ALICIA RODRIGUEZ

Thank you and welcome everyone to Agilent's First Quarter Conference Call for Fiscal Year 2014. With me are Bill Sullivan, Agilent's president and CEO; Ron Nersesian, CEO of Keysight Technologies; and Didier Hirsch, Agilent senior vice president and CFO.

Joining in the Q&A after Didier’s comments will be the Presidents of our Chemical Analysis and Life Sciences and Diagnostics Groups, Mike McMullen and Fred Strohmeier. Also joining from Keysight will be Neil Dougherty, CFO, and Guy Séné, senior vice president of R&D and sales.

You can find the press release and information to supplement today’s discussion on our website at www.investor.agilent.com.

While there, please click on the link for “financial results” under the “Financial Information” tab. There, you will find an investor presentation along with revenue break outs, business segment results and historical financials for Agilent's operations. We will also post a copy of the prepared remarks following this call.

Today's comments by Bill, Ron and Didier will refer to non-GAAP financial measures. You will find the most directly comparable GAAP financial metrics and reconciliations on our website.

We will make forward-looking statements about the financial performance of the company. These statements are subject to risks and uncertainties, and are only valid as of today. The company assumes no obligation to update them.

Please look at the company's recent SEC filings for a more complete picture of our risks and other factors.

Before turning the call over to Bill, I would like to remind you that Agilent will host its annual analysts meeting in New York City on March 6. Details about the meeting and webcast will be available on the Agilent investor website two weeks prior to that date. And now, I'd like to turn the call over to Bill.

BILL SULLIVAN

Thanks Alicia, and hello everyone.

Today Agilent reported first-quarter orders of $1.68 billion, down 2 percent from last year and flat on a core basis. Q1 revenues of $1.68 billion were unchanged from a year ago, up 1 percent on a core basis.

While revenues came in at the low end of guidance, adjusted earnings of 67 cents per share were at the high end of guidance, up 6 percent from a year ago. Operating margin was 17.6 percent.

We saw a mixed business environment, with continued steady growth in life sciences and applied markets. This was offset by continued weakness in our electronic measurement markets, particularly in aerospace and defense. Despite some ongoing economic headwinds, we continue to benefit from our commitment to manage expenses and reduce manufacturing costs.

We also continue to make excellent progress in preparing for the split of the company. On January 7, we announced Keysight Technologies as the name of the new EM company. We expect the separation to be completed in early November.

As I indicated last quarter, Agilent will increasingly differentiate our electronic measurement and LDA businesses in preparation for the company separation. Today, I will share performance highlights for life sciences, diagnostics and applied markets. These businesses will be the focus of the new Agilent, as the company continues under my leadership.

Following my remarks, Ron Nersesian will discuss our electronic measurement performance, which will be the focus of the new spin-off company under his leadership. Finally, Didier Hirsch will provide a more detailed discussion of Agilent's overall financial results, as well as our guidance for the fiscal second quarter and the full year.

Turning to LDA, our first-quarter performance continued to show solid revenue growth across instruments, services and consumables. Q1 revenues of $1.0 billion increased 5 percent year-over-year, reflecting strength across most end-markets and a healthy Q4 backlog.

Q1 orders of 979 million increased 2 percent over last year. The slowing in order growth was driven by weaker demand in academic and government markets.

Operating margins were up 210 basis points to 19.2 percent, consistent with our margin expansion goals for the businesses. We continue to focus on attractive end markets, a leading product portfolio and significant operational leverage.

Our end-market performance in LDA was particularly strong in pharma/biotech, clinical, food and forensics. Pharma revenue grew 8 percent year-over-year, with strength in Europe and Japan offsetting slow demand in the U.S.

Food revenues were up 14 percent over last year, as globalization of the industry continues to drive demands for food safety. Forensics grew 26 percent, driven by the need to identify and characterize new designer drugs entering the global market. And energy was up 3 percent, led by Europe and large refinery projects in the Middle East.

