

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,		Years Ended October 31,	
	2018	2017	2018	2017
Net revenue	\$ 1,294	\$ 1,189	\$ 4,914	\$ 4,472
Costs and expenses:				
Cost of products and services	585	542	2,227	2,063
Research and development	104	89	385	339
Selling, general and administrative	356	325	1,374	1,229
Total costs and expenses	<u>1,045</u>	<u>956</u>	<u>3,986</u>	<u>3,631</u>
Income from operations	249	233	928	841
Interest income	10	7	38	22
Interest expense	(18)	(20)	(75)	(79)
Other income (expense), net	<u>3</u>	<u>6</u>	<u>55</u>	<u>19</u>
Income before taxes	244	226	946	803
Provision for income taxes	49	49	630	119
Net income	<u>\$ 195</u>	<u>\$ 177</u>	<u>\$ 316</u>	<u>\$ 684</u>
Net income per share:				
Basic	\$ 0.61	\$ 0.55	\$ 0.98	\$ 2.12
Diluted	\$ 0.61	\$ 0.54	\$ 0.97	\$ 2.10
Weighted average shares used in computing net income per share:				
Basic	319	322	321	322
Diluted	322	326	325	326
Cash dividends declared per common share	\$ 0.149	\$ 0.132	\$ 0.596	\$ 0.528

The preliminary income statement 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>2018</u>	<u>October 31,</u> <u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,247	\$ 2,678
Accounts receivable, net	776	724
Inventory	638	575
Other current assets	187	192
Total current assets	<u>3,848</u>	<u>4,169</u>
Property, plant and equipment, net	822	757
Goodwill and other intangible assets, net	3,464	2,968
Long-term investments	68	138
Other assets	339	394
Total assets	<u>\$ 8,541</u>	<u>\$ 8,426</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 340	\$ 305
Employee compensation and benefits	304	276
Deferred revenue	324	291
Short-term debt	—	210
Other accrued liabilities	203	181
Total current liabilities	<u>1,171</u>	<u>1,263</u>
Long-term debt	1,799	1,801
Retirement and post-retirement benefits	239	234
Other long-term liabilities	761	293
Total liabilities	<u>3,970</u>	<u>3,591</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; 318 million shares at October 31, 2018 and 322 million shares at October 31, 2017, issued	3	3
Additional paid-in-capital	5,308	5,300
Accumulated deficit	(336)	(126)
Accumulated other comprehensive loss	(408)	(346)
Total stockholders' equity	<u>4,567</u>	<u>4,831</u>
Non-controlling interest	4	4
Total equity	<u>4,571</u>	<u>4,835</u>
Total liabilities and equity	<u>\$ 8,541</u>	<u>\$ 8,426</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

	Years Ended	
	October 31, 2018	October 31, 2017
Cash flows from operating activities:		
Net income	\$ 316	\$ 684
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	210	212
Share-based compensation	70	60
Excess and obsolete inventory related charges	26	24
Gain on step acquisition of Lasergen	(20)	—
Asset impairment charges	21	—
Other non-cash expenses, net	9	7
Changes in assets and liabilities:		
Accounts receivable, net	(65)	(81)
Inventory	(83)	(61)
Accounts payable	40	2
Employee compensation and benefits	31	38
Change in assets and liabilities due to Tax Act	552	—
Other assets and liabilities	(20)	4
Net cash provided by operating activities ^(a)	1,087	889
Cash flows from investing activities:		
Investments in property, plant and equipment	(177)	(176)
Proceeds from sale of property, plant and equipment	1	—
Payment to acquire cost method investments	(11)	(1)
Proceeds from divestitures	—	2
Change in restricted cash and cash equivalents, net	1	(1)
Payment in exchange for convertible note	(2)	(1)
Acquisition of businesses and intangible assets, net of cash acquired	(516)	(128)
Net cash used in investing activities	(704)	(305)
Cash flows from financing activities:		
Issuance of common stock under employee stock plans	56	66
Payment of taxes related to net share settlement of equity awards	(30)	(14)
Payment of dividends	(191)	(170)
Proceeds from revolving credit facility	483	400
Repayment of debt and revolving credit facility	(693)	(290)
Treasury stock repurchases	(422)	(194)
Net cash used in financing activities	(797)	(202)
Effect of exchange rate movements	(17)	7
Net increase (decrease) in cash and cash equivalents	(431)	389
Cash and cash equivalents at beginning of period	2,678	2,289
Cash and cash equivalents at end of period	\$ 2,247	\$ 2,678
^(a) Cash payments included in operating activities:		
Income tax payments (refunds), net	\$ 102	\$ 63
Interest payments	\$ 80	\$ 82

