

Agilent Technologies, Inc.
Financial Information Index of Schedules

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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)
	2016	2015	
Net revenue	\$ 1,111	\$ 1,035	7%
Costs and expenses:			
Cost of products and services	523	500	5%
Research and development	84	82	2%
Selling, general and administrative	321	297	8%
Total costs and expenses	<u>928</u>	<u>879</u>	6%
Income from operations	183	156	17%
Interest income	3	1	200%
Interest expense	(19)	(16)	19%
Other income (expense), net	<u>(16)</u>	<u>2</u>	—
Income from continuing operations before taxes	151	143	6%
Provision for income taxes	<u>27</u>	<u>3</u>	—
Income from continuing operations	124	140	(11%)
Loss from discontinued operations, net of tax	<u>-</u>	<u>-</u>	—
Net income	<u>\$ 124</u>	<u>\$ 140</u>	(11%)
Net income per share - Basic:			
Income from continuing operations	\$ 0.38	\$ 0.42	
Loss from discontinued operations	\$ -	\$ -	
Net income per share - Basic	<u>\$ 0.38</u>	<u>\$ 0.42</u>	
Net income per share - Diluted:			
Income from continuing operations	\$ 0.38	\$ 0.42	
Loss from discontinued operations	\$ -	\$ -	
Net income per share - Diluted	<u>\$ 0.38</u>	<u>\$ 0.42</u>	
Weighted average shares used in computing net income per share:			
Basic	324	331	
Diluted	328	333	
Cash dividends declared per common share	\$ 0.115	\$ 0.100	

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)
	2016	2015	
Net revenue	\$ 4,202	\$ 4,038	4%
Costs and expenses:			
Cost of products and services	2,005	1,997	—
Research and development	329	330	—
Selling, general and administrative	1,253	1,189	5%
Total costs and expenses	<u>3,587</u>	<u>3,516</u>	2%
Income from operations	615	522	18%
Interest income	11	7	57%
Interest expense	(72)	(66)	9%
Other income (expense), net	<u>(10)</u>	<u>17</u>	(159%)
Income from continuing operations before taxes	544	480	13%
Provision for income taxes	<u>84</u>	<u>42</u>	100%
Income from continuing operations	460	438	5%
Loss from discontinued operations, net of tax	<u>-</u>	<u>(37)</u>	—
Net income	<u>\$ 460</u>	<u>\$ 401</u>	15%
Net income per share - Basic:			
Income from continuing operations	\$ 1.41	\$ 1.32	
Loss from discontinued operations	\$ -	\$ (0.12)	
Net income per share - Basic	<u>\$ 1.41</u>	<u>\$ 1.20</u>	
Net income per share - Diluted:			
Income from continuing operations	\$ 1.40	\$ 1.31	
Loss from discontinued operations	\$ -	\$ (0.11)	
Net income per share - Diluted	<u>\$ 1.40</u>	<u>\$ 1.20</u>	
Weighted average shares used in computing net income per share:			
Basic	326	333	
Diluted	329	335	
Cash dividends declared per common share	\$ 0.460	\$ 0.400	

