

Agilent Technologies, Inc.
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AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Three Months Ended January 31,		Percent Inc/(Dec)
	2014	2013	
Orders	\$ 1,678	\$ 1,710	(2%)
Net revenue	\$ 1,679	\$ 1,680	—
Costs and expenses:			
Cost of products and services	796	800	(1%)
Research and development	177	179	(1%)
Selling, general and administrative	488	484	1%
Total costs and expenses	<u>1,461</u>	<u>1,463</u>	—
Income from operations	218	217	—
Interest income	2	2	—
Interest expense	(29)	(25)	16%
Other income (expense), net	<u>-</u>	<u>1</u>	(100%)
Income before taxes	191	195	(2%)
Provision (benefit) for income taxes	<u>(4)</u>	<u>16</u>	—
Net income	<u>\$ 195</u>	<u>\$ 179</u>	9%
Net income per share:			
Basic	\$ 0.59	\$ 0.52	
Diluted	\$ 0.58	\$ 0.51	
Weighted average shares used in computing net income per share:			
Basic	333	347	
Diluted	338	352	
Cash dividends declared per common share	\$ 0.13	\$ 0.22	

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

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

	Three Months Ended January 31,	
	2014	2013
Net income	\$ 195	\$ 179
Other comprehensive income (loss), net of tax:		
Unrealized gain (loss) on investments	(3)	3
Unrealized gain (loss) on derivative instruments	(2)	6
Amounts reclassified into earnings related to derivative instruments	—	(1)
Foreign currency translation	(55)	56
Net defined benefit pension cost and post retirement plan costs:		
Amortization of actuarial net loss	13	14
Amortization of prior service benefit	(8)	(8)
Other comprehensive income (loss)	(55)	70
Total comprehensive income	\$ 140	\$ 249

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

AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(In millions, except par value and share amounts)
(Unaudited)
PRELIMINARY

	<u>January 31, 2014</u>	<u>October 31, 2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,742	\$ 2,675
Accounts receivable, net	849	899
Inventory	1,088	1,066
Other current assets	394	343
Total current assets	<u>5,073</u>	<u>4,983</u>
Property, plant and equipment, net	1,129	1,134
Goodwill	3,017	3,047
Other intangible assets, net	859	916
Long-term investments	129	139
Other assets	431	467
Total assets	<u>\$ 10,638</u>	<u>\$ 10,686</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 430	\$ 432
Employee compensation and benefits	335	401
Deferred revenue	459	439
Other accrued liabilities	325	330
Total current liabilities	<u>1,549</u>	<u>1,602</u>
Long-term debt	2,695	2,699
Retirement and post-retirement benefits	274	294
Other long-term liabilities	673	802
Total liabilities	<u>5,191</u>	<u>5,397</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; 605 million shares at January 31, 2014 and 602 million shares at October 31, 2013, issued	6	6
Treasury stock at cost; 271 million shares at January 31, 2014 and 269 million shares at October 31, 2013	(9,707)	(9,607)
Additional paid-in-capital	8,820	8,723
Retained earnings	6,289	6,073
Accumulated other comprehensive income	36	91
Total stockholders' equity	<u>5,444</u>	<u>5,286</u>
Non-controlling interest	3	3
Total equity	<u>5,447</u>	<u>5,289</u>
Total liabilities and equity	<u>\$ 10,638</u>	<u>\$ 10,686</u>

The preliminary balance sheet is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)
(Unaudited)
PRELIMINARY

	Three Months Ended January 31, 2014
	\$
Cash flows from operating activities;	
Net income	195
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation and amortization	96
Share-based compensation	36
Excess tax benefit from share-based plans	(3)
Excess and obsolete inventory and inventory related charges	11
Other non-cash expenses, net	6
Changes in assets and liabilities:	
Accounts receivable	40
Inventory	(33)
Accounts payable	(1)
Employee compensation and benefits	(62)
Other assets and liabilities	(91)
Net cash provided by operating activities ^(a)	194
Cash flows from investing activities:	
Investments in property, plant and equipment	(45)
Acquisition of businesses and intangible assets, net of cash acquired	(2)
Net cash used in investing activities	(47)
Cash flows from financing activities:	
Issuance of common stock under employee stock plans	73
Treasury stock repurchases	(100)
Payment of dividends	(44)
Excess tax benefit from share-based plans	3
Net cash used in financing activities	(68)
Effect of exchange rate movements	(12)
Net increase in cash and cash equivalents	67
Cash and cash equivalents at beginning of period	2,675
Cash and cash equivalents at end of period	\$ 2,742
^(a) Cash payments included in operating activities:	
Restructuring payments	11
Income tax payments, net	26