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)

	2018				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 596	\$ 537	\$ 540	\$ 597	\$ 2,270
Gross margin %	62.1%	59.7%	61.3%	62.0%	61.3%
Income from operations	\$ 156	\$ 113	\$ 123	\$ 155	\$ 547
Operating margin %	26.1%	21.1%	22.9%	25.9%	24.1%

	2017				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 520	\$ 501	\$ 510	\$ 550	\$ 2,081
Gross margin %	59.8%	60.1%	59.9%	61.1%	60.2%
Income from operations	\$ 122	\$ 106	\$ 109	\$ 131	\$ 468
Operating margin %	23.5%	21.2%	21.4%	23.8%	22.5%

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, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension settlement gain, NASD site costs, and special compliance costs.

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)

	2018				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 207	\$ 243	\$ 237	\$ 256	\$ 943
Gross margin %	54.5%	55.0%	57.0%	59.1%	56.5%
Income from operations	\$ 25	\$ 50	\$ 44	\$ 59	\$ 178
Operating margin %	12.2%	20.4%	18.5%	23.3%	18.9%

	2017				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 184	\$ 223	\$ 218	\$ 235	\$ 860
Gross margin %	54.7%	57.5%	52.9%	55.6%	55.2%
Income from operations	\$ 27	\$ 53	\$ 37	\$ 51	\$ 168
Operating margin %	14.9%	23.7%	17.1%	21.5%	19.5%

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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)

	2018				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 408	\$ 426	\$ 426	\$ 441	\$ 1,701
Gross margin %	50.6%	50.2%	50.6%	51.3%	50.7%
Income from operations	\$ 88	\$ 98	\$ 102	\$ 109	\$ 397
Operating margin %	21.6%	23.1%	23.8%	24.7%	23.3%

	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%

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, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension settlement gain, NASD site costs, and special compliance costs.

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

Agilent Technologies, Inc.
Non-GAAP Financial Results Q3'17 - Q4'18
(Unaudited)

M/\$	Q3'17	Q4'17	Q1'18	Q2'18	Preliminary		Q4	Q4
					Q3'18	Q4'18		
Net Revenue	1,114	1,189	1,211	1,206	1,203	1,294	1,294	9%
Gross Profit %	55.1%	56.1%	56.9%	55.4%	56.7%	57.8%	57.8%	1.7 ppt
R&D	86	88	92	92	97	102	102	16%
% Revenue	7.7%	7.4%	7.6%	7.6%	8.1%	7.9%	7.9%	0.5 ppt
SG&A	292	305	328	315	316	322	322	6%
% Revenue	26.2%	25.6%	27.1%	26.2%	26.2%	24.9%	24.9%	-0.7 ppt
Operating Profit	236	274	269	261	269	323	323	18%
Operating Margin	21.2%	23.0%	22.2%	21.7%	22.3%	25.0%	25.0%	2.0 ppt
Other Income/ (Expense)	(8)	(8)	(5)	(3)	(4)	(4)	(4)	50%
Pre-Tax Earnings	228	266	264	258	265	319	319	20%
Income Tax	37	48	48	46	48	57	57	19%
Net Income	191	218	216	212	217	262	262	20%
Net Margin	17.1%	18.3%	17.8%	17.6%	18.1%	20.2%	20.2%	1.9 ppt
Non-GAAP EPS	\$ 0.59	\$ 0.67	\$ 0.66	\$ 0.65	\$ 0.67	\$ 0.81	\$ 0.81	0.14

We provide the non-GAAP income statements in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to asset impairments, amortization of intangibles, business exit and divestiture costs, transformational initiatives, acquisition and integration costs, pension settlement gain, gain on step acquisition of Lasergen, NASD site costs, special compliance costs, and adjustment for Tax Reform.

