(101)</u>	<u>(24)</u>	<u>(245)</u>	<u>(160)</u>
Cash flows from financing activities:				
Issuance of common stock under employee stock plans	32	27	58	59
Payment of taxes related to net share settlement of equity awards	—	(1)	(13)	(6)
Payment of dividends	(42)	(37)	(127)	(112)
Proceeds from revolving credit facility	115	—	343	255
Repayment of revolving credit facility	(76)	—	(163)	(20)
Treasury stock repurchases	—	(94)	(194)	(388)
Net cash provided by (used in) financing activities	<u>29</u>	<u>(105)</u>	<u>(96)</u>	<u>(212)</u>
Effect of exchange rate movements	18	(5)	14	9
Net increase in cash and cash equivalents	174	60	274	196
Cash and cash equivalents at beginning of period	<u>2,389</u>	<u>2,139</u>	<u>2,289</u>	<u>2,003</u>
Cash and cash equivalents at end of period	<u>\$ 2,563</u>	<u>\$ 2,199</u>	<u>\$ 2,563</u>	<u>\$ 2,199</u>
^(a) Cash payments included in operating activities:				
Income tax payments (refunds), net	\$ 15	\$ 33	\$ 56	\$ 54
Interest payments	\$ 29	\$ 29	\$ 69	\$ 66

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	\$ 531		\$ 1,594
Gross margin %	59.6%	59.9%	59.7%		59.7%
Income from operations	\$ 126	\$ 110	\$ 113		\$ 349
Operating margin %	23.4%	21.1%	21.3%		21.9%

	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	\$ 197		\$ 562
Gross margin %	54.8%	57.6%	52.7%		55.1%
Income from operations	\$ 23	\$ 49	\$ 33		\$ 105
Operating margin %	14.3%	24.2%	16.9%		18.7%

	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	\$ 386		\$ 1,127
Gross margin %	48.5%	49.7%	49.9%		49.4%
Income from operations	\$ 74	\$ 82	\$ 90		\$ 246
Operating margin %	20.3%	21.6%	23.4%		21.8%

	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 Q2FY16 - Q3FY17
(Unaudited)

M/\$						Preliminary		Q3 Y/Y
	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17		
Net Revenue	1,019	1,044	1,111	1,067	1,102	1,114	7%	
Gross Profit %	54.6%	54.3%	55.4%	55.1%	56.0%	55.1%	0.8 ppt	
R&D	80	80	84	82	83	86	8%	
% Revenue	7.9%	7.7%	7.6%	7.6%	7.5%	7.7%	0.0 ppt	
SG&A	281	275	284	283	293	292	6%	
% Revenue	27.6%	26.3%	25.6%	26.5%	26.6%	26.2%	-0.1 ppt	
Operating Profit	195	212	247	223	241	236	11%	
Operating Margin	19.1%	20.3%	22.2%	20.9%	21.8%	21.2%	0.9 ppt	
Other Income/ (Expense)	(14)	(12)	(15)	(11)	(10)	(8)	33%	
Pre-Tax Earnings	181	200	232	212	231	228	14%	
Income Tax	20%	20%	17%	19%	19%	16%	-4 ppt	
Tax Rate	36	40	39	40	44	37	-8%	
Net Income	145	160	193	172	187	191	19%	
Net Margin	14.2%	15.3%	17.4%	16.1%	17.0%	17.1%	1.8 ppt	
Regular Headcount	12,200	12,300	12,500	12,600	12,900	13,300	1,000	
Non-GAAP EPS	\$ 0.44	\$ 0.49	\$ 0.59	\$ 0.53	\$ 0.58	\$ 0.59	\$ 0.10	

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, 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 the post-separation resizing of the IT infrastructure and streamlining of IT system as well as company programs to transform our product lifecycle management (PLM) system 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.