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 October 31,		Years Ended October 31,	
	2016	2015	2016	2015
Net income	\$ 124	\$ 140	\$ 460	\$ 401
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on derivative instruments	5	1	(6)	8
Amounts reclassified into earnings related to derivative instruments	3	(3)	3	(12)
Foreign currency translation	(49)	1	(8)	(336)
Net defined benefit pension cost and post retirement plan costs:				
Change in actuarial net loss	(115)	(55)	(86)	(38)
Change in net prior service benefit	(2)	(3)	(15)	(11)
Other comprehensive loss	<u>(158)</u>	<u>(59)</u>	<u>(112)</u>	<u>(389)</u>
Total comprehensive income (loss)	<u>\$ (34)</u>	<u>\$ 81</u>	<u>\$ 348</u>	<u>\$ 12</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>2016</u>	<u>October 31,</u> <u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,289	\$ 2,003
Short-term restricted cash and cash equivalents	—	242
Accounts receivable, net	624	606
Inventory	533	541
Other current assets	189	294
Total current assets	<u>3,635</u>	<u>3,686</u>
Property, plant and equipment, net	639	604
Goodwill	2,517	2,366
Other intangible assets, net	408	445
Long-term investments	135	86
Other assets	483	292
Total assets	<u>\$ 7,817</u>	<u>\$ 7,479</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 257	\$ 279
Employee compensation and benefits	235	221
Deferred revenue	269	258
Other accrued liabilities	183	218
Total current liabilities	<u>944</u>	<u>976</u>
Long-term debt	1,912	1,655
Retirement and post-retirement benefits	360	264
Other long-term liabilities	357	414
Total liabilities	<u>3,573</u>	<u>3,309</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; 614 million shares at October 31, 2016 and 611 million shares at October 31, 2015, issued	6	6
Treasury stock at cost; 290 million shares at October 31, 2016 and 279 million shares at October 31, 2015	(10,508)	(10,074)
Additional paid-in-capital	9,159	9,045
Retained earnings	6,087	5,581
Accumulated other comprehensive loss	(503)	(391)
Total stockholders' equity	<u>4,241</u>	<u>4,167</u>
Non-controlling interest	3	3
Total equity	<u>4,244</u>	<u>4,170</u>
Total liabilities and equity	<u>\$ 7,817</u>	<u>\$ 7,479</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 October 31, 2016	Year Ended October 31, 2016
Cash flows from operating activities:		
Net income	\$ 124	\$ 460
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	56	246
Share-based compensation	11	58
Excess and obsolete inventory related charges	4	20
Impairment of investment and loans	25	25
Other non-cash expenses, net	3	19
Changes in assets and liabilities:		
Accounts receivable	(45)	(26)
Inventory	4	(7)
Accounts payable	12	(15)
Employee compensation and benefits	29	15
Interest rate swap payments	(10)	(10)
Other assets and liabilities	21	8
Net cash provided by operating activities ^(a)	234	793
Cash flows from investing activities:		
Investments in property, plant and equipment	(52)	(139)
Proceeds from sale of investment securities	-	1
Payment to acquire cost method investment	-	(80)
Loan to equity method investment	-	(3)
Change in restricted cash and cash equivalents, net	-	245
Payment in exchange for convertible loan	-	(1)
Acquisition of businesses and intangible assets, net of cash acquired	(26)	(261)
Net cash used in investing activities	(78)	(238)
Cash flows from financing activities:		
Issuance of common stock under employee stock plans	3	62
Cash paid to tax authorities for withheld shares from employees	-	(6)
Payment of dividends	(38)	(150)
Proceeds from revolving credit facility	-	255
Repayment of revolving credit facility	(235)	(255)
Proceeds from issuance of senior notes	299	299
Debt issuance cost	(2)	(2)
Repayment of debt	(37)	(37)
Treasury stock repurchases	(46)	(434)
Net cash used in financing activities	(56)	(268)
Effect of exchange rate movements	(10)	(1)
Net increase in cash and cash equivalents	90	286
Cash and cash equivalents at beginning of period	2,199	2,003
Cash and cash equivalents at end of period	\$ 2,289	\$ 2,289
^(a) Cash payments included in operating activities:		
Severance payments	3	8
Income tax payments, net	13	67
Interest payments	8	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)

	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%

	2015				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 547	\$ 473	\$ 511	\$ 515	\$ 2,046
Gross margin %	56.1%	56.1%	55.6%	56.9%	56.2%
Income from operations	\$ 107	\$ 75	\$ 95	\$ 103	\$ 380
Operating margin %	19.6%	15.8%	18.7%	20.0%	18.6%

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, 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)

	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%

	2015				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 148	\$ 169	\$ 167	\$ 178	\$ 662
Gross margin %	48.9%	54.8%	57.0%	56.0%	54.4%
Income from operations	\$ 1	\$ 25	\$ 28	\$ 34	\$ 88
Operating margin %	0.5%	15.0%	16.8%	19.2%	13.3%

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, 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)

	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%

	2015				
	Q1	Q2	Q3	Q4	Total
Net revenue	\$ 331	\$ 321	\$ 336	\$ 342	\$ 1,330
Gross margin %	50.1%	49.6%	48.5%	50.3%	49.6%
Income from operations	\$ 68	\$ 69	\$ 76	\$ 86	\$ 299
Operating margin %	20.7%	21.5%	22.6%	25.1%	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, pension curtailment gain, transformational initiatives, acquisition and integration costs, business exit and divestiture costs, and impairment of investment and loans.

