



AGILENT TECHNOLOGIES

GOLDMAN SACHS 33<sup>RD</sup> ANNUAL  
GLOBAL HEALTHCARE CONFERENCE

**NICK ROELOFS, PH.D.**

PRESIDENT

LIFE SCIENCES GROUP

JUNE 6, 2012

RANCHO PALOS VERDES, CA



Agilent Technologies

# SAFE HARBOR

This presentation contains forward-looking statements (including, without limitation, information and future guidance on our goals, priorities, revenues, demand, growth opportunities, customer service and innovation plans, new product introductions, financial condition, earnings, the continued strengths and expected growth of the markets we sell into, operations, operating earnings, and tax rates) that involve risks and uncertainties that could cause results of Agilent to differ materially from management's current expectations.

In addition, other risks that the company faces in running its operations include the ability to execute successfully through business cycles; the ability to successfully adapt its cost structures to continuing changes in business conditions; ongoing competitive, pricing and gross margin pressures; the risk that our cost-cutting initiatives will impair our ability to develop products and remain competitive and to operate effectively; the impact of geopolitical uncertainties on our markets and our ability to conduct business; the ability to improve asset performance to adapt to changes in demand; the ability to successfully introduce new products at the right time, price and mix, and other risks detailed in the company's filings with the Securities and Exchange Commission, including our quarterly report on Form 10-Q for the quarter ended April 30, 2012.

The company assumes no obligation to update the information in these presentations. These presentations and the Q&A that follows include non-GAAP numbers. A presentation of the most directly comparable GAAP numbers and the reconciliations between the non-GAAP and GAAP numbers can be found at <http://www.investor.agilent.com> under "Financial Results" and accompany this slide set.



# THE WORLD'S PREMIER MEASUREMENT COMPANY

## Electronic Measurement Group



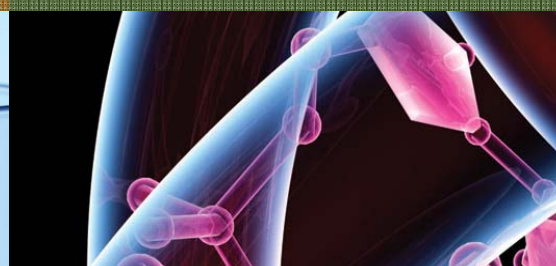
**FY11 Revenue \$3.3B**  
**FY11 Operating Margin\* 23%**

## Chemical Analysis Group



**FY11 Revenue \$1.5B**  
**FY11 Operating Margin\* 21%**

## Life Sciences Group



**FY11 Revenue \$1.8B**  
**FY11 Operating Margin\* 13%**

**FY11 Revenue \$6.6B, +17% organic growth Y/Y, 20% Operating Margin\***  
**FY11 Non-GAAP EPS \$2.95\*, up from \$2.00\* in FY10**

\*Presented on a non-GAAP basis; reconciliations to closest GAAP equivalent provided



# FY 2012 FINANCIAL HIGHLIGHTS

	Q1 FY12 Actual	Q2 FY12 Actual	Q3 FY12 Guidance <sup>(1)</sup>	FY12 Guidance <sup>(1)</sup>
Revenue	\$1.6B	\$1.7B	\$1.77B - \$1.79B	\$6.94B - \$7.00B
Core Revenue Growth <sup>(2)</sup>	7%	4%	7%	6%
Operating Margin <sup>(3)</sup>	19.2%	19.5%		
EPS <sup>(3)</sup>	\$0.69	\$0.78	\$0.82 - \$0.84	\$3.18 - \$3.24
ROIC <sup>(3)</sup>	23%	26%		
Operating Cash Flow	\$0.2B	\$0.4B		

(1) Guidance as of May 14, 2012; Presented on a Non-GAAP basis

(2) Core Non-GAAP revenue growth excludes the impact from acquisitions and currency. Guidance growth presented at mid-point.

(3) Presented on a Non-GAAP basis; reconciliations to closest GAAP equivalent provided for actual results



# AGILENT OPERATING MODEL\*

	-1 $\sigma$	Most Likely	+1 $\sigma$
Core Revenue Growth**	4%	8%	12%
Expense Growth	3.5%	5%	6%
YoY OM Incremental	20%	36%	43%

## What it is

- Sustainable throughout a cycle.
- Goal to grow core revenue, under normal economic conditions, at 8% CAGR (+/- 4 ppt in any single year).
- Commitment to grow expenses at reduced rate vs. core revenue growth.

## What it is not

- Cookie-cutter approach. Businesses will generate different OM incrementals.
- Quarterly model. Quarterly top and bottom-line results may vary.

