AGILENT TECHNOLOGIES INC
Form 10-K
December 21, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended October 31, 2015

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: 001-15405

Agilent Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware	77-0518772
State or other jurisdiction of Incorporation or organization	I.R.S. Employer Identification No.

Address of principal executive offices: 5301 Stevens Creek Blvd., Santa Clara, California 95051
Registrant's telephone number, including area code: (408) 345-8886
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock par value $0.01 per share	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¬
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¬ No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¬
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¬
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¬	Non-accelerated filer ¬ (Do not check if a smaller reporting company)	Smaller reporting company ¬

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¬ No x

The aggregate market value of the registrant's common equity held by non-affiliates as of April 30, 2015, was approximately $9.6 billion. Shares of stock held by officers, directors and 5 percent or more stockholders have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of December 1, 2015, there were 332,170,890 outstanding shares of common stock, par value $0.01 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Document Description	10-K Part
Portions of the Proxy Statement for the Annual Meeting of Stockholders (the "Proxy Statement") to be held on March 16, 2016, and to be filed pursuant to Regulation 14A within 120 days after registrant's fiscal year ended October 31, 2015 are incorporated by reference into Part III of this Report	III

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Forward-Looking Statements

This report contains forward-looking statements including, without limitation, statements regarding trends, seasonality and growth in, and drivers of, the markets we sell into, our strategic direction, our future effective tax rate and tax valuation allowance, earnings from our foreign subsidiaries, lease and site service income from Keysight, the impact of foreign currency movements on our performance, remediation activities, indemnification, new product and service introductions, the ability of our products to meet market needs, adoption of our products, changes to our manufacturing processes, the use of contract manufacturers and out sourcing, source and supply of materials used in our products, the impact of local government regulations on our ability to pay vendors or conduct operations, our liquidity position, our ability to generate cash from operations, growth in our businesses, our investments, the potential impact of adopting new accounting pronouncements, our financial results, our operating margin, our sales, our purchase commitments, our capital expenditures, our contributions to our pension plans, our strategic initiatives, our cost-control activities, timing of completion of our restructuring programs, timing of savings and headcount reduction recognized from our restructuring programs and other cost saving initiatives, continuation of service support to the NMR installed base, uncertainties relating to Food and Drug Administration ("FDA") and other regulatory approvals, the integration of our acquisitions and other transactions, impairment of goodwill and other intangible assets, remediation of our material weakness, our stock repurchase program, our declared dividends, our transition to lower-cost regions, and the existence of economic instability, that involve risks and uncertainties. Our actual results could differ materially from the results contemplated by these forward-looking statements due to various factors, including those discussed in Item 1A and elsewhere in this Form 10-K.

PART I

Item 1. Business

Overview

Agilent Technologies Inc. ("we", "Agilent" or the "company"), incorporated in Delaware in May 1999, is a global leader in life sciences, diagnostics and applied chemical markets, providing application focused solutions that includes instruments, software, services and consumables for the entire laboratory workflow.

On November 1, 2014, we completed the distribution of 100% of the outstanding common shares of Keysight Technologies, Inc. ("Keysight") to Agilent stockholders who received one share of Keysight common stock for every two shares of Agilent held as of the close of business on the record date, October 22, 2014. The historical results of operations and the financial position of Keysight are included in the consolidated financial statements of Agilent and are reported as discontinued operations within this Form 10-K.

In November 2014, we announced a change in organizational structure designed to better serve our customers. Our life sciences business, excluding the nucleic acid solutions division, together with the chemical analysis business combined to form a new segment called life sciences and applied markets business. Our diagnostics and genomics businesses combined with the nucleic acid solutions division from our life sciences business and became the diagnostics and genomics segment. Finally, the Agilent CrossLab segment was formed from the services and consumables businesses previously part of the life sciences and chemical analysis businesses. Financial reporting under this new structure is included within this report on Form 10-K and historical financial segment information has been recast to conform to this new presentation within our financial statements.

Our life sciences and applied markets business provides application-focused solutions that include instruments and software that enable customers to identify, quantify and analyze the physical and biological properties of substances

and products, as well as enable customers in the clinical and life sciences research areas to interrogate samples at the molecular level. Our diagnostics and genomics business is comprised of three areas of activity providing solutions that include reagents, instruments, software and consumables, which enable customers in the clinical and life sciences research areas to interrogate samples at the cellular and molecular level. The Agilent CrossLab business spans the entire lab with its extensive consumables and services portfolio, which is designed to improve customer outcomes. In addition we conduct centralized order fulfillment and supply chain operations for our businesses through the order fulfillment and supply chain organization (“OFS”). OFS provides resources for manufacturing, engineering and strategic sourcing to our respective businesses. Each of our businesses, together with OFS, is supported by our global infrastructure organization, which provides shared services in the areas of finance, information technology, legal, workplace services and human resources.

