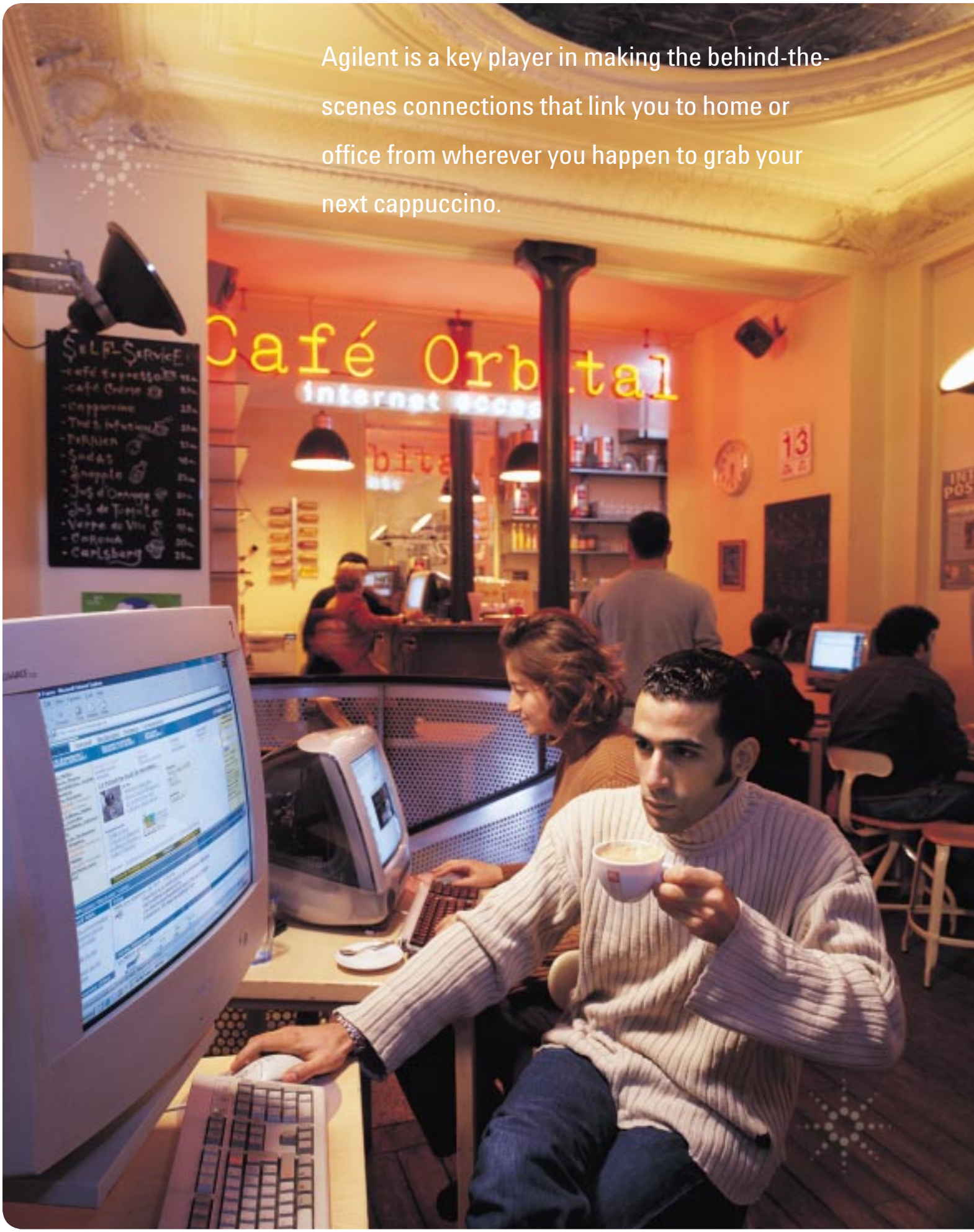
Agilent **sparks** so many innovations in everyday life...from how the world communicates to how well — and even how long — we live.

ABOUT THE AGILENT SPARK

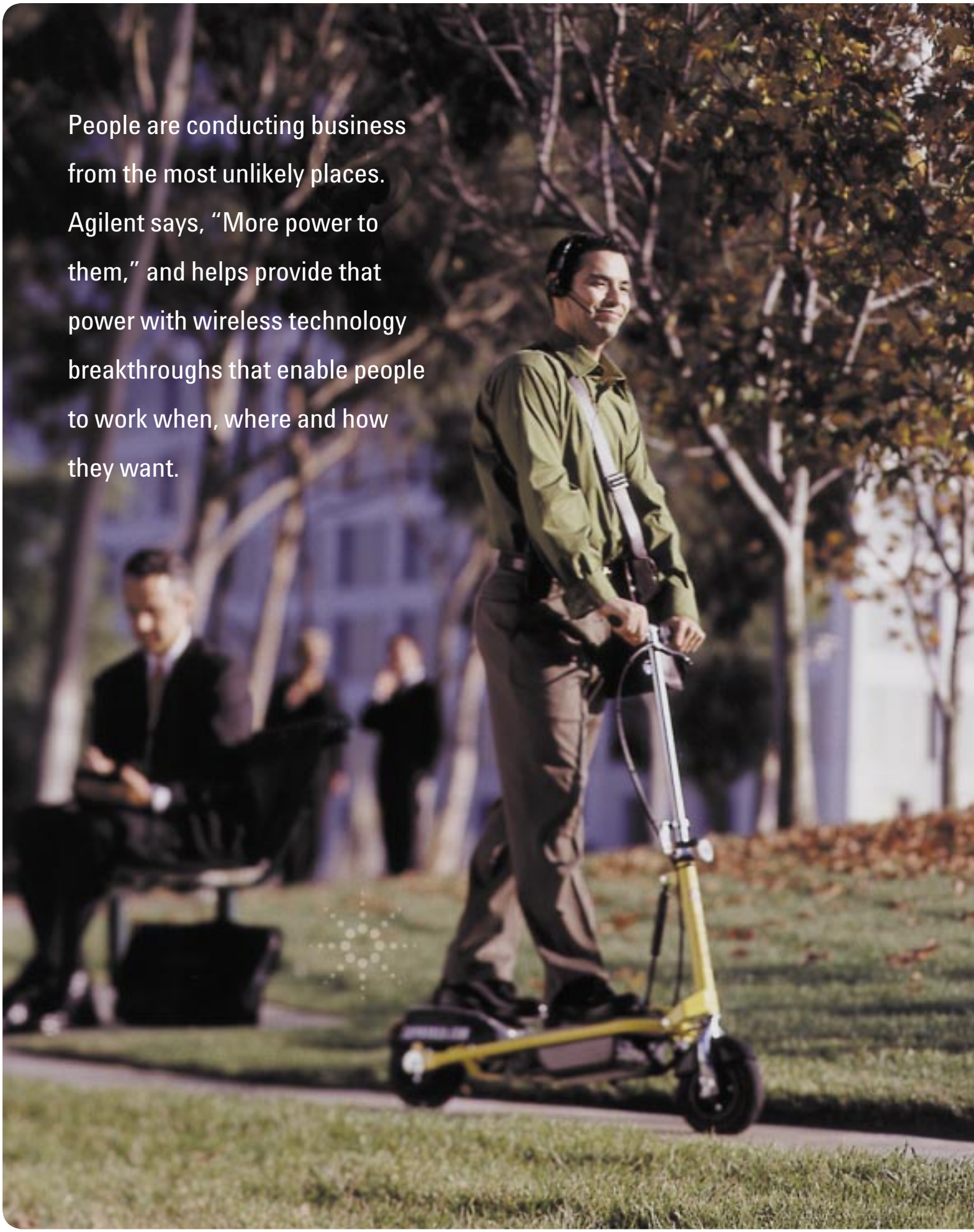
People see many things in the Agilent symbol: a rising star, a pebble cast into a still pool, a burst of energy. We call it the Agilent spark of insight. It represents Agilent's unique ability to spark innovations in communications and life sciences that help make dreams real.

Whether it's the Internet... optical networks...or wireless devices, Agilent products and services are critical to expanding network capacity, creating new information appliances and delivering advanced communications services.



Agilent is a key player in making the behind-the-scenes connections that link you to home or office from wherever you happen to grab your next cappuccino.


Our life sciences
business is helping
researchers unlock
the mysteries of
health and disease
that are encoded
in our genes.


People are conducting business from the most unlikely places. Agilent says, “More power to them,” and helps provide that power with wireless technology breakthroughs that enable people to work when, where and how they want.


Agilent creates key enabling
technologies for the revolutions in
communications and life sciences
that are reshaping our world.

To Our Shareholders

Agilent's first year as an independent, public company was a great success.

- **We completed our separation from Hewlett-Packard (HP) — probably the most complex such split ever done — on a very aggressive schedule.**
- **We achieved outstanding financial and business results, including excellent growth and profitability and the introduction of many innovative products.**
- **We are faster and more customer-driven than ever before.**

The heroic efforts of 47,000 Agilent people around the world made our first year a great success.

None of this could have happened without the heroic efforts of 47,000 talented and energetic Agilent people around the world. They launched our company, delivered strong results and built a foundation for reaching the ambitious goals we share for Agilent.

Prior to Agilent's initial public offering (IPO) of stock, we expected to achieve net profit for 2000 of between 5 and 6 percent of revenue. At mid-year we revised that guidance to a little bit above 6 percent net profit. For the full year, our net profit margin was 7.0 percent. This translates into net earnings of $757 million, or $1.66 per share. I'm very pleased that we met the commitments we made on financial performance.