Asset impairments include assets that have been written down to their fair value.

Business exit and divestiture costs include costs associated with business divestitures.

Transformational initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers including costs to move manufacturing due to new tariffs and tariff remediation actions, 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 company programs to transform our product lifecycle management (PLM) system and human resources 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.

Gain on step acquisition of Lasergen resulted from measurement at fair value of our equity interest held at the date of business combination.

NASD site costs include all the costs related to the expansion of our manufacturing of nucleic acid active pharmaceutical ingredients incurred prior to the commencement of commercial manufacturing.

Special compliance costs include costs associated with transforming our processes to implement new regulations such as the EU's General Data Protection Regulation (GDPR), revenue recognition and certain tax reporting requirements.

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

Adjustment for Tax Reform primarily consists of an estimated provision of \$499 million for U.S. transition tax and correlative items on deemed repatriated earnings of non-U.S. subsidiaries and an estimated provision of \$53 million associated with the decrease in the U.S. corporate tax rate from 35% to 21% and its impact on our U.S. deferred tax assets and liabilities. The taxes payable associated with the transition tax, net of tax attributes, on deemed repatriation of foreign earnings is approximately \$426 million, payable over 8 years.

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.
RECONCILIATION OF NON-GAAP AND GAAP FINANCIAL RESULTS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

<u>GROSS MARGIN</u>	Q4'18	Gross Margin %	Q4'17	Gross Margin %
Revenue:	\$ 1,294		\$ 1,189	
Gross margin:				
Cost of products and services	\$ 585	54.8%	\$ 542	54.4%
Add:				
Asset impairments	\$ (15)		—	
Intangible amortization	(19)		(19)	
Transformational initiatives	(1)		(1)	
Acquisition and integration costs	(2)		—	
NASD site costs	(1)		—	
Non-GAAP cost of products and services	\$ 547	57.8%	\$ 522	56.1%

<u>RESEARCH & DEVELOPMENT EXPENSES</u>	Q4'18	R&D as % of Revenue	Q4'17	R&D as % of Revenue
Revenue:	\$ 1,294		\$ 1,189	
Research and development expenses	\$ 104	8.0%	\$ 89	7.5%
Add:				
Transformational initiatives	\$ (1)		—	
Acquisition and integration costs	(1)		—	
Other	—		(1)	
Non-GAAP research and development expenses	\$ 102	7.9%	\$ 88	7.4%

<u>SELLING, GENERAL & ADMINISTRATIVE EXPENSES</u>	Q4'18	SG&A as % of Revenue	Q4'17	SG&A as % of Revenue
Revenue:	\$ 1,294		\$ 1,189	
Selling, general and administrative expenses	\$ 356	27.5%	\$ 325	27.3%
Add:				
Asset impairments	\$ (6)		—	
Intangible amortization	(10)		(9)	
Transformational initiatives	(9)		(6)	
Acquisition and integration costs	(6)		(5)	
NASD site costs	(1)		—	
Special compliance costs	(1)		—	
Other	(1)		—	
Non-GAAP selling, general & administrative expenses	\$ 322	24.9%	\$ 305	25.6%

We provide non-GAAP gross margin, selling, general & administrative and research & development expenses 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, NASD site costs, and special compliance 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 NON-GAAP AND GAAP FINANCIAL RESULTS
(In millions, except margin data)
(Unaudited)
PRELIMINARY