We sell our products primarily through direct sales, but we also utilize distributors, resellers, manufacturer's representatives and electronic commerce. Of our total net revenue of $4.0 billion for the fiscal year ended October 31, 2015, we generated 30 percent in the U.S. and 70 percent outside the U.S. As of October 31, 2015, we employed approximately 11,800 people worldwide. Our

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primary research and development and manufacturing sites are in California, Colorado, Delaware and Texas in the U.S. and in Australia, China, Denmark, Germany, Italy, Japan, Malaysia, Singapore and the United Kingdom.

The net revenue, income from operations and assets by business segment, as of and for the fiscal year ended October 31, 2015 and for each of the past three years are shown in Note 22, "Segment Information", to our consolidated financial statements, which we incorporate by reference herein.

Life Sciences and Applied Markets Business

Our life sciences and applied markets business provides application-focused solutions that include instruments and software that enable customers to identify, quantify and analyze the physical and biological properties of substances and products, as well as enable customers in the clinical and life sciences research areas to interrogate samples at the molecular level. Key product categories include: liquid chromatography ("LC") systems and components; liquid chromatography mass spectrometry ("LCMS") systems; gas chromatography ("GC") systems and components; gas chromatography mass spectrometry ("GCMS") systems; inductively coupled plasma mass spectrometry ("ICP-MS") instruments; atomic absorption ("AA") instruments; microwave plasma-atomic emission spectrometry (“MP-AES”) instruments; inductively coupled plasma optical emission spectrometry ("ICP-OES") instruments; laboratory software and informatics systems; laboratory automation and robotic systems; dissolution testing; vacuum pumps and measurement technologies.

We employed approximately 4,200 people as of October 31, 2015 in our life sciences and applied markets business. This business generated revenue of $2.0 billion in fiscal 2015, $2.1 billion in fiscal 2014 and $2.0 billion in fiscal 2013.

Life Sciences and Applied Markets

Our life sciences and applied markets business focuses primarily on the following five markets:

The Pharmaceutical, Biotechnology, CRO & CMO Market. This market consists of “for-profit” companies who participate across the pharmaceutical value chain in the areas of therapeutic research, discovery & development, clinical trials, manufacturing and quality assurance and quality control. One sub-segment of this market is core and emerging pharmaceutical companies (“pharma”). A second sub-segment includes biotechnology companies (“biotech”), contract research organizations (“CROs”) and contract manufacturing organizations (“CMOs”). Biotech companies and, to a somewhat lesser extent, CROs and CMOs typically participate in specific points in the pharmaceutical industry value chain. Additionally, due to the relatively low drug efficacy within oncology, pharma companies are partnering with diagnostic companies to bring validated tests to the market with their new drugs.

The Life Science Research Market. This market consists primarily of “not-for-profit” organizations and includes academic institutions, large government institutes and privately funded organizations. The life science research market plays an influential role in technology adoption and therapeutic developments for pharmaceutical and molecular diagnostics companies. After decades of investment in basic biomedical research by government funding bodies, the focus has widened to include translational research - multidisciplinary scientific efforts directed at accelerating therapy development.

The Chemical & Energy Market. The natural gas and petroleum refining markets use our products to measure and control the quality of their finished products and to verify the environmental safety of their operations. Petroleum refiners use our measurement solutions to analyze crude oil composition, perform raw material analysis, verify and improve refining processes and ensure the overall quality of gasoline, fuels, lubricants and other products. Our solutions are also used in the development, manufacturing and quality control of fine chemicals.

The Environmental & Forensics Market. Our instruments, software and workflow solutions are used by the environmental market for applications such as laboratory and field analysis of chemical pollutants in air, water, soil and solid waste. Environmental industry customers include all levels of government, the industrial and manufacturing sectors, engineering and consulting companies, commercial testing laboratories and colleges and universities. Drug testing and forensics laboratories use our instruments, software and workflow solutions for applications such as

analyzing evidence associated with crime, screening athletes for performance enhancing drugs, analyzing samples for recreational drugs, or detecting and identifying biological and chemical warfare agents. This instrumentation is used in either static or mobile laboratories. Customers include local, state, federal, and international law enforcement agencies and health laboratories.

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The Food Market. Our instruments, software, and workflow solutions are used throughout the food production chain, including incoming inspection, new product development, quality control and assurance, and packaging. For example, our mass spectrometer portfolio is used to analyze contaminants and residual pesticides in food. There is also a significant food safety market involved in analyzing food for pathogen contamination, accurate verification of species type and evidence of genetically modified content.