The preliminary cash flow is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
LIFE SCIENCES AND DIAGNOSTICS SEGMENT
(Unaudited)
PRELIMINARY

(In millions, except margins and ROIC data)

	FY 2014				Total
	Q1	Q2	Q3	Q4	
Orders	\$ 564				\$ 564
Net revenue	\$ 591				\$ 591
Gross margin %	55.5%				55.5%
Income from operations	\$ 100				\$ 100
Operating margin %	16.9%				16.9%
Segment assets	\$ 4,287				
Return On Invested Capital ^(a) , %	9%				

	FY 2013				Total
	Q1	Q2	Q3	Q4	
Orders	\$ 562	\$ 579	\$ 536	\$ 642	\$ 2,319
Net revenue	\$ 564	\$ 571	\$ 564	\$ 601	\$ 2,300
Gross margin %	54.3%	54.3%	53.6%	55.1%	54.3%
Income from operations	\$ 82	\$ 89	\$ 91	\$ 115	\$ 377
Operating margin %	14.6%	15.5%	16.0%	19.2%	16.4%
Segment assets	\$ 4,233	\$ 4,256	\$ 4,252	\$ 4,291	
Return On Invested Capital ^(a) , %	7%	8%	8%	10%	

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 the amortization of intangibles, the impact of restructuring charges, acquisition and integration costs and pre-separation costs.

In general, recorded orders represent firm purchase commitments from our customers with established terms and conditions for products and services that will be delivered within six months.

(a) Return On Invested Capital (ROIC) is a non-GAAP measure and is defined as income from operations less other (income) expense and taxes, annualized, divided by the average of the two most recent quarter-end balances of assets less net current liabilities. The reconciliation of ROIC can be found on page 14 of these tables, along with additional information regarding the use of this non-GAAP measure.

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.
CHEMICAL ANALYSIS SEGMENT
(Unaudited)
PRELIMINARY

(In millions, except margins and ROIC data)

	FY 2014				Total
	Q1	Q2	Q3	Q4	
Orders	\$ 415				\$ 415
Net revenue	\$ 417				\$ 417
Gross margin %	52.1%				52.1%
Income from operations	\$ 94				\$ 94
Operating margin %	22.6%				22.6%
Segment assets	\$ 1,757				
Return On Invested Capital ^(a) , %	21%				

	FY 2013				Total
	Q1	Q2	Q3	Q4	
Orders	\$ 399	\$ 408	\$ 390	\$ 445	\$ 1,642
Net revenue	\$ 394	\$ 401	\$ 387	\$ 412	\$ 1,594
Gross margin %	51.2%	51.4%	51.0%	52.9%	51.7%
Income from operations	\$ 81	\$ 89	\$ 83	\$ 102	\$ 355
Operating margin %	20.6%	22.1%	21.5%	24.7%	22.3%
Segment assets	\$ 1,721	\$ 1,739	\$ 1,732	\$ 1,756	
Return On Invested Capital ^(a) , %	18%	20%	19%	23%	

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 the amortization of intangibles, the impact of restructuring charges, acquisition and integration costs and pre-separation costs.

In general, recorded orders represent firm purchase commitments from our customers with established terms and conditions for products and services that will be delivered within six months.

