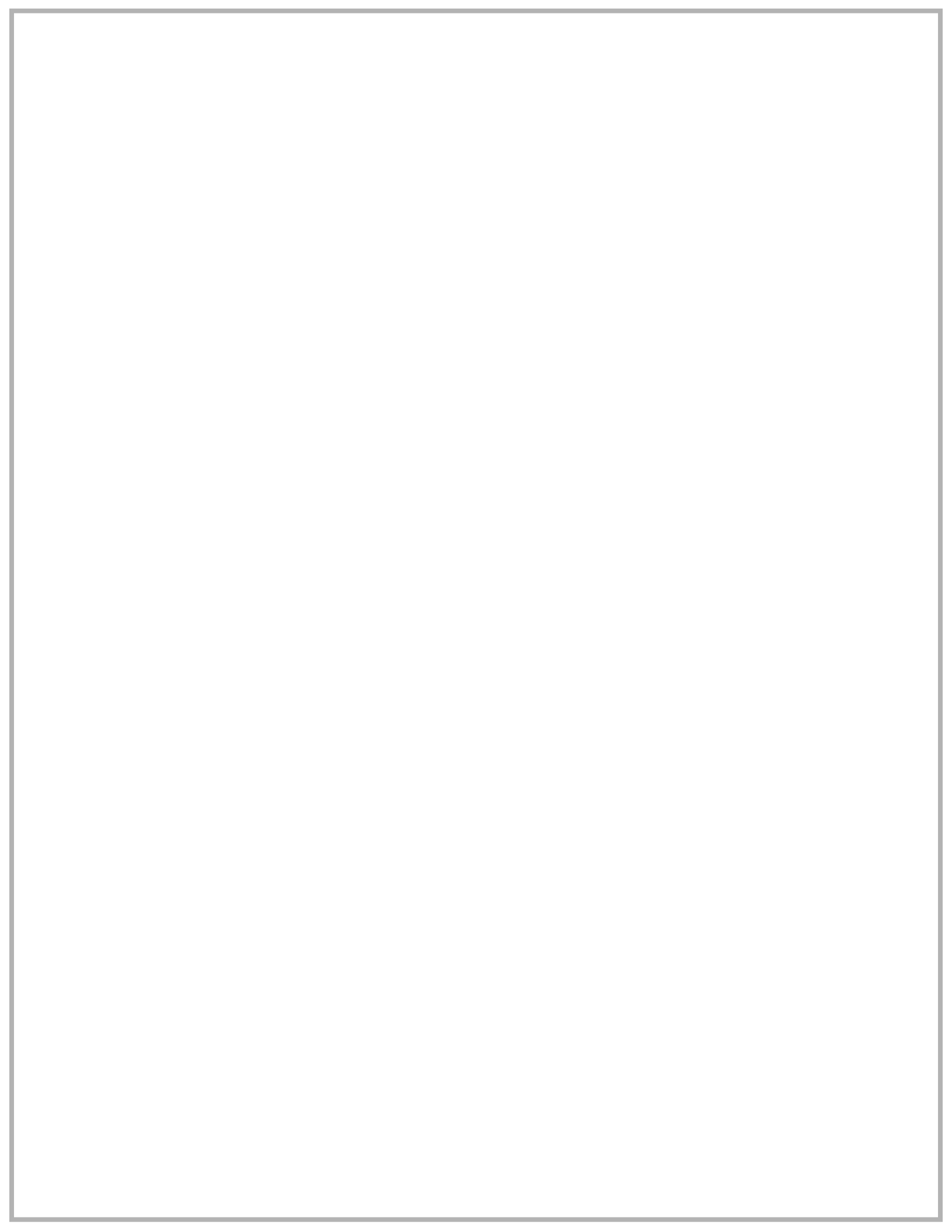


Notice of 2005 Annual Meeting and Proxy Statement
2004 Annual Report to Stockholders
2004 Annual Report Consolidated Financial Statements



To Our Shareholders

Excellent financial results, great progress on operations and focused actions to address opportunities and challenges made 2004 a very successful turnaround year for Agilent. After the company returned to profitability in the fourth quarter of fiscal 2003, we achieved consistently strong profitability and generated more than \$700 million in cash in 2004. We completed a sweeping operational transformation, maintained the R&D investments that fueled an outstanding year for new products, and improved our competitive position by entering new markets and exiting others. Agilent's 28,000 people continued to work with great skill and energy in a difficult environment to deliver these results. We began 2005 a much stronger company than we were a year ago, and we are excited by our opportunities to build on this year's accomplishments.