At the start of the year, we set four goals: complete the separation from HP, accelerate growth, launch operational initiatives and transform the Agilent culture. In this letter I'll review our progress in each of these areas, and I'll spell out our priorities for 2001.

We completed the separation from HP: Thousands of Agilent and HP people worked tirelessly to separate hundreds of information technology (IT) systems and applications, more than 600 physical sites and an extensive portfolio of patents and intellectual property — all of which had become deeply intertwined over 60 years. On June 2, 2000, the two companies became completely independent.

During 2000 we incurred two kinds of costs that we had planned for and that will be lower in 2001. The first was for branding to establish Agilent's name and identity worldwide. This year we spent about $120 million on branding, and we're very pleased with the results to date. We will continue this essential work to establish our identity in 2001, but at reduced spending levels.

We also spent approximately $250 million, as anticipated, in costs related to operating as a stand-alone company. On our own, we have systems, processes and governance activities that we previously shared with HP. As we continue to tailor these functions to Agilent's needs, we expect to start to achieve savings by the end of 2001.

We achieved very strong growth: For the full year, Agilent's orders rose 35 percent and revenue increased 29 percent. This compares with 1999 order growth of 12 percent and revenue growth of 5 percent.

We achieved strong growth because we provide key enabling products and technologies to customers who are revolutionizing communications and electronics as well as the life sciences. Agilent provides best-in-class products and services to industries that are growing rapidly.

In communications and electronics, our products are on the critical path for companies that are delivering the most advanced optical networking, wireless communications and Internet capabilities. During 2000, orders in our businesses that serve communications and electronics grew 49 percent over 1999 while revenue increased 43 percent.

In life sciences, we provide tools that enable pharmaceutical and biopharmaceutical companies, and other research organizations, to discover the origins of disease and accelerate the development of new drugs based on scientists' increasing knowledge of genetics. The first-draft mapping of the human genome, completed during 2000, ushered in the next phase of the life sciences revolution in which Agilent products will help customers understand more fundamentally how genes create diseases and how drugs can cure them.

This was a banner year for new products, and our growth was driven by product introductions that won strong market acceptance. This year's annual report describes a good number of these major introductions. One key to our ability to innovate is Agilent Laboratories, our central research facility, whose goals are to address growth opportunities in our current businesses and to create new businesses. This year we spent $1.3 billion, or 11.7 percent of net revenue, on all our research and development across the company.

We provide key enabling products and technologies to customers who are revolutionizing communications and electronics as well as the life sciences.

We launched operational initiatives: We undertook a number of initiatives designed to align our systems, processes and cost structures to our business requirements. We are tailoring our IT systems, internal processes, manufacturing, sales and customer support programs to make Agilent even faster, easier for customers to work with and more cost-effective.

We began to shape Agilent's culture: One of our new company's great strengths is our HP heritage, especially our foundation values: integrity; trust and respect for individuals; teamwork; and the importance of making a real contribution to customers and industries. These values remain crucial to Agilent.

This was a banner year for new products that won strong market acceptance.

We're also putting increased emphasis on values that are essential to our success going forward: focus, speed and accountability. During 2000 we took a number of actions designed to strengthen these values and to encourage the behaviors that bring them to life.

We implemented a pay-for-results program for our 800 top managers and supervisors, a portion of whose compensation is now linked to Agilent's revenue and profit goals. We trained more than 6,000 managers around the world on a new set of leadership expectations based on our values. Finally, we rolled out a new compensation system, stock option program and employee stock purchase plan in order to reward the individual accomplishments that will help Agilent reach its goals.

Challenges We Addressed

We faced real challenges this year as well. Industrywide parts shortages meant that our shipments to many of our customers couldn't keep pace with demand in the third quarter. We worked very hard with suppliers and took extraordinary measures within the company to address these shortages, and by the end of the year we had made a lot of progress.

In our chemical analysis business, growth in traditional markets — chemical and petrochemical — was sluggish. We have been increasing our focus in this business on exciting opportunities in life sciences, and the response to our life sciences products introduced this year was extremely good. We believe our life sciences business has a bright future as a provider of enabling technologies to researchers who are developing drugs and diagnostic techniques based on genetics.

Our healthcare solutions business had a disappointing year. This business was affected by fundamental changes in the healthcare market, particularly in the United States. Size and scale are essential to winning in healthcare, since customers increasingly want to work with companies that offer a broad product line.

Given this trend, we faced a decision: Should we make the investments necessary to bring our healthcare business to the size needed to succeed? After much analysis and thought, we decided that the best course of action for our customers, shareholders and employees was to divest this business. In November 2000 we announced an agreement under which Philips, a leader in the healthcare market, will acquire our healthcare business, subject to customary regulatory approvals and other closing conditions.

This was a difficult decision that was made easier because Philips is the ideal company to acquire this business. There is a great fit between our

healthcare solutions and Philips' product lines and geographic strengths. Together, our healthcare business and Philips can offer the broad product line that is essential to success in this market.

We overcame challenges in 2000 while making extraordinary progress in creating Agilent as a high-growth, high-performance company.

Priorities for 2001

Since March 2, 1999 — the day HP announced plans to create two new companies from the existing HP — our vision has been to build a high-growth, high-performance company for the long term.

To do that, we have to become even more customer-driven. In today's fast-moving, intensely competitive markets, we are focused on customers, Agilent and our individual businesses — in that order.

Our priorities for 2001 reflect our determination to meet, and exceed, the commitments we make.

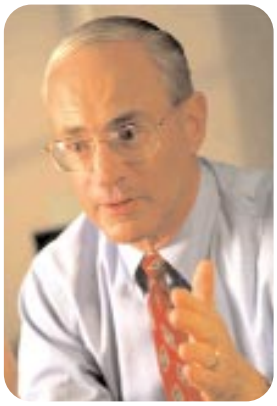
Customer satisfaction: Our goal is to distance ourselves from competitors through superior quality, consistent on-time deliveries and ease of doing business with Agilent.

Operational excellence: We will continue to execute our plans to make Agilent faster, even more responsive and more cost-effective.

Growth: We want to grow faster than our best-in-class competitors as well as enter new markets. To do this, we have ambitious new-product programs in place across the company.

Our people: We will accelerate our work to develop a culture based on focus, speed and accountability, in which people embrace change, lead rather than manage and are rewarded for results.

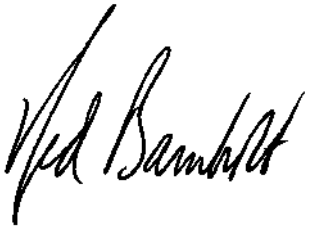
We benefit enormously from our heritage but are intently focused on the future.



NED BARNHOLT
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

Agilent's first year as an independent company was the most exciting and gratifying of my 34 years with HP and Agilent. We benefit enormously from our heritage but are intently focused on the future.

We have extraordinary people, industry-leading customers and a deep technology portfolio that we can apply to address opportunities and create new businesses. We're determined to build on an outstanding first year in ways that will delight our customers, employees and shareholders.



innovation

that makes a difference

Agilent's pioneering spirit was kindled more than 60 years ago, when two engineers — Bill Hewlett and Dave Packard — invented the future in their garage. Today, Agilent continues to innovate in territory that matters, blazing trails in the fields that are shaping the modern world. Our products and technologies enable real breakthroughs in communications and life sciences. Our ways of doing business challenge traditional thinking about how to successfully run a high-performance, high-growth company in today's dynamic, global economy. We continually seek — and find — creative ways to contribute to the communities we serve around the world. And while physically we have outgrown HP's garage, and now operate as an independent company, Agilent continues to live the values handed down from Bill and Dave: uncompromising integrity; trust, respect and teamwork; and innovation that makes a difference.

To those of you who have ever thought,"If only..." or "What if..." Agilent says, "Why not?"

Consequently, Agilent continually delivers product and technology innovations enabling communications and life sciences breakthroughs that benefit millions of people around the world. Leading companies — communications equipment manufacturers, Internet service providers, biopharmaceutical companies and more — depend on Agilent's more than 20,000 test, measurement and monitoring devices, semiconductor products, chemical analysis tools and healthcare solutions to help drive the communications and life sciences revolutions that are shaping the modern world.

Innovating in Communications >

More people are participating in the communications revolution every day.

We are getting wired...or unwired, connecting in new ways. Enterprises are seeking higher-bandwidth wired and wireless networks while individuals clamor for faster, better Internet access. Cell phones are ringing in pockets and briefcases across continents, while Web-enabled handhelds are becoming essential business tools for an increasingly mobile workforce. The convergence of voice, video and data, of wired and wireless networks is accelerating at a dizzying pace. Agilent is a key player in this revolution, helping leading communications companies bring new capabilities to rapidly growing global markets.

The communications and electronics industries are Agilent's largest strategic markets, accounting for about 80 percent of our revenue in 2000. We offer a broad product portfolio for all the high-growth segments: optical, wireless, broadband, data networking and the Internet Protocol (IP) world. Our customers — large and small industry innovators — rely on Agilent's technology expertise, complete solutions and services that help them push boundaries, seize opportunities and successfully compete in demanding business and consumer markets.

Make a call on your cell phone, and you're benefiting from Agilent's wide-ranging capabilities in components and test. Our CDMAdvantage semiconductor products are used in wireless handsets that can operate using multiple standards across different regions. And leading mobile phone manufacturers like Ericsson Telecommunications, Nokia and Samsung Electronics use Agilent equipment to test almost every part of their phones. Need to access a Web site hosted in New Delhi from your PC in New York? Agilent optical components and integrated circuits (ICs) play a critical role in the behind-the-scenes chain of events that makes that connection possible.