<u>GROSS MARGIN</u>	<u>FY18</u>	<u>Gross Margin %</u>	<u>FY17</u>	<u>Gross Margin %</u>
Revenue:	\$ 4,914		\$ 4,472	
Gross margin:				
Cost of products and services	\$ 2,227	54.7%	\$ 2,063	53.9%
Add:				
Asset impairments	\$ (15)		—	
Intangible amortization	(66)		(81)	
Business exit and divestiture costs	(9)		—	
Transformational initiatives	(5)		(2)	
Acquisition and integration costs	(4)		(5)	
Pension settlement gain	2		11	
NASD site costs	(2)		—	
Non-GAAP cost of products and services	\$ 2,128	56.7%	\$ 1,986	55.6%

<u>RESEARCH & DEVELOPMENT EXPENSES</u>	<u>FY18</u>	<u>R&D as % of Revenue</u>	<u>FY17</u>	<u>R&D as % of Revenue</u>
Revenue:	\$ 4,914		\$ 4,472	
Research and development expenses	\$ 385	7.8%	\$ 339	7.6%
Add:				
Transformational initiatives	\$ (1)		\$ (1)	
Acquisition and integration costs	(1)		(1)	
Pension settlement gain	—		3	
Other	—		(1)	
Non-GAAP research and development expenses	\$ 383	7.8%	\$ 339	7.6%

<u>SELLING, GENERAL & ADMINISTRATIVE EXPENSES</u>	<u>FY18</u>	<u>SG&A as % of Revenue</u>	<u>FY17</u>	<u>SG&A as % of Revenue</u>
Revenue:	\$ 4,914		\$ 4,472	
Selling, general and administrative expenses	\$ 1,374	28.0%	\$ 1,229	27.5%
Add:				
Asset impairments	\$ (6)		—	
Intangible amortization	(39)		(36)	
Transformational initiatives	(19)		(9)	
Acquisition and integration costs	(18)		(24)	
Pension settlement gain	3		18	
NASD site costs	(6)		—	
Special compliance costs	(4)		—	
Other	(4)		(5)	
Non-GAAP selling, general & administrative expenses	\$ 1,281	26.1%	\$ 1,173	26.2%

We provide non-GAAP gross margin, selling, general & administrative and research & development expenses 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, NASD site costs, and special compliance costs.

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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

	<u>Q4'18</u>	<u>Operating Margin %</u>	<u>Q4'17</u>	<u>Operating Margin %</u>	<u>Year Over Year Percent Pts Inc/(Dec)</u>
Revenue:	\$ 1,294		\$ 1,189		
Income from operations:					
GAAP Income from operations	\$ 249	19.2%	\$ 233	19.6%	
Add:					
Asset impairments	\$ 21		—		
Intangible amortization	29		28		
Transformational initiatives	11		7		
Acquisition and integration costs	9		5		
NASD site costs	2		—		
Special compliance costs	1		—		
Other	1		1		
Non-GAAP income from operations	<u>\$ 323</u>	25.0%	<u>\$ 274</u>	23.0%	
Reimbursement from Keysight for services ^(a)	3		3		
Adjusted non-GAAP income from operations	<u>\$ 326</u>	25.2%	<u>\$ 277</u>	23.3%	1.9%

^(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 income from operations and non-GAAP operating margins 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, NASD site costs, and special compliance costs.

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

	FY18	Operating Margin %	FY17	Operating Margin %	Year Over Year Percent Pts Inc/(Dec)
Revenue:	\$ 4,914		\$ 4,472		
Income from operations:					
GAAP Income from operations	\$ 928	18.9%	\$ 841	18.8%	
Add:					
Asset impairments	\$ 21		—		
Intangible amortization	105		117		
Business exit and divestiture costs	9		—		
Transformational initiatives	25		12		
Acquisition and integration costs	23		30		
Pension settlement gain	(5)		(32)		
NASD site costs	8		—		
Special compliance costs	4		—		
Other	4		6		
Non-GAAP income from operations	<u>\$ 1,122</u>	22.8%	<u>\$ 974</u>	21.8%	
Reimbursement from Keysight for services ^(a)	12		12		
Adjusted non-GAAP income from operations	<u>\$ 1,134</u>	23.1%	<u>\$ 986</u>	22.0%	1.1%

^(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 income from operations and non-GAAP operating margins 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, NASD site costs, and special compliance 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