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

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

	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q3'17 Year Over Year Percent Inc/(Dec)
GAAP						
Americas	\$ 361	\$ 396	\$ 366	\$ 375	\$ 378	4%
Europe	292	306	316	298	326	12%
Asia Pacific	391	409	385	429	410	5%
Revenue	<u>\$ 1,044</u>	<u>\$ 1,111</u>	<u>\$ 1,067</u>	<u>\$ 1,102</u>	<u>\$ 1,114</u>	7%

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	Q3'17	Gross Margin %	Q3'16	Gross Margin %
Revenue:	\$ 1,114		\$ 1,044	
Gross margin:				
Cost of products and services	\$ 518	53.5%	\$ 502	51.9%
Add:				
Intangible amortization	(18)		(24)	
Transformational initiatives	(1)		—	
Acquisition and integration costs	(1)		(1)	
Business exit and divestiture costs	—		(1)	
Other	2		1	
Non-GAAP cost of products and services	<u>\$ 500</u>	55.1%	<u>\$ 477</u>	54.3%

RESEARCH & DEVELOPMENT EXPENSES	Q3'17	R&D as % of Revenue	Q3'16	R&D as % of Revenue
Revenue:	\$ 1,114		\$ 1,044	
Research and development expenses	\$ 87	7.8%	\$ 86	8.2%
Add:				
Asset impairments	—		(4)	
Transformational initiatives	—		(1)	
Acquisition and integration costs	(1)		—	
Other	—		(1)	
Non-GAAP research and development expenses	<u>\$ 86</u>	7.7%	<u>\$ 80</u>	7.7%

SELLING, GENERAL & ADMINISTRATIVE EXPENSES	Q3'17	SG&A as % of Revenue	Q3'16	SG&A as % of Revenue
Revenue:	\$ 1,114		\$ 1,044	
Selling, general and administrative expenses	\$ 308	27.6%	\$ 310	29.7%
Add:				
Intangible amortization	(9)		(13)	
Transformational initiatives	(2)		(10)	
Acquisition and integration costs	(2)		(10)	
Business exit and divestiture costs	—		—	
Other	(3)		(2)	
Non-GAAP selling, general & administrative expenses	<u>\$ 292</u>	26.2%	<u>\$ 275</u>	26.3%

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, transformational initiatives, acquisition and integration costs and business exit and divestiture 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

	Q3'17	Operating Margin %	Q3'16	Operating Margin %	Year Over Year Percent Pts Inc/(Dec)
Revenue:	\$ 1,114		\$ 1,044		
Income from operations:					
GAAP Income from operations	\$ 201	18.0%	\$ 146	14.0%	
Add:					
Asset impairments	—		\$ 4		
Intangible amortization	27		37		
Business exit and divestiture costs	—		1		
Transformational initiatives	3		11		
Acquisition and integration costs	4		11		
Other	1		2		
Non-GAAP income from operations	<u>\$ 236</u>	21.2%	<u>\$ 212</u>	20.3%	
Reimbursement from Keysight for services ^(a)	<u>3</u>		<u>3</u>		
Adjusted non-GAAP income from operations	<u>\$ 239</u>	21.5%	<u>\$ 215</u>	20.6%	0.9%

^(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 asset impairments, amortization of intangibles, business exit and divestiture costs, transformational initiatives and acquisition and integration 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)

	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.

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

	Q3'16		Q4'16		Q1'17		Q2'17		Q3'17	
	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS
GAAP net income	\$ 124	\$ 0.38	\$ 126	\$ 0.38	\$ 168	\$ 0.52	\$ 164	\$ 0.50	\$ 175	\$ 0.54
Non-GAAP adjustments:										
Asset impairments	4	0.01	—	—	—	—	—	—	—	—
Intangible amortization	37	0.11	32	0.10	31	0.10	31	0.10	27	0.08
Business exit and divestiture costs	1	—	4	0.01	—	—	—	—	—	—
Transformational initiatives	11	0.03	6	0.02	2	0.01	—	—	3	0.01
Acquisition and integration costs	11	0.03	13	0.04	16	0.05	7	0.02	4	0.01
Pension settlement gain	—	—	—	—	(32)	(0.11)	—	—	—	—
Impairment of investment and loans	—	—	25	0.08	—	—	—	—	—	—
Other	2	0.01	1	—	2	0.01	2	0.01	1	—
Adjustment for taxes ^(a)	(30)	(0.08)	(14)	(0.04)	(15)	(0.05)	(17)	(0.05)	(19)	(0.05)
Non-GAAP net income	<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>	<u>\$ 191</u>	<u>\$ 0.59</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 July 31, 2017, April 30, 2017 and January 31, 2017, management used a non-GAAP effective tax rate of 16.2%, 19.0% and 19.0%, respectively. For the three months ended October 31, 2016 and July 31, 2016, management used a non-GAAP effective tax rate of 16.8% 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.

