

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 April 30,		Percent Inc/(Dec)
	2015	2014	
Orders	\$ 1,039	\$ 1,031	1%
Net revenue	\$ 963	\$ 988	(3%)
Costs and expenses:			
Cost of products and services	483	503	(4%)
Research and development	81	87	(7%)
Selling, general and administrative	292	304	(4%)
Total costs and expenses	<u>856</u>	<u>894</u>	(4%)
Income from operations	107	94	14%
Interest income	2	2	—
Interest expense	(17)	(30)	(43%)
Other income (expense), net	<u>4</u>	<u>3</u>	33%
Income from continuing operations before taxes	96	69	39%
Provision for income taxes	<u>8</u>	<u>29</u>	(72%)
Income from continuing operations	88	40	120%
Income (loss) from discontinued operations, net of tax	<u>(5)</u>	<u>99</u>	
Net income	<u>\$ 83</u>	<u>\$ 139</u>	(40%)
Net income per share - Basic:			
Income from continuing operations	\$ 0.26	\$ 0.12	
Income (loss) from discontinued operations	\$ (0.01)	\$ 0.30	
Net income per share - Basic	<u>\$ 0.25</u>	<u>\$ 0.42</u>	
Net income per share - Diluted:			
Income from continuing operations	\$ 0.26	\$ 0.12	
Income (loss) from discontinued operations	\$ (0.01)	\$ 0.29	
Net income per share - Diluted	<u>\$ 0.25</u>	<u>\$ 0.41</u>	
Weighted average shares used in computing net income per share:			
Basic	334	333	
Diluted	337	337	
Cash dividends declared per common share	\$ 0.100	\$ 0.132	

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

	Six Months Ended April 30,		Percent Inc/(Dec)
	2015	2014	
Orders	\$ 2,034	\$ 2,010	1%
Net revenue	\$ 1,989	\$ 1,996	—
Costs and expenses:			
Cost of products and services	996	1,001	—
Research and development	169	175	(3%)
Selling, general and administrative	602	602	—
Total costs and expenses	<u>1,767</u>	<u>1,778</u>	(1%)
Income from operations	222	218	2%
Interest income	4	4	—
Interest expense	(33)	(59)	(44%)
Other income (expense), net	<u>16</u>	<u>3</u>	433%
Income from continuing operations before taxes	209	166	26%
Provision for income taxes	<u>19</u>	<u>5</u>	280%
Income from continuing operations	190	161	18%
Income (loss) from discontinued operations, net of tax	<u>(35)</u>	<u>173</u>	
Net income	<u>\$ 155</u>	<u>\$ 334</u>	(54%)
Net income per share - Basic:			
Income from continuing operations	\$ 0.57	\$ 0.48	
Income (loss) from discontinued operations	\$ (0.11)	\$ 0.52	
Net income per share - Basic	<u>\$ 0.46</u>	<u>\$ 1.00</u>	
Net income per share - Diluted:			
Income from continuing operations	\$ 0.56	\$ 0.48	
Income (loss) from discontinued operations	\$ (0.10)	\$ 0.51	
Net income per share - Diluted	<u>\$ 0.46</u>	<u>\$ 0.99</u>	
Weighted average shares used in computing net income per share:			
Basic	335	333	
Diluted	337	338	
Cash dividends declared per common share	\$ 0.200	\$ 0.264	

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		Six Months Ended	
	April 30,		April 30,	
	2015	2014	2015	2014
Net income	\$ 83	\$ 139	\$ 155	\$ 334
Other comprehensive income (loss), net of tax				
Unrealized gain on investments	—	3	—	—
Unrealized gain (loss) on derivative instruments	(1)	1	6	(1)
Amounts reclassified into earnings related to derivative instrument:	(5)	—	(8)	—
Foreign currency translation	(6)	88	(271)	33
Net defined benefit pension cost and post retirement plan costs				
Change in actuarial net loss	6	12	10	25
Change in net prior service benefit	(3)	(8)	(5)	(16)
Other comprehensive income (loss)	(9)	96	(268)	41
Total comprehensive income (loss)	<u>\$ 74</u>	<u>\$ 235</u>	<u>\$ (113)</u>	<u>\$ 375</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