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

Agilent Technologies, Inc.
Non-GAAP Operating Results Q1FY15 - Q4FY16
(Unaudited)

MS					Preliminary				Q4 Y/Y
	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	
Net Revenue	1,026	963	1,014	1,035	1,028	1,019	1,044	1,111	7%
Gross Profit %	53.1%	53.8%	53.5%	54.6%	54.9%	54.6%	54.3%	55.4%	0.8 ppt
R&D	52	80	77	77	80	80	80	84	9%
% Revenue	8.0%	8.3%	7.6%	7.4%	7.8%	7.9%	7.7%	7.6%	0.2 ppt
SG&A	286	269	266	265	280	281	275	284	7%
% Revenue	27.9%	27.9%	26.2%	25.6%	27.2%	27.6%	26.3%	25.6%	0.0 ppt
Operating Profit	176	169	199	223	205	195	212	247	11%
Operating Margin	17.2%	17.6%	19.7%	21.5%	20.0%	19.1%	20.3%	22.2%	0.7 ppt
Other Income/ (Expense)	(2)	(8)	(15)	(13)	(14)	(14)	(12)	(15)	-15%
Pre-Tax Earnings	174	161	184	210	191	181	200	232	10%
Tax Rate	20%	20%	20%	20%	20%	20%	20%	17%	-3 ppt
Income Tax	35	32	37	42	38	36	40	39	-7%
Income from continuing operations	139	129	147	168	153	145	160	193	15%
Net Margin	13.5%	13.4%	14.5%	16.2%	14.9%	14.2%	15.3%	17.4%	1.2 ppt
Regular Headcount	11,700	11,600	11,600	11,800	12,100	12,200	12,300	12,500	700
Non-GAAP EPS	\$ 0.41	\$ 0.38	\$ 0.44	\$ 0.50	\$ 0.46	\$ 0.44	\$ 0.49	\$ 0.59	\$ 0.09

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, and impairment of investment and loans.

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

Transformational initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers, small site consolidations, reorganizations, insourcing or outsourcing of activities. Such costs may include move and relocation costs, one-time termination benefits and other one-time reorganization costs. Included in this category are also expenses associated with the post-separation resizing of the IT infrastructure and streamlining of IT systems as well as the expenses incurred primarily in fiscal year 2015 to effect the Agile Agilent reengineering.

Acquisition and Integration costs include all incremental expenses incurred to effect a business combination. Such acquisition costs may include advisory, legal, accounting, valuation, and other professional or consulting fees. Such integration costs may include expenses directly related to integration of business and facility operations, information technology systems and infrastructure and other employee-related costs.

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

Pension curtailment gain resulted from certain retirement plans benefit reductions.

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

	Q4'15 ^(a)	Q1'16 ^(a)	Q2'16 ^(a)	Q3'16	Q4'16	Q4'16 Year Over Year Percent Inc/(Dec)
GAAP						
Americas	\$ 386	\$ 349	\$ 350	\$ 361	\$ 396	2%
Europe	303	327	279	292	306	1%
Asia Pacific	346	352	390	391	409	18%
Revenue	<u>\$ 1,035</u>	<u>\$ 1,028</u>	<u>\$ 1,019</u>	<u>\$ 1,044</u>	<u>\$ 1,111</u>	7%

^(a) Prior periods were adjusted to reflect our ship-to location methodology.

Management believes that this measure provides useful information to investors by reflecting an additional way of viewing aspects of Agilent's operations that, when reconciled to the corresponding GAAP measures, help our investors to better identify underlying growth trends in our business and facilitate easier comparisons of our revenue performance with prior and future periods and to our peers.

The preliminary reconciliation of revenue by region is based on our current information.

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

	Q4'16	Operating Margin %	Q4'15	Operating Margin %	Year Over Year Percent Inc/(Dec)
Revenue:	\$ 1,111		\$ 1,035		
Income from operations:					
GAAP Income from operations	\$ 183	16.5%	\$ 156	15.1%	
Add:					
Asset impairments	—		3		
Intangible amortization	32		37		
Transformational initiatives	6		15		
Acquisition and integration costs	13		7		
Business exit and divestiture costs	4		1		
Impairment of loans	7		—		
Other	2		4		
Non-GAAP income from operations	<u>\$ 247</u>	22.2%	<u>\$ 223</u>	21.5%	
Reimbursement from Keysight for services ^(a)	<u>3</u>		<u>3</u>		
Adjusted non-GAAP income from operations	<u><u>\$ 250</u></u>	22.5%	<u><u>\$ 226</u></u>	21.9%	0.6%

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

	FY16	Operating Margin %	FY15	Operating Margin %	Year Over Year Percent Inc/(Dec)
Revenue:	\$ 4,202		\$ 4,038		
Income from operations:					
GAAP Income from operations	\$ 615	14.6%	\$ 522	12.9%	
Add:					
Amortization of intangible assets	152		156		
Transformational initiatives	38		56		
Acquisition and integration costs	41		13		
Asset impairments and write-downs	4		3		
Pension curtailment	(16)		—		
Acceleration of share-based compensation expense related to workforce reduction	—		2		
Business exit and divestiture costs	11		12		
Impairment of loans	7		—		
Other	7		3		
Non-GAAP income from operations	\$ 859	20.4%	\$ 767	19.0%	
Reimbursement from Keysight for services ^(a)	12		25		
Adjusted non-GAAP income from operations	\$ 871	20.7%	\$ 792	19.6%	1.1%

^(a) Post separation, Agilent is providing Keysight Technologies, Inc. certain IT and site services. These IT and site services are included in our operating expenses. The amounts billed to Keysight for these services are recorded in other income.