	Q4'17		Q1'18		Q2'18		Q3'18		Q4'18		Year Ended October 31, 2017		Year Ended October 31, 2018	
	Net income	Diluted EPS	Net income (loss)	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income	Diluted EPS	Net income (loss)	Diluted EPS	Net income	Diluted EPS
GAAP net income (loss)	\$ 177	\$ 0.54	\$ (320)	\$ (0.99) ^(b)	\$ 205	\$ 0.63	\$ 236	\$ 0.73	\$ 195	\$ 0.61	\$ 684	\$ 2.10	\$ 316	\$ 0.97
Non-GAAP adjustments:														
Asset impairments	—	—	—	—	—	—	—	—	21	0.06	—	—	21	0.06
Intangible amortization	28	0.09	25	0.08	25	0.08	26	0.08	29	0.09	117	0.36	105	0.32
Business exit and divestiture costs	—	—	—	—	8	0.02	1	—	—	—	—	—	9	0.03
Transformational initiatives	7	0.02	5	0.02	5	0.02	4	0.01	11	0.03	12	0.04	25	0.08
Acquisition and integration costs	5	0.02	3	0.01	4	0.01	7	0.02	9	0.03	32	0.10	23	0.07
Pension settlement gain	—	—	(5)	(0.02)	—	—	—	—	—	—	(32)	(0.10)	(5)	(0.02)
Gain on step acquisition of Lasergen	—	—	—	—	—	—	(20)	(0.06)	—	—	—	—	(20)	(0.06)
NASD site costs	—	—	2	0.01	2	0.01	2	0.01	2	0.01	—	—	8	0.02
Special compliance costs	—	—	1	—	1	—	1	—	1	—	—	—	4	0.01
Other	—	—	—	—	(14)	(0.04)	2	0.01	2	0.01	5	0.02	(10)	(0.03)
Adjustment for Tax Reform	—	—	533	1.63	—	—	—	—	19	0.06	—	—	552	1.70
Adjustment for taxes ^(a)	1	—	(28)	(0.08)	(24)	(0.08)	(42)	(0.13)	(27)	(0.09)	(50)	(0.16)	(121)	(0.36)
Non-GAAP net income	<u>\$ 218</u>	<u>\$ 0.67</u>	<u>\$ 216</u>	<u>\$ 0.66</u> ^(c)	<u>\$ 212</u>	<u>\$ 0.65</u>	<u>\$ 217</u>	<u>\$ 0.67</u>	<u>\$ 262</u>	<u>\$ 0.81</u>	<u>\$ 768</u>	<u>\$ 2.36</u>	<u>\$ 907</u>	<u>\$ 2.79</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, 2018, July 31, 2018, April 30, 2018, January 31, 2018 and October 31, 2017, management used a non-GAAP effective tax rate of 18.0%.

^(b) GAAP diluted net loss per share for the three months ended January 31, 2018 was computed using 323 million weighted average diluted shares which excludes from consideration the anti-dilutive effects of all potential common shares outstanding.

^(c) Non-GAAP diluted net income per share for the three months ended January 31, 2018 was computed using 327 million weighted average diluted shares which includes the dilutive effects of potential common shares outstanding.

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, gain on step acquisition of Lasergen, NASD site costs, special compliance costs, and adjustment for Tax Reform.

Asset impairments include assets that have been written down to their fair value.

Business exit and divestiture costs include costs associated with business divestitures.

Transformational initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers including costs to move manufacturing due to new tariffs and tariff remediation actions, 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 company programs to transform our product lifecycle management (PLM) system and human resources 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.

Gain on step acquisition of Lasergen resulted from the measurement at fair value of our equity interest held at the date of business combination.

NASD site costs include all the costs related to the expansion of our manufacturing of nucleic acid active pharmaceutical ingredients incurred prior to the commencement of commercial manufacturing.

Special compliance costs include costs associated with transforming our processes to implement new regulations such as the EU's General Data Protection Regulation (GDPR), revenue recognition and certain tax reporting requirements.