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

AGILENT TECHNOLOGIES, INC.
ELECTRONIC MEASUREMENT SEGMENT
(Unaudited)
PRELIMINARY

(In millions, except margins and ROIC data)

	FY 2014				Total
	Q1	Q2	Q3	Q4	
Orders	\$ 699				\$ 699
Net revenue	\$ 671				\$ 671
Gross margin %	55.6%				55.6%
Income from operations	\$ 102				\$ 102
Operating margin %	15.2%				15.2%
Segment assets	\$ 1,929				
Return On Invested Capital ^(a) , %	24%				

	FY 2013				Total
	Q1	Q2	Q3	Q4	
Orders	\$ 749	\$ 701	\$ 674	\$ 742	\$ 2,866
Net revenue	\$ 722	\$ 760	\$ 701	\$ 705	\$ 2,888
Gross margin %	57.4%	57.1%	56.6%	56.4%	56.9%
Income from operations	\$ 125	\$ 156	\$ 129	\$ 134	\$ 544
Operating margin %	17.3%	20.5%	18.5%	19.0%	18.9%
Segment assets	\$ 1,962	\$ 2,019	\$ 2,008	\$ 1,997	
Return On Invested Capital ^(a) , %	28%	38%	30%	30%	

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 the amortization of intangibles, the impact of restructuring charges, acquisition and integration costs and pre-separation costs.

In general, recorded orders represent firm purchase commitments from our customers with established terms and conditions for products and services that will be delivered within six months.

(a) Return On Invested Capital (ROIC) is a non-GAAP measure and is defined as income from operations less other (income) expense and taxes, annualized, divided by the average of the two most recent quarter-end balances of assets less net current liabilities. The reconciliation of ROIC can be found on page 14 of these tables, along with additional information regarding the use of this non-GAAP measure.

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.
LIFE SCIENCES, DIAGNOSTICS AND APPLIED MARKETS (LDA)
(Unaudited)
PRELIMINARY

(In millions, except margins and ROIC data)

	FY 2014				
	Q1	Q2	Q3	Q4	Total
Orders	\$ 979				\$ 979
Net revenue	\$ 1,008				\$ 1,008
Gross margin %	54.1%				54.1%
Income from operations	\$ 194				\$ 194
Operating margin %	19.2%				19.2%

	FY 2013				
	Q1	Q2	Q3	Q4	Total
Orders	\$ 961	\$ 987	\$ 926	\$ 1,087	\$ 3,961
Net revenue	\$ 958	\$ 972	\$ 951	\$ 1,013	\$ 3,894
Gross margin %	53.1%	53.1%	52.5%	54.2%	53.2%
Income from operations	\$ 163	\$ 178	\$ 174	\$ 217	\$ 732
Operating margin %	17.1%	18.2%	18.3%	21.4%	18.8%

Life Sciences, Diagnostics and Applied Markets (LDA) is not a reportable segment. LDA reflects the combined results of 2 of our reportables segments; Life Sciences and Diagnostics Group (LDG) and Chemical Analysis Group (CAG).

Income from operations reflect the combined 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 the amortization of intangibles, the impact of restructuring charges, acquisition and integration costs and pre-separation costs.

In general, recorded orders represent firm purchase commitments from our customers with established terms and conditions for products and services that will be delivered within six months.

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 Operating Results Q1FY13 - Q1FY14
(Unaudited)

						Preliminary	
	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q1	
M\$							Y/Y
Orders	1,710	1,688	1,600	1,829	1,678		-2%
Net Revenues	1,680	1,732	1,652	1,718	1,679		0%
Gross Profit %	54.9%	54.8%	54.3%	55.1%	54.7%		-0.2 ppt
R&D	177	170	168	172	176		-1%
% Revenues	10.6%	9.8%	10.2%	10.0%	10.5%		-0.1 ppt
SG&A	458	445	426	423	447		-2%
% Revenues	27.2%	25.7%	25.8%	24.6%	26.6%		-0.6 ppt
Operating Profit	288	334	303	351	296		3%
Operating Margin	17.2%	19.3%	18.3%	20.4%	17.6%		0.4 ppt
Other Income/ (Expense)	(23)	(15)	(25)	(28)	(27)		17%
Pre-Tax Earnings	265	319	278	323	269		2%
Tax Rate	16%	16%	16%	16%	16%		0 ppt
Income Tax	43	50	45	52	43		0%
Net Earnings	222	269	233	271	226		2%
Net Margin	13.2%	15.5%	14.1%	15.8%	13.5%		0.3 ppt
ROIC	14%	17%	15%	17%	15%		1 ppt
Regular Headcount	20,466	20,543	20,563	20,600	20,636		170
Non-GAAP EPS	\$ 0.63	\$ 0.77	\$ 0.68	\$ 0.81	\$ 0.67		\$ 0.04