\*Presented on a non-GAAP basis. Not Company guidance

\*\*Core revenue growth is adjusted for the effects of acquisitions and currency



# HOW AGILENT WILL WIN: FOCUSED PORTFOLIO

Portfolio  
focused on  
high-return  
opportunities



Agilent Focus	% of Agilent Revenue	Market Size	3-Year Market Growth
Pharma & Biotech	14%	\$11B	4-6%
Academic & Government Research	7%	\$10B	3-5%
Chemical & Energy	13%	\$4B	6-8%
Environmental & Forensics	10%	\$4B	2-4%
Food	6%	\$3B	6-8%
Communications	18%	\$4B	6-8%
Aerospace & Defense	10%	\$3B	Flat
Industrial, Computers, Semiconductor	22%	\$6B	4-6%

Additional emphasis on \$1.7B annuity businesses:  
consumables, reagents, software,  
service and support

(1) Market size and growth data per Company estimates  
(2) Percentages of Agilent revenue based on last four quarters of revenue: Q3 FY11 – Q2 FY12



# LIFE SCIENCES MARKET OVERVIEW

## AGILENT'S LARGEST MARKET OPPORTUNITY

Pharma &  
Biotech



14% of Agilent  
revenue

Academia &  
Government  
Research



8% of Agilent  
revenue

**Market Size: \$21B+**  
**Growth: 4-6%**

### Growth Drivers

- BRIC market strength
- Continuing Global Academic and Government Life Science research investments
- Shifting therapeutic investments toward New Biological Entities (NBE)
- Growth in generics combined with geographic shift to developing economies

(1) Market size and growth data per Company estimates

(2) Percentages of Agilent revenue based on last four quarters of revenue: Q2 FY11 - Q1 FY12





# PHARMA MARKET TRENDS

Pharma &  
Biotech



14% of Agilent  
revenue

**Market Size: \$11B**

**Growth: 4-6%**

## Market Trends

- Rise in biologics; shift from New Chemical Entities (NCE) to New Biological Entities (NBE)
- Geographic relocation of therapeutic production
- Technology upgrade opportunities (e.g. UHPLC)
- New R&D models – increase in CROs
- Global expansion of generics and biosimilars





# WINNING SOLUTIONS IN PHARMA



## Market Reach & Customer Trust

- Expanding our channel in China, India, Korea, Brazil
- Increasing application engineers to support NBE transitions and technology upgrades
- World-class service and support

## Technology Innovation & Application Solutions

- Providing advanced workflow solutions at application level across broad portfolio of analytical techniques (1200 Infinity UHPLC platform; ISET solution; state-of-the-art LC/MS QQQ and QTOF)
- Integrating informatic technologies to deliver laboratory level workflow solutions (OpenLAB CDS, GeneSpring)
- Delivering industry-leading reliability and service



# ACADEMIC/GOVERNMENT MARKET TRENDS

Academia &  
Government  
Research



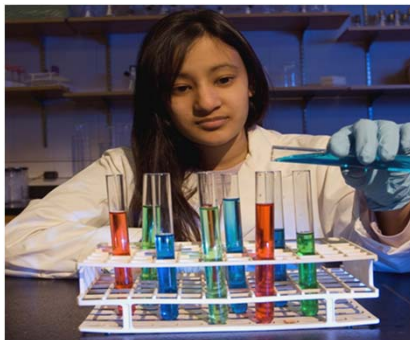
8% of Agilent  
revenue

**Market Size: \$10B**

**Growth: 3-5%**

## Market Trends

- Academic spending growth remains under pressure in G8 countries – concerns over governmental budgets and stimulus headwinds
- Sustained strength in emerging markets, especially China and South East Asia
- In 2012 US estimated to represent 31%\* while the top eight Asian countries represent 35% of total global R&D spending



\*2012 US estimate of 31% global R&D source: Battelle, R&D Magazine



# WINNING SOLUTIONS IN ACADEMIC/GOVERNMENT

## Market Reach & Customer Trust

- Expanding market penetration across all geographies via specialized academic sales channel
- Leading in new emerging opportunities via workflow solutions (e.g. translational research investment)
- Thought Leader Program – leveraging Agilent Labs and investing in tomorrow's Nobel prize winners



## Technology Innovation & Application Solutions

- Strategic technology acquisitions
  - Advancing next-gen sequencing: Halo Genomics; expands leading Genome Partitioning portfolio
  - Advancing workflows: BioSystem Development; AssayMAP for enhanced automated sample prep
- Focus on Integrated Biology/Systems Biology
  - Multi-Platform application solutions (LC-MS/NMR)
  - Informatic integration of data sets (LC-MS/Microarray)



