

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 October 31,		Percent Inc/(Dec)
	2017	2016	
Net revenue	\$ 1,189	\$ 1,111	7%
Costs and expenses:			
Cost of products and services	542	523	4%
Research and development	89	84	6%
Selling, general and administrative	325	321	1%
Total costs and expenses	<u>956</u>	<u>928</u>	3%
Income from operations	233	183	27%
Interest income	7	3	133%
Interest expense	(20)	(19)	5%
Other income (expense), net	<u>6</u>	<u>(16)</u>	-
Income before taxes	226	151	50%
Provision for income taxes	49	25	96%
Net income	<u>\$ 177</u>	<u>\$ 126</u>	40%
Net income per share:			
Basic	\$ 0.55	\$ 0.39	
Diluted	\$ 0.54	\$ 0.38	
Weighted average shares used in computing net income per share:			
Basic	322	324	
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

	Years Ended October 31,		Percent Inc/(Dec)
	2017	2016	
Net revenue	\$ 4,472	\$ 4,202	6%
Costs and expenses:			
Cost of products and services	2,063	2,005	3%
Research and development	339	329	3%
Selling, general and administrative	1,229	1,253	(2%)
Total costs and expenses	<u>3,631</u>	<u>3,587</u>	1%
Income from operations	841	615	37%
Interest income	22	11	100%
Interest expense	(79)	(72)	10%
Other income (expense), net	<u>19</u>	<u>(10)</u>	-
Income before taxes	803	544	48%
Provision for income taxes	119	82	45%
Net income	<u>\$ 684</u>	<u>\$ 462</u>	48%
Net income per share:			
Basic	\$ 2.12	\$ 1.42	
Diluted	\$ 2.10	\$ 1.40	
Weighted average shares used in computing net income per share:			
Basic	322	326	
Diluted	326	329	
Cash dividends declared per common share	\$ 0.528	\$ 0.460	

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>October 31,</u>		<u>Years Ended</u> <u>October 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net income	\$ 177	\$ 126	\$ 684	\$ 462
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on derivative instruments	3	5	—	(6)
Amounts reclassified into earnings related to derivative instruments	1	3	(1)	3
Foreign currency translation	(21)	(49)	40	(8)
Net defined benefit pension cost and post retirement plan costs:				
Change in actuarial net loss	84	(115)	118	(86)
Change in net prior service benefit	(2)	(2)	(6)	(15)
Other comprehensive income (loss)	<u>65</u>	<u>(158)</u>	<u>151</u>	<u>(112)</u>
Total comprehensive income (loss)	<u>\$ 242</u>	<u>\$ (32)</u>	<u>\$ 835</u>	<u>\$ 350</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>October 31,</u> <u>2017</u>	<u>October 31,</u> <u>2016</u> ^(a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,678	\$ 2,289
Accounts receivable, net	724	631
Inventory	575	533
Other current assets	192	182
Total current assets	4,169	3,635
Property, plant and equipment, net	757	639
Goodwill	2,607	2,517
Other intangible assets, net	361	416
Long-term investments	138	135
Other assets	397	452
Total assets	\$ 8,429	\$ 7,794
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 305	\$ 257
Employee compensation and benefits	276	235
Deferred revenue	291	269
Short-term debt	210	—
Other accrued liabilities	181	184
Total current liabilities	1,263	945
Long-term debt	1,801	1,904
Retirement and post-retirement benefits	242	360
Other long-term liabilities	293	339
Total liabilities	3,599	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 October 31, 2017 and 614 million shares at October 31, 2016, issued	3	6
Treasury stock at cost; zero shares at October 31, 2017 and 290 million shares at October 31, 2016	—	(10,508)
Additional paid-in-capital	5,301	9,159
(Accumulated deficit) retained earnings	(126)	6,089
Accumulated other comprehensive loss	(352)	(503)
Total stockholders' equity	4,826	4,243
Non-controlling interest	4	3
Total equity	4,830	4,246
Total liabilities and equity	\$ 8,429	\$ 7,794

^(a) Includes the impact of the adoption of ASU 2015-15 and reclassification of technology and licenses from third parties from other assets to other intangible assets, net.