Outstanding Financial Performance in 2004

In 2004 Agilent's orders rose 15 percent over 2003 to \$7 billion, while revenue increased 19 percent to \$7.2 billion. During the first half of the year, strong demand in the semiconductor and related industries, especially wireless communications, was a key driver of this growth. In 2004 we also did an excellent job of managing operating expenses, which were \$294 million lower than in 2003. This improvement reflects the work we have done during the past three years to bring Agilent's costs in line with the competitive realities of our markets; to date we have taken about \$800 million out of our quarterly cost structure. In 2004 we earned \$349 million, or 71 cents per share on GAAP basis, compared with a loss of \$2.058 billion, or \$4.35 per share, in 2003.⁽¹⁾ On a non-GAAP basis, earnings were \$529 million, or \$1.05 per share, compared with a loss of \$121 million, or 26 cents per share, in 2003.

This was also an excellent year for asset management. Inventories were only \$31 million higher at the end of 2004 than a year ago, a great result given our revenue increase for the year of more than \$1.1 billion. In 2004, investments in property, plant and equipment declined by \$87 million from 2003. These improvements, along with our strong profitability, enabled outstanding cash generation. We began 2005 with about \$2.3 billion in cash and cash equivalents.

In 2004, two of our businesses did very well all year and two others were stronger in the first half of the year than in the second half. While we saw a decline in orders in wireless handset manufacturing test markets in the fourth quarter of 2004, our Test and Measurement (T&M) business achieved an 18 percent increase in overall orders and 15 percent growth in revenue in 2004. Driving T&M's comeback were improved conditions in many of its markets, strong new products, outstanding expense control and the benefits of its restructuring during the past three years. Our Life Sciences and Chemical Analysis (LSCA) business had a consistently strong year, with healthy growth in orders and revenue, a 30 percent improvement in operating profit, and record orders and revenue in the fourth quarter. LSCA enhanced its leadership in its core chemical analysis business, which serves the petrochemical and environmental markets, while strengthening its position in the life sciences business, where Agilent products and solutions are helping researchers understand the genetic basis of disease and develop new drugs.

After a strong first half, demand from the semiconductor and related industries slowed significantly, as the industry worked through excess inventory and capacity. This slowdown affected second-half results in our Semiconductor Products Group (SPG) and Automated Test Group (ATG). For the full year, orders in SPG were up 20 percent while revenue rose by 27 percent. In the fourth quarter we announced plans to sell SPG's camera module business to Flextronics after we determined that this business would not achieve acceptable profit levels as part of Agilent. In ATG, orders fell 2 percent for the full year while revenue increased by 22 percent over fiscal 2003. In 2004 we acquired IBM's flat-panel test business, which we believe complements our existing automated test businesses and offers excellent opportunities for profitable growth.

A Major Operational Transformation

In 2000 we launched a major effort to transform how Agilent operates in order to make the company more efficient and cost effective. In 2004 we largely completed this transformation, which is starting to deliver strong returns on our investments.

Our information technology (IT) systems have been a major focus of this effort. When Agilent became an independent company in 1999, we began to tailor our IT systems and applications to our needs. This year we completed the implementation of our ERP (enterprise resource planning) and customer support systems, which are key building blocks of our IT infrastructure. We also finished the outsourcing of some IT functions to partners who can deliver these services more cost-effectively. In 2004 we reduced legacy applications by nearly 60 percent, reduced our overall IT costs by 27 percent compared with 2003, and made it easier for customers to use the Agilent Web site to find product and support information.

Maintaining Investments in Research and Development

During the past three years, as we pursued our operational transformation and endured the severe downturn in the electronics industry, we balanced the need to lower costs with investments in research and development (R&D) that enable us to develop the new products that are crucial to long-term success. In 2004 we spent \$914 million on R&D, with about 7 percent of this total at Agilent Laboratories, our central R&D facility. This year Agilent Labs extended its long track record of vital contributions to new products.