Business exit and divestiture costs include costs associated with the exit of the NMR business and other 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 the post-separation resizing of the IT infrastructure and streamlining of IT system as well as company programs to transform our product lifecycle management (PLM) system 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.

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 Revenue by Segment	GAAP		
	Q3'17	Q3'16	Year-over-Year % Change
Life Sciences and Applied Markets Group	\$ 531	\$ 504	5%
Diagnostics and Genomics Group	197	180	9%
Agilent CrossLab Group	386	360	7%
Agilent	<u>\$ 1,114</u>	<u>\$ 1,044</u>	7%

Non GAAP Revenue by Segment	Non-GAAP (excluding NMR and Acquisitions)			Currency Adjustments	Currency-Adjusted ^(a)		
	Q3'17	Q3'16	Year-over-Year % Change	Q3'17	Q3'17	Q3'16	Year-over-Year % Change
Life Sciences and Applied Markets Group	\$ 531	\$ 500	6%	\$ (4)	\$ 535	\$ 500	7%
Diagnostics and Genomics Group	194	180	8%	(1)	195	180	8%
Agilent CrossLab Group	384	360	7%	(3)	387	360	8%
Agilent (Core)	<u>\$ 1,109</u>	<u>\$ 1,040</u>	7%	<u>\$ (8)</u>	<u>\$ 1,117</u>	<u>\$ 1,040</u>	7%

^(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>	Year-over-Year											
	GAAP											
	Q3'17	Q3'16	Year-over-Year % Change									
Revenue	\$ 1,114	\$ 1,044	7%									
Americas	378	361	4%									
Europe	326	292	12%									
Japan	51	53	(4%)									
China and Hong Kong	232	213	9%									
Rest of Asia Pacific	127	125	1%									
Total Revenue	\$ 1,114	\$ 1,044	7%									
Asia Pacific	\$ 410	\$ 391	5%									
				Non-GAAP (excluding NMR and Acquisitions)			Currency Adjustments			Currency-Adjusted ^(a)		
<u>Non-GAAP Revenue by Region</u>	Q3'17	Q3'16	Year-over-Year % Change	Q3'17			Q3'17	Q3'16	Year-over-Year % Change			
Revenue	\$ 1,109	\$ 1,040	7%	\$ (8)	\$ 1,117	\$ 1,040	7%					
Americas	376	360	4%	—	376	360	4%					
Europe	323	292	11%	(5)	328	292	12%					
Japan	51	53	(4%)	(1)	52	53	—					
China and Hong Kong	232	213	9%	(4)	236	213	11%					
Rest of Asia Pacific	127	122	5%	2	125	122	3%					
Total Revenue (Core)	\$ 1,109	\$ 1,040	7%	\$ (8)	\$ 1,117	\$ 1,040	7%					
Asia Pacific	\$ 410	\$ 388	6%	\$ (3)	\$ 413	\$ 388	7%					

^(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%	\$ 1,114	\$ 1,044	7%						
Less: Revenue related to NMR, Acquisitions and Divestitures	(3)	(2)		(5)	(1)		(5)	(4)							
Non-GAAP Revenue	\$ 1,064	\$ 1,026		\$ 1,097	\$ 1,018		\$ 1,109	\$ 1,040		\$ -	\$ -		\$ -	\$ -	
Less: Currency adjustment ^(a)	(11)	-		(9)	-		(8)	-							
Agilent Core Revenue	\$ 1,075	\$ 1,026	5%	\$ 1,106	\$ 1,018	9%	\$ 1,117	\$ 1,040	7%	\$ -	\$ -		\$ -	\$ -	

	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 INCOME FROM OPERATIONS
(IN MILLIONS)
PRELIMINARY

	Q3'17		Q3'16		Year over Year	
					\$ Change	Incremental
Agilent GAAP						
Revenue	\$	1,114	\$	1,044	\$	70
Income from Operations	\$	201	\$	146	\$	55
						79%
Agilent Non-GAAP						
Revenue	\$	1,114	\$	1,044	\$	70
Income from Operations	\$	236	\$	212	\$	24
						34%

	Q2'17		Q2'16		Year over Year	
					\$ Change	Incremental
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%

	Q1'17		Q1'16		Year over Year	
					\$ Change	Incremental
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%

	FY16		FY15		Year over Year	
					\$ Change	Incremental
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.