# BAM SERVICES: ACCELERATING GROWTH IN ALL MARKETS

Bio-Analytical  
Measurement  
(BAM)  
Services



BAM Market Growth: 5-6%

**Agilent BAM – Q4'11 & Q1'12 Growth: 10%**

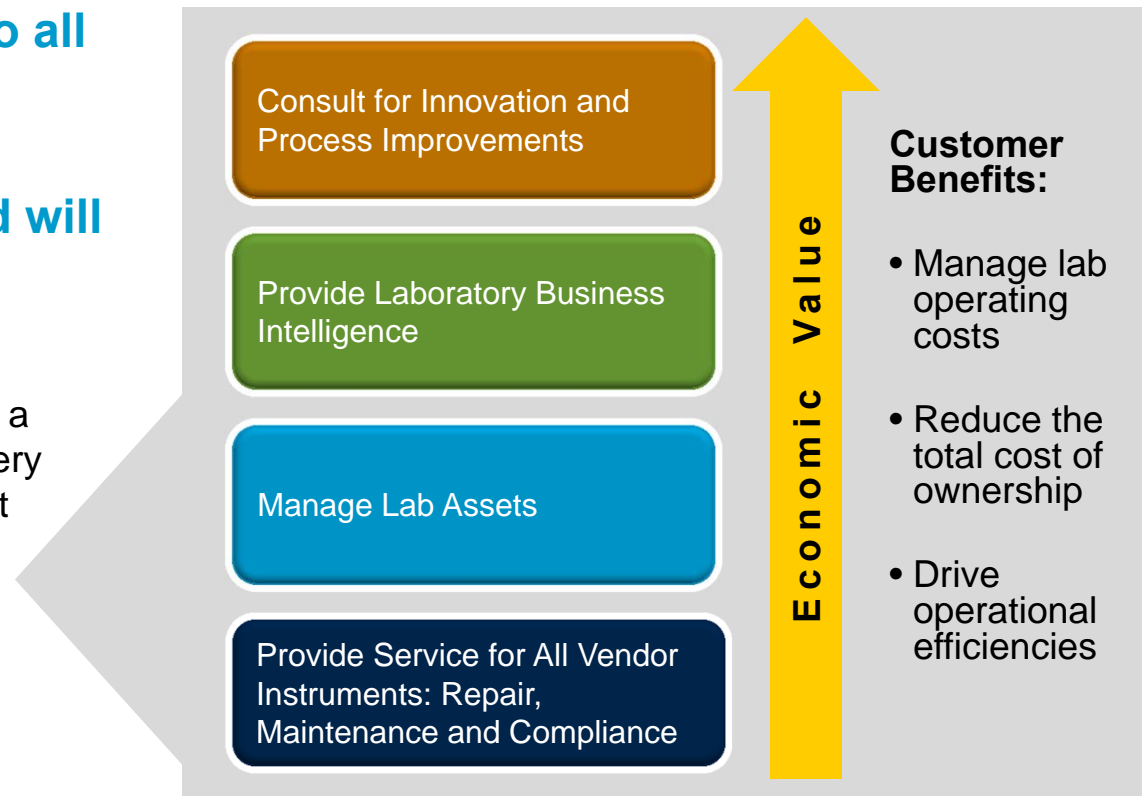
Services Market Growth: 4-6%

**Agilent BAM Services – Q4'11 & Q1'12 Growth: 17%**

**BAM Services are essential to all markets**


**Outgrowing the market; trend will continue:**

- New customers from M&A
  - Varian acquisition made Agilent a Top 3 vendor in BAM market; very competitive in Lab Management
- Emerging market growth
- Enterprise Lab Productivity Solutions
  - Many unique to Agilent



# MOLECULAR DIAGNOSTICS MARKET PATH

**Demonstrated Life Science Success**  
**FY 2011 Revenue: \$1.8B**

Technology Platform	Status
<b>Platform Technologies</b>	
• LC	Co-leader
• LC/MS	#1 in QQQ
• Microarray/Oligo Synthesis	Unique capability
<b>Acquired Capabilities</b>	
• Reagents	Stratagene strength
• Automation	Velocity 11 capability
• Informatics	GeneSpring leadership
<b>Manufacturing Capabilities</b>	
• World-class facilities registered to ISO 13485	
• LC/MS & LC registered as USFDA Class I devices	

**Molecular Diagnostic Market Size\*: \$4.5B**  
**Projected Growth\*: 10-15%**

- Increased healthcare demands from global aging populations
- Emerging market demand for testing
- Technology restatement from historical tests

**Touching Diagnostic Markets**  
**Today: 1% of Agilent Revenue**

- Leveraging our technologies into others' products
  - Microarrays to Agendia
  - QPCR to Siemens
- Customers using Agilent products and platforms in their Laboratory Developed Tests (LDTs)
- Oligo Fluorescent In Situ Hybridization (SureFISH) – March 2012

\*Market size and growth data source: Piper Jaffray, June 2011





# DAKO ACQUISITION – STRATEGIC RATIONALE



**Agilent Technologies**



- Builds a solid foundation in two high growth diagnostics markets
  - Anatomic Pathology - \$2.2B growing 8-10%\*
  - Molecular Diagnostics - \$4.5B growing 10-15%\*
- Adds channel and regulatory capability
- Strategically complements Agilent's capabilities
  - SureFISH
  - SureSelect, HaloPlex
  - Cytogenetic arrays
- Increases recurring revenues, reduces volatility
  - Dako > 90% reagents & services
  - Agilent recurring revenues grow from 25% to 30% of total revenue
- Accelerates Dako's penetration into the emerging markets
- Immediately EPS accretive and creates shareholder value
- Effectively utilizes Agilent's overseas cash