Based on the partnership between Labs and SPG, we introduced an industry-first laser sensor for Logitech's latest computer mouse that achieved strong market acceptance because it greatly extends the capabilities of the traditional mouse based on light emitting diodes. LSCA introduced a revolutionary new liquid chromatography product that takes advantage of Agilent's core competencies in microfluidics, optics and semiconductor materials and that has many potential applications for sample separation and preparation in life sciences research. And in EPSG, we launched a high-performance arbitrary wave generator, based on world class Labs research in digital-to-analog converters and digital interpolators for RF signal generation.

Customer and Quality Focus

New products, as well as our operational improvements, contributed to substantial customer recognition in 2004. Nortel Networks™ named Agilent its 2003 Technology Supplier of the Year, and we won the Outstanding Supplier Award from RF Micro Devices in China, as well as the Global Supplier Award from Eli Lilly and Company. We are gratified by these awards and determined to achieve further progress addressing and anticipating customer needs.

To help further improve our performance with customers, the Agilent Customer Satisfaction program provides customer feedback that we track and compare with aggressive improvement goals. We also rolled out a new quality education program to employees globally, and initiated a company-wide Six Sigma quality program.

A Leader in Corporate Citizenship

Outstanding corporate citizenship has two main components, and both were important priorities for Agilent in 2004. The first element is corporate governance – the practices that bring to life the highest standards of integrity and transparency. The other element of citizenship is the role we play as an employer and community member. In 2004 we were proud to be ranked No. 9 on the 100 Best Corporate Citizens list published by *Business Ethics* magazine, which cited Agilent's "diversity practices and superior treatment of the community." In 2004 more than 6,000 Agilent people volunteered in company-supported education, health and human service, and environmental

programs or events; 16 countries where we do business have active community programs; approximately 273,000 students were reached through Agilent-sponsored education programs; and we improved our environmental performance in a number of areas. This year we were formally recognized for our contributions and results in 22 communities worldwide. Our corporate citizenship efforts strengthen Agilent's long-term competitiveness and help improve the viability of our many communities, and we will continue to make these efforts a priority.

Business Outlook

Agilent competes in large markets that are undergoing significant change and are becoming mature. While overall growth rates in these markets are likely to be modest, there are numerous opportunities for more robust growth within these markets. Our products, customer relationships and deep technology expertise position us well to pursue these opportunities, and we will continue to do so in 2005.

The imbalance in semiconductor inventory and capacity that affected our results in the second half of 2004 is a reason for caution as we begin 2005, but we do not believe that we are entering a deep downturn like the one that started in 2001. While we expect demand in our wireless test business to be soft in the first half of 2005, we believe the semiconductor industry will work through the overcapacity during the first half of fiscal 2005 but will be down slightly for the full year.

Our priorities in 2005 start with our focus on maintaining the financial and operational discipline that was crucial to our results in 2004. We will build on the dramatic progress we have made in our cost structure and in our IT, manufacturing and other functions. This year we will also emphasize the need to improve all aspects of our customers' experience with Agilent. We survey our customers in depth on a regular basis, and we are taking action to increase their satisfaction and loyalty. In addition, we are increasing our investments in employee development in 2005, in order to expand the skills, leadership capability and commitment of Agilent's people.

The start of 2005 is the beginning of Agilent's sixth year as an independent company. It has been an incredible first five years. We launched the company, grew rapidly, survived the downturn and transformed virtually every element of how we do business. Our people and culture have been tested, we have learned a lot, and we have emerged as a much stronger company. Now we are embarking on a transformation in growth and innovation that is equal in scope to the operational transformation we have made. Our overarching goal in 2005 is to achieve consistently profitable growth. The key to doing that is to unleash the innovative capacity of Agilent's people. Our ability to innovate, combined with our outstanding products, long-term customer relationships and greater operational efficiency, position us well to achieve our goals in 2005 and to continue making Agilent the company we want it to be.



Ned Barnholt
Chairman, President and Chief Executive Officer

⁽¹⁾ \$1.4 billion of the net loss in 2003 was the result of a non-cash charge to establish a tax valuation allowance.

Agilent at a Glance

Agilent delivers critical tools and technologies that sense, measure and interpret the physical and biological world. Our innovative solutions enable a wide range of customers in communications, electronics, life sciences and chemical analysis to make technological advancements that drive productivity and improve the way people live and work.

About two thirds of Agilent's revenue was generated from outside of the United States in fiscal 2004. With 28,000 employees around the world, our global presence offers a competitive advantage. Agilent's manufacturing, R&D, sales and support capabilities around the world give customers the flexibility they need in today's competitive environment.