Agilent is a world leader in communications components. Designers of next-generation network equipment and communications products rely on our broad line of fiber-optic components for local area network (LAN), wide area network (WAN) and metropolitan area network (MAN) applications; radio frequency (RF), microwave, infrared and imaging components for wireless handsets, appliances and infrastructure; and storage area network (SAN) products for evolving e-commerce requirements.

Agilent's fiber-optic components and optical test capabilities are crucial to the buildout of the next-generation communications network and the deployment of advanced services.

Agilent's networking components drive more fiber-optic connections on the Internet than those of any other manufacturer. Our fiber-optic components and ICs are designed to work together as a single, integrated solution so designers of high-speed networking systems can speed time to market. We are developing solutions for the next wave of networking standards, including a cost-effective 10-gigabit Ethernet transceiver. Agilent is also a leading supplier of high-performance fiber-optic transceivers and other components used to power WANs and MANs. Agilent was instrumental in developing the Fibre Channel networking protocol and was the first to deliver SAN solutions with performance levels up to two-gigabit data transfer rates. Now we're leading the development of next-generation storage networking standards. We're innovating at an incredible pace to send information rocketing around the planet.

Communications and electronics equipment manufacturers find that our test and measurement tools add significant value at key stages of a product's lifecycle, from design to high-volume manufacturing. Agilent's Intelligent Test strategy enables manufacturers to leverage the power of information to ensure that the right test is performed at the right time for the right cost. Agilent offers the widest range of automated test equipment platforms to ensure a smooth handoff from R&D to delivery. For example, our semiconductor test solutions are fundamental to 300mm semiconductor wafer fabrication, the flash memory explosion, and the convergence of communication and computation technology into leading-edge system-on-a-chip (SOC) devices. Additionally, our PC board test and imaging solutions are assuring the mission-critical quality required for 21st-century communication networks.

In 2000, network equipment manufacturers (NEMs) like Lucent Technologies and Juniper Networks used our advanced RouterTester solution to verify the real-time performance of not only gigabit, but also *terabit* IP routers, which can propel information at unprecedented speeds (trillions of bits per second) across the Internet. We further extended our lead in the router tester market with a new set of stress-testing tools and conformance software that runs on our innovative QA Robot platform. This makes Agilent the first test-system provider with solutions for all three key routing protocols that direct traffic on next-generation IP networks.

This year, Cisco Systems, in addition to using our optical transceivers, announced that it would integrate our new networking application specific integrated circuits (ASICs) into its next generation of network switches. Such immediate acceptance by the networking industry leader positions Agilent for significant growth opportunities, as ASICs are at the heart of many communications and networking systems.

One of our biggest breakthroughs of the year was the Agilent Photonic Switching Platform, invented in Agilent Labs to help make the high-speed, high-capacity, all-optical network a reality. Ingeniously combining reliable inkjet and lightwave technologies, the Photonic Switching Platform allows information carried as optical signals to be switched optically rather than having to be converted to electrical signals for routing. Our early adoption NEM partners, such as Alcatel, are using this platform as the core of their designs for next-generation, all-optical network elements. These elements will, in turn, allow communication service providers to implement network solutions that can better keep pace with explosive bandwidth demand.

We help service providers innovate in other ways, too. As one of the few companies offering comprehensive quality-of-service monitoring and management across disparate networks and Internet services, Agilent is the ideal partner for communications companies that must successfully bridge converging technologies.

Agilent's new Firehunter/ e-Commerce software enables Web business managers to obtain real-time performance in business terms.

The Agilent Advisor high-speed networking protocol analyzer, with strong asynchronous transfer mode (ATM), Gigabit and Voice over IP (VoIP) capabilities, is the number one choice of service providers. Global providers like Verizon in the U.S., Bell Canada, Telecom Italia and NTT in Japan use Agilent Firehunter Internet Service Assurance software to measure and monitor the delivered performance of their networks and services. Our recently introduced Firehunter/e-Commerce software is the first solution that lets service providers hosting e-business storefronts continuously monitor performance of the entire e-commerce support infrastructure. BellSouth in the U.S., Telecom Italia Mobile and other leading telecommunications companies around the world rely on our acceSS7 system to monitor and measure their network calls and services in real time. The system provides a view of all activity on the network, including early warning of network problems, so corrective action can be taken before it's too late — a concept invented by Agilent and widely embraced by our customers.

Agilent's breakthrough Photonic Switching Platform is helping to make the all-optical network a reality.

As on-the-go connectivity becomes mandatory in the global economy, Agilent is helping the world go wireless at the full-tilt speeds our customers — and *their* customers — are demanding. We work closely with standards organizations and support wireless R&D efforts with continually advancing computer-aided design software. This year's addition to Agilent's Advanced Design System (ADS) for electronic design automation, for example, is design-library software that helps system and circuit designers speed development of wireless products that comply with the upcoming EDGE standard and with IS-136 TDMA wireless standards, which are widely deployed in Europe, Asia and the Americas.

We team with manufacturers to help plan, design and build the wireless infrastructure and the products that connect to it, from switches and routers to handsets and base stations. Agilent's pioneering Film Bulk Acoustic Resonator (FBAR) process is the first to produce filters in semiconductor technology that can significantly reduce the size of handsets. Our E-pHEMT technology extends battery life in mobile phones by up to 15 percent. The new Agilent 8960 Series 10 wireless communications test set boosts throughput of a production test system by as much as 300 percent.

Agilent currently tests more than 70 percent of the mobile phones that run on Global System for Mobile (GSM) communications, the standard protocol in much of Europe and the rest of the world. And our semiconductor test equipment is now testing components that soon will be standard in phones, like the Bluetooth wireless connectivity capability and CMOS image sensors (which we also make) for built-in camera capabilities, which enhance the content and context of communications.

New Agilent solutions for third-generation (3G) wireless technologies, including cdma2000, W-CDMA and GPRS, are helping wireless equipment manufacturers and service providers develop the networks and services of the future. 3G combines high-speed mobile access with IP-based services, offering not only fast mobile connections to the Web, but whole new ways

to communicate and access information. Our connected solutions for 3G wireless allow manufacturers to work simultaneously in design and test environments, reducing the number of design iterations and helping get products to market faster.

Innovating in Life Sciences >

In 2000, scientists completed first-draft mapping of the human genome.

Now they are beginning the arduous work of deciphering the function of each gene. Eventually, scientists will know which genes are targets for treating cancer, Alzheimer's disease, diabetes and more. Agilent's advanced tools and technologies equip biopharmaceutical companies and academic, government and other research organizations to learn how to turn genetic code into cures.

This Age of the Genome creates significant opportunities for Agilent. We offer a number of innovative products that enable and accelerate research into the disease and drug discovery process. For example, the Agilent 2100 Bioanalyzer platform — based on revolutionary lab-on-a-chip technology developed by Agilent and our partner, microfluidics leader Caliper Technologies Corp. — enables the miniaturization of a lab onto a postage stamp-sized chip. The low-cost chip programs the 2100 Bioanalyzer for a specific application, and can simply be discarded upon completion of the experiment. Also minimizing the need for costly reagents and instrumentation, the integrated 2100 Bioanalyzer enables researchers at industry-leading companies such as Eli Lilly and Company; Incyte; Genomics, Inc.; Merck & Co.; and SmithKline Beecham as well as at the United States' National Institutes of Health (NIH) to perform more experiments and get results faster.

This year, our comprehensive DNA microarray program enabled researchers to access genetic information quickly and cost effectively. DNA microarrays are microscopic sets of DNA fragments that are attached to a glass slide. When genetic material from diseased cells is added to the microarray, the genes that make up the diseased functions will bind to the

Working with Caliper Technologies, Agilent introduced new LabChip® kits in 2000 for use with our 2100 Bioanalyzer platform.

array, allowing scientists to define disease pathways and identify new drug targets.

This is a field of collaboration, and Agilent partners with industry leaders to keep pushing boundaries. In addition to our ongoing work with Caliper Technologies, we also work closely with bioinformatics leader Rosetta Inpharmatics. We are helping them in the continuing development of — and providing the worldwide distribution channel for — the innovative Rosetta Resolver® Expression Data Analysis System, which is widely used to analyze the vast quantities of data generated by the genomics revolution. Using the Rosetta Resolver system, researchers can simultaneously monitor multiple pathways and targets within a cell — a capability referred to as "comprehensive target profiling." When combined with Agilent's innovative DNA microarray technologies, Rosetta Resolver gives scientists a powerful tool for identifying target genes in the ongoing quest to discover new drugs that will improve and lengthen people's lives.

Agilent Labs: Where Innovation Begins >

So much of the innovation that sets us apart can be traced to Agilent Laboratories, one of the world's leading industrial research centers.

The human talent here has helped propel a space launch and shrink a lab onto a chip. A recent breakthrough from Agilent Labs helped engineer a new breed of mouse — the optical mouse, now being marketed by the major computer mouse manufacturers. Stay tuned for the Agilent-powered "flying mouse" coming soon for games and interactive TV.

The spark of our company's innovation engine, Agilent Labs focuses approximately 20 percent of its research on creating new business opportunities and 80 percent on helping our current businesses meet customers' continually changing needs. One of the Labs' fundamental strengths is its ability to recognize — and act on — synergistic opportunities across all of Agilent's businesses.

Agilent optical technology is at the heart of the new generation of computer mice. In 2000, some 40 percent of all mice shipped in the world were Agilent-enabled.

Want to know what the future looks like? Researchers at Agilent Labs look out over the horizon three to five years, and sometimes even farther, to enable advances that, someday, the rest of us won't be able to live without.