\*Market size and growth data per Company estimates



**Agilent Technologies**



# DAKO TRANSACTION TERMS & FINANCIAL IMPACT

## Transaction Terms

- \$2.2B purchase price, all-cash transaction
- Currently owned by European private equity firm, EQT Partners
- Expected to close within the next 60 days, subject to customary closing conditions and regulatory approvals

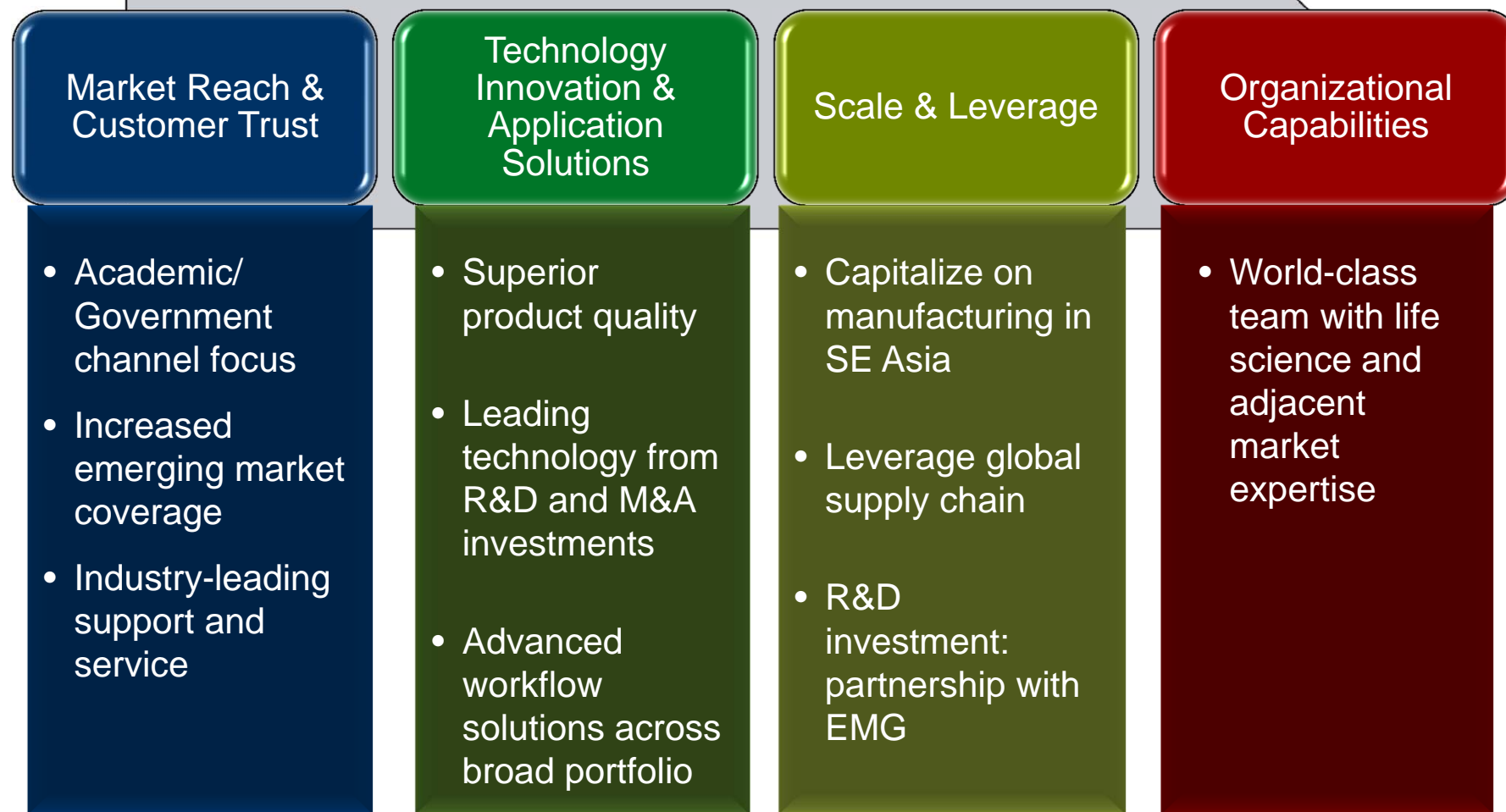
## Financial Impact

- Funded entirely by offshore cash
- Internal rate of return 10%
- Expect Dako standalone to generate \$373M of revenue in FY13 with \$68M operating profit and 18% operating margin
- Expected FY13 revenue and cost synergies:
  - Revenue synergies \$39M with \$25M operating profit
  - Invest additional \$10M in sales and R&D
  - Cost synergies \$63M due to lower variable pay
- Agilent combined ROIC ~22% in FY13, adding 3ppt per year
- Expected to be immediately EPS accretive:
  - Projected to add 35 cents to FY13 Non-GAAP EPS
- Dako will be reported as a separate segment