Business Group	2004 Net Revenue	Description
Test and Measurement	\$2.9 billion	<p>Our test and measurement business provides standard and customized solutions that are used in the design, development, manufacture, installation, deployment and operation of electronics equipment and communications networks and services. Test and measurement employed about 11,200 people worldwide as of Oct. 31, 2004.</p> <p>Markets: Our test and measurement markets include the communications test and general purpose test markets.</p> <p>Product areas: Communications test products include testing solutions for fiber optic networks; transport networks; broadband and data networks; wireless communications; microwave networks; installation and maintenance solutions; and operations support systems, including monitoring and network management systems. General purpose test solutions include general purpose instruments; modular instruments and test software; digital design products; and high-frequency electronic design tools.</p>
Automated Test	\$0.9 billion	<p>Our automated test business provides test solutions that are used in the manufacture of semiconductor devices, electronics (primarily printed circuit-board assemblies) and flat panel displays. Automated test employed approximately 2,200 people worldwide as of Oct. 31, 2004.</p> <p>Markets: Our automated test business sells to the semiconductor manufacturing, electronics manufacturing and flat panel display markets.</p> <p>Product areas: Our automated test business designs, develops and manufactures semiconductor test equipment, electronics manufacturing test equipment (including automated optical inspection products, automated x-ray inspection products, automated in-circuit testing products and manufacturing test systems software) and thin-film transistor array test equipment for flat panel displays.</p>

Business Group	2004 Net Revenue	Description
Semiconductor Products	\$2.0 billion	<p>Our semiconductor products business is a leading supplier of semiconductor components, modules and subsystems for consumer and commercial electronics applications. As of Oct. 31, 2004, semiconductor products employed about 6,800 people worldwide.</p> <p>Markets: Our semiconductor products business serves the personal systems and networking markets.</p> <p>Product areas: Our personal systems products (for use in mobile phones, printers, PC peripherals and consumer electronics) include radio frequency and microwave communications devices such as film bulk acoustic resonator (FBAR) duplexers and E-pHEMT power amplifiers; infrared emitters, detectors and transceiver module products; printing application-specific integrated circuits (ASICs); optical image sensors and processors, and optical position sensors; and light emitting diodes (LEDs) and optocoupler products. We are also engaged in a global joint venture – Lumileds – with Philips Electronics, which develops, manufactures and sells LEDs, modules, products and systems for a broad spectrum of lighting applications. Our networking products include fibre channel controller products, fiber optic products and high-speed digital integrated circuit products.</p>
Life Sciences and Chemical Analysis	\$1.3 billion	<p>Our life sciences and chemical analysis business provides application-focused solutions that include instruments, software, consumables and services that enable customers to identify, quantify and analyze the physical and biological properties of substances and products. We employed about 3,900 people worldwide as of Oct. 31, 2004 in this business.</p> <p>Markets: Life science markets, which account for about 40 percent of revenue from this business, include the pharmaceutical analysis, gene expression and proteomics markets. Chemical analysis markets, which make up the other 60 percent of revenue, include the petrochemical, environmental, homeland security and forensics, and bioagriculture and food safety markets.</p> <p>Product areas: Our seven key product categories include microarrays; microfluidics; gas chromatography; liquid chromatography; mass spectrometry; software and informatics products; and related consumables, reagents and services.</p>
Agilent Laboratories	<p>Agilent Laboratories is our central research organization. Agilent Labs engages in 1) applied research leading to technology that can be transferred to our existing businesses in communications, life sciences and electronics, and 2) research that creates new businesses that are outside of our current markets but within our fields of interest. Agilent Labs also provides technology integration across the company.</p>	
Agilent Sales and Support	<p>Agilent sells and distributes products primarily through direct sales, but we also utilize distributors, resellers, telesales and electronic commerce. Our businesses provide a range of services and customer support, including systems integration, technical and product support, consulting and knowledge services.</p>	

Officers

Edward W. (Ned) Barnholt
Chairman of the Board of
Directors, President and
Chief Executive Officer