Right now, Labs scientists are conducting research to advance high-speed telecommunications and data communications. They're working on fiber-optic telecommunications, high-speed computer interconnects, broadband wireless communication and video- and image-processing technologies for the home and office of the future. They're developing new ways to use fiber-optic cables within buildings and new kinds of Internet-backbone hardware that can send data faster to those buildings. And Agilent Labs has just scratched the surface of what we can do as a semiconductor components supplier.

Researchers at our Labs are also collaborating with a National Human Genome Research Institute, which is part of the NIH, to help scientists improve diagnosis and treatment capabilities for various types of cancer. And they're working with leading university medical researchers to help develop an understanding of disease that will lead to new, life-saving medical treatments.

Innovative Ways of Doing Business >

To be a high-growth, high-performance company means innovating not just in products and technologies but also in ways of doing business.

To this end, we have a new mantra at Agilent: speed, focus, accountability. It's helping motivate Agilent people around the world to do more, to go further for our customers. To empower our people even more, we've implemented a pay-for-results compensation program, new employee stock option and stock purchase plans, comprehensive management training and executive leadership forums.

Agilent believes that being innovative in business also means being responsible about the world we all share. We've launched a number of

environmental initiatives — commute alternatives, water conservation efforts, adopt-a-creek programs and others — while our global energy-management team helps Agilent address such critical issues as global warming. We are committed to providing products and services that are environmentally sound, and we are moving toward environmental sustainability in our business practices. Agilent plans to issue its first environmental annual report in March 2001, and is committed to the ISO 14001 global environmental standard.

Agilent continually seeks new ways to contribute to our customers' success. More and more, we work with customers at the earliest stages of product development, enabling us to better meet their ongoing needs. Around the world, Agilent's team efforts are accelerating production schedules, speeding deliveries and delighting customers. Agilent is known for outstanding service and support, and we continually look for ways to improve.

We want to make it easier than ever for customers to do business with Agilent. Our comprehensive e-business efforts are successfully contributing to this goal. Many customers can now make secure product purchases on the Web from customized online catalogs. Customers doing product research can save valuable time by participating in our online product experiences, which let them virtually interact with a product. With a couple of clicks, a customer can link connections to a test board, turn the knobs and review the resulting waveforms, or rotate the product for a 3D, 360-degree view.

Customers can also visit agilent.com's professional communities, which provide online tools to assist people in their daily work lives. Educator's Corner, for example, is geared toward helping educators in the field of engineering, and provides interactive experiments, product discounts, links to grant opportunities and continuously updated content.

Innovating in Our Communities >

Being an active, contributing citizen of the global community is woven into Agilent's corporate DNA.

In June, Agilent Action Week launched our worldwide community relations program. Since then, Agilent employees have contributed more than 250,000 hours to improving science education and developing healthy communities. Agilent has donated $7 million to these efforts and an additional $8 million to teaching laboratories at key universities around the world.

Agilent donated state-of-the-art equipment to The Flying Hospital, a humanitarian organization providing free medical care to people in developing countries.

To spark the next generation of scientists, we focus our pre-university education activities on increasing student interest in science education, particularly among populations under-represented in the high-technology industry. Our U.S. education programs support standards-based reforms in schools, focusing on improving instructional quality. Our worldwide Agilent AfterSchool program gives students an opportunity to learn about science through hands-on experiments led by Agilent employee volunteers. We offer this program in non-traditional settings, such as hospital pediatric wards and community centers, at no cost to parents, teachers or the host organizations. This year we also provided laboratory instruments and curriculum development funds to schools across Europe, and we funded a premier high school laboratory in Singapore.

Working to improve lives, Agilent supports programs that encourage preventive healthcare, with an emphasis on chronic diseases. This year we donated medical, aviation and communications equipment to The Flying Hospital, the largest ever, state-of-the-art "hospital with wings," which provides free medical and surgical care in developing countries. We also funded programs in China, Vietnam, India, Nepal and Eastern Europe to support basic, sustainable health improvement efforts.

Our ongoing commitment to people in the communities we call home is an important way that Agilent helps make dreams real.

Contributing to the success of our

customers

is what counts

What keeps us going day after day is the opportunity to make a difference. Agilent's innovations do make a real difference to our customers, the communications and life sciences leaders who are defining the ways we live and work in the 21st century. We understand that the true success of our products and technologies rests ultimately on what our customers do with them. And they are doing all sorts of amazing and important things. To get an idea of how Agilent helps customers push boundaries that benefit us all, just turn the page.

Millennium Pharmaceuticals, Inc.

"We benefit from working closely with Agilent as they turn revolutionary lab-on-a-chip technologies into practical, cost-effective tools that help speed the complex drug discovery process. The ultimate beneficiaries, of course, will be the millions of people whose diseases can be treated and cured."

CRAIG MUIR, PH.D., VICE PRESIDENT OF PROCESS TECHNOLOGY
MILLENNIUM PHARMACEUTICALS, INC.

MILLENNIUM PHARMACEUTICALS, INC. is a leading drug discovery and development company. It applies an integrated science and technology platform across the entire healthcare sector — from gene identification through patient management — to speed the development of therapeutic and diagnostic products and services.

PICTURED FROM TOP TO BOTTOM: CRAIG MUIR; MELISSA SAYLOR, RESEARCH INVESTIGATOR; NEIL ROLLINS, SENIOR RESEARCH ASSOCIATE

Millennium has made great progress mapping the uncharted world of drug discovery, but further gains will require ongoing advances in technology. Agilent is working on many of those advances right now.

DIANE ILSLEY, PH.D.
APPLICATIONS SCIENTIST
AGILENT TECHNOLOGIES

BOB DUBROW
DIRECTOR, ASSAY DEVELOPMENT
CALIPER TECHNOLOGIES

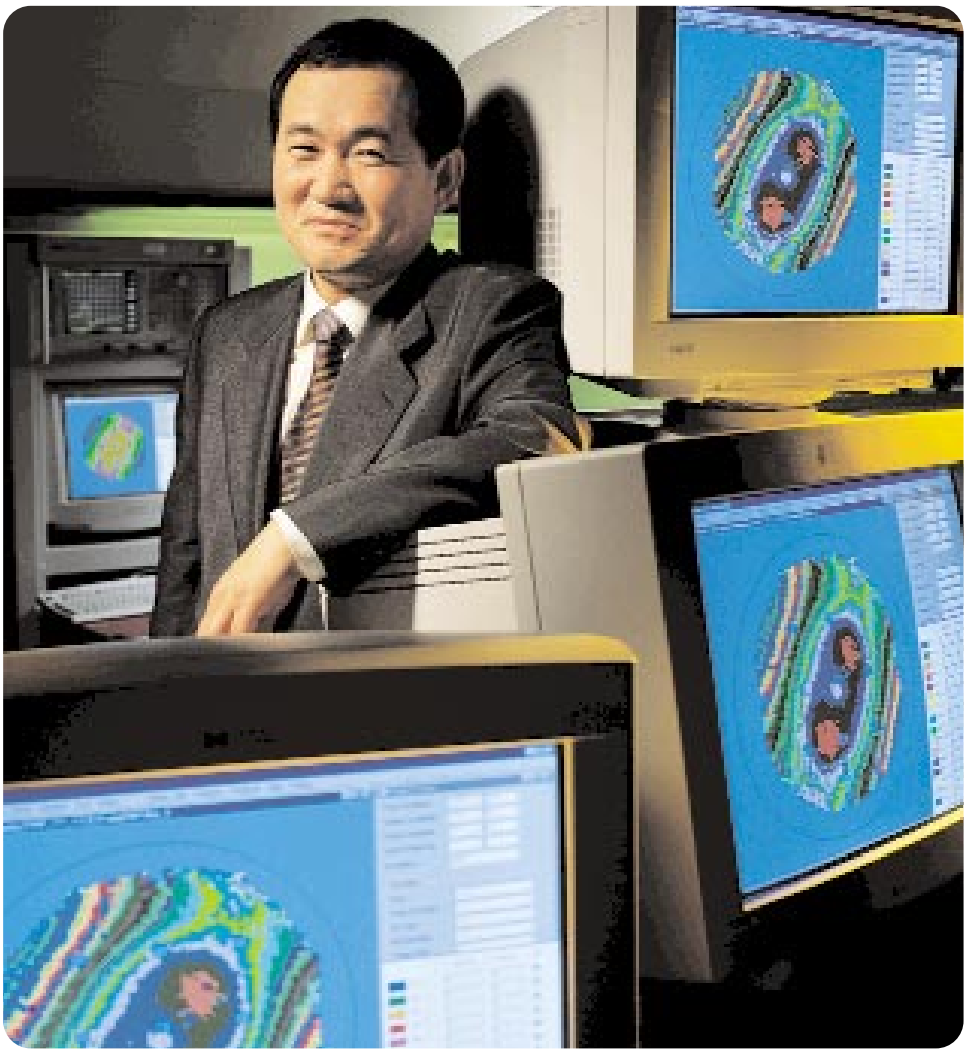
Imagine a world in which medical therapies target the root cause of diseases, so treatment can begin even before symptoms are visible. Leading-edge companies like Millennium Pharmaceuticals, Inc. are working to make this world-in-progress possible.

Researchers at Millennium use advanced technologies from Agilent to identify new drug targets for combating illnesses — from asthma and arthritis to cancer and cardiovascular disease. "The Agilent 2100 Bioanalyzer is a key technology for deriving more value from our work to discover antibody-based drug therapies," explains Craig Muir, Ph.D., Vice President of Process Technology at Millennium.

The first commercial product to use the breakthrough lab-on-a-chip technology developed by Agilent and microfluidics leader Caliper Technologies, the Agilent 2100 Bioanalyzer enables the full separation and analysis of DNA, RNA and protein fragments on a postage stamp-sized chip, minimizing the need for costly reagents and other instrumentation.