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 the amortization of intangibles, the impact of restructuring charges, acquisition and integration costs and pre-separation costs. Some of the exclusions, such as impairments, may be beyond the control of management. Further, some may be less predictable than revenue derived from our core businesses (the day to day business of selling our products and services). These reasons provide the basis for management's belief that the measures are useful.

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 and restructuring charges can have a material impact on our cash flows and/or our net income. Our GAAP financial statements including our statement of cash flows portray those effects. Although we believe it is useful for investors to see core performance free of special items investors should understand that the excluded items are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company's profit and loss from any and all events, management does (and investors should) rely upon the GAAP income statement. The non-GAAP numbers focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

For reconciliations of the non-GAAP financial information to the most directly comparable GAAP information, please see the non-GAAP reconciliations for all prior periods provided at the Investor's page of our website.

AGILENT TECHNOLOGIES, INC.
REVENUE BY REGION
(in millions)
(Unaudited)
PRELIMINARY

	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q1'14 Year Over Year Percent Inc/(Dec)
GAAP						
Americas	\$ 592	\$ 621	\$ 586	\$ 611	\$ 562	-5%
Europe	466	433	421	467	495	6%
Asia Pacific	622	678	645	640	622	0%
Revenue	\$ 1,680	\$ 1,732	\$ 1,652	\$ 1,718	\$ 1,679	0%

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 FROM GAAP TO NON-GAAP

THREE MONTHS ENDED JANUARY 31, 2014
(Unaudited)
PRELIMINARY

NON-GAAP ADJUSTMENTS

(in millions, except per share amounts)

			GAAP	Restructuring and Other Related Costs	Intangible Amortization	Transformational Initiatives	Acquisition & Integration Costs	Pre-Separation Costs	Other	Adjustment for Taxes	Non-GAAP	
Orders	Change Year Over Year	-2%	\$ 1,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,678	-2% Change Year Over Year
Net Revenue	Change Year Over Year	0%	\$ 1,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,679	0% Change Year Over Year
Costs and expenses:												
Cost of products and services	Gross Margin	52.6%	796	2	(33)	(3)	(1)	-	(1)	-	760	54.7% Gross Margin
Research and development	As a % of Revenue	10.5%	177	1	-	-	(1)	(1)	-	-	176	10.5% As a % of Revenue
Selling, general and administrative	As a % of Revenue	29.1%	488	1	(18)	-	(5)	(19)	-	-	447	26.6% As a % of Revenue
Total costs and expenses			1,461	4	(51)	(3)	(7)	(20)	(1)	-	1,383	
Income from operations	Operating Margin	13.0%	218	(4)	51	3	7	20	1	-	296	17.6% Operating Margin
Other income(expense), net			(27)	-	-	-	-	-	-	-	(27)	
Income before taxes			191	(4)	51	3	7	20	1	-	269	
Provision (benefit) for taxes	Tax Rate	2%	(4)	-	-	-	-	-	-	47	43	16% Tax Rate
Net income	Net Margin	11.6%	\$ 195	\$ (4)	\$ 51	\$ 3	\$ 7	\$ 20	\$ 1	\$ (47)	\$ 226	13.5% Net Margin

Net income (loss) per share - Basic and Diluted:

Basic	\$ 0.59	\$ (0.01)	\$ 0.15	\$ 0.01	\$ 0.02	\$ 0.06	\$ -	\$ (0.14)	\$ 0.68
Diluted	\$ 0.58	\$ (0.01)	\$ 0.15	\$ 0.01	\$ 0.02	\$ 0.06	\$ -	\$ (0.14)	\$ 0.67