	April 30, 2015	October 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,197	\$ 2,218
Accounts receivable, net	576	626
Inventory	556	574
Other current assets	291	261
Current assets of discontinued operations	—	1,821
Total current assets	3,620	5,500
Property, plant and equipment, net	593	631
Goodwill	2,341	2,507
Other intangible assets, net	516	649
Long-term investments	91	96
Other assets	251	283
Non-current assets of discontinued operations	—	1,165
Total assets	\$ 7,412	\$ 10,831
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 261	\$ 302
Employee compensation and benefits	208	228
Deferred revenue	271	260
Other accrued liabilities	190	289
Current liabilities of discontinued operations	—	623
Total current liabilities	930	1,702
Long-term debt	1,656	1,663
Retirement and post-retirement benefits	176	209
Other long-term liabilities	489	522
Long-term liabilities of discontinued operations	—	1,434
Total liabilities	3,251	5,530
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; 610 million shares at April 30, 2015		
and 608 million shares at October 31, 2014, issued	6	6
Treasury stock at cost; 277 million shares at April 30, 2015 and		
273 million shares at October 31, 2014	(9,975)	(9,807)
Additional paid-in-capital	9,000	8,967
Retained earnings	5,397	6,466
Accumulated other comprehensive loss	(270)	(334)
Total stockholders' equity	4,158	5,298
Non-controlling interest	3	3
Total equity	4,161	5,301
Total liabilities and equity	\$ 7,412	\$ 10,831

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

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

	<u>Three Months Ended April 30, 2015</u>	<u>Six Months Ended April 30, 2015</u>
Cash flows from operating activities:		
Net income	\$ 83	\$ 155
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	63	131
Share-based compensation	11	33
Excess and obsolete inventory related charges	9	13
Other non-cash expenses, net	2	5
Changes in assets and liabilities:		
Accounts receivable	31	16
Inventory	(13)	(18)
Accounts payable	4	(35)
Employee compensation and benefits	27	(7)
Other assets and liabilities	(34)	(130)
Net cash provided by operating activities ^(a)	<u>183</u>	<u>163</u>
Cash flows from investing activities:		
Investments in property, plant and equipment	(20)	(52)
Proceeds from sale of property, plant and equipment	11	11
Proceeds from divestiture	3	3
Payment to acquire equity method investment	(1)	(1)
Change in restricted cash and cash equivalents, net	—	1
Net cash used in investing activities	<u>(7)</u>	<u>(38)</u>
Cash flows from financing activities:		
Issuance of common stock under employee stock plans	32	40
Treasury stock repurchases	(162)	(168)
Payment of dividends	(33)	(67)
Net transfer (to) from Keysight	62	(734)
Net cash used in financing activities	<u>(101)</u>	<u>(929)</u>
Effect of exchange rate movements	4	(27)
Net increase (decrease) in cash and cash equivalents	79	(831)
Change in cash and cash equivalents within current assets of discontinued operations	—	810
Cash and cash equivalents at beginning of period	<u>2,118</u>	<u>2,218</u>
Cash and cash equivalents at end of period	<u>\$ 2,197</u>	<u>\$ 2,197</u>
^(a) Cash payments included in operating activities:		
Severance payments	16	23
Income tax payments, net	6	79

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)

	2015				Total
	Q1	Q2	Q3	Q4	
Orders	\$ 488	\$ 506			\$ 994
Net revenue	\$ 547	\$ 473			\$ 1,020
Gross margin %	56.1%	56.1%			56.1%
Income from operations	\$ 107	\$ 75			\$ 182
Operating margin %	19.6%	15.8%			17.8%