"The beauty of Agilent's Bioanalyzer is that you don't need a new instrument for each application," says Dr. Muir. "To change applications, you simply change the chip." By significantly speeding processes and lowering costs, the tool enables researchers to perform more experiments and get faster results. The bottom line is that, sooner or later, drug therapies being identified today will help eradicate disease. "With Agilent's help," says Dr. Muir, "it will be sooner."

Samsung Electronics Co., Ltd.



SAMSUNG ELECTRONICS CO., LTD. is a global electronics leader. The consumer-focused company is committed to bringing digital technology innovation to its home, mobile and personal multimedia products to help make people's lives easier, richer and more enjoyable.

"Designing a first-of-its-kind product is always challenging, with unforeseen roadblocks at every turn. The Agilent team was with us each step of the way, helping us meet the challenges of delivering a truly innovative mobile phone."

BYUNG DUCK CHO, VICE PRESIDENT OF R&D
WIRELESS TERMINALS DIVISION, SAMSUNG ELECTRONICS CO., LTD.

As Samsung Electronics rolls out its latest wireless phone, more and more people are rolling up their sleeves...to wear it. Turning yesterday's science fiction into 21st-century reality, the voice-activated Watch Phone makes staying in touch as simple as telling the time.

Agilent's innovative Film Bulk Acoustic Resonator (FBAR) technology helped Samsung create this ultra-small, ultra-light PCS phone. Using Agilent's FBAR duplexer, Samsung engineers were able to make the phone a truly wearable communications device. "Agilent's FBAR technology enabled us to significantly reduce the size of one of the bulkiest components of a mobile phone," explains Byung Duck Cho, Vice President of Samsung Electronics' Information and Communication Business's Wireless Terminals Division R&D team. "Only Agilent offers an advanced solution based on its breakthrough research."

The Agilent breakthrough allowed Samsung to deliver what is now the smallest phone in the world. And while small in size, the Watch Phone is loaded with dozens of cutting-edge capabilities, including seven-color animated displays, Internet access and advanced voice recognition that accepts commands from any user.

"As further miniaturization shapes the future of consumer electronics," says Ki-Tae Lee, Samsung Electronics' Executive Vice President and CEO of Information and Communication, "Samsung will continue to work with Agilent to deliver next-generation communications products designed to fit people's changing lives."

How do you make it even more convenient for consumers to carry a multi-functional communications device with them? Agilent's FBAR technology allowed Samsung to shrink a Web-enabled phone onto a watchband that people simply wear on their wrists.

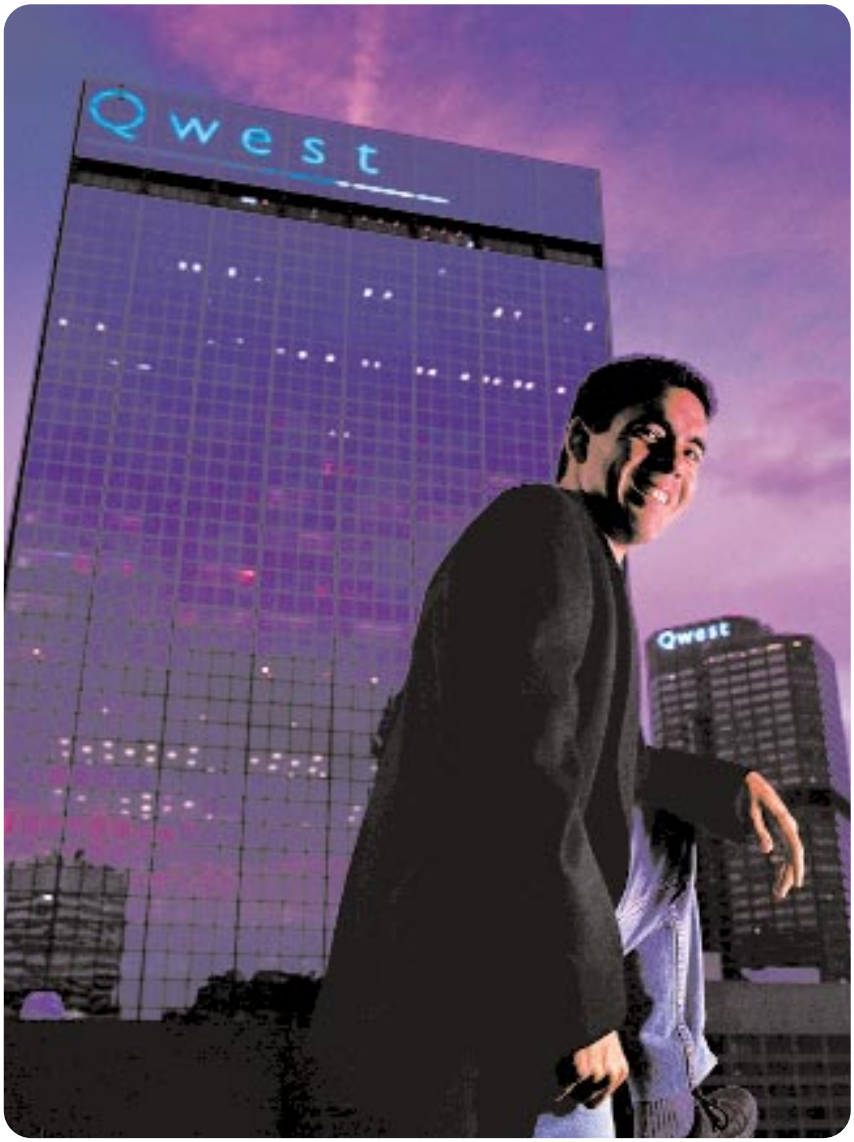
Agilent employees (l to r):

RICHARD C. RUBY, PH.D.
DIRECTOR OF TECHNOLOGY
WIRELESS SEMICONDUCTOR DIVISION

DOMINGO FIGUEREDO
FBAR R&D SECTION MANAGER

JOHN CHOY
ENGINEERING MANAGER
FBAR PROGRAM

Qwest Communications International Inc.



With one of the largest, most technologically advanced broadband Internet networks in the world, QWEST COMMUNICATIONS INTERNATIONAL INC. is a global leader in reliable, scalable and secure broadband Internet-based data, voice and image communications for businesses and consumers.

"As Qwest keeps pushing backbone speed and capacity barriers, Agilent Firehunter software helps us deliver high levels of service quality to companies that depend on us to provide a superior user experience for their growing numbers of online customers."

RICH LAWSON, MANAGER OF IP MANAGEMENT ARCHITECTURE
QWEST COMMUNICATIONS INTERNATIONAL INC.

On the Web, a few seconds can make or break an e-business transaction. Agilent Firehunter software helps Qwest deliver network performance that companies can bank on.

Agilent employees (l to r):
KIRA ZANA, CENTRAL REGION BUSINESS MANAGER
CHRIS DAS, CUSTOMER SOLUTIONS ARCHITECT
SCOTT NEAL, SENIOR ENGINEER

Is it taking too long to open your e-mail? Search for a product? Place an order? Click!

In the e-business economy, where power is literally in the hands of the consumer, the ability to understand a customer's experience on the Net is a significant competitive advantage. Using Agilent Firehunter Internet Service Assurance solutions, industry-leading service providers like Qwest Communications can offer this increasingly critical ability to customers — companies of all kinds that use Qwest's state-of-the-art broadband Internet network for e-mail, online news and Web hosting.

"Agilent Firehunter software adds a powerful new capability to our competitive arsenal," says Rich Lawson, Manager of IP Management Architecture at Qwest. "More than just delivering performance statistics, Firehunter lets us provide service level agreements based on true user experiences."

Going beyond today's typical network management tools, which focus only on a portion of the service-delivery infrastructure, Firehunter monitors end-to-end service performance. "Agilent Firehunter enables our customers to actually view service performance from our network," says Lawson. And new this year is the Firehunter/e-Commerce solution, which lets business managers view real-time performance in terms they understand: sales per minute, items sold, number of shopping carts filled. It's another Agilent innovation that's really clicking with customers.

STMicroelectronics

"We not only care about test quality and test cost, but we also ask our main suppliers to contribute to our ecological vision. Agilent shares our belief that sustainable development is good for the long-term results of industrial corporations."

GEORGES AUGUSTE, CORPORATE VICE PRESIDENT
TOTAL QUALITY AND ENVIRONMENTAL MANAGEMENT, STMICROELECTRONICS

STMICROELECTRONICS is a world leader in semiconductor solutions. The company designs and sells integrated circuits and discrete devices used in a wide variety of microelectronic applications, from telecommunications and computer systems to consumer and automotive products to industrial automation and control systems.