Weighted average shares used in computing net income (loss) per share:

Basic	333	333	333	333	333	333	333	333	333
Diluted	338	338	338	338	338	338	338	338	338

The preliminary reconciliation from GAAP to Non-GAAP net income is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
RECONCILIATIONS OF REVENUE BY SEGMENT AND
REVENUE BY REGION EXCLUDING THE IMPACT OF CURRENCY ADJUSTMENTS
(in millions)
(Unaudited)
PRELIMINARY

	Year-over-Year							
	GAAP			Currency Adjustments ^(a)		Currency-Adjusted		
	Q1'14	Q1'13	Year-over-Year % Change	Q1'14	Q1'14	Q1'13	Year-over-Year % Change	
Revenue by Segment								
Life Sciences and Diagnostics	\$ 591	\$ 564	5%	\$ (6)	\$ 597	\$ 564	6%	
Chemical Analysis	417	394	6%	(5)	\$ 422	394	7%	
Life Sciences, Diagnostics and Applied Markets (LDA)	1,008	958	5%	(11)	1,019	958	6%	
Electronic Measurement	671	722	-7%	(14)	\$ 685	722	-5%	
Agilent	\$ 1,679	\$ 1,680	0%	\$ (25)	\$ 1,704	\$ 1,680	1%	
	GAAP			Currency Adjustments ^(a)		Currency-Adjusted		
Revenue by Region	Q1'14	Q1'13	Year-over-Year % Change	Q1'14	Q1'14	Q1'13	Year-over-Year % Change	
Revenue	\$ 1,679	\$ 1,680	0%	\$ (25)	\$ 1,704	\$ 1,680	1%	
Americas	562	592	-5%	(3)	565	592	-5%	
Europe	495	466	6%	14	481	466	3%	
Japan	149	169	-12%	(31)	180	169	7%	
Other Asia Pacific	473	453	4%	(5)	478	453	5%	
Total Revenue	\$ 1,679	\$ 1,680	0%	\$ (25)	\$ 1,704	\$ 1,680	1%	
Asia Pacific	\$ 622	\$ 622	0%	\$ (36)	\$ 658	\$ 622	6%	

^(a) We compare the year-over-year change in revenue excluding the effect of 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 impact of currency is estimated based on our current information

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

	Q1 2013		Q2 2013		Q3 2013		Q4 2013		Q1 2014	
	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
GAAP Net income	\$ 179	\$ 0.51	\$ 166	\$ 0.48	\$ 168	\$ 0.49	\$ 211	\$ 0.63	\$ 195	\$ 0.58
Non-GAAP adjustments:										
Restructuring and other related costs	—	—	55	0.16	1	—	(3)	(0.01)	(4)	(0.01)
Asset impairments and write-downs	1	—	1	—	1	—	—	—	—	—
Acceleration of share-based compensation expense related to workforce reduction	—	—	—	—	—	—	3	0.01	—	—
Intangible amortization	52	0.15	51	0.15	48	0.14	48	0.15	51	0.15
Transformational initiatives	3	0.01	3	0.01	8	0.02	5	0.01	3	0.01
Acquisition and integration costs	10	0.03	6	0.02	6	0.02	7	0.02	7	0.02
Pre-separation costs	—	—	—	—	—	—	5	0.01	20	0.06
Other	4	0.01	5	0.01	2	0.01	4	0.01	1	—
Adjustment for taxes ^(a)	(27)	(0.08)	(18)	(0.06)	(1)	—	(9)	(0.02)	(47)	(0.14)
Non-GAAP Net income	<u>\$ 222</u>	<u>\$ 0.63</u>	<u>\$ 269</u>	<u>\$ 0.77</u>	<u>\$ 233</u>	<u>\$ 0.68</u>	<u>\$ 271</u>	<u>\$ 0.81</u>	<u>\$ 226</u>	<u>\$ 0.67</u>

^(a) The adjustment for taxes excludes tax benefits that management believes are not directly related to ongoing operations and which are either isolated or cannot be expected to occur again with any regularity or predictability. For the Q1 FY 2014 and Q1 FY 2013, management uses a non-GAAP effective tax rate of 16%, that we believe to be indicative of on-going operations.