	2014				Total
	Q1	Q2	Q3	Q4	
Orders	\$ 489	\$ 502	\$ 527	\$ 620	\$ 2,138
Net revenue	\$ 537	\$ 495	\$ 507	\$ 539	\$ 2,078
Gross margin %	56.2%	54.4%	55.2%	57.1%	55.8%
Income from operations	\$ 105	\$ 71	\$ 84	\$ 109	\$ 369
Operating margin %	19.6%	14.2%	16.5%	20.2%	17.7%

Income from operations reflect the results of our reportable segments under Agilent's management reporting system which are not necessarily in conformity with GAAP financial measures. Income from operations of our reporting segments exclude, among other things, charges related to the amortization of intangibles, the impact of restructuring charges, transformational initiatives, acquisition and integration costs, business exit and divestiture 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.
DIAGNOSTICS AND GENOMICS SEGMENT
(Unaudited)
PRELIMINARY

(In millions, except margins data)

	2015				
	Q1	Q2	Q3	Q4	Total
Orders	\$ 158	\$ 168			\$ 326
Net revenue	\$ 148	\$ 169			\$ 317
Gross margin %	48.9%	54.8%			52.0%
Income from operations	\$ 1	\$ 25			\$ 26
Operating margin %	0.5%	15.0%			8.2%

	2014				
	Q1	Q2	Q3	Q4	Total
Orders	\$ 156	\$ 175	\$ 169	\$ 171	\$ 671
Net revenue	\$ 157	\$ 168	\$ 166	\$ 172	\$ 663
Gross margin %	58.3%	57.8%	55.7%	54.0%	56.4%
Income from operations	\$ 19	\$ 26	\$ 22	\$ 26	\$ 93
Operating margin %	12.3%	15.2%	13.5%	14.9%	14.0%

Income from operations reflect the results of our reportable segments under Agilent's management reporting system which are not necessarily in conformity with GAAP financial measures. Income from operations of our reporting segments exclude, among other things, charges related to the amortization of intangibles, the impact of restructuring charges, transformational initiatives, 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.
AGILENT CROSSLAB™ SEGMENT
(Unaudited)
PRELIMINARY

(In millions, except margins data)

	2015				
	Q1	Q2	Q3	Q4	Total
Orders	\$ 349	\$ 365			\$ 714
Net revenue	\$ 331	\$ 321			\$ 652
Gross margin %	50.1%	49.6%			49.9%
Income from operations	\$ 68	\$ 69			\$ 137
Operating margin %	20.7%	21.5%			21.1%

	2014				
	Q1	Q2	Q3	Q4	Total
Orders	\$ 334	\$ 354	\$ 321	\$ 353	\$ 1,362
Net revenue	\$ 314	\$ 325	\$ 336	\$ 332	\$ 1,307
Gross margin %	48.5%	47.9%	49.1%	48.5%	48.5%
Income from operations	\$ 69	\$ 70	\$ 84	\$ 78	\$ 301
Operating margin %	22.0%	21.5%	24.9%	23.6%	23.0%

Income from operations reflect the results of our reportable segments under Agilent's management reporting system which are not necessarily in conformity with GAAP financial measures. Income from operations of our reporting segments exclude, among other things, charges related to the amortization of intangibles, the impact of restructuring charges, transformational initiatives, 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 Q1FY14 - Q2FY15
(Unaudited)

M\$	Preliminary						
	Q1'14 ^(a)	Q2'14 ^(a)	Q3'14 ^(a)	Q4'14 ^(a)	Q1'15	Q2'15	Q2 Y/Y
Orders	979	1,031	1,017	1,144	995	1,039	1%
Net Revenues	1,008	988	1,009	1,043	1,026	963	-3%
Gross Profit %	54.1%	52.9%	53.3%	53.8%	53.1%	53.8%	0.9 ppt
R&D	86	85	87	87	82	80	-6%
% Revenues	8.5%	8.6%	8.6%	8.3%	8.0%	8.3%	-0.3 ppt
SG&A	266	270	261	261	286	269	0%
% Revenues	26.4%	27.3%	25.9%	25.0%	27.9%	27.9%	0.6 ppt
Operating Profit	193	167	190	213	176	169	1%
Operating Margin	19.2%	16.9%	18.8%	20.4%	17.2%	17.6%	0.7 ppt
Other Income/ (Expense)	(27)	(25)	(26)	(21)	(2)	(8)	-68%
Pre-Tax Earnings	166	142	164	192	174	161	13%
Income Tax	26	23	27	31	35	32	4 ppt
Income from continuing operations	140	119	137	161	139	129	8%
Net Margin	13.9%	12.0%	13.6%	15.4%	13.5%	13.4%	1.4 ppt
Regular Headcount	11,300	11,500	11,800	11,900	11,700	11,600	100
Non-GAAP EPS	\$ 0.41	\$ 0.35	\$ 0.41	\$ 0.48	\$ 0.41	\$ 0.38	\$ 0.03