Life Sciences and Applied Markets Products and Applications

Our products fall into nine main areas of work: liquid chromatography, gas chromatography, mass spectrometry, spectroscopy, software and informatics, lab automation and robotics, automated electrophoresis and microfluidics, vacuum technology and nuclear magnetic resonance systems.

Our key product and applications include the following technologies:

Liquid Chromatography

A liquid chromatograph or a high performance liquid chromatograph (“HPLC”) is used to separate molecules of a liquid mixture to determine the quantity and identity of the molecules present. The Agilent LC portfolio is modular in construction and can be configured as analytical and preparative systems. These systems can be stepwise upgraded to highly sophisticated, automated workflow solutions such as method development, multi method/walk-up, high-capacity/high-throughput or multi dimensional LC and can be extended to application based analyzers e.g. for bio-molecular separations, chiral analysis or size exclusion chromatography. As a leader in liquid chromatography, we continue to expand our application space with new HPLC columns, new services and diagnostics offerings and ongoing instrument and software product enhancements.

Gas Chromatography

Agilent is the world's leading provider of gas chromatographs, both laboratory and portable models. A gas chromatograph ("GC") is used to separate any gas, liquid or solid that can be vaporized and then detect the molecules present to determine their identity and quantity. Agilent provides custom or standard analyzers configured for specific chemical analysis applications, such as detailed speciation of a complex hydrocarbon stream, calculation of gas calorific values in the field, or analysis of a new bio-fuel formulation. We also offer related software, accessories and consumable products for these and other similar instruments.

Mass Spectrometry

A mass spectrometer (“MS”) identifies and quantifies chemicals based on a chemical's molecular mass and characteristic patterns of fragment ion masses that result when a molecule is broken apart. Liquid chromatography is commonly used to separate compounds and introduce them to the MS system. The combined use of LC and MS is frequently used both to identify and quantify chemical compounds. Mass spectrometry is an important tool in analyzing small molecules and can also be used to characterize and quantify proteins and other biological entities. Agilent's LCMS portfolio includes instruments built around four main analyzer types - single quadrupole, triple quadrupole, time-of-flight (“TOF”) and quadrupole time-of-flight (“QTOF”). We significantly expanded our mass spectrometry portfolio in recent years with a focus on improving performance, sensitivity, and ease of use.

Spectroscopy

Spectroscopy is a technique for analyzing the individual chemical components of substances based on the absorption or emission of electromagnetic radiation of specific wavelengths of light. Our spectroscopy instruments include atomic absorption ("AA") spectrometers, microwave plasma-atomic emission spectrometers (“MP-AES”), inductively coupled plasma-optical emissions spectrometers ("ICP-OES"), inductively coupled plasma-mass spectrometers ("ICP-MS"), fluorescence spectrophotometers, ultraviolet- visible ("UV-Vis") spectrophotometers, Fourier Transform infrared ("FT-IR") spectrophotometers, near-infrared ("NIR") spectrophotometers, Raman spectrometers and sample automation products. We also offer related software, accessories and consumable products for these and other similar instruments.

Software and Informatics

We provide software for instrument control, data acquisition, data analysis, laboratory content and business process management, and informatics. Our software facilitates the compliant use of instruments in pharmaceutical quality assurance/

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quality control environments. With OpenLab Laboratory Software Suite, Agilent has a scalable, open software platform that enables customers to capture, analyze, and share scientific data throughout the lab and across the enterprise.

Lab Automation and Robotics

We offer a comprehensive suite of workflow solutions to our life science customers with the addition of automated liquid handling and robotics that range from standalone instrumentation to bench-top automation solutions to large, multi armed robotic systems. These solutions strengthen our offering of automated sample preparation solutions across a broad range of applications.

Automated Electrophoresis and Microfluidics

Automated electrophoresis is a separation technique for bio molecules such as proteins, peptides and nucleic acids (RNA and DNA) and is used to determine the identity of a molecule by either size or charge. It is widely used as a QC tool to check sample integrity prior to subsequent analysis. Prominent examples are nucleic acid preparation products in front of polymerase chain reaction, NGS and microarrays.

Vacuum Technology

Our vacuum technologies products are used to create, control, measure and test vacuum environments in life science, industrial and scientific applications where ultra-clean, high-vacuum environments are needed. Vacuum technologies' customers are typically OEMs that manufacture equipment for these applications. Products include a wide range of high and ultra-high vacuum pumps (diffusion, turbomolecular and ion getter), intermediate vacuum pumps (rotary vane, sorption and dry scroll), vacuum instrumentation (vacuum control instruments, sensor gauges and meters) and vacuum components (valves, flanges and other mechanical hardware). These products also include helium mass spectrometry and helium-sensing leak detection instruments used to identify and measure leaks in hermetic or vacuum environments. In addition to product sales, we also offer a wide range of services including an exchange and rebuild program, assistance with the design and integration of vacuum systems, applications support and training in basic and advanced vacuum technologies.