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

Adjustment for Tax Reform primarily consists of an estimated provision of \$499 million for U.S. transition tax and correlative items on deemed repatriated earnings of non-U.S. subsidiaries and an estimated provision of \$53 million associated with the decrease in the U.S. corporate tax rate from 35% to 21% and its impact on our U.S. deferred tax assets and liabilities. The taxes payable associated with the transition tax, net of tax attributes, on deemed repatriation of foreign earnings is approximately \$426 million, payable over 8 years.

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

	Year-over-Year					
	GAAP					
<u>GAAP Revenue by Segment</u>	Q4'18	Q4'17	Year-over-Year % Change			
Life Sciences and Applied Markets Group	\$ 597	\$ 550	8%			
Diagnostics and Genomics Group	256	235	9%			
Agilent CrossLab Group	441	404	9%			
Agilent	<u>\$ 1,294</u>	<u>\$ 1,189</u>	9%			

	Non-GAAP (excluding Acquisitions & Divestitures)			Year-over-Year at Constant Currency ^(a)		Current Quarter Currency Impact ^(b)
<u>Non GAAP Revenue by Segment</u>	Q4'18	Q4'17	Year-over-Year % Change	Year-over-Year % Change	Percentage Point Impact from Currency	Current Quarter Currency Impact ^(b)
Life Sciences and Applied Markets Group	\$ 596	\$ 550	8%	9%	-1 ppt	\$ (6)
Diagnostics and Genomics Group	245	235	4%	5%	-1 ppt	(2)
Agilent CrossLab Group	435	404	8%	9%	-1 ppt	(7)
Agilent (Core)	<u>\$ 1,276</u>	<u>\$ 1,189</u>	7%	9%	-1 ppt	<u>\$ (15)</u>

We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

^(a) The constant currency year-over-year growth percentage is calculated by recalculating all periods in the comparison period at the foreign currency exchange rates used for accounting during the last month of the current quarter, and then using those revised values to calculate the year-over-year percentage change.

^(b) The dollar impact from the current quarter currency impact is equal to the total year-over-year dollar change less the constant currency year-over-year change.

The preliminary reconciliation of GAAP revenue adjusted for recent acquisitions and divestitures and impact of currency is estimated based on our current information.

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

	Year-over-Year					
	GAAP					
GAAP Revenue by Segment	FY18	FY17	Year-over-Year % Change			
Life Sciences and Applied Markets Group	\$ 2,270	\$ 2,081	9%			
Diagnostics and Genomics Group	943	860	10%			
Agilent CrossLab Group	1,701	1,531	11%			
Agilent	<u>\$ 4,914</u>	<u>\$ 4,472</u>	10%			

	Non-GAAP (excluding Acquisitions & Divestitures)			Year-over-Year at Constant Currency ^(a)		Current Year Currency Impact ^(b)
Non GAAP Revenue by Segment	FY18	FY17	Year-over-Year % Change	Year-over-Year % Change	Percentage Point Impact from Currency	Current Year Currency Impact ^(b)
Life Sciences and Applied Markets Group	\$ 2,261	\$ 2,081	9%	7%	2 pts	\$ 39
Diagnostics and Genomics Group	924	860	7%	5%	2 pts	20
Agilent CrossLab Group	1,696	1,531	11%	8%	3 pts	36
Agilent (Core)	<u>\$ 4,881</u>	<u>\$ 4,472</u>	9%	7%	2 pts	<u>\$ 95</u>

We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

^(a) The constant currency year-over-year growth percentage is calculated by recalculating all periods in the comparison period at the foreign currency exchange rates used for accounting during the last month of the current quarter, and then using those revised values to calculate the year-over-year percentage change.

^(b) The dollar impact from the current year currency impact is equal to the total year-over-year dollar change less the constant currency year-over-year change.

The preliminary reconciliation of GAAP revenue adjusted for recent acquisitions and divestitures and impact of currency is estimated based on our current information.