(a) Non-GAAP operating results are presented on a continuing operations basis. Prior periods have been restated to exclude Keysight Technologies, Inc. (Agilent's former Electronics Measurement Group) which was separated from Agilent effective on November 1, 2014, the distribution date.

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, transformational initiatives, acquisition and integration costs, business exit and divestiture costs, net loss on debt extinguishment 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.

Restructuring costs include incremental expenses incurred in the period associated with publicly announced major restructuring programs, usually aimed at material changes in business and/or cost structure. Such costs may include one-time termination benefits, asset impairments, facility-related costs and contract termination fees.

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

Transformational initiatives include expenses incurred in the period 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.

Acquisition and Integration costs include all incremental expenses incurred to effect a business combination which have been expensed during the period. 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.

Pre-separation costs include Agilent-specific incremental expenses incurred in order to effect the separation, through November 1, 2014 distribution date.

Net loss on extinguishment of debt relates to the early redemption of some of our senior notes.

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

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, net loss on debt extinguishment 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

	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q2'15 Year Over Year Percent Inc/(Dec)
GAAP						
Americas	\$ 319	\$ 344	\$ 376	\$ 342	\$ 344	8%
Europe	334	327	330	361	298	(11%)
Asia Pacific	335	338	337	323	321	(4%)
Revenue	\$ 988	\$ 1,009	\$ 1,043	\$ 1,026	\$ 963	(3%)

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 APRIL 30, 2015
(Unaudited)
PRELIMINARY

		NON-GAAP ADJUSTMENTS											
		GAAP	Acceleration of Share-based Compensation Related to Workforce Reduction	Intangible Amortization	Transformational Initiatives	Acquisition & Integration Costs	Business Exit and Divestiture Costs	Other	Adjustment for Taxes	Non-GAAP			
(in millions, except per share amounts)													
Orders	Change Year Over Year	1%	\$ 1,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,039	1% Change Year Over Year
Net Revenue	Change Year Over Year	-3%	\$ 963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 963	-3% Change Year Over Year
Costs and expenses:													
Cost of products and services	Gross Margin	49.8%	483	-	(25)	(5)	(2)	(6)	-	-	-	445	53.8% Gross Margin
Research and development	As a % of Revenue	8.4%	81	-	-	(1)	-	-	-	-	-	80	8.3% As a % of Revenue
Selling, general and administrative	As a % of Revenue	30.3%	292	(1)	(13)	(11)	1	(2)	3	-	-	269	27.9% As a % of Revenue
Total costs and expenses			856	(1)	(38)	(17)	(1)	(8)	3	-	-	794	
Income from operations	Operating Margin	11.1%	107	1	38	17	1	8	(3)	-	-	169	17.6% Operating Margin
Other income(expense), net			(11)	-	-	-	-	2	1	-	-	(8)	
Income from continuing operations before taxes			96	1	38	17	1	10	(2)	-	-	161	
Provision for income taxes	Tax Rate	8%	8	-	-	-	-	-	-	24	-	32	20% Tax Rate
Income from continuing operations	Net Margin	9.1%	\$ 88	\$ 1	\$ 38	\$ 17	\$ 1	\$ 10	\$ (2)	\$ (24)	\$	\$ 129	13.4% Net Margin