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 the amortization of intangibles, the impact of restructuring charges, acquisition and integration costs and pre-separation costs. Some of the exclusions, such as impairments, may be beyond the control of management. Further, some may be less predictable than revenue derived from our core businesses (the day to day business of selling our products and services). These reasons provide the basis for management's belief that the measures are useful.

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 and restructuring charges 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.
RECONCILIATION OF ROIC
(In millions)
(Unaudited)
PRELIMINARY

	LDG Q1'14	CAG Q1'14	EMG Q1'14	AGILENT Q1'14	LDG Q1'13	CAG Q1'13	EMG Q1'13	AGILENT Q1'13	LDG Q4'13	CAG Q4'13	EMG Q4'13	AGILENT Q4'13
Numerator:												
Non-GAAP income from operations	\$ 100	\$ 94	\$ 102	\$ 296	\$ 82	\$ 81	\$ 125	\$ 288	\$ 115	\$ 102	\$ 134	\$ 351
Less:												
Taxes and Other (income)/expense	16	15	16	47	13	13	20	46	18	17	22	56
Segment return	84	79	86	249 ^(a)	69	68	105	242 ^(a)	97	85	112	295 ^(a)
Segment return annualized	\$ 336	\$ 316	\$ 344	\$ 996	\$ 276	\$ 272	\$ 420	\$ 968	\$ 388	\$ 340	\$ 448	\$ 1,180
Denominator:												
Segment assets ^(b)	\$ 4,287	\$ 1,757	\$ 1,929	\$ 7,973	\$ 4,233	\$ 1,721	\$ 1,962	\$ 7,915	\$ 4,291	\$ 1,756	\$ 1,997	\$ 8,044
Less:												
Net current liabilities ^(c)	413	249	508	1,172	396	238	550	1,175	437	258	536	1,237
Invested capital	\$ 3,874	\$ 1,508	\$ 1,421	\$ 6,801	\$ 3,837	\$ 1,483	\$ 1,412	\$ 6,740	\$ 3,854	\$ 1,498	\$ 1,461	\$ 6,807
Average invested capital	\$ 3,864	\$ 1,503	\$ 1,441	\$ 6,804	\$ 3,753	\$ 1,502	\$ 1,493	\$ 6,752	\$ 3,847	\$ 1,497	\$ 1,473	\$ 6,817
ROIC	9%	21%	24%	15%	7%	18%	28%	14%	10%	23%	30%	17%

ROIC calculation:(annualized current quarter segment return)/(average of the two most recent quarter-end balances of Segment Invested Capital)

(a) Agilent return is equal to non-GAAP net income of \$226 million plus net interest expense after tax of \$23 million for Q1'14, net income of \$222 million plus net interest expense after tax of \$20 million for Q1'13 and \$271 million plus net interest expense after tax of \$24 million for Q4'13. Please see "Non-GAAP Net Income and Diluted EPS Reconciliations" for a reconciliation of non-GAAP net income to GAAP net income.

(b) Segment assets consist of inventory, accounts receivable, property plant and equipment, gross goodwill and other intangibles, deferred taxes and allocated corporate assets.

(c) Includes accounts payable, employee compensation and benefits, deferred revenue, certain other accrued liabilities and allocated corporate liabilities.

Return on Invested Capital (ROIC) is a non-GAAP measure that management believes provides useful supplemental information for management and the investor. ROIC is a tool by which we track how much value we are creating for our shareholders. Management uses ROIC as a performance measure for our businesses, and our senior managers' compensation is linked to ROIC improvements as well as other performance criteria. We believe that ROIC provides our management with a means to analyze and improve their business, measuring segment profitability in relation to net asset investments. We acknowledge that ROIC may not be calculated the same way by every company. When we complete a major acquisition, we may adjust invested capital for the relevant segment in the quarter when the acquisition occurred. We compensate for this limitation by monitoring and providing to the reader a full GAAP income statement and balance sheet.

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 ROIC is based on our current information.