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		Years Ended	
	October 31, 2017	October 31, 2016	October 31, 2017	October 31, 2016
Cash flows from operating activities:				
Net income	\$ 177	\$ 126	\$ 684	\$ 462
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	52	56	212	246
Share-based compensation	12	11	60	58
Excess and obsolete inventory related charges	5	4	24	20
Impairment of equity method investment and loans	—	25	—	25
Other non-cash expenses, net	2	3	7	19
Changes in assets and liabilities:				
Accounts receivable	(52)	(52)	(81)	(33)
Inventory	(15)	4	(61)	(7)
Accounts payable	(9)	12	2	(15)
Employee compensation and benefits	49	29	38	15
Interest rate swap payments	—	(10)	—	(10)
Other assets and liabilities	67	26	4	13
Net cash provided by operating activities ^(a)	<u>288</u>	<u>234</u>	<u>889</u>	<u>793</u>
Cash flows from investing activities:				
Investments in property, plant and equipment	(58)	(52)	(176)	(139)
Proceeds from sale of investment securities	—	—	—	1
Payment to acquire cost method investment	(1)	—	(1)	(80)
Loan to equity method investment	—	—	—	(3)
Change in restricted cash and cash equivalents, net	(1)	—	(1)	245
Payment in exchange for convertible note	—	—	(1)	(1)
Proceeds from Divestitures	1	—	2	—
Acquisition of businesses and intangible assets, net of cash acquired	(1)	(26)	(128)	(261)
Net cash used in investing activities	<u>(60)</u>	<u>(78)</u>	<u>(305)</u>	<u>(238)</u>
Cash flows from financing activities:				
Issuance of common stock under employee stock plans	8	3	66	62
Payment of taxes related to net share settlement of equity awards	(1)	—	(14)	(6)
Payment of dividends	(43)	(38)	(170)	(150)
Proceeds from debts and credit facility	57	—	400	255
Repayment of debts and credit facility	(127)	(272)	(290)	(292)
Proceeds from issuance of senior notes	—	299	—	299
Debt issuance cost	—	(2)	—	(2)
Treasury stock repurchases	—	(46)	(194)	(434)
Net cash used in financing activities	<u>(106)</u>	<u>(56)</u>	<u>(202)</u>	<u>(268)</u>
Effect of exchange rate movements	(7)	(10)	7	(1)
Net increase in cash and cash equivalents	115	90	389	286
Cash and cash equivalents at beginning of period	<u>2,563</u>	<u>2,199</u>	<u>2,289</u>	<u>2,003</u>
Cash and cash equivalents at end of period	<u>\$ 2,678</u>	<u>\$ 2,289</u>	<u>\$ 2,678</u>	<u>\$ 2,289</u>
^(a) Cash payments included in operating activities:				
Income tax payments, net	\$ 7	\$ 13	\$ 63	\$ 67
Interest payments	\$ 13	\$ 8	\$ 82	\$ 73

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	\$ 575	\$ 2,169
Gross margin %	59.6%	59.9%	59.7%	61.0%	60.1%
Income from operations	\$ 126	\$ 110	\$ 113	\$ 138	\$ 487
Operating margin %	23.4%	21.1%	21.3%	23.9%	22.5%

	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	\$ 210	\$ 772
Gross margin %	54.8%	57.6%	52.7%	55.2%	55.1%
Income from operations	\$ 23	\$ 49	\$ 33	\$ 44	\$ 149
Operating margin %	14.3%	24.2%	16.9%	20.8%	19.3%

	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	\$ 378	\$ 386	\$ 404	\$ 1,531
Gross margin %	48.5%	49.7%	49.9%	49.6%	49.5%
Income from operations	\$ 74	\$ 82	\$ 90	\$ 92	\$ 338
Operating margin %	20.3%	21.6%	23.4%	22.9%	22.1%

	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.