Income from continuing operations per share - Basic and Diluted:

Basic	\$ 0.26	\$ -	\$ 0.11	\$ 0.05	\$ -	\$ 0.03	\$ -	\$ (0.06)	\$ 0.39
Diluted	\$ 0.26	\$ -	\$ 0.11	\$ 0.05	\$ -	\$ 0.03	\$ (0.01)	\$ (0.06)	\$ 0.38

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

Basic	334	334	334	334	334	334	334	334	334
Diluted	337	337	337	337	337	337	337	337	337

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

AGILENT TECHNOLOGIES, INC.
RECONCILIATION FROM GAAP TO NON-GAAP

SIX MONTHS ENDED APRIL 30, 2015
(Unaudited)
PRELIMINARY

		NON-GAAP ADJUSTMENTS										
		GAAP	Acceleration of Share-based Compensation Related to Workforce Reduction	Intangible Amortization	Transformational Initiatives	Acquisition & Integration & Costs	Business Exit and Divestiture Costs	Other	Adjustment for Taxes	Non-GAAP		
(in millions, except per share amounts)												
Orders	Change Year Over Year	1%	\$ 2,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,034	1% Change Year Over Year
Net Revenue	Change Year Over Year	0%	\$ 1,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,989	0% Change Year Over Year
Costs and expenses:												
Cost of products and services	Gross Margin	49.9%	996	-	(53)	(8)	(3)	(4)	(1)	-	927	53.4% Gross Margin
Research and development	As a % of Revenue	8.5%	169	-	-	(3)	-	(4)	-	-	162	8.1% As a % of Revenue
Selling, general and administrative	As a % of Revenue	30.3%	602	(2)	(28)	(18)	1	(3)	3	-	555	27.9% As a % of Revenue
Total costs and expenses			1,767	(2)	(81)	(29)	(2)	(11)	2	-	1,644	
Income from operations	Operating Margin	11.2%	222	2	81	29	2	11	(2)	-	345	17.3% Operating Margin
Other income(expense), net			(13)	-	-	-	-	2	1	-	(10)	
Income from continuing operations before taxes			209	2	81	29	2	13	(1)	-	335	
Provision for income taxes	Tax Rate	9%	19	-	-	-	-	-	-	48	67	20% Tax Rate
Income from continuing operations	Net Margin	9.6%	\$ 190	\$ 2	\$ 81	\$ 29	\$ 2	\$ 13	\$ (1)	\$ (48)	\$ 268	13.5% Net Margin

Income from continuing operations per share - Basic and Diluted:

Basic	\$ 0.57	\$ 0.01	\$ 0.24	\$ 0.09	\$ 0.01	\$ 0.04	\$ (0.01)	\$ (0.15)	\$ 0.80
Diluted	\$ 0.56	\$ 0.01	\$ 0.24	\$ 0.09	\$ 0.01	\$ 0.04	\$ -	\$ (0.15)	\$ 0.80

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

Basic	335	335	335	335	335	335	335	335	335
Diluted	337	337	337	337	337	337	337	337	337

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 (CORE) &
REVENUE BY SEGMENT EXCLUDING NMR AND THE IMPACT OF CURRENCY ADJUSTMENTS
(in millions)
(Unaudited)
PRELIMINARY

Revenue by Segment	Year-over-Year						
	GAAP			Currency Adjustments ^(a)	Currency-Adjusted		
	Q2'15	Q2'14	Year-over-Year % Change	Q2'15	Q2'15	Q2'14	Year-over-Year % Change
Life Sciences and Applied Markets Group	\$ 473	\$ 495	(5%)	\$ (27)	\$ 500	\$ 495	1%
Diagnostics and Genomics Group	169	168	1%	(16)	\$ 185	168	10%
Agilent CrossLab™ Group	321	325	(1%)	(26)	\$ 347	325	7%
Agilent	<u>\$ 963</u>	<u>\$ 988</u>	(3%)	<u>\$ (69)</u>	<u>\$ 1,032</u>	<u>\$ 988</u>	4%