# HOW WE WIN IN LIFE SCIENCES

## Delivering on a Focused Strategy



# AGILENT'S STRATEGIC FOCUS GOING FORWARD

- 1. Capitalize on Megatrends in Key Measurement Markets**
  - Increasing mobility
  - Growing demand for energy
  - Improvements in human health and aging population
  - Food safety
  - Environmental
- 2. Continue Geographic Expansion: Rise of Emerging Markets**
  - China: the largest economy by mid-century
  - India: potentially the fastest growing
  - Accelerated time to industrialization
- 3. Maintain Investments to Drive Organic Growth**
  - 10% revenue invested in R&D and ~2600 employees
  - Sales, service, and support reach into over 110 countries
- 4. Look for Strategic, Value-Adding Acquisitions**
  - Track record of successful integration
  - Focus on life sciences, applied markets, and recurring revenues
- 5. Gross Margin Improvement**





# APPENDIX

# POSITION, SOURCES AND USES OF CASH

## 1. Cash Position as of 4/30/12

- Cash and cash equivalents of \$3.9B, mostly offshore.

## 2. Sources of Cash

- Expect to generate \$0.9B Free Cash Flow\* in FY 2012
- About 15% of Free Cash Flow generated in the U.S. About 10% can be repatriated tax effectively
- Would borrow to fund value-creating U.S. acquisitions, while maintaining a strong investment-grade rating
- No plans to borrow to repurchase shares

## 3. Priority Uses of Cash

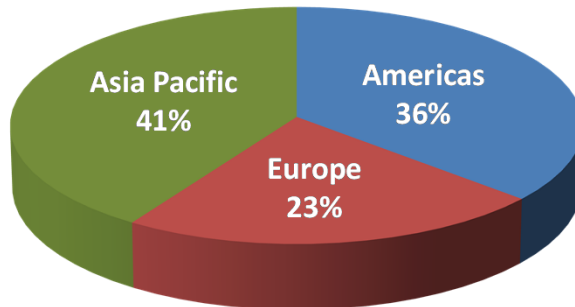
- Acquisitions meeting strategic & return criteria (IP, bolt-on, large acquisitions)
- Dividend
- Share buybacks

\*Presented on a non-GAAP basis; reconciliations to closest GAAP equivalent provided

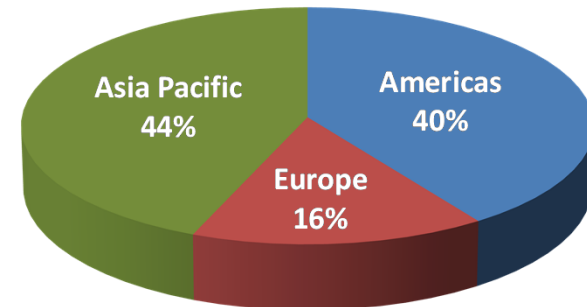


# Q2'12 SEGMENT REVENUE DISTRIBUTION BY GEOGRAPHY

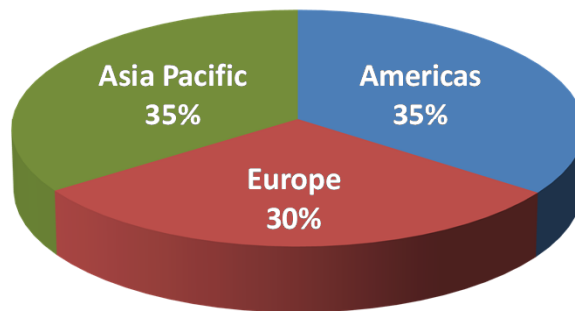
**Agilent**



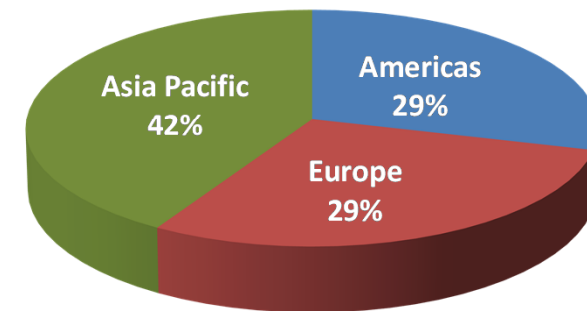
**EMG**



**LSG**



**CAG**



- Q2'12 YoY currency-adjusted revenue growth: Americas +16%, Europe -5%, Japan -2%, Asia Pacific ex-Japan -1%
- ~75% sales through direct channels, ~25% through indirect channels
- Best in class manufacturing capability with continued focus on manufacturing cost reductions







# RECONCILIATIONS



Agilent Technologies

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

**(In millions, except margins and ROIC data)**

	FY 2012				
	Q1	Q2	Q3	Q4	Total
Orders	\$ 757	\$ 957			\$ 1,714
Net revenue	\$ 778	\$ 876			\$ 1,654
Gross margin %	57.8%	57.0%			57.4%
Income from operations	\$ 160	\$ 205			\$ 365
Operating margin %	20.6%	23.4%			22.0%
Segment Assets	\$ 2,029	\$ 2,149			
Return On Invested Capital <sup>(a)</sup> , %	35%	48%			