Conversely, academic and government markets declined 10 percent year-over-year. Research spending remains constrained, impacted by slow budget releases, particularly in the U.S. and China.

Diagnostic and clinical revenues were up 10 percent. The pathology business was slow, due to a very slow start to the quarter. But the clinical business was robust, driven by CGH microarrays and target enrichment.

On a regional basis, LDA performance was mixed. Europe continued to see the strongest regional performance, driven by strength in pharma and services. Asia ex-Japan also showed strong growth, while Japan was down primarily due to weak currency. Americas was up slightly, constrained by delayed budget releases in both Canada and the U.S.

With LDA, our Life Sciences and Diagnostics Group or LDG, had Q1 revenues of $592 million, up 5 percent from a year ago. Orders of $564 million were flat year over year, reflecting softer instrument demand in the Americas and China. Operating margin was 17 percent.

We signed new companion diagnostics agreements with Merck and Amgen. Development projects will include treatments for lung, breast and gastric cancer.

And LDG released the third version of its Intelligent System Emulation Technology for our 1290 Infinity LC systems. The new ISET allows for emulation of competitor systems.

Our Chemical Analysis business continued to show strength across both its instrument and recurring revenue portfolios. Q1 revenue grew 6 percent to $417 million, driven by chemical and energy, as well as non-government food safety markets. Q1 orders grew 4 percent to $415 million. Operating margin was 23 percent.

In the quarter, chemical analysis launched two new spectroscopy systems. These new ICP-MS and MP-AES systems introduce more streamlined operational features and a user-friendly interface. This will enable a wider range of applications, and improve accessibility to a broader range of lab personnel.

LDA's outlook for fiscal FY 2014 remains positive, as the world economy continues to improve and budgets are settled. While comparisons will get more difficult starting in Q2, we expect growth trends to continue. Our gross margin improvement initiatives continue to progress well, and we see additional opportunities to grow share with new product releases in the pipeline.

Our priorities will continue to be centered on improving the customer experience, driving organic growth, increasing our margins and improving our return on invested capital.

LDA revenues for the second fiscal quarter of FY14 are expected to be between $995 million to $1.02 billion, or 4.1 percent core growth at the midpoint. We expect operating margins at the midpoint of 18.1 percent.

For the full year, we project a revenue range for LDA of $4.03 billion to $4.13 billion. At the midpoint, LDA's operating margin is expected to be 19.5 percent. Didier will provide additional details in his commentary.

Thank you for being on the call. Now I'll turn it over to Ron to talk about the Electronic Measurement business.

RON NERSESIAN

Thank you, Bill, and hello everyone.

For the first quarter, the Electronic Measurement Group reported orders of $699 million, down 7 percent year-over-year. EMG revenues also declined 7 percent in the quarter, to $671 million. While orders were consistent with expectations, the impact of Lunar New Year on our ability to recognize revenue late in the quarter was greater than expected. This resulted in revenues that were below our guidance. The book-to-bill ratio was 1.04 for the quarter.

Despite lower than expected revenues, solid gross margin management and disciplined expense control yielded an operating margin of 15.2 percent.

Taking a closer look at our end market performance, Aerospace and Defense revenue declined 27 percent year-over-year against a tough compare. The first quarter of FY13 was the peak of our Aerospace and Defense business prior to U.S. sequestration budget reductions.

Consistent with the positive signals that I noted last quarter, Industrial / Computers / Semiconductor revenue increased 4 percent year-over-year, driven by investments in next-generation semiconductor process technologies.

Communications revenue declined 5 percent year-over-year due to softness in Wireless R&D and Broadband spending. Wireless Manufacturing was up 1 percent year-over-year. Longer-term industry growth drivers remain intact; wireless standards continue to evolve, driving R&D investment in emerging networking technologies. As a result of two key product introductions, EMG is well-positioned to capitalize on these macro trends.