Revenue by Region	Year-over-Year						
	GAAP			Currency Adjustments ^(a)	Currency-Adjusted		
	Q2'15	Q2'14	Year-over-Year % Change	Q2'15	Q2'15	Q2'14	Year-over-Year % Change
Revenue	\$ 963	\$ 988	(3%)	\$ (69)	\$ 1,032	\$ 988	4%
Americas	344	319	8%	(7)	351	319	10%
Europe	298	334	(11%)	(48)	346	334	4%
Japan	60	83	(28%)	(10)	70	83	(16%)
Other Asia Pacific	261	252	4%	(4)	265	252	5%
Asia Pacific	\$ 321	\$ 335	(4%)	\$ (14)	\$ 335	\$ 335	—
Total Revenue	<u>\$ 963</u>	<u>\$ 988</u>	(3%)	<u>\$ (69)</u>	<u>\$ 1,032</u>	<u>\$ 988</u>	4%

Revenue by Segment Excluding NMR	Year-over-Year						
	Non-GAAP Revenue			Currency Adjustments ^(a)	Currency-Adjusted		
	Q2'15	Q2'14	Year-over-Year % Change	Q2'15	Q2'15	Q2'14	Year-over-Year % Change
Life Sciences and Applied Markets Group (excluding NMR)	\$ 453	\$ 471	(4%)	\$ (26)	\$ 479	\$ 471	2%
Diagnostics and Genomics Group	169	168	1%	(16)	\$ 185	168	10%
Agilent CrossLab™ Group	321	325	(1%)	(26)	\$ 347	325	7%
Agilent	<u>\$ 943</u>	<u>\$ 964</u>	(2%)	<u>\$ (68)</u>	<u>\$ 1,011</u>	<u>\$ 964</u>	5%

^(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 INCOME (LOSS) FROM CONTINUING OPERATIONS AND DILUTED EPS RECONCILIATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Q2 2014		Q3 2014		Q4 2014		Q1 2015		Q2 2015		Six Months Ended April 30, 2014		Six Months Ended April 30, 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 (loss) from continuing operations	\$ 40	\$ 0.12	\$ 63	\$ 0.19	\$ (26)	\$ (0.08)	\$ 102	\$ 0.30	\$ 88	\$ 0.26	\$ 161	\$ 0.48	\$ 190	\$ 0.56
Non-GAAP adjustments:														
Restructuring and other related costs	—	—	—	—	—	—	—	—	—	—	(2)	(0.01)	—	—
Asset impairments and write-downs	—	—	—	—	4	0.01	—	—	—	—	—	—	—	—
Acceleration of share-based compensation expense related to workforce reduction	—	—	—	—	1	—	1	—	1	—	—	—	2	0.01
Intangible amortization	49	0.14	46	0.14	45	0.13	43	0.13	38	0.11	98	0.29	81	0.24
Transformational initiatives	8	0.02	7	0.02	11	0.03	12	0.04	17	0.05	11	0.03	29	0.09
Acquisition and integration costs	2	0.01	2	0.01	1	—	1	—	1	—	8	0.02	2	0.01
Pre-separation costs	2	0.01	4	0.01	7	0.02	—	—	—	—	4	0.01	—	—
Net loss on extinguishment of debt	—	—	21	0.06	68	0.21	—	—	—	—	—	—	—	—
Business exit and divestiture costs	—	—	—	—	68	0.21	3	0.01	10	0.03	—	—	13	0.04
Unallocated corporate costs	10	0.03	12	0.03	12	0.04	—	—	—	—	20	0.06	—	—
Other	2	0.01	(13)	(0.04)	(3)	(0.01)	1	—	(2)	(0.01)	3	0.01	(1)	—
Adjustment for taxes ^(a)	6	0.01	(5)	(0.01)	(27)	(0.08)	(24)	(0.07)	(24)	(0.06)	(44)	(0.12)	(48)	(0.15)
Non-GAAP Income from continuing operations	\$ 119	\$ 0.35	\$ 137	\$ 0.41	\$ 161	\$ 0.48	\$ 139	\$ 0.41	\$ 129	\$ 0.38	\$ 259	\$ 0.77	\$ 268	\$ 0.80

^(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 FY 2014 and Q1 FY 2015, management uses a non-GAAP effective tax rate of 16% and 20%, respectively, 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, transformational initiatives, acquisition and integration costs, business exit and divestiture costs, net loss on debt extinguishment 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.