	FY 2011				
	Q1	Q2	Q3	Q4	Total
Orders	\$ 797	\$ 844	\$ 842	\$ 822	\$ 3,305
Net revenue	\$ 771	\$ 834	\$ 856	\$ 855	\$ 3,316
Gross margin %	58.1%	59.5%	57.7%	58.4%	58.4%
Income from operations	\$ 156	\$ 191	\$ 204	\$ 209	\$ 760
Operating margin %	20.3%	22.9%	23.8%	24.4%	22.9%
Segment Assets	\$ 2,092	\$ 2,171	2,167	2,156	
Return On Invested Capital <sup>(a)</sup> , %	34%	42%	44%	45%	

Income from operations reflect the results of our reportable segments under Agilent's management reporting system which are not necessarily in conformity with GAAP financial measures. Income from operations of our reporting segments exclude, among other things, charges related to the amortization of intangibles, the impact of restructuring charges, acquisition and integration costs.

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

(a) Return On Invested Capital (ROIC) is a non-GAAP measure and is defined as income from operations less other (income) expense and taxes, annualized, divided by the average of the two most recent quarter-end balances of assets less net current liabilities. The reconciliation of ROIC can be found on page 11 of these tables, along with additional information regarding the use of this non-GAAP measure.

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

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

**AGILENT TECHNOLOGIES, INC.**  
**CHEMICAL ANALYSIS SEGMENT**  
**(Unaudited)**  
**PRELIMINARY**

**(In millions, except margins and ROIC data)**

	<b>FY 2012</b>				
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
Orders	\$ 403	\$ 408			\$ 811
Net revenue	\$ 396	\$ 388			\$ 784
Gross margin %	51.7%	50.8%			51.3%
Income from operations	\$ 88	\$ 73			\$ 161
Operating margin %	22.2%	18.9%			20.5%
Segment Assets	\$ 1,726	\$ 1,727			
Return On Invested Capital <sup>(a)</sup> , %	20%	17%			

	<b>FY 2011</b>				
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
Orders	\$ 388	\$ 380	\$ 400	\$ 421	\$ 1,589
Net revenue	\$ 349	\$ 381	\$ 383	\$ 405	\$ 1,518
Gross margin %	51.1%	50.3%	50.7%	52.4%	51.1%
Income from operations	\$ 65	\$ 72	\$ 79	\$ 97	\$ 313
Operating margin %	18.7%	18.9%	20.6%	24.0%	20.6%
Segment Assets	\$ 1,716	\$ 1,756	\$ 1,748	\$ 1,772	
Return On Invested Capital <sup>(a)</sup> , %	15%	16%	18%	22%	

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

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

**(In millions, except margins and ROIC data)**

	FY 2012				
	Q1	Q2	Q3	Q4	Total
Orders	\$ 463	\$ 476			\$ 939
Net revenue	\$ 461	\$ 469			\$ 930
Gross margin %	52.6%	51.5%			52.0%
Income from operations	\$ 66	\$ 59			\$ 125
Operating margin %	14.3%	12.6%			13.4%
Segment Assets	\$ 1,819	\$ 1,826			
Return On Invested Capital <sup>(a)</sup> , %	15%	14%			

	FY 2011				
	Q1	Q2	Q3	Q4	Total
Orders	\$ 442	\$ 479	\$ 445	\$ 509	\$ 1,875
Net revenue	\$ 404	\$ 464	\$ 453	\$ 471	\$ 1,792
Gross margin %	53.3%	52.2%	51.3%	51.4%	52.0%
Income from operations	\$ 48	\$ 61	\$ 60	\$ 68	\$ 237
Operating margin %	11.8%	13.2%	13.2%	14.4%	13.2%
Segment Assets	\$ 1,707	\$ 1,852	\$ 1,855	\$ 1,837	
Return On Invested Capital <sup>(a)</sup> , %	12%	15%	14%	15%	

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

**AGILENT TECHNOLOGIES, INC.**  
**RECONCILIATION OF ORGANIC REVENUE**  
**(IN MILLIONS)**  
**PRELIMINARY**

	Years Ended October 31,		Percent Inc/(Dec)
	2011	2,010	
<b>GAAP Revenue</b>	\$ 6,615	\$ 5,444	22%
Varian acquisition fair value adjustments	11	19	
<b>Non-GAAP Revenue</b>	\$ 6,626	\$ 5,463	21%
Less revenue from acquisition and divestitures included in segment results	(355)	(88)	
<b>Organic Non-GAAP Revenue</b>	\$ 6,271	\$ 5,375	17%

Non-GAAP revenue is defined as revenue excluding the fair value adjustment of the deferred revenue balances related to the Varian acquisition. Organic Non-GAAP revenue is defined as Non- GAAP revenue excluding the impact of acquisitions that have closed within the past year. Due to the close date of the Varian acquisition which occurred on May 14, 2010, we have excluded revenue related to Varian for the period beginning November 1, 2010 thru May 14, 2011 in our revenue adjustment from acquisitions for the year ended 2011. For the year ended 2010, we have excluded revenue related to the NSD and Hycor divestitures.