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.
Non-GAAP Financial Results Q3FY16 - Q4FY17
(Unaudited)

	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q4
	Preliminary						Y/Y
M\$							
Net Revenue	1,044	1,111	1,067	1,102	1,114	1,189	7%
Gross Profit %	54.3%	55.4%	55.1%	56.0%	55.1%	56.1%	0.7 ppt
R&D	80	84	82	83	86	88	5%
% Revenue	7.7%	7.6%	7.6%	7.5%	7.7%	7.4%	-0.2 ppt
SG&A	275	284	283	293	292	305	7%
% Revenue	26.3%	25.6%	26.5%	26.6%	26.2%	25.6%	0.0 ppt
Operating Profit	212	247	223	241	236	274	11%
Operating Margin	20.3%	22.2%	20.9%	21.8%	21.2%	23.0%	0.8 ppt
Other Income/ (Expense)	(12)	(15)	(11)	(10)	(8)	(8)	47%
Pre-Tax Earnings	200	232	212	231	228	266	15%
Tax Rate	20%	17%	19%	19%	16%	18%	1 ppt
Income Tax	40	39	40	44	37	48	23%
Net Income	160	193	172	187	191	218	13%
Net Margin	15.3%	17.4%	16.1%	17.0%	17.1%	18.3%	0.9 ppt
Regular Headcount	12,300	12,500	12,600	12,900	13,300	13,600	1,100
Non-GAAP EPS	\$ 0.49	\$ 0.59	\$ 0.53	\$ 0.58	\$ 0.59	\$ 0.67	\$ 0.08

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, 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, tax, 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 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

	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q4'17 Year Over Year Percent Inc/(Dec)
GAAP						
Americas	\$ 396	\$ 366	\$ 375	\$ 378	\$ 418	5%
Europe	306	316	298	326	347	14%
Asia Pacific	409	385	429	410	424	4%
Revenue	<u>\$ 1,111</u>	<u>\$ 1,067</u>	<u>\$ 1,102</u>	<u>\$ 1,114</u>	<u>\$ 1,189</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

<u>GROSS MARGIN</u>	<u>Q4'17</u>	<u>Gross Margin %</u>	<u>Q4'16</u>	<u>Gross Margin %</u>
Revenue:	\$ 1,189		\$ 1,111	
Gross margin:				
Cost of products and services	\$ 542	54.4%	\$ 523	52.9%
Add:				
Intangible amortization	(19)		(23)	
Transformational initiatives	(1)		(1)	
Business exit and divestiture costs	—		(3)	
Non-GAAP cost of products and services	<u>\$ 522</u>	56.1%	<u>\$ 496</u>	55.4%

<u>RESEARCH & DEVELOPMENT EXPENSES</u>	<u>Q4'17</u>	<u>R&D as % of Revenue</u>	<u>Q4'16</u>	<u>R&D as % of Revenue</u>
Revenue:	\$ 1,189		\$ 1,111	
Research and development expenses	\$ 89	7.5%	\$ 84	7.6%
Add:				
Transformational initiatives	—		1	
Acquisition and integration costs	—		(1)	
Other	(1)		—	
Non-GAAP research and development expenses	<u>\$ 88</u>	7.4%	<u>\$ 84</u>	7.6%

<u>SELLING, GENERAL & ADMINISTRATIVE EXPENSES</u>	<u>Q4'17</u>	<u>SG&A as % of Revenue</u>	<u>Q4'16</u>	<u>SG&A as % of Revenue</u>
Revenue:	\$ 1,189		\$ 1,111	
Selling, general and administrative expenses	\$ 325	27.3%	\$ 321	28.9%
Add:				
Intangible amortization	(9)		(9)	
Transformational initiatives	(6)		(6)	
Acquisition and integration costs	(5)		(12)	
Business exit and divestiture costs	—		(1)	
Impairment of loans	—		(7)	
Other	—		(2)	
Non-GAAP selling, general & administrative expenses	<u>\$ 305</u>	25.6%	<u>\$ 284</u>	25.6%

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 asset impairments, amortization of intangibles, transformational initiatives, acquisition and integration costs, 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.
RECONCILIATION OF NON-GAAP AND GAAP FINANCIAL RESULTS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