Nuclear Magnetic Resonance

Nuclear magnetic resonance products ("NMR") are used in a variety of industries including academic and not-for-profit research, life sciences (pharma and biotech), and industrial companies. All of these technologies are utilized for basic and applied research, and NMR is also used in process development and manufacturing QA/QC. In the fourth quarter of 2013, we announced the termination of our involvement in Magnetic Resonance Imaging systems ("MRI"). In the fourth quarter of 2014, we announced the termination of our NMR product line and our decision to cease the manufacture and sale of these items.

Life Sciences and Applied Markets Customers

We had approximately 23,000 customers for our life sciences and applied markets business in fiscal 2015. No single customer represented a material amount of the net revenue of the life sciences and applied markets business. A significant number of our life sciences and applied markets customers are also customers of our Agilent CrossLab business.

The life sciences and applied markets business is susceptible to seasonality in its orders and revenues primarily based on U.S. and foreign government budgets and large pharmaceutical company budgets. Historically, the result is that our first and fourth fiscal quarters tend to deliver the strongest profits for this group. However, general economic trends, new product introductions and competition might overshadow this trend in any given year.

Life Sciences and Applied Markets Sales, Marketing and Support

The life science and applied markets channels focus on the therapeutics and human disease research customer base (pharma, biotech, CRO, CMO and generics), clinical customer base (high complexity clinical testing labs) and on emerging life sciences opportunities in life science research institutes. We deploy a multi-channel approach, marketing products to our customers through direct sales, electronic commerce, resellers, manufacturers' representatives and distributors. We primarily use direct sales to market our solutions to our pharmaceutical,

biopharmaceutical and clinical accounts. Sales agents supplement direct sales by providing broader geographic coverage and coverage of smaller accounts. Our active reseller program augments our ability to provide more complete solutions to our customers. We sell our consumable products through distributors, electronic commerce and direct sales.

Our products typically come with standard warranties, and extended warranties are available for additional cost.

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Life Sciences and Applied Markets Manufacturing

Our manufacturing supports our diverse product range and customer centric focus. We assemble highly configurable products to individual customer orders and make standard products to stock. We employ advanced manufacturing techniques and supply chain management systems to reduce costs and manufacturing cycle times. Our manufacturing process then converts these designs into custom products for shipment to customers. We selectively use third parties to provide some supply chain processes for manufacturing, warehousing and logistics. We have manufacturing facilities in California and Delaware in the U.S. Outside of the U.S., we have manufacturing facilities in Germany, Malaysia, Singapore and the U.K. We have a FDA registered site in California, Germany and Singapore. We utilize just-in-time manufacturing.

Life Sciences and Applied Markets Competition

The markets for analytical instruments in which we compete are characterized by evolving industry standards and intense competition. Our principal competitors in the life sciences and applied markets arena include: Danaher Corporation, Thermo Fisher Scientific Inc., Waters Corp. and Shimadzu Corp.. Agilent competes on the basis of product performance, reliability, support quality, applications expertise, global channel coverage and price.

Diagnostics and Genomics Business

Our diagnostics and genomics business includes the reagent partnership, pathology, companion diagnostics, genomics and the nucleic acid contract manufacturing businesses.

Our diagnostics and genomics business is comprised of three areas of activity providing solutions that include reagents, instruments, software and consumables, which enable customers in the clinical and life sciences research areas to interrogate samples at the cellular and molecular level. First, our pathology solutions business is focused on product offerings to cancer diagnostics and anatomic pathology workflows. The broad portfolio of offerings includes immunohistochemistry (“IHC”), In Situ Hybridization (“ISH”), Hematoxylin and Eosin (“H&E”) staining and special staining. We also collaborate with a number of major pharmaceutical companies to develop new potential pharmacodiagnostics, also known as companion diagnostics, which may be used to identify patients most likely to benefit from a specific targeted therapy. Second, our genomics business includes arrays for DNA mutation detection, genotyping, gene copy number determination, identification of gene rearrangements, DNA methylation profiling, gene expression profiling, as well as Next Generation Sequencing ("NGS") target enrichment. Finally, our nucleic acid solutions business provides equipment and expertise focused on production of synthesized oligonucleotides under pharmaceutical Good Manufacturing Practices ("GMP") conditions for use as Active Pharmaceutical Ingredients ("API") in an emerging class of drugs that utilize nucleic acid molecules for disease therapy.