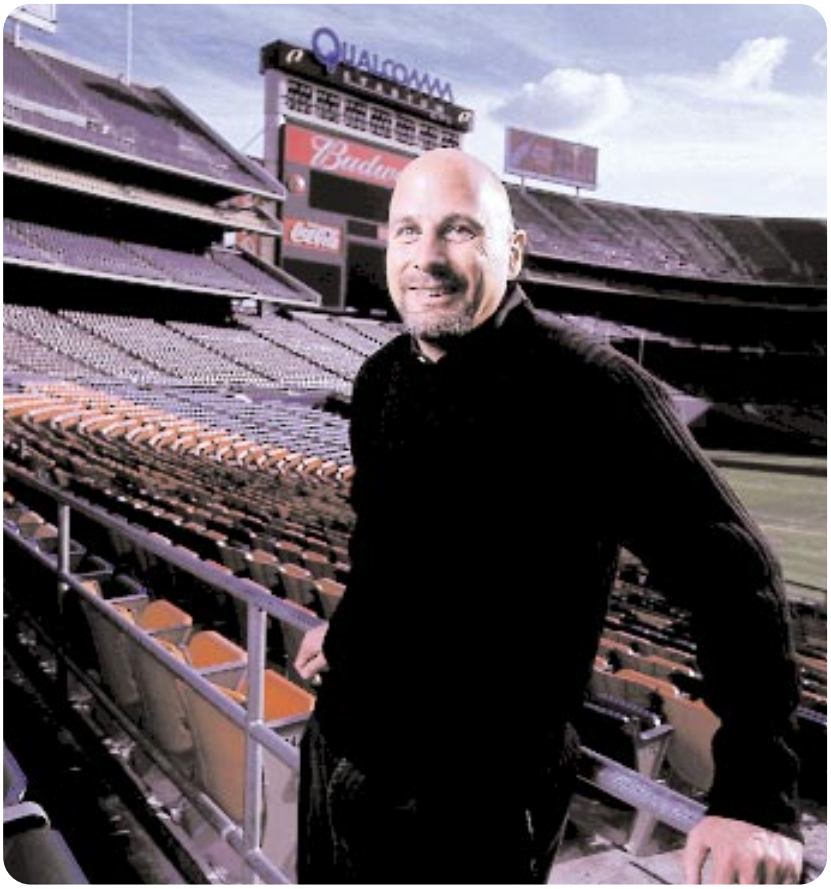
Ever wonder what enables electronic products — your cell phone, computer, video camera — to keep getting smaller yet more powerful? This incredible shrinking act is brought to you in large part by innovative semiconductor suppliers such as STMicroelectronics (ST). ST, in turn, relies on Agilent's system-on-a-chip (SOC) test devices to ensure delivery of top quality, advanced semiconductor products for the lowest possible cost.

"As chip complexity increases, we need sophisticated testing capabilities to provide the highest quality products quickly and cost effectively," explains Michel Vergniault, Test Strategy Manager of the Consumer and Microelectronics Group at ST. "Agilent's Intelligent Test strategy and its advanced Series 93000 SOC testers help us meet this ever-more challenging goal — time after time."

While advancing semiconductor technology, STMicroelectronics is also focused on maintaining its position as the semiconductor industry's "green" leader. "We believe that a company's financial prospects are influenced by its commitment to environmental issues," says Georges Auguste, ST's Corporate Vice President of Total Quality and Environmental Management. "Agilent's highly integrated, environmentally friendly 93000 Series test family helps us reduce clean-room space requirements, lower noise levels and decrease power consumption. We appreciate that Agilent's tools help us save time and money, while also helping to save the environment."

STMicroelectronics' semiconductor devices help make electronics products smaller and smarter thanks in part to Agilent's smaller, smarter testing devices.

PATRICK DROUET
ACCOUNT MANAGER
AGILENT TECHNOLOGIES



QUALCOMM Incorporated is a leader in developing and delivering innovative, digital wireless communications products and services based on its CDMA digital technology. The company's major business areas include integrated CDMA chipsets and system software, technology licensing and satellite-based systems.

QUALCOMM Incorporated

"Agilent's leadership in high-volume manufacturing solutions helps us leapfrog the competition by providing advanced test solutions and services that support the emerging 3G and other next-generation industry standards. Together, we'll continue to drive the wireless revolution."

CHARLIE JONES, DIRECTOR OF ENGINEERING RF/ANALOG IC PRODUCT & TEST
QUALCOMM

Never underestimate the power of a strong alliance. By combining forces, QUALCOMM and Agilent are writing the future of our wireless world.

Agilent employees:

BHARAT KULKARNI
WORLDWIDE
PROGRAM MANAGER

STEVE BALL
REGIONAL DISTRICT
MANAGER

What do you get when two forward-looking companies join forces?

When the companies are QUALCOMM Incorporated and Agilent Technologies, you get a faster-to-arrive future in which people communicate and access information in entirely new ways, using new wireless technologies. This communications landscape of tomorrow is currently under construction, with QUALCOMM and Agilent among its chief architects.

The two wireless leaders forged a strategic alliance that helps QUALCOMM and its test suppliers reduce overall business risks and deliver wireless-enabling solutions to market faster while lowering production costs.

The pioneer of Code Division Multiple Access (CDMA) digital wireless technology, QUALCOMM uses Agilent's industry-standard 84000 Series test solutions as its exclusive platform for testing radio frequency (RF) application specific integrated circuits. "Agilent's long-standing leadership in RF is undisputed," says Charlie Jones, Director of Engineering RF/Analog IC Product & Test at QUALCOMM.

The wide-ranging alliance also allows QUALCOMM and its test suppliers to take advantage of the unparalleled expertise offered through Agilent's worldwide Semiconductor Contract Manufacturing (SCM) Program. "As the demand for CDMA-based products continues to expand," explains Jones, "QUALCOMM moves forward with high confidence because we never have to worry about the support we can expect from Agilent."

Agilent at a Glance

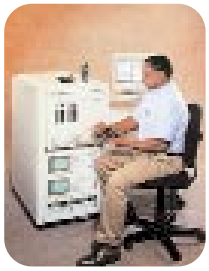
Business Group	2000 Net Revenue	Description
Test and Measurement	$ 6.1 billion	Agilent's test and measurement (T&M) business provides test, measurement and monitoring systems used in the design, development, manufacturing, operation or support of electronic and communications devices, systems and supplies. T&M also provides software for the design of high-frequency communications devices.
Semiconductor Products	$ 2.2 billion	The semiconductor products business is a leading supplier of semiconductor solutions for the connected world. Its focus is on providing high-performance optical, mixed-signal and digital integrated circuit products for networking, wireless, imaging and computing applications.
Chemical Analysis and Life Sciences	$ 1.1 billion	The chemical analysis and life sciences business provides instruments, systems and services that enable customers to identify, quantify, analyze and test the atomic, molecular, physical and/or biological properties of substances and products.
Healthcare Solutions*	$ 1.4 billion	Agilent's healthcare solutions business applies innovative technologies to the process of managing care and to saving lives in hospitals, clinics, physicians' offices, public facilities and consumers' homes.
Agilent Laboratories		One of the world's leading industrial research centers, Agilent Laboratories creates technological innovations that drive growth and profitability for Agilent. Based in Palo Alto, California, Agilent Labs draws on the talents of more than 425 researchers and support staff around the world. Its research staff is tightly aligned with the R&D teams of our businesses. Agilent Labs is a key contributor to the company's new-business-generation effort.

On November 17, 2000, Agilent announced an agreement under which Philips will acquire the healthcare solutions business, subject to customary regulatory approvals and other closing conditions.

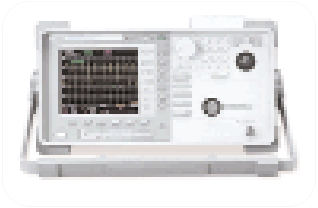
Key Products	Customers	Strategy
Test solutions for wired and wireless communications equipment, including fiber-optic, broadband, radio-frequency and microwave; network service testing and monitoring; general-purpose instruments; automated test equipment for semiconductors and printed circuit boards; high-frequency electronic design tools; technical support and consultation services.	Communications network equipment manufacturers and service providers; electronic components and equipment makers and contract manufacturers; semiconductor manufacturers. Examples include ASE Test, AT&T, Ericsson, GE, Hitachi, Lucent, Nortel, Siemens and Solectron.	Enable the explosive growth of the communications and electronics industries by providing our customers with test solutions that allow them to build the lowest-cost products with the highest quality and fastest time to market.
Fiber-optic communications devices; ICs for high-speed local-area, metropolitan-area and storage-area networks; radio-frequency devices and ICs for mobile wireless handsets and infrastructure; application-specific ICs; CMOS image sensors for digital cameras and optical computer mice; infrared components; optoelectronic devices.	A broad array of original equipment manufacturers and contract manufacturers in the communications and computing industries, including Cisco, EMC, Hewlett-Packard, IBM, Logitech, Motorola, Nokia and Nortel.	Leverage world-class R&D, manufacturing and sales organizations to develop and commercialize the next generation of optical, IC, wireless and imaging technologies for the industry's leading communications and computing equipment manufacturers. Speed time to market, enter into strategic partnerships to utilize and gain access to intellectual property and advanced manufacturing process technology.
Microarrays, bioanalyzers, bioinformatic software, gas and liquid chromatographs, mass spectrometry systems and related supplies and consumables, such as LabChips®, chromatograph columns, and analytical and biological reagents; technical services and customer support.	A broad range of customers in the bioscience and pharmaceutical, chemical and environmental industries, including Amgen, Browning-Ferris, Exxon, Merck, Millennium Pharmaceuticals, Monsanto and Pfizer.	Target high-growth opportunities in the pharmaceutical and biopharmaceutical markets; enhance leadership position in current markets; bring new products and technologies to market faster; leverage strategic relationships and alliances.
Diagnostic cardiology devices; patient monitoring and ultrasound imaging systems; automatic external defibrillators; point-of-care diagnostic systems; related supplies; professional services and support.	Professionals and institutions in more than 100 countries, including hospitals, outpatient clinics and doctors' offices as well as major corporations and public facilities. Examples include American Airlines, Cisco, General Growth Properties, General Motors, Hawaiian Electric Utility, Johnson & Johnson, Kaiser Foundation Hospitals, the Mayo Foundation, Sun Microsystems and Tokyo General Hospital.	Target high-growth opportunities in and out of the hospital with new cardiology and monitoring technologies and systems, Internet-based information management, point-of-care diagnostics and disease management solutions for use in patients' homes.

Year in Review

TS-5500 Test Platform



Optical Spectrum Analyzer



Communications and Electronics

Our electronic products and solutions business helped lead the convergence of wireless communications and the Internet in 2000.