Adrian T. Dillon
Executive Vice President
and Chief Financial
Officer

William P. Sullivan
Executive Vice President
and Chief Operating
Officer

William R. Hahn
Senior Vice President,
Corporate Relations

Jean M. Halloran
Senior Vice President,
Human Resources

Larry C. Holmberg
Senior Vice President,
Sales, Marketing and
Customer Support

D. Craig Nordlund
Senior Vice President,
General Counsel and
Secretary

Young K. Sohn
Senior Vice President of
Agilent and President of
Semiconductor Products
Group

Jack P. Trautman
Senior Vice President of
Agilent and President of
Automated Test Group

Chris van Ingen
Senior Vice President of
Agilent and President of
Life Sciences and
Chemical Analysis Group

Thomas E. White
Senior Vice President of
Agilent and President of
Communications
Solutions Group

John R. Eaton
Vice President, Finance
and Corporate
Development and
Treasurer

Didier Hirsch
Vice President and
Controller

Marie Oh Huber
Vice President, Assistant
General Counsel and
Assistant Secretary

Darlene Solomon
Vice President and
Director of Agilent
Laboratories

Directors

Edward W. (Ned) Barnholt
Chairman of the Board of
Directors, President and
Chief Executive Officer

James G. Cullen
Retired President and
Chief Operating Officer of
Bell Atlantic Corporation
(now known as Verizon)

Robert J. Herbold
Retired Executive Vice
President of Microsoft
Corporation

Walter B. Hewlett
Independent Researcher
and Director, Center for
Computer Assisted
Research in the
Humanities and Public
Policy Institute of
California

Robert L. Joss
Dean of the Graduate
School of Business of
Stanford University

Koh Boon Hwee
Chairman of Singapore
Airlines Ltd.

Heidi Kunz
Executive Vice President
and Chief Financial
Officer of Blue Shield of
California

David M. Lawrence, M.D.
Chairman Emeritus of
Kaiser Foundation Health
Plan, Inc. and Kaiser
Foundation Hospitals

A. Barry Rand
Chairman and Chief
Executive Officer of
Equitant

Board Committees

Audit & Finance
Committee
Heidi Kunz, Chairperson
Robert J. Herbold
Walter B. Hewlett
Robert L. Joss

Compensation Committee
James G. Cullen,
Chairperson
Koh Boon Hwee
David M. Lawrence, M.D.
A. Barry Rand

Nominating/Corporate
Governance Committee
David M. Lawrence, M.D.,
Chairperson
James G. Cullen
Robert J. Herbold
Walter B. Hewlett
Robert L. Joss
Koh Boon Hwee
Heidi Kunz
A. Barry Rand

Executive Committee
David M. Lawrence, M.D.,
Chairperson
Edward W. (Ned)
Barnholt

All listed officers, except John R. Eaton, William R. Hahn, Larry C. Holmberg, Marie Oh Huber and Darlene Solomon, are executive officers of Agilent under Section 16 of the Securities Exchange Act of 1934.

Agilent's annual meeting of shareholders will take place on Tuesday, March 1, 2005 at 10:00 a.m. at the South San Francisco Conference Center, 255 South Airport Boulevard, South San Francisco, California.

Investor Information

Please see the full and audited financial statements and footnotes contained in this booklet. To receive paper copies of the annual report, proxy statement, Form 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 and Canada 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>.

Corporate Governance, Business Conduct and Ethics

Agilent's Corporate Governance Standards, the charters of our Audit and Finance Committee, our Compensation Committee, our Executive Committee and our Nominating/Corporate Governance Committee as well as Agilent's Standards of Business Conduct (including code of ethics provisions that apply to our principle executive officer, principle financial officer, controller and senior financial officers) are available on our website at <http://www.investor.agilent.com> under "Corporate Governance Policies." You can also request a hard copy of any of this information by contacting (877) 942-4200 (in the United States or Canada) or (402) 573-9919 (outside the United States and Canada).

Agilent submitted its Annual Certification of the Chief Executive Officer to the New York Stock Exchange regarding the New York Stock Exchange corporate governance listing standards on March 22, 2004. Agilent filed its Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1 and 31.2, respectively, to its Annual Report on Form 10-K for the fiscal year ended October 31, 2004 filed with the Securities and Exchange Commission on December 21, 2004.

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
P.O. Box A3504
Chicago, IL 60690-3504
United States

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

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

The e-mail address for general shareholder inquiries for Computershare is:
web.queries@computershare.com.

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 "Phone or Email" in the "Contact IR" box to send a message.