We provide non-GAAP income from operations in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to asset impairments, amortization of intangibles, transformational initiatives, acquisition and integration costs, pension curtailment, business exit and divestiture costs, and impairment of loans.

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

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

The preliminary reconciliation of income from operations and operating margins is estimated based on our current information.

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

	Q4'15		Q1'16		Q2'16		Q3'16		Q4'16		Year Ended October 31, 2016		Year Ended October 31, 2015	
	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS	Income from continuing operations	Diluted EPS
GAAP Income from continuing operations	\$ 140	\$ 0.42	\$ 121	\$ 0.36	\$ 91	\$ 0.28	\$ 124	\$ 0.38	\$ 124	\$ 0.38	\$ 460	\$ 1.40	\$ 438	\$ 1.31
Non-GAAP adjustments:														
Asset impairments	3	0.01	—	—	—	—	4	0.01	—	—	4	0.01	3	0.01
Acceleration of share-based compensation expense related to workforce reduction	—	—	—	—	—	—	—	—	—	—	—	—	2	0.01
Intangible amortization	37	0.11	43	0.13	40	0.12	37	0.11	32	0.10	152	0.46	156	0.47
Transformational initiatives	15	0.05	11	0.03	10	0.03	11	0.03	6	0.02	38	0.12	56	0.17
Acquisition and integration costs	7	0.02	5	0.02	12	0.04	11	0.03	13	0.04	41	0.12	13	0.04
Business exit and divestiture costs	1	—	4	0.01	1	—	1	—	4	0.01	10	0.03	14	0.04
Impairment of investment and loans	—	—	—	—	—	—	—	—	25	0.08	25	0.08	—	—
Pension curtailment gain	—	—	(16)	(0.05)	—	—	—	—	—	—	(16)	(0.05)	—	—
Other	4	0.01	2	0.01	1	—	2	0.01	1	—	6	0.02	5	0.01
Adjustment for taxes ^(a)	(39)	(0.12)	(17)	(0.05)	(10)	(0.03)	(30)	(0.08)	(12)	(0.04)	(69)	(0.21)	(104)	(0.32)
Non-GAAP Income from continuing operations	\$ 168	\$ 0.50	\$ 153	\$ 0.46	\$ 145	\$ 0.44	\$ 160	\$ 0.49	\$ 193	\$ 0.59	\$ 651	\$ 1.98	\$ 583	\$ 1.74

^(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 and year ended October 31, 2016, management uses a non-GAAP effective tax rate of 16.8% and 19.0%, respectively. For the three months and year ended October 31, 2015, management uses a non-GAAP effective tax rate of 20.0% for both periods.

Historical amounts are reclassified to conform with current presentation.

We provide non-GAAP net income and non-GAAP net income per share amounts in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to asset impairments, amortization of intangibles, pension curtailment gain, transformational initiatives, asset impairments, acquisition and integration costs, business exit and divestiture costs, and impairment of investment and loans.

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

Transformational initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers, small site consolidations, reorganizations, insourcing or outsourcing of activities. Such costs may include move and relocation costs, one-time termination benefits and other one-time reorganization costs. Included in this category are also expenses associated with the post-separation resizing of the IT infrastructure and streamlining of IT systems as well as the expenses incurred primarily in fiscal year 2015 to effect the Agile Agilent reengineering.

Acquisition and Integration costs include all incremental expenses incurred to effect a business combination. Such acquisition costs may include advisory, legal, accounting, valuation, and other professional or consulting fees. Such integration costs may include expenses directly related to integration of business and facility operations, information technology systems and infrastructure and other employee-related costs.

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

Impairment of investment and loans include investments and their related convertible loans that have been written down to their fair value.

Pension curtailment gain resulted from certain retirement plans benefit reductions.

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

Our management uses non-GAAP measures to evaluate the performance of our core businesses, to estimate future core performance and to compensate employees. Since management finds this measure to be useful, we believe that our investors benefit from seeing our results "through the eyes" of management in addition to seeing our GAAP results. This information facilitates our management's internal comparisons to our historical operating results as well as to the operating results of our competitors.