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

<u>GAAP Revenue by Region</u>	GAAP			Year-over-Year		
	Q4'18	Q4'17	Year-over-Year % Change			
Revenue	\$ 1,294	\$ 1,189	9%			
Americas	450	418	8%			
Europe	364	347	5%			
Japan	67	61	12%			
China and Hong Kong	269	233	15%			
Rest of Asia Pacific	144	130	10%			
Total Revenue	<u>\$ 1,294</u>	<u>\$ 1,189</u>	9%			
Asia Pacific	\$ 480	\$ 424	13%			

<u>Non GAAP Revenue by Segment</u>	Non-GAAP (excluding Acquisitions & Divestitures)			Year-over-Year at Constant Currency ^(a)		Current Quarter Currency Impact ^(b)
	Q4'18	Q4'17	Year-over-Year % Change	Year-over-Year % Change	Percentage Point Impact from Currency	
Revenue	\$ 1,276	\$ 1,189	7%	9%	-2 ppt	\$ (15)
Americas	439	418	5%	6%	-1 ppt	(5)
Europe	359	347	3%	5%	-2 ppt	(5)
Japan	67	61	12%	12%	—	—
China and Hong Kong	268	233	15%	16%	-1 ppt	(3)
Rest of Asia Pacific	143	130	10%	12%	-2 ppt	(2)
Total Revenue (Core)	<u>\$ 1,276</u>	<u>\$ 1,189</u>	7%	9%	-2 ppt	<u>\$ (15)</u>
Asia Pacific	\$ 478	\$ 424	13%	14%	-1 ppt	\$ (5)

We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

^(a) The constant currency year-over-year growth percentage is calculated by recalculating all periods in the comparison period at the foreign currency exchange rates used for accounting during the last month of the current quarter, and then using those revised values to calculate the year-over-year percentage change.

^(b) The dollar impact from the current quarter currency impact is equal to the total year-over-year dollar change less the constant currency year-over-year change.

The preliminary reconciliation of GAAP revenue adjusted for recent acquisitions and divestitures and impact of currency is estimated based on our current information.

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

<u>GAAP Revenue by Region</u>	Year-over-Year			
	GAAP			Year-over-Year % Change
	FY18	FY17	%	
Revenue	\$ 4,914	\$ 4,472		10%
Americas	1,659	1,533		8%
Europe	1,440	1,287		12%
Japan	256	244		5%
China and Hong Kong	1,014	899		13%
Rest of Asia Pacific	545	509		7%
Total Revenue	<u>\$ 4,914</u>	<u>\$ 4,472</u>		10%
Asia Pacific	\$ 1,815	\$ 1,652		10%

<u>Non GAAP Revenue by Segment</u>	Non-GAAP (excluding Acquisitions & Divestitures)			Year-over-Year at Constant Currency ^(a)		Current Year Currency Impact ^(b)
	FY18	FY17	Year-over-Year % Change	Year-over-Year	Percentage Point	
				% Change	Impact from Currency	
Revenue	\$ 4,881	\$ 4,472	9%	7%	2 ppts	\$ 95
Americas	1,641	1,533	7%	7%	—	(1)
Europe	1,426	1,287	11%	6%	5 ppts	69
Japan	256	244	5%	4%	1 ppt	4
China and Hong Kong	1,013	899	13%	11%	2 ppts	16
Rest of Asia Pacific	545	509	6%	5%	1 ppt	7
Total Revenue (Core)	<u>\$ 4,881</u>	<u>\$ 4,472</u>	9%	7%	2 ppts	<u>\$ 95</u>
Asia Pacific	\$ 1,814	\$ 1,652	10%	8%	2 ppts	\$ 27

We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

^(a) The constant currency year-over-year growth percentage is calculated by recalculating all periods in the comparison period at the foreign currency exchange rates used for accounting during the last month of the current quarter, and then using those revised values to calculate the year-over-year percentage change.

^(b) The dollar impact from the current year currency impact is equal to the total year-over-year dollar change less the constant currency year-over-year change.

The preliminary reconciliation of GAAP revenue adjusted for recent acquisitions and divestitures and impact of currency is estimated based on our current information.