We employed approximately 2,000 people as of October 31, 2015 in our diagnostics and genomics business. This business generated revenue of $0.7 billion in fiscal 2015, $0.7 billion in fiscal 2014, and $0.6 billion in fiscal 2013.

Diagnostics and Genomics Market

Within diagnostics and genomics business, we focus primarily on the following market:

The Diagnostics and Clinical Market. A significant part of our clinical diagnostic customers are in pathology labs throughout the world. Our high-quality, automated pathology tissue staining platforms and solutions are used most heavily by the large labs located in hospitals, medical centers, and reference labs. The market is skewed towards mature economies, with most of the market in North America, Western Europe and Japan. The mix is changing, however, as emerging markets increase spending on human health.

The clinical market for genomics consists of high complexity clinical labs performing patient testing, including “for-profit” reference laboratories, hospital labs, and molecular diagnostic companies. While these labs primarily purchase in vitro diagnostics (“IVD”) labeled testing kits, they often develop and validate their own molecular based

tests. Analyte Specific Reagents (“ASRs”) are often used by these labs.

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Diagnostics and Genomics Products

Our products fall into six main areas of work: pathology products, specific proteins and flow reagents, target enrichment, cytogenetic research solutions and microarrays, PCR and qPCR instrumentation and molecular biology reagents and nucleic acid solutions.

Pathology

This area consists of routine clinical solutions for tissue based cancer diagnostics with solutions that comprise antibodies, reagents, instruments and software targeting both primary and advanced cancer diagnostics. Our CoverStainer and Artisan based product families target primary cancer diagnostics through Hematoxylin and Eosin staining as well as Special Stains for additional insights and detection of potentially carcinogenic tissue. In the fourth quarter of 2013, we launched our new combined IHC/ISH platform, Dako Omnis. The Dako Omnis and Autostainer based IHC solution and Instant Quality Fluorescence In Situ Hybridization ("IQFISH") technologies provide advanced tumor typing through investigation of protein and gene expression. These products also include companion diagnostic tests that are used to help identify patients most likely to benefit from a specific targeted therapy.

Specific Proteins and Flow Reagents

Our reagent OEM business is a provider of clinical diagnostic products within the areas of specific proteins for turbidimetry and reagents for flow cytometry. These are sold OEM as customized reagent solutions supplied to top IVD companies or through retail partners.

Target Enrichment

Agilent continues to be a strong player in the next generation sequencing market. We provide a target enrichment portfolio composed of two main platforms, SureSelect and HaloPlex, both enabling customers to select specific target regions of the genome for sequencing. Customers can customize our products for their regions of interest using the SureDesign software, or they can choose from a wide range of catalog products, including gene panels for specific applications and Exome designs, which allow analysis of the entire coding sequences of the genome. After preparing samples with SureSelect and HaloPlex, products can be sequenced in the main next generation sequencing platforms available in the market. The technologies provide an easy sample prep workflow that can be automated with the Agilent Bravo platform for scalability. HaloPlex provides less-than-24-hours fast workflow, which makes it suitable for labs that require fast turnaround time from sample to results. These products are used for mutation detection and genotyping. Results can be easily analyzed using Agilent software solutions GeneSpring or SureCall.

Cytogenetic Research Solutions and Microarrays

Agilent is a leading provider of microarrays for Comparative Genomic Hybridization (“CGH”), mostly used by customers in cytogenetic laboratories. The arrays allow customers to detect genome-wide copy number alterations, with high levels of resolution (from entire chromosomal copy number changes to specific microdeletions or duplications). The arrays are offered in many formats allowing the customers to choose from different levels of resolution and number of samples per arrays. Arrays can also be customized using the SureDesign software. In addition to the microarrays, Agilent's solution includes reagents for sample processing, hardware for reading the microarrays, and software to help users view the data in a meaningful way. In addition to the CGH portfolio, the cytogenetics solution comprises a line of oligonucleotide probes for Fluorescent In Situ Hybridization ("FISH") called SureFISH. Over 400 probes are available in our catalog, covering most relevant regions in the genome. Cytogenetic labs can use SureFISH probes to detect specific translocations or copy number changes in samples. Additionally, Agilent provides a wide range of microarrays to the research market for different types of applications: gene expression, microRNA, methylation, splice variants, and chromatin immunoprecipitation applications. Arrays are

offered as catalog designs or customizable designs, with no minimum order size and short delivery time, which differentiates us from other vendors and enables researchers the maximum flexibility in their studies. Our end-to-end solution includes reagents for sample preparation and microarray processing; hardware for sample QC and high-throughput microarray scanning; microarrays on industry-standard 1” × 3” glass slides for key applications; custom microarray design services; and GeneSpring and CytoGenomics software products for data analysis.