Management believes that these measures provide 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. We excluded the effect of the Varian and other recent acquisitions and divestitures because the nature, size and number of these can vary dramatically from period to period and between us and our peers, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult.

The preliminary reconciliation of GAAP to Organic Non-GAAP revenue is based on our current information.

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

**THREE MONTHS ENDED April 30, 2012**  
**(Unaudited)**  
**PRELIMINARY**

**NON-GAAP ADJUSTMENTS**

(In millions, except per share amounts)

			GAAP	Intangible Amortization	Transformational Initiatives	Acquisition & Integration Costs	Other	Adjustment for Taxes	Non-GAAP	
Orders	Change Year Over Year	8%	\$ 1,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,841	8% Change Year Over Year
Net revenue	Change Year Over Year	3%	\$ 1,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,733	3% Change Year Over Year
Costs and expenses:										
Cost of products and services	Gross Margin	53.0%	815	(17)	(4)	1	-	-	795	54.1% Gross Margin
Research and development	As a % of Revenue	9.6%	166	-	-	-	-	-	166	9.6% As a % of Revenue
Selling, general and administrative	As a % of Revenue	26.1%	452	(9)	(4)	(5)	1	-	435	25.1% As a % of Revenue
Total costs and expenses			1,433	(26)	(8)	(4)	1	-	1,396	
Income from operations	Operating Margin	17.3%	300	26	8	4	(1)	-	337	19.5% Operating Margin
Other income (expense), net			(7)	-	-	2	(8)	-	(13)	
Income before taxes			293	26	8	6	(9)	-	324	
Provision for taxes	Tax rate (incl. Valuation Allowance)	13%	38	-	-	-	-	11	49	Tax rate (incl. Valuation 15% Allowance)
Net income	Net Margin	14.7%	\$ 255	\$ 26	\$ 8	\$ 6	\$ (9)	\$ (11)	\$ 275	15.9% Net Margin

**Net income per share - Basic and Diluted:**

Basic	\$ 0.73	\$ 0.07	\$ 0.02	\$ 0.02	\$ (0.02)	\$ (0.03)	\$ 0.79
Diluted	\$ 0.72	\$ 0.07	\$ 0.02	\$ 0.02	\$ (0.02)	\$ (0.03)	\$ 0.78

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

Basic	348	348	348	348	348	348	348
Diluted	354	354	354	354	354	354	354

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**

**YEAR ENDED October 31, 2011**  
**(Unaudited)**  
**PRELIMINARY**

PRELIMINARY			NON-GAAP ADJUSTMENTS												
			GAAP	Restructuring and Other Related Costs- FY 2009 Plan	Asset Impairments	Intangible Amortization	Transformation Initiatives	Acquisition & Integration Costs	Varian Acquisition Fair Value Adjustments	Agilent Foundation Donation	Other	Adjustment for Taxes	Non-GAAP		
(In millions, except per share amounts)															
Orders	Change Year Over Year	18%	\$ 6,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,769	18% Change Year Over Year
Net revenue	Change Year Over Year	22%	\$ 6,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ 6,626	21% Change Year Over Year
Costs and expenses:															
Cost of products and services	Gross Margin	53.3%	3,086	-	(4)	(71)	(25)	(9)	2	-	2	-	-	2,981	55.0% Gross Margin
Research and development	As a % of Revenue	9.8%	649	-	-	-	(2)	(2)	-	-	-	-	-	645	9.7% As a % of Revenue
Selling, general and administrative	As a % of Revenue	27.3%	1,809	(2)	(5)	(42)	(24)	(43)	-	(6)	3	-	-	1,690	25.5% As a % of Revenue
Total costs and expenses			5,544	(2)	(9)	(113)	(51)	(54)	2	(6)	5	-	-	5,316	
Income from operations	Operating Margin	16.2%	1,071	2	9	113	51	54	9	6	(5)	-	-	1,310	19.8% Operating Margin
Other income (expense), net			(39)	-	-	-	-	1	-	-	(13)	-	-	(51)	
Income before taxes			1,032	2	9	113	51	55	9	6	(18)	-	-	1,259	
Provision for taxes	Tax rate (incl. Valuation Allowance)	2%	20	-	-	-	-	-	-	-	-	194	-	214	Tax rate (incl. Valuation Allowance) 17%
Net income	Net Margin	15.3%	\$ 1,012	\$ 2	\$ 9	\$ 113	\$ 51	\$ 55	\$ 9	\$ 6	\$ (18)	\$ (194)	\$ -	\$ 1,045	15.8% Net Margin
Net income per share - Basic and Diluted:															
Basic			\$ 2.92	\$ 0.01	\$ 0.02	\$ 0.32	\$ 0.15	\$ 0.16	\$ 0.03	\$ 0.01	\$ (0.05)	\$ (0.56)	\$ -	\$ 3.01	
Diluted			\$ 2.85	\$ 0.01	\$ 0.02	\$ 0.32	\$ 0.14	\$ 0.16	\$ 0.03	\$ 0.01	\$ (0.04)	\$ (0.55)	\$ -	\$ 2.95	