- We enhanced the **TS-5500 wireless handset test platform** — the first commercially available platform that enables manufacturers to test mobile phones based on both GSM and CDMA, key protocols for wireless communications.
- The acquisition of SAFCO Technologies strengthened our wireless solutions portfolio. SAFCO's software systems and data collection products enable customers to deliver voice and data services, such as wireless e-mail and real-time stock quotes.
- We opened the Singapore Microelectronics Modeling Center, whose purpose is to speed development of wireless products and technologies.
- The business expanded its offering of field test tools for the deployment of Digital Subscriber Line (DSL) with two new handheld products.
- We brought **a new family of optical spectrum analyzers** to market this year. These analyzers help engineers study and refine optical components and systems that are critical to today's high-speed networks.

The communications solutions business applied advanced technology and deep customer understanding to address the needs of network equipment manufacturers (NEMs), service providers and enterprises.

- The business introduced the industry's first test solution for Radio Access Networks (RAN), which is the ground-based infrastructure needed to deliver the wireless Internet and other advanced wireless services. Agilent's 3G Test System helps NEMs speed development of critical RAN software and equipment, such as base-station controllers.

■ In June, we teamed with Lucent Technologies to demonstrate the capabilities of Agilent's recently introduced RouterTester solution, a key enabling technology in the development of high-speed routers that move ever-increasing volumes of data across the Internet.

■ At the Summer Olympics in Australia, our accessFIBER network management solution helped Telstra Corporation Limited, Australia's leading telecommunications provider, monitor and manage a network that handled 28 billion telephone, audio, video and data transmissions flawlessly.

■ We acquired two companies to strengthen our communications solutions. American Holographic, Inc.'s technologies enable a wide variety of optical communications applications in industry and research. Digital Technology, Inc. extends our ability to help NEMs develop and deploy next-generation, IP-based products and services.

Agilent Versatest Series V4400
Non-Volatile Memory Test System

Our automated test business achieved excellent results and won industry-wide recognition by delivering the right test solutions at the right cost while enabling customers to put information to work for them.

■ The popularity of consumer electronics devices, from personal digital assistants to digital cameras, drove remarkable demand for Flash memory — memory that continues to function when the devices are shut off. This business **extended its very successful Versatest series of Flash memory test systems with the V4400.**

Agilent 93000 SOC Series
Test System

■ We brought out the C200 model in our **93000 system-on-a-chip (SOC) test systems,** which enables multiple test capabilities — analog, memory, high-speed interface, structural test and others — on a single platform.

■ The versatility of the 93000 SOC series was an important factor in Motorola's decision to designate the systems as approved high-end testers for several semiconductor product families.

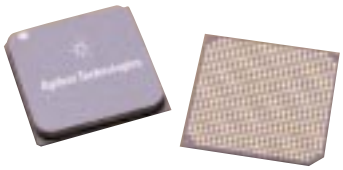
Year in Review continued

5DX Series 3 automated X-ray Inspection System

■ We formed an alliance with Silicon Wave, a leader in the design and development of radio frequency integrated circuits (RFICs) for wireless and broadband communications devices. Silicon Wave's products incorporate Bluetooth technology, which enables users to connect a wide range of computing and communications devices without the need to buy, carry or connect cables.

■ A study by Prime Research Group, a leading industry research firm, confirmed Agilent as the industry leader in the testing of printed circuit boards by in-circuit and X-ray methods. **This year, the 5DX Series 3 won "Best of Show" at the *Denver Business Journal* showcase of new industrial products.**

Agilent Test ASIC Chip



Agilent's semiconductor products business delivered leading-edge integrated circuits (ICs), fiber-optic transceivers and other components in the networking, wireless communications and imaging markets.

■ The business made its first deliveries of a fiber-optic transceiver for 10-Gigabit/second Ethernet. The technology will help NEMs address the relentless demand for more networking capacity.

■ Agilent achieved a breakthrough in a test ASIC when the semiconductor products business announced that it had **embedded more than 50 communications channels in a single test chip**; the current industry benchmark is four channels per chip. This can mean substantial savings in power usage, board space and cost to NEMs.

■ Agilent provides crucial enabling technologies in imaging, including image sensors and processors used by digital-camera manufacturers. By year's end, we had shipped more than 15 million optical position sensors for computer "mice" —the heart of a tiny digital camera that takes 1,500 pictures per second of the surface beneath the mouse.

■ This year we acquired the Optical Technology Center (OTC) from Telecom Italia's central research laboratory. OTC provides critical intellectual property and design talent to speed next-generation optical transceivers to market.

Protein 200 LabChip

Chemical Analysis and Life Sciences

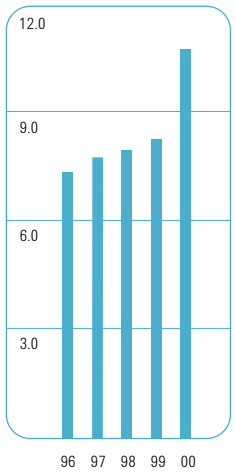
During 2000, Agilent's chemical analysis business implemented a new DNA microarray program that enables researchers to access genetic information quickly and cost-effectively. We announced plans to open a new 15,000-square-foot DNA microarray production facility within the company's Santa Clara, California site.

- We are collaborating with Rosetta Inpharmatics, Inc. on its Resolver Expression Data Analysis System, which enables researchers to store, retrieve and perform high-level analysis of the massive amounts of data generated in genetic research.
- We brought out **two new LabChip kits for use with the Agilent 2100 Bioanalyzer lab-on-a-chip platform.** Working with Caliper Technologies Corp., we introduced the DNA 500 LabChip kit, which automates the analysis of DNA fragments to determine their size and concentration.
- This business also collaborated with Caliper on the **Protein 200 LabChip** kit, designed for protein chemists, biochemists and molecular biologists who analyze proteins that are created by genes and that "implement" genetic instructions in people and other organisms.

Financial Overview

Net Revenue

In billions



An excellent first year Overall, we had very strong financial results in 2000, with excellent growth, substantial profit improvement and the launch of initiatives to improve our cost structures for the long term.

2000 Financial Highlights

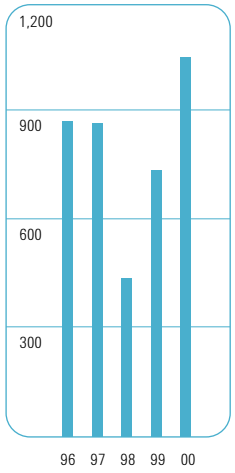
For the years ended October 31 In millions	2000[1]	1999[2]	Percentage change
Net Revenue	$10,773	$8,331	29%
Earnings from Operations	1,053	741	42%
Net Earnings	757	512	48%
Return on Assets	9.0%	9.4%	—

[1] In 2000, Agilent Technologies recognized pre-tax restructuring charges of approximately $21 million. In addition, Agilent Technologies sold its U.S. porfolio of lease assets to The CIT Group, Inc. and recognized $212 million in net revenue and $89 million in cost of products.

[2] In 1999, Agilent Technologies recognized a pre-tax charge of approximately $51 million related to asset impairment.

Earnings from Operations

In millions



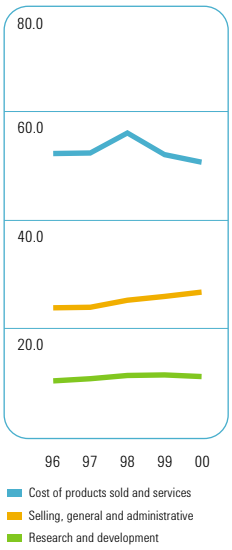
Agilent's people worked with great skill and energy to complete our priorities for the year, including finalizing our separation from Hewlett-Packard, and they successfully addressed a number of challenges that arose during the year. In 2000 we also strengthened our competitive position by completing nine acquisitions. These acquisitions, along with our R&D investments, are designed to ensure that we continue to deliver innovative products and solutions that not only address but anticipate customer needs.

Strong growth and solid profitability We're focused on high-growth opportunities in communications, electronics and life sciences. This year's strong revenue growth reflected extraordinary demand in our businesses that provide enabling solutions for the wireless, optical, broadband and Internet communications markets. There was also very good initial response to our DNA microarrays and lab-on-a-chip offerings in the life sciences.

For the full year, orders rose 35 percent over 1999 and totaled $12.0 billion dollars. Net revenue increased 29 percent over a strong 1999 and totaled $10.8 billion dollars. Agilent's operating profit for the year was 9.8 percent of revenue, and our net profit margin was 7.0 percent. These profit levels compare very well to what we achieved in 1999, when operating profit was 8.9 percent and our net profit margin was 6.1 percent.

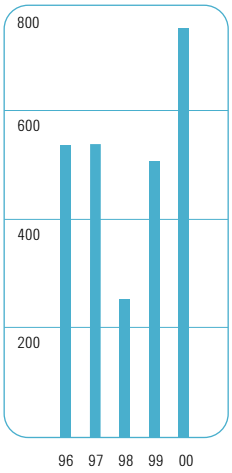
Cost and Expenses

As a percentage of net revenue



Net Earnings

In millions



Net earnings for the year were $757 million dollars, an increase of 48 percent compared with 1999. This translates into earnings per share of $1.66 on a diluted basis, an increase of 23 percent over last year. Our net revenue and operating profit margin were above the plan with which we started the year and better than the guidance we gave to investors at midyear.

Our test and measurement business provides critical enabling products and solutions to network equipment manufacturers, component manufacturers and service providers who are building and operating the next-generation communications network. This was a great year for new products and platforms in test and measurement, and this business posted revenue growth of 50 percent and had operating profit of 14.7 percent of revenue.