PCR and qPCR Instrumentation and Molecular Biology Reagents

Polymerase Chain Reaction (“PCR”) is a standard laboratory method used to amplify the amount of genetic material of a given sample to enable further interrogation. Quantitative PCR (“qPCR”) or real time PCR is also a standard method used in genomic research facilities to measure the amount of a specific nucleic acid sequence within a sample. There are several applications for qPCR, among the most common are identifying the expression level of a specific gene, or calculating the amount of a specific pathogen present in a sample. Agilent offers a complete portfolio of PCR & qPCR instruments, as well as specialty enzymes for

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amplifying difficult sample types. In addition to PCR and qPCR enzymes, Agilent offers a wide range of molecular biology reagents including tools for cloning and mutagenesis applications.

Nucleic Acid Solutions

Our Nucleic Acid Solutions division ("NASD") is a contract manufacturing and development services business with equipment and expertise focused on mid to large scale production of synthesized oligonucleotide APIs (Active Pharmaceutical Ingredients) under pharmaceutical GMP conditions for an emerging class of drugs that utilize oligonucleotide molecules for disease therapy. State of the art for these drugs has advanced from single strand DNA molecules to complex, highly modified molecules including antisense, aptamers, double-stranded RNA, and RNA mixtures. These advancements in the technology have greatly improved the efficacy of delivery and stability of the oligos in-vivo. NASD offers industry leading experience to efficiently advance our customer’s oligo drug candidates from clinical trials to commercial launch with a common goal of patient health and safety.

Diagnostics and Genomics Customers

We had approximately 14,000 customers for our diagnostics and genomics business in fiscal 2015. No single customer represented a material amount of the net revenue of the diagnostics and genomics business.

Diagnostics and Genomics Sales, Marketing and Support

The diagnostics and genomics channels focus on the therapeutics and human disease research customer base (pharma, biotech, CRO, CMO and generics), clinical customer base (pathology labs and high complexity clinical testing labs) and on emerging life sciences opportunities in life science research institutes. We deploy a multi-channel approach, marketing products to our customers through direct sales, electronic commerce, resellers, manufacturers' representatives and distributors. We primarily use direct sales to market our solutions to our pharmaceutical, biopharmaceutical and clinical accounts. Sales agents supplement direct sales by providing broader geographic coverage and coverage of smaller accounts. Our active reseller program augments our ability to provide more complete solutions to our customers. We sell our consumable products through distributors, telesales, electronic commerce and direct sales. We utilize telesales for more mature product lines, as well as for reorders of reagent products.

Diagnostics and Genomics Manufacturing

Our manufacturing supports our diverse product range and customer-centric focus. We assemble highly configurable products to individual customer orders and make standard products to stock. We employ advanced manufacturing techniques and supply chain management systems to reduce costs and manufacturing cycle times. We selectively use third parties to provide some supply chain processes for manufacturing, warehousing and logistics. We have manufacturing facilities in California, Colorado and Texas in the U.S. Outside of the U.S., we have manufacturing facilities in Malaysia and Germany. Our FDA registered sites include California, Colorado, Texas and Denmark. We utilize just-in-time manufacturing and so typically do not maintain a high level of inventory.

Diagnostics and Genomics Competition

The markets for diagnostics and genomics analytical products in which we compete are characterized by evolving industry standards and intense competition. Our principal competitors in the diagnostics and genomics arena include: Roche Ventana Medical Systems, Inc., a member of the Roche Group, Leica Biosystems, Inc., a division of Danaher Corporation, Abbott Laboratories, Ilumina, Inc. and Affymetrix, Inc. Agilent competes on the basis of product performance, reliability, support quality, applications expertise, whole solution offering, global channel coverage and

price.

Diagnostics and Genomics Government Regulation

Some of the products the diagnostics and genomics business sells are subject to regulatory approval by the FDA and other regulatory bodies throughout the world. These regulations govern a wide variety of product related activities, from quality management, design and development to labeling, manufacturing, promotion, sales and distribution. We continually invest in our manufacturing infrastructure to gain and maintain certifications necessary for the level of clearance. During 2014 and 2015, we have made investments to address the issues identified in the FDA warning letter, now lifted, received by our Glostrup, Denmark facility.

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Agilent CrossLab Business

The Agilent CrossLab business spans the entire lab with its extensive consumables and services portfolio, which is designed to improve customer outcomes. The majority of the portfolio is vendor neutral, meaning we can serve and supply customers regardless of their instrument purchase choices. Solutions range from chemistries and supplies to services and software helping to connect the entire lab. Key product categories in consumables include GC and LC columns, sample preparation products, custom chemistries, and a large selection of laboratory instrument supplies. Services include startup, operational, training and compliance support, as well as asset management and consultation services that help increase customer productivity. Custom service and consumable bundles are tailored to meet the specific application needs of various industries and to keep instruments fully operational and compliant with the respective industry requirements.