Agilent Headquarters

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

Common Stock

Agilent is listed on the New York Stock Exchange and our ticker symbol is "A." There were approximately 62,264 registered shareholders as of December 16, 2004. 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).

The following tables summarize the high and low stock prices by period for Agilent's common stock.

Fiscal 2004	High	Low
First Quarter (ended January 31, 2004)	\$38.80	\$24.97
Second Quarter (ended April 30, 2004)	\$37.62	\$26.91
Third Quarter (ended July 31, 2004)	\$29.68	\$22.63
Fourth Quarter (ended October 31, 2004)	\$25.31	\$19.51

Fiscal 2003	High	Low
First Quarter (ended January 31, 2003)	\$20.30	\$13.19
Second Quarter (ended April 30, 2003)	\$16.82	\$11.30
Third Quarter (ended July 31, 2003)	\$22.64	\$15.48
Fourth Quarter (ended October 31, 2003)	\$26.48	\$20.31

This Annual Report, including the letter titled "To Our Shareholders," contains forward-looking statements (including, without limitation, information regarding customer needs, corporate citizenship, profitability, ability to grow profitably, future opportunities, our position to pursue those opportunities and achieve goals, the outlook for the general economy and for the markets that Agilent serves and maintenance of financial and operational discipline) that involve risks and uncertainties that could cause results of Agilent to differ materially from management's current expectations. These risks include the ability to execute successfully through business cycles while it continues to implement workforce and other cost reductions; the ability to meet and achieve the benefits of its cost reduction goals and otherwise 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 Agilent's filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended Oct. 31, 2004 as well as any subsequent filings made after December 21, 2004.

The materials contained in this annual report are as of January 7, 2005, unless otherwise noted. The content of this annual report contains time-sensitive information that is accurate only as of this date. If any portion of this annual report is redistributed at a later date, Agilent will not be reviewing or updating the material in this report.

This Annual Report contains the full, audited financials and notes thereto contained in the following section of this booklet with the tab “Annual Report Financials”. Within the Annual Report Financials, please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risks, Uncertainties and Other Factors That May Affect Future Results” for more complete information on each of our businesses and Agilent as a whole.

AGILENT TECHNOLOGIES, INC
RECONCILIATION FROM GAAP TO NON-GAAP
NET INCOME
TWELVE MONTHS ENDED OCTOBER 31, 2004
(Unaudited)

(In millions, except per share amounts)	Non-GAAP Adjustments									Non-GAAP
	GAAP	Other Intangibles	Restructuring and Asset Impairment	Contract Termination Fees	Gain On Sale of Assets	Camera Module Charge	Investment Impairments	Other	Adjustment for Income Taxes	
Orders	\$6,997	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$6,997
Net revenue	\$7,181	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$7,181
Costs and expenses:										
Cost of products and services	4,058	(19)	(54)	(4)	—	(18)	—	(8)	—	3,955
Research and development	933	—	(16)	(3)	—	—	—	—	—	914
Selling, general and administrative	1,804	(3)	(91)	(7)	1	—	—	(34)	—	1,670
Total costs and expenses	6,795	(22)	(161)	(14)	1	(18)	—	(42)	—	6,539
Income from operations	386	22	161	14	(1)	18	—	42	—	642
Other income (expense), net	54	—	8	—	—	—	7	4	—	73
Income from operations before taxes	440	22	169	14	(1)	18	7	46	—	715
Provision for taxes	91	—	—	—	—	—	—	—	95	186
Net income	\$ 349	\$ 22	\$ 169	\$ 14	\$ (1)	\$ 18	\$ 7	\$ 46	\$ (95)	\$ 529
Net income per share - Basic and Diluted:										
Basic	\$ 0.72	\$0.05	\$ 0.35	\$0.03	\$(0.00)	\$0.04	\$0.01	\$0.10	\$(0.20)	\$ 1.10
Diluted	\$ 0.71	\$0.04	\$ 0.34	\$0.03	\$(0.00)	\$0.04	\$0.01	\$0.09	\$(0.19)	\$ 1.05(1)
Weighted average shares used in computing net income per share:										
Basic	483	483	483	483	483	483	483	483	483	483
Diluted	490	490	490	490	490	490	490	490	490	526(1)

(1) In order to calculate non-GAAP diluted net income per share, we added 36 million shares and approximately \$26 million of after-tax interest expense to non-GAAP net income to treat our senior convertible debentures as if they were converted. The impact of this was (\$.03) to our diluted earnings per share.