Restructuring costs include incremental expenses incurred in the period associated with publicly announced major restructuring programs, usually aimed at material changes in business and/or cost structure. Such costs may include one-time termination benefits, asset impairments, facility-related costs and contract termination fees.

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

Transformational initiatives include expenses incurred in the period 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.

Acquisition and integration costs include all incremental expenses incurred to effect a business combination which have been expensed during the period. 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.

Pre-separation costs include Agilent-specific incremental expenses incurred in order to effect the separation, through November 1, 2014 distribution date.

Net loss on extinguishment of debt relates to the early redemption of some of our senior notes.

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

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, net loss on debt extinguishment 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.
NET CASH
(in millions)
(Unaudited)
PRELIMINARY

	<u>Q2'15</u>	<u>Q2'14</u>	<u>Q1'15</u>
Cash and cash equivalents	\$ 2,197	\$ 2,950	\$ 2,118
Senior notes, par value	(1,600)	(2,600)	(1,600)
Other debt	(38)	(47)	(38)
Total Net Cash	<u>\$ 559</u>	<u>\$ 303</u>	<u>\$ 480</u>

The preliminary reconciliation of net cash is estimated based on our current information.

Management believes this metric provides useful information to investors about the Company's overall liquidity and financial position. Net Cash is a measure at a point in time and does not reflect the Company's future financial prospects or liquidity.

AGILENT TECHNOLOGIES, INC.

RECONCILIATION OF TRAILING TWELVE MONTHS NON-GAAP INCOME FROM OPERATIONS AND OPERATING MARGIN

(In millions, except margin data)
(Unaudited)
PRELIMINARY

	<u>Q3 2014</u>	<u>Q4 2014</u>	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Trailing Twelve Months (TTM)</u>	<u>Operating Margin %</u>
Revenue:	\$ 1,009	\$ 1,043	\$ 1,026	\$ 963	\$ 4,041	
Income from operations:						
GAAP Income from operations	\$ 131	\$ 70	\$ 115	\$ 107	\$ 423	
Add:						
Amortization of intangible assets	46	45	43	38	172	
Transformational programs	7	11	12	17	47	
Acquisition and integration costs	2	1	1	1	5	
Business exit and divestiture costs	—	68	3	8	79	
Acceleration of share-based compensation expense	—	1	1	1	3	
Pre-separation costs	4	6	—	—	10	
Unallocated corporate costs	10	10	—	—	20	
Asset impairments and write-downs	—	4	—	—	4	
Other	(10)	(3)	1	(3)	(15)	
Non - GAAP income from operations	<u>\$ 190</u>	<u>\$ 213</u>	<u>\$ 176</u>	<u>\$ 169</u>	<u>\$ 748</u>	19%

We provide non-GAAP income from operations and operating margin 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, transformational initiatives, acquisition and integration costs and business exit and divestiture 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 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 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**

	Q2 2015	Operating Margin %
Revenue:	\$ 963	
Income from operations:		
GAAP Income from operations	\$ 107	
Add:		
Amortization of intangible assets	38	
Transformational programs	17	
Acquisition and integration costs	1	
Business exit and divestiture costs	8	
Acceleration of share-based compensation expense	1	
Other	<u>(3)</u>	
Non-GAAP income from operations	<u>\$ 169</u>	17.6%
Reimbursement from Keysight for services ^(a)	<u>7</u>	
Adjusted non-GAAP income from operations	<u>\$ 176</u>	18.3%

(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 the amortization of intangibles, transformational initiatives, acquisition and integration costs and business exit and divestiture 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 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.

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