Our Agilent CrossLab business employed approximately 3,800 people as of October 31, 2015. Our Agilent CrossLab business generated $1.3 billion in revenue in fiscal 2015, $1.3 billion in revenue in fiscal 2014 and $1.2 billion in revenue in fiscal 2013.

Agilent CrossLab Markets

The Pharmaceutical, Biotechnology, CRO & CMO Market. Our services and consumable products support customers in this market that consists of “for-profit” companies who participate across the pharmaceutical value chain in the areas of therapeutic research, discovery and development, clinical trials, manufacturing and quality assurance and quality control. One sub-segment of this market is core and emerging pharmaceutical companies (“pharma”). A second sub-segment includes biotechnology companies (“biotech”), contract research organizations (“CROs”) and contract manufacturing organizations (“CMOs”). Biotech companies and, to a somewhat lesser extent, CROs and CMOs typically participate in specific points in the pharmaceutical industry value chain. Additionally, due to the relatively low drug efficacy within oncology, pharma companies are partnering with diagnostic companies to bring validated tests to the market with their new drugs.

The Life Science Research Market. Our services and consumable products support customers in this market that consists primarily of “not-for-profit” organizations and includes academic institutions, large government institutes and privately funded organizations. The life science research market plays an influential role in technology adoption and therapeutic developments for pharmaceutical and molecular diagnostics companies. After decades of investment in basic biomedical research by government funding bodies, the focus has widened to include translational research - multidisciplinary scientific efforts directed at accelerating therapy development.

The Chemical & Energy Market. The natural gas and petroleum refining markets use our services and consumable products to support their quality control and environmental safety reviews.

The Environmental & Forensics Market. Our services and consumable products support the environmental industry customers that perform laboratory and field analysis of chemical pollutants in air, water, soil and solid waste. Environmental industry customers include all levels of government, the industrial and manufacturing sectors, engineering and consulting companies, commercial testing laboratories and colleges and universities. Our services and consumable products also support drug testing and forensics laboratories that are involved with analyzing evidence associated with crime, screening athletes for performance enhancing drugs, analyzing samples for recreational drugs, or detecting and identifying biological and chemical warfare agents. Customers include local, state, federal, and international law enforcement agencies and commercial testing laboratories.

The Food Market. Our services and consumable products support the food production chain, including incoming inspection, new product development, quality control and assurance, and packaging.

The Diagnostics and Clinical Market. Our services and consumable products support clinical diagnostic customers in pathology labs throughout the world. The market is skewed towards the mature economies, with most of the market in North America, Western Europe and Japan. The mix is changing, however, as emerging markets increase spending on human health.

Agilent CrossLab Applications

Chemistries and Supplies

We offer a broad range of consumable products, which support our technology platforms, including sample preparation consumables such as solid phase extraction ("SPE") and filtration products, self-manufactured GC and LC columns, chemical standards, and instrument replacement parts. Consumable products also include scientific instrument parts and supplies such as filters and fittings for GC systems; xenon lamps and cuvettes for UV-Vis-NIR, fluorescence, FT-IR and Raman spectroscopy

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instruments; and graphite furnace tubes, hollow cathode lamps and specialized sample introduction glassware for our AA, ICP-OES and ICP-MS products.

Services and Support

We offer a wide range of startup, operational, educational and compliance support services for our measurement and data handling systems. Our support services include maintenance, troubleshooting, repair and training for all of our chemical and bioinstrumentation analysis hardware and software products. Special service bundles have also been designed to meet the specific application needs of various industries.

Remarketed Instruments

We refurbish and resell certified pre-owned instruments to value oriented customers who demand Agilent quality and performance at a budget conscious price.

Agilent CrossLab Customers

We had approximately 39,000 Agilent CrossLab customers in fiscal 2015 and no single customer represented a material amount of the net revenue of the Agilent CrossLab business.

The service and consumables business is mostly recurring in nature, and is not as susceptible to market seasonality and industry cycles in comparison to our instrument businesses. The vendor neutral portion of the portfolio allows the business to perform relatively independent from our instrument business.