AGILENT TECHNOLOGIES, INC
RECONCILIATION FROM GAAP TO NON-GAAP
NET LOSS
TWELVE MONTHS ENDED OCTOBER 31, 2003
(Unaudited)

(In millions, except per share amounts)	Non-GAAP Adjustments								Non-GAAP
	GAAP	Other Intangibles	Restructuring and Asset Impairment	Gain on Sale of Assets	SFAS No. 142	Retirement Plans Curtailment Loss	Other	Adjustment for Income Taxes	
Orders	\$ 6,084	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$6,084
Net revenue	\$ 6,056	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$6,056
Costs and expenses:									
Cost of products and services	3,750	(46)	(111)	—	—	(1)	(5)	—	3,587
Research and development	1,051	—	(66)	—	—	(1)	—	—	984
Selling, general and administrative	1,980	(9)	(195)	2	—	(3)	(1)	—	1,774
Total costs and expenses	6,781	(55)	(372)	2	—	(5)	(6)	—	6,345
Loss from operations	(725)	55	372	(2)	—	5	6	—	(289)
Other income (expense), net	35	—	15	(3)	—	—	—	—	47
Loss from operations before taxes	(690)	55	387	(5)	—	5	6	—	(242)
Provision for taxes	1,100	—	—	—	—	—	—	(1,221)	(121)
Loss before cumulative effect of accounting change	(1,790)	55	387	(5)	—	5	6	1,221	(121)
Cumulative effect of adopting SFAS No. 142	(268)	—	—	—	268	—	—	—	—
Net loss	<u>\$(2,058)</u>	<u>\$ 55</u>	<u>\$ 387</u>	<u>\$ (5)</u>	<u>\$ 268</u>	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 1,221</u>	<u>\$ (121)</u>
Net loss per share - Basic and Diluted:									
Loss before cumulative effect of accounting change	\$ (3.78)	\$0.11	\$0.82	\$(0.01)	\$ —	\$0.01	\$0.01	\$ 2.58	\$(0.26)
Cumulative effect of adopting SFAS No. 142	(0.57)	—	—	—	0.57	—	—	—	—
Net loss	<u>\$ (4.35)</u>	<u>\$0.11</u>	<u>\$0.82</u>	<u>\$(0.01)</u>	<u>\$0.57</u>	<u>\$0.01</u>	<u>\$0.01</u>	<u>\$ 2.58</u>	<u>\$(0.26)</u>
Weighted average shares used in computing net loss per share:									
Basic and diluted	473	473	473	473	473	473	473	473	473

AGILENT TECHNOLOGIES, INC
RECONCILIATION OF QUARTERLY COST STRUCTURE REDUCTION

Quarterly Cost Structure Reduction

(in millions)

Operational Cost Reduction:

Restructuring	\$600
IT Costs	100
Other	<u>100</u>
	\$800

Agilent's operating breakeven cost structure can be reconciled to GAAP breakeven cost structure as follows: Total GAAP costs and expenses: less restructuring, less cost of sales decrement, less unusual IT projects such as ERP and CRM.

We provide non-GAAP financial information in order to provide meaningful supplemental information regarding our operational performance and to enhance our investors' overall understanding of our core current financial performance and our prospects for the future. We believe that our investors benefit from seeing our results "through the eyes" of management in addition to the GAAP presentation. Management measures segment and enterprise performance using measures such as those that are disclosed in this release. This information facilitates management's internal comparisons to the company's historical operating results and comparisons to competitors' operating results.

Non-GAAP information allows for greater transparency to supplemental information used by management in its financial and operational decision making. Historically, we have reported similar non-GAAP information to our investors and believe that the inclusion of comparative numbers provides consistency in our financial reporting.

This information is not in accordance with, or an alternative for, generally accepted accounting principles in the United States. It excludes items, such as restructuring and amortization, that may have a material effect on the company's net income (loss) and net income (loss) per share calculated in accordance with GAAP. Management monitors these items to ensure that expenses are in line with expectations and that our GAAP results are correctly stated but does not use them to measure the ongoing operating performance of the company. The non-GAAP information we provide may be different from the non-GAAP information provided by other companies.

Historical amounts were reclassified to conform with current period presentation.