<u>GROSS MARGIN</u>	FY17	Gross Margin %	FY16	Gross Margin %
Revenue:	\$ 4,472		\$ 4,202	
Gross margin:				
Cost of products and services	\$ 2,063	53.9%	\$ 2,005	52.3%
Add:				
Intangible amortization	(81)		(98)	
Transformational initiatives	(2)		(1)	
Acquisition and integration costs	(5)		(1)	
Pension settlement gain	11		—	
Pension curtailment gain	—		5	
Business exit and divestiture costs	—		(10)	
Other	—		(1)	
Non-GAAP cost of products and services	<u>\$ 1,986</u>	55.6%	<u>\$ 1,899</u>	54.8%

<u>RESEARCH & DEVELOPMENT EXPENSES</u>	FY17	R&D as % of Revenue	FY16	R&D as % of Revenue
Revenue:	\$ 4,472		\$ 4,202	
Research and development expenses	\$ 339	7.6%	\$ 329	7.8%
Add:				
Asset impairments	—		(4)	
Transformational initiatives	(1)		(2)	
Acquisition and integration costs	(1)		(2)	
Pension settlement gain	3		—	
Pension curtailment gain	—		3	
Other	(1)		—	
Non-GAAP research and development expenses	<u>\$ 339</u>	7.6%	<u>\$ 324</u>	7.7%

<u>SELLING, GENERAL & ADMINISTRATIVE EXPENSES</u>	FY17	SG&A as % of Revenue	FY16	SG&A as % of Revenue
Revenue:	\$ 4,472		\$ 4,202	
Selling, general and administrative expenses	\$ 1,229	27.5%	\$ 1,253	29.8%
Add:				
Intangible amortization	(36)		(54)	
Transformational initiatives	(9)		(35)	
Acquisition and integration costs	(24)		(38)	
Pension settlement gain	18		1	
Pension curtailment gain	—		7	
Business exit and divestiture costs	—		(1)	
Impairment of loans	—		(7)	
Other	(5)		(6)	
Non-GAAP selling, general & administrative expenses	<u>\$ 1,173</u>	26.2%	<u>\$ 1,120</u>	26.7%

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, business exit and divestiture costs, pension settlement gain, pension curtailment gain 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.
RECONCILIATION OF ADJUSTED NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGINS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

	Q4'17	Operating Margin %	Q4'16	Operating Margin %	Year Over Year Percent Pts Inc/(Dec)
Revenue:	\$ 1,189		\$ 1,111		
Income from operations:					
GAAP Income from operations	\$ 233	19.6%	\$ 183	16.5%	
Add:					
Intangible amortization	28		32		
Business exit and divestiture costs	—		4		
Transformational initiatives	7		6		
Acquisition and integration costs	5		13		
Impairment of loans	—		7		
Other	1		2		
Non-GAAP income from operations	<u>\$ 274</u>	23.0%	<u>\$ 247</u>	22.2%	
Reimbursement from Keysight for services ^(a)	<u>3</u>		<u>3</u>		
Adjusted non-GAAP income from operations	<u>\$ 277</u>	23.3%	<u>\$ 250</u>	22.5%	0.8%

^(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 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.
RECONCILIATION OF ADJUSTED NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGINS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

	FY17	Operating Margin %	FY16	Operating Margin %	Year Over Year Percent Pts Inc/(Dec)
Revenue:	\$ 4,472		\$ 4,202		
Income from operations:					
GAAP Income from operations	\$ 841	18.8%	\$ 615	14.6%	
Add:					
Asset impairments	—		\$ 4		
Intangible amortization	117		152		
Business exit and divestiture costs	—		11		
Transformational initiatives	12		38		
Acquisition and integration costs	30		41		
Pension settlement gain	(32)		(1)		
Pension curtailment gain	—		(15)		
Impairment of loans	—		7		
Other	6		7		
Non-GAAP income from operations	<u>\$ 974</u>	21.8%	<u>\$ 859</u>	20.4%	
Reimbursement from Keysight for services ^(a)	12		12		
Adjusted non-GAAP income from operations	<u>\$ 986</u>	22.0%	<u>\$ 871</u>	20.7%	1.3%

^(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, acquisition and integration costs, pension settlement gain, pension curtailment gain 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.
RECONCILIATION OF ADJUSTED NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGINS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