As I have said before, we are committed to winning in the wireless ecosystem. In November, we introduced a new modular wireless manufacturing test platform, called EXM, which is getting strong reviews both for cellular and wireless LAN test. And just two weeks ago, we introduced a major wireless R&D platform, called UXM. Both the manufacturing and R&D platforms have a multi-format architecture to support 4G standards and can be upgraded as standards evolve.

Another key part of our product strategy is to build a modular product offering that leverages our technology leadership in feature-rich instrumentation. Our modular business continues to gain momentum with orders for our PXI and AXIe offerings again showing strong double digit growth in Q1.

Shifting from Q1 results, we remain very focused on our FY14 priorities which are:

- To launch ourselves as an independent company focused solely on electronic measurement customers

- To strengthen our position in wireless communications and modular solutions

- To continue to generate strong profit margins for our shareholders

As Bill commented about the split, I am pleased to report that we continue to make excellent progress and remain on track to separate EMG from Agilent. On January 7, we announced the name of our new company as Keysight Technologies.

We plan to begin operating under the Keysight Technologies name as a subsidiary of Agilent, effective Aug. 1, 2014 with the spin-off expected to occur in November 2014. Despite the extensive work involved with the separation, we remain intensely focused on managing our business without interruption and delivering the quality, innovation and service that our customers deserve and expect.

Turning to our outlook for Q2, Keysight revenues are expected to be in the range of $705 million to $745 million. We expect operating margins at the midpoint to be 18.2 percent.

With expected growth of approximately 8 percent in the second half of FY14, revenues are now expected to be in the range of $2.84 billion to $3.0 billion, or 2 percent core growth at the mid-point for FY14. We expect operating margins at the mid-point to be 18.7 percent.

I will now turn it over to Didier to provide more details on Agilent's financial results.

DIDIER HIRSCH

Thank you, Ron, and hello, everyone.

To recap the quarter, our revenue adjusted for $5M of unfavorable currency was $6M or 0.4% below the midpoint of our guidance, but our EPS was 1 cent over.

Once again, we were able to deliver on our EPS commitment thanks to our disciplined management of expenses, in line with our operating model.

Please note that Q1 core revenue growth by segment and by geography is reported on the slide deck posted on our website.

This quarter, currency subtracted about 1.5 percentage points from our year-over-year revenue growth, and acquisitions had no material impact.

A final note on Q1: we bought back $100M of stock in Q1 and therefore completed the $1B stock repurchase program authorized by the Board in May 2013.

I will now turn to the guidance for our second quarter

We expect Q2 revenues of $1.72B to $1.74B and EPS of 71 to 73 cents. At midpoint, revenue will grow 1% on a core basis.

Our 18.2% projected OM at midpoint will be 60 bps higher than in Q1 and 110 bps lower than Q2 of last year. Remember that we initiated a drastic cut in discretionary expenses early February of last year that resulted in over $30M of expenses savings in Q2 last year, so we face a tough compare.

While we are maintaining our spending discipline, we are also investing in key growth initiatives.

Now to the revised guidance for Fiscal Year 2014

We are now expecting FY14 revenues to range from $6.9B to $7.1B. At midpoint, this translates into 3.6% core revenue growth.

As stated by Ron, EMG has revised down its midpoint revenue guidance by $55M, to a year over year core growth of 2%. Midpoint operating profit guidance has been reduced by $35M. The operating margin midpoint is 18.7%

At the same time, LDA has increased its midpoint revenue guidance by $5M, to a year over year core growth of 5%.
Midpoint operating profit guidance is increased by $4M leading to an operating margin midpoint of 19.5%.

Agilent's EPS is now projected to range from $2.96 to $3.16. The midpoint of $3.06 is down 12 cents from the November guidance, a reduction of 13 cents from EMG offset by a 1 cent increase from LDA.

With that, I will turn it over to Alicia for the Q&A