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

Basic	347	347	347	347	347	347	347	347	347	347	347	347
Diluted	355	355	355	355	355	355	355	355	355	355	355	355

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

**AGILENT TECHNOLOGIES, INC.**  
**RECONCILIATION OF ROIC**  
(In millions)  
(Unaudited)  
**PRELIMINARY**

	LSG Q2'12	CAG Q2'12	EMG Q2'12	Agilent Q2'12	LSG Q2'11	CAG Q2'11	EMG Q2'11	Agilent Q2'11	LSG Q1'12	CAG Q1'12	EMG Q1'12	Agilent Q1'12
<b>Numerator:</b>												
Non-GAAP income from operations	\$ 59	\$ 73	\$ 205	\$ 337	\$ 61	\$ 72	\$ 191	\$ 324	\$ 66	\$ 88	\$ 160	\$ 314
Less:												
Taxes and Other (income)/expense	7	10	26	44	8	11	30	49	11	15	27	52
Segment return	52	63	179	293 <sup>(a)</sup>	53	61	161	275 <sup>(a)</sup>	55	73	133	262 <sup>(a)</sup>
Segment return annualized	<u>\$ 208</u>	<u>\$ 252</u>	<u>\$ 716</u>	<u>\$ 1,172</u>	<u>\$ 212</u>	<u>\$ 244</u>	<u>\$ 644</u>	<u>\$ 1,100</u>	<u>\$ 220</u>	<u>\$ 293</u>	<u>\$ 532</u>	<u>\$ 1,048</u>
<b>Denominator:</b>												
Segment assets <sup>(b)</sup>	\$ 1,826	\$ 1,727	\$ 2,149	\$ 5,705	\$ 1,852	\$ 1,756	\$ 2,171	\$ 5,780	\$ 1,819	\$ 1,726	\$ 2,029	\$ 5,576
Less:												
Net current liabilities <sup>(c)</sup>	358	255	623	1,236	375	271	631	1,277	324	236	548	1,108
Invested capital	<u>\$ 1,468</u>	<u>\$ 1,472</u>	<u>\$ 1,526</u>	<u>\$ 4,469</u>	<u>\$ 1,477</u>	<u>\$ 1,485</u>	<u>\$ 1,540</u>	<u>\$ 4,503</u>	<u>\$ 1,495</u>	<u>\$ 1,490</u>	<u>\$ 1,481</u>	<u>\$ 4,468</u>
Average invested capital	\$ 1,482	\$ 1,481	\$ 1,503	\$ 4,469	\$ 1,436	\$ 1,486	\$ 1,538	\$ 4,463	\$ 1,484	\$ 1,500	\$ 1,511	\$ 4,496
ROIC	14%	17%	48%	26%	15%	16%	42%	25%	15%	20%	35%	23%

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

<sup>(a)</sup> Agilent return is equal to non-GAAP net income of \$275 million plus net interest expense after tax of \$18 million for Q2'12, and \$261 million plus net interest expense after tax of \$14 million for Q2'11 and \$244 million plus net interest expense after tax of \$18 million for Q1'12. Please see "Non-GAAP Net Income and Diluted EPS Reconciliations" for a reconciliation of non-GAAP net income to GAAP net income.

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

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

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

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

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

**AGILENT TECHNOLOGIES, INC.**  
**RECONCILIATION OF ROIC**  
(In millions)  
(Unaudited)  
**PRELIMINARY**

<b>Numerator:</b>	<b>Agilent FY'11</b>
Non-GAAP income from operations	1,310
Less:	
Taxes and Other (income)/expense	204
Segment return	1,105 <sup>(a)</sup>
Segment return annualized	1,105
<b>Denominator:</b>	
Segment assets <sup>(b)</sup>	5,767
Less:	
Net current liabilities <sup>(c)</sup>	1,243
Invested capital	4,524
Average invested capital	4,445
ROIC	25%

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

<sup>(a)</sup> Agilent return is equal to non-GAAP net income of \$1045 million plus net interest expense after tax of \$60 million for FY11.

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

<sup>(c)</sup> Includes accounts payable, employee compensation and benefits, deferred revenue, other accrued liabilities and allocated corporate liabilities.

Return on Invested Capital (ROIC) is a non-GAAP measure that management believes provides useful supplemental information for management and the investor. ROIC is a tool by which we track how much value we are creating for our shareholders. Management uses ROIC as a performance measure for our businesses and our senior managers' compensation is linked to ROIC improvements as well as other performance

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should

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