	FY17	Operating Margin %	FY14	Operating Margin %	Year Over Year Percent Pts Inc/(Dec)
Revenue:	\$ 4,472		\$ 4,048		
Income from operations:					
GAAP Income from operations	\$ 841	18.8%	\$ 419	10.4%	
Add:					
Asset impairments	—		\$ 4		
Intangible amortization	117		189		
Business exit and divestiture costs	—		68		
Transformational initiatives	12		29		
Acquisition and integration costs	30		11		
Pension settlement gain	(32)		—		
Restructuring and other costs	—		2		
Acceleration of share-based compensation expense related to workforce reduction	—		1		
Pre-separation costs	—		14		
Unallocated corporate costs	—		40		
Other	6		(10)		
Non-GAAP income from operations	<u>\$ 974</u>	21.8%	<u>\$ 767</u>	18.9%	
Reimbursement from Keysight for services ^(a)	12		—		
Keysight spin-off cost dis-synergies	—		(40)		
Adjusted non-GAAP income from operations	<u>\$ 986</u>	22.0%	<u>\$ 727</u>	17.9%	4.1%

^(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, acquisition and integration costs, pension settlement gain, restructuring and other costs, acceleration of share-based compensation expense related to workforce reduction, pre-separation costs and unallocated corporate 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.
NON-GAAP NET INCOME AND DILUTED EPS RECONCILIATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Q4'16		Q1'17		Q2'17		Q3'17		Q4'17		Year Ended October 31, 2017		Year Ended October 31, 2016	
	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS
GAAP net income	\$ 126	\$ 0.38	\$ 168	\$ 0.52	\$ 164	\$ 0.50	\$ 175	\$ 0.54	\$ 177	\$ 0.54	\$ 684	\$ 2.10	\$ 460	\$ 1.40
Non-GAAP adjustments:														
Asset impairments	—	—	—	—	—	—	—	—	—	—	—	—	4	0.01
Intangible amortization	32	0.10	31	0.10	31	0.10	27	0.08	28	0.09	117	0.36	152	0.46
Business exit and divestiture costs	4	0.01	—	—	—	—	—	—	—	—	—	—	10	0.03
Transformational initiatives	6	0.02	2	0.01	—	—	3	0.01	7	0.02	12	0.04	38	0.12
Acquisition and integration costs	13	0.04	16	0.05	7	0.02	4	0.01	5	0.02	32	0.10	41	0.12
Pension settlement gain	—	—	(32)	(0.11)	—	—	—	—	—	—	(32)	(0.10)	(1)	—
Pension curtailment gain	—	—	—	—	—	—	—	—	—	—	—	—	(15)	(0.05)
Impairment of investment and loans	25	0.08	—	—	—	—	—	—	—	—	—	—	25	0.08
Other	1	—	2	0.01	2	0.01	1	—	—	—	5	0.02	6	0.02
Adjustment for taxes ^(a)	(14)	(0.04)	(15)	(0.05)	(17)	(0.05)	(19)	(0.05)	1	—	(50)	(0.16)	(69)	(0.21)
Non-GAAP net income	<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>	<u>\$ 218</u>	<u>\$ 0.67</u>	<u>\$ 768</u>	<u>\$ 2.36</u>	<u>\$ 651</u>	<u>\$ 1.98</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 October 31, 2017, July 31, 2017, April 30, 2017 and January 31, 2017, management used a non-GAAP effective tax rate of 18.0%, 16.2%, 19.0% and 19.0%, respectively. For the years ended October 31, 2017 and October 31, 2016, management used a non-GAAP effective tax rate of 18.0% and 19.0%, 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 amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension settlement gain and impairment of investment and loans.

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, 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, tax, 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		Year-over-Year % Change
	Q4'17	Q4'16	
Life Sciences and Applied Markets Group	\$ 575	\$ 548	5%
Diagnostics and Genomics Group	210	193	9%
Agilent CrossLab Group	404	370	9%
Agilent	<u>\$ 1,189</u>	<u>\$ 1,111</u>	7%