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

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

The preliminary non-GAAP net income and diluted EPS reconciliation is estimated based on our current information.

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

	Year-over-Year									
	GAAP									
GAAP Revenue by Segment	Q4'16	Q4'15	Year-over-Year % Change							
Life Sciences and Applied Markets Group	\$ 548	\$ 515	6%							
Diagnostics and Genomics Group	193	178	8%							
Agilent CrossLab Group	370	342	8%							
Agilent	<u>\$ 1,111</u>	<u>\$ 1,035</u>								
	Non-GAAP			Currency Adjustments	Currency-Adjusted ^(a)					
Non GAAP Revenue by Segment	Q4'16	Q4'15	Year-over-Year % Change	Q4'16	Q4'16	Q4'15	Year-over-Year % Change			
Life Sciences and Applied Markets Group excluding acquisition and NMR	\$ 535	\$ 507	5%	\$ 3	\$ 532	\$ 507	5%			
Diagnostics and Genomics Group	193	178	8%	1	192	178	8%			
Agilent CrossLab Group excluding acquisition	368	342	8%	—	368	342	8%			
Agilent Revenue (Core)	<u>\$ 1,096</u>	<u>\$ 1,027</u>		<u>\$ 4</u>	<u>\$ 1,092</u>	<u>\$ 1,027</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>	Year-over-Year								
	GAAP								
	Q4'16	Q4'15 ^(b)	Year-over-Year % Change						
Revenue	\$ 1,111	\$ 1,035	7%						
Americas	396	386	2%						
Europe	306	303	1%						
Japan	66	56	20%						
Asia Pacific, excluding Japan	343	290	18%						
Total Revenue	\$ 1,111	\$ 1,035	7%						
Asia Pacific	\$ 409	\$ 346	18%						

<u>Non-GAAP Revenue by Region</u>	Non-GAAP			Currency Adjustments			Currency-Adjusted ^(a)			
	Year-over-Year						Year-over-Year			
	Q4'16	Q4'15 ^(b)	% Change	Q4'16	Q4'16	Q4'15 ^(b)	% Change			
Revenue	\$ 1,096	\$ 1,027	7%	\$ 4	\$ 1,092	\$ 1,027	6%			
Americas	386	386	—	1	385	386	—			
Europe	303	298	2%	(6)	309	298	4%			
Japan	65	55	19%	11	54	55	—			
Asia Pacific, excluding Japan	342	288	18%	(2)	344	288	19%			
Total Revenue (CORE)	\$ 1,096	\$ 1,027	7%	\$ 4	\$ 1,092	\$ 1,027	6%			
Asia Pacific	\$ 407	\$ 343	18%	\$ 9	\$ 398	\$ 343	16%			

^(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.

^(b) Adjusted to reflect our ship-to location methodology.

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,		
	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%

	Three Months Ended Jan. 31,			Three Months Ended April 30,			Three Months Ended July 31,			Three Months Ended October 31,			Year Ended October 31,		
	2015	2014	% Growth	2015	2014	% Growth	2015	2014	% Growth	2015	2014	% Growth	2015	2014	% Growth
GAAP Revenue	\$ 1,026	\$ 1,008	2%	\$ 963	\$ 988	(3)%	\$ 1,014	\$ 1,009	1%	\$ 1,035	\$ 1,043	(1)%	\$ 4,038	\$ 4,048	0%
Less: Revenue related to NMR, Acquisitions and Divestitures	(24)	(22)		(20)	(24)		(9)	(22)		(8)	(15)		(61)	(83)	
Non-GAAP Revenue	\$ 1,002	\$ 986		\$ 943	\$ 964		\$ 1,005	\$ 987		\$ 1,027	\$ 1,028		\$ 3,977	\$ 3,965	
Less: Currency adjustment ^(a)	(39)	-		(68)	-		(71)	-		(66)	-		(244)	-	
Agilent Core Revenue	\$ 1,041	\$ 986	6%	\$ 1,011	\$ 964	5%	\$ 1,076	\$ 987	9%	\$ 1,093	\$ 1,028	6%	\$ 4,221	\$ 3,965	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.
CAPITAL RETURN
(in millions)
(Unaudited)
PRELIMINARY

	Year Ended October 31, 2016
Payment of dividends	\$ 150
Treasury stock repurchases	434
	\$ 584
Net cash provided by operating activities	\$ 793
Investments in property, plant and equipment	(139)
	\$ 654
Capital return	89%

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 performance with prior and future periods and to our peers.

The preliminary reconciliation of capital return is based on our current information and could differ from those calculations of our peers.