Agilent's semiconductor products business provides optical, mixed-signal and digital IC products for networking, wireless, imaging and computing applications. This year we added capacity to keep up with very strong demand and made significant technology advances that position us well in growth markets. Net revenue in semiconductor products rose 29 percent, and this business achieved operating profit of 12.2 percent of revenue.

This was a transitional year in our chemical analysis business. Growth remained slow in its traditional markets — the chemical, petrochemical and environmental industries. We have been strengthening our focus on opportunities in life sciences, and we're investing appropriately to establish Agilent as a leading supplier of tools and services that advance understanding of the genetic basis of disease.

Our healthcare solutions business had a difficult year. During 2000 it became clear that a fundamental change in the global healthcare market was affecting this business. Customers in healthcare increasingly want to work with suppliers who offer a broad product line. We had to decide whether to make the investments required to make our healthcare business a broad-based supplier. We decided that the best course of action for our shareholders, customers and employees would be to sell this business to a leading supplier that had a complementary product offering. We found that company in Philips, and on November 17, 2000, we announced an agreement under which Philips would purchase this business. The sale is contingent upon customary approvals and other closing conditions.

This year we launched a number of initiatives whose goal is to tailor our systems and processes to Agilent's needs. During 2000 we worked to strengthen our customer interface, improve the flexibility of our information technology

Robert R. Walker

systems, make e-business a competitive strength and streamline a number of functions, such as human resources and finance. These efforts are designed to make the company easier for customers to work with and even more responsive. We believe this work will yield improvements in our cost structures beginning in late 2001.

Investing in Innovation This year's strong financial performance was rooted in the decisions and investments we've made over the last several years: to focus on communications and life sciences, and to fund research and development in order to drive innovation. In 2000 we spent $1.3 billion on research and development, or 11.7 percent of net revenue. We will continue to invest approximately 10 to 12 percent of net revenue in research and development in order to maximize innovation in new products and services.

Building on a Great Start We started 2001 in very sound financial condition. We have a strong backlog of orders, our cash position is solid and we have no significant debt. We are in an excellent competitive position in many markets. While there is some uncertainty about market conditions as our fiscal year begins, we believe we have the products, global presence and customer relationships required to succeed even in a slightly less robust environment.

We'll continue to work hard to remain a high-performance company that achieves consistent growth in revenue and earnings. We have the deep technology portfolio and talented people that success requires in today's intensely competitive markets. We're very optimistic about our ability to capitalize on the opportunities we have to achieve profitable growth by making a significant contribution to our customers' success.

Robert R. Walker
Executive Vice President
Chief Financial Officer

Consolidated Statement of Earnings

Years ended October 31	Dollars			As a percentage of total net revenue		
In millions	2000	1999	1998	2000	1999	1998
Net revenue:						
Products	$ 9,420	$ 7,122	$ 6,898	87.4%	85.5%	86.7%
Services	1,353	1,209	1,054	12.6	14.5	13.3
Total net revenue	10,773	8,331	7,952	100.0	100.0	100.0
Cost and expenses:						
Cost of Products	4,745	3,675	3,888	44.0	44.1	48.9
Cost of Services	777	713	624	7.2	8.6	7.8
Research and development	1,258	997	948	11.7	12.0	11.9
Selling, general and administrative	2,940	2,205	2,050	27.3	26.4	25.8
Total costs and expenses	9,720	7,590	7,510	90.2	91.1	94.4
Earnings from operations	1,053	741	442	9.8	8.9	5.6
Other income (expense), net	111	46	(46)	1.0	0.5	(0.6)
Earnings before taxes	1,164	787	396	10.8	9.4	5.0
Provision for taxes	407	275	139	3.8	3.3	1.8
Net earnings	757	512	257	7.0%	6.1%	3.2%

Consolidated Balance Sheet Data

	October 31		
In millions	2000	1999	1998
Working capital	$ 2,897	$ 1,857	$ 1,476
Total assets	$ 8,425	$ 5,444	$ 4,987
Stockholders' equity	$ 5,265	$ 3,382	$ 3,022

Board of Directors

Standing (from left to right): Randy Tobias, David Lawrence, Jim Cullen, Bob Herbold, Heidi Kunz, Tom Everhart
Sitting (from left to right): Jerry Grinstein, Ned Barnholt, Walter Hewlett

Officers

Edward W. (Ned) Barnholt
President and
Chief Executive Officer

Alain Couder
Executive Vice President and
Chief Operating Officer

Robert R. Walker
Executive Vice President and
Chief Financial Officer

Byron J. Anderson
Senior Vice President
Electronic Products and Solutions

William R. Hahn
Senior Vice President
Communications and Marketing

Jean M. Halloran
Senior Vice President
Human Resources

Richard D. Kniss
Senior Vice President
Chemical Analysis

D. Craig Nordlund
Senior Vice President
General Counsel and Secretary

Stephen H. Rusckowski
Senior Vice President
Healthcare Solutions

Thomas A. Saponas
Senior Vice President
Chief Technology Officer

John E. Scruggs
Senior Vice President
Automated Test

William P. Sullivan
Senior Vice President
Semiconductor Products

Thomas White
Senior Vice President
Communications Solutions

Dorothy D. Hayes
Vice President
Controller

Didier Hirsch
Vice President
Treasurer

Marie Oh Huber
Vice President
Assistant General Counsel and
Assistant Secretary

All listed officers, except Didier Hirsch and Marie Oh Huber, are executive officers of Agilent under Section 16 of the Securities and Exchange Act of 1934.

Directors

Gerald Grinstein
Non-executive Chairman of the Board

Edward W. (Ned) Barnholt
President and Chief Executive Officer
Agilent Technologies

James Cullen
Retired President and
Chief Operating Officer
Bell Atlantic Corporation

Thomas E. Everhart
President Emeritus
California Institute of Technology

Robert J. Herbold
Executive Vice President and
Chief Operating Officer
Microsoft Corporation

Walter B. Hewlett
Independent Researcher and Director
Center for Computer Assisted
Research in the Humanities

Heidi Kunz
Executive Vice President and
Chief Financial Officer
Gap Inc.

David M. Lawrence, M.D.
Chairman of the Board and
Chief Executive Officer
Kaiser Foundation Health Plan, Inc.
and Kaiser Foundation Hospitals

Randall L. Tobias
Chairman Emeritus
Eli Lilly and Company

Committees of the Board

Executive Committee
Grinstein (Chair), Barnholt

Audit and Finance Committee
Kunz (Chair), Everhart, Herbold, Hewlett, Tobias

Compensation Committee
Lawrence (Chair), Cullen, Everhart, Grinstein, Tobias

Nominating and Governance Committee
Grinstein (Chair), Hewlett, Lawrence, Barnholt

Not pictured: Addison Barry Rand, Chairman and Chief Executive Officer of Avis Group, who was elected to the Board of Directors November 27, 2000.

Agilent's annual meeting of shareholders will take place on Friday, February 23, 2001 at 2:00 p.m. at the Hotel Sofitel. The address is 223 Twin Dolphin Drive, Redwood City, California.

Investor Information
To receive paper copies of the annual report, proxy statement, 10-K, earnings announcements and other financial information, people in the United States and Canada should call our toll-free number: (877) 942-4200. People calling from outside the United States should dial (402) 573-9919.

You can also access financial information at Agilent's Investor Relations Web site. The address is: http://www.investor.agilent.com

Transfer Agent and Registrar
Please contact our transfer agent, at the phone number or address listed below, with any questions about stock certificates, transfer of ownership or other matters pertaining to your stock account.

Computershare Investor Services
2 North LaSalle Street
Chicago, IL 60602

If calling from anywhere within the United States and Canada: (877) 309-9856

If calling from outside the United States: (312) 588-4672

The email address for general shareholder inquiries for Computershare is: agilent.queries@computershare.com

Common Stock
Agilent is listed on the New York Stock Exchange, and our ticker symbol is 'A'. There were approximately 114,600 registered shareholders as of November 17, 2000. Since we plan to retain future earnings to maximize the growth and development of our company, we do not anticipate paying cash dividends in the foreseeable future. We do not currently offer direct purchase of Agilent shares from the company or a dividend re-investment plan (DRIP).

Investor Contact
Agilent Technologies, Inc.
Investor Relations Department
395 Page Mill Road
Palo Alto, CA 94306

You can also contact the Investor Relations Department via e-mail at the Agilent Investor Relations Web site at http://www.investor.agilent.com. Click on "Email Notification" to send a message.

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Agilent Technologies, Inc.
395 Page Mill Road
Palo Alto, CA 94306
Phone: (650) 752-5000

This annual report, including the letter titled "To Our Shareholders," contains forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements are based on the views of management on future events at the time of publication of this report in January 2001. These forward-looking statements, which include, but are not limited to, lower costs for 2001, our growth potential, the growth potential of the industries and markets we serve, the release of new products and the prospects for our life sciences business, are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, as well as those of the test and measurement, semiconductor, healthcare, chemical analysis and related markets we serve, levels of activity, performance, achievements and prospects to be materially different from those expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, among others, those identified in the section titled "Factors That May Affect Future Results" in the 2000 Financial Report that was included in the January 2001 mailing of proxy materials to shareholders.

The following table summarizes the high and low stock quotations by period for Agilent's common stock.

Fiscal 2000	High	Low
First Quarter (ended Jan. 31, 2000)	79 1/4	40
Second Quarter (ended April 30, 2000)	159	71
Third Quarter (ended July 31, 2000)	100 3/4	40 3/4
Fourth Quarter (ended Oct. 31, 2000)	63	38 13/16

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