Non GAAP Revenue by Segment	Non-GAAP (excluding NMR and Acquisitions)			Currency Adjustments	Currency-Adjusted ^(a)		
	Q4'17	Q4'16	Year-over-Year % Change	Q4'17	Q4'17	Q4'16	Year-over-Year % Change
Life Sciences and Applied Markets Group	\$ 573	\$ 547	5%	\$ 4	\$ 569	\$ 547	4%
Diagnostics and Genomics Group	208	193	7%	2	206	193	7%
Agilent CrossLab Group	404	370	9%	5	399	370	8%
Agilent (Core)	<u>\$ 1,185</u>	<u>\$ 1,110</u>	7%	<u>\$ 11</u>	<u>\$ 1,174</u>	<u>\$ 1,110</u>	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.
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		
	Q4'17	Q4'16	Year-over-Year % Change			
Revenue	\$ 1,189	\$ 1,111	7%			
Americas	418	396	5%			
Europe	347	306	14%			
Japan	61	66	(9%)			
China and Hong Kong	233	218	7%			
Rest of Asia Pacific	130	125	5%			
Total Revenue	\$ 1,189	\$ 1,111	7%			
Asia Pacific	\$ 424	\$ 409	4%			

<u>Non-GAAP Revenue by Region</u>	Non-GAAP (excluding NMR and Acquisitions)			Currency Adjustments		Currency-Adjusted ^(a)		
	Q4'17	Q4'16	Year-over-Year % Change	Q4'17	Q4'17	Q4'16	Year-over-Year % Change	
Revenue	\$ 1,185	\$ 1,110	7%	\$ 11	\$ 1,174	\$ 1,110	6%	
Americas	417	396	5%	2	415	396	5%	
Europe	344	305	13%	13	331	305	9%	
Japan	61	66	(9%)	(5)	66	66	—	
China and Hong Kong	233	218	7%	—	233	218	7%	
Rest of Asia Pacific	130	125	5%	1	129	125	3%	
Total Revenue (Core)	\$ 1,185	\$ 1,110	7%	\$ 11	\$ 1,174	\$ 1,110	6%	
Asia Pacific	\$ 424	\$ 409	4%	\$ (4)	\$ 428	\$ 409	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 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%	\$ 1,189	\$ 1,111	7%	\$ 4,472	\$ 4,202	6%
Less: Revenue related to NMR, Acquisitions and Divestitures	(3)	(2)		(5)	(1)		(5)	(4)		(4)	(1)		(17)	(8)	
Non-GAAP Revenue	\$ 1,064	\$ 1,026		\$ 1,097	\$ 1,018		\$ 1,109	\$ 1,040		\$ 1,185	\$ 1,110		\$ 4,455	\$ 4,194	
Less: Currency adjustment ^(a)	(11)	-		(9)	-		(8)	-		11	-		(17)	-	
Agilent Core Revenue	\$ 1,075	\$ 1,026	5%	\$ 1,106	\$ 1,018	9%	\$ 1,117	\$ 1,040	7%	\$ 1,174	\$ 1,110	6%	\$ 4,472	\$ 4,194	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

	Q4'17		Q4'16		Year over Year \$ Change Incremental	
	Agilent GAAP					
Revenue	\$	1,189	\$	1,111	\$	78
Income from Operations	\$	233	\$	183	\$	50
						64%
Agilent Non-GAAP						
Revenue	\$	1,189	\$	1,111	\$	78
Income from Operations	\$	274	\$	247	\$	27
						35%

	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%

	FY17		FY16		Year over Year \$ Change Incremental	
	Agilent GAAP					
Revenue	\$	4,472	\$	4,202	\$	270
Income from Operations	\$	841	\$	615	\$	226
						84%
Agilent Non-GAAP						
Revenue	\$	4,472	\$	4,202	\$	270
Income from Operations	\$	974	\$	859	\$	115
						43%

	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.

AGILENT TECHNOLOGIES, INC.
DIAGNOSTICS & GENOMICS GROUP (DGG)
RECONCILIATION OF INCOME FROM OPERATIONS AND OPERATING MARGINS ADJUSTED FOR ACQUISITIONS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

	FY17	Operating Margin %
DGG revenue	\$ 772	
Less: Revenue from acquisitions	9	
DGG revenue adjusted for acquisitions	\$ 763	
DGG income from operations	\$ 149	19.3%
Less: Loss from operations from acquisitions	(4)	
DGG income from operations adjusted for acquisitions	\$ 153	20.0%

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.