Agilent CrossLab Sales, Marketing and Support

We deploy a multi-channel approach, marketing products and services to our customers through direct sales, electronic commerce, resellers, manufacturers' representatives and distributors. We primarily use direct sales to market our solutions to our large accounts. Sales agents supplement direct sales by providing broader geographic coverage and coverage of smaller accounts. Our active reseller program augments our ability to provide more complete solutions to our customers. We utilize telesales to enhance the transactional sales model of our products. All channels are supported by technical product and application specialists to meet our customer’s specific requirements. We deliver our support services to customers in a variety of ways, including on-site assistance with repair or exchange of returned products, telephone support and self-diagnostic services provided over the Internet. We also offer special industry-focused service bundles that are designed to meet the specific needs of hydrocarbon processing, environmental, pharmaceutical and biopharmaceutical customers to keep instruments fully operational and compliant with the respective industry requirements. Our products typically come with standard warranties, and extended warranties are available for additional cost.

Agilent CrossLab Manufacturing

Our primary manufacturing sites for the consumables business are in California and Delaware in the U.S., and outside of the U.S. in the Netherlands and the United Kingdom. Our direct service delivery organization is regionally based operating in 30 countries.

Agilent CrossLab Competition

Our principal competitors in the services and consumable products arena include many of our competitors from the instrument business, such as: Danaher Corporation, Thermo Fisher Scientific Inc., Waters Corp, and Shimadzu Corporation, as well as numerous niche consumables and service providers. Agilent competes on the basis of product performance, reliability, support quality, applications expertise, global channel coverage and price.

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Agilent Technologies Research Laboratories

Agilent Technologies Research Laboratories ("Research Labs") is our research organization based in Santa Clara, California, with offices in Europe and Asia. The Research Labs create competitive advantage through high-impact technology, driving market leadership and growth in Agilent's core businesses and expanding Agilent's footprint into adjacent markets. At the cross-roads of the organization, the Research Labs are able to identify and enable synergies across Agilent's businesses to create competitive differentiation and compelling customer value.

The technical staff have advanced degrees that cover a wide range of scientific and engineering fields, including biology, chemistry, distributed measurement, image processing, mathematics, nano/microfabrication, microfluidics, software, informatics, physics and physiology.

Global Infrastructure Organization

We provide support to our businesses through our global infrastructure organization. This support includes services in the areas of finance, legal, workplace services, human resources and information technology. Generally these organizations are centrally operated from Santa Clara, California, with services provided worldwide. As of the end of October 2015, our global infrastructure organization employed approximately 1,800 people worldwide.

Agilent Order Fulfillment Organizations

Our order fulfillment and supply chain organization (“OFS”) centralizes all order fulfillment and supply chain operations in our businesses. OFS provides resources for manufacturing, engineering and strategic sourcing to our respective businesses. In general, OFS employees are dedicated to specific businesses and the associated costs are directly allocated to those businesses.

The following discussions of Research and Development, Backlog, Intellectual Property, Materials, Environmental, International Operations and Acquisition and Disposal of Material Assets include information common to each of our businesses.

Research and Development

Research and development ("R&D") expenditures were $330 million in 2015, $358 million in 2014 and $337 million in 2013, the vast majority of which was company-sponsored. We anticipate that we will continue to have significant R&D expenditures in order to maintain our competitive position with a continuing flow of innovative, high-quality products and services.

Backlog

We believe that backlog is not a meaningful indicator of future business prospects for our business segments since a significant portion of our revenue for a given quarter is derived from the current quarter's orders. Therefore, we believe that backlog information is not material to an understanding of our business.

Intellectual Property

We generate patent and other intellectual property rights covering significant inventions and other innovations in order to create a competitive advantage. While we believe that our licenses, patents and other intellectual property rights have value, in general no single license, patent or other intellectual property right is in itself material. In addition, our intellectual property rights may be challenged, invalidated or circumvented or may otherwise not provide significant

competitive advantage.

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Materials

Our life sciences and applied markets, diagnostics and genomics and Agilent CrossLab businesses all purchase materials from thousands of suppliers on a global basis. Some of the parts that require custom design work are not readily available from alternate suppliers due to their unique design or the length of time necessary for design work. Our long-term relationships with suppliers allow us to proactively manage technology road maps and product discontinuance plans and monitor their financial health. Even so, some suppliers may still extend their lead times, limit supplies, increase prices or cease to produce necessary parts for our products. If these are unique components, we may not be able to find a substitute quickly or at all. To address the potential disruption in our supply chain, we use a number of techniques, including qualifying multiple sources of supply and redesign of products for alternative components. In addition, while we generally attempt to keep our inventory at minimal levels, we do purchase incremental inventory as circumstances warrant to protect the supply chain.

Environmental

Our R&D, manufacturing and distribution operations involve the use of hazardous substances and are regulated under international, federal, state and local laws governing health and safety and the environment. We apply strict standards for protection of the environment and occupational health and safety to sites inside and outside the U.S., even if not subject to regulation imposed by foreign governments. We believe that our properties and operations at our facilities comply in all material respects with applicable environmental laws and occupational health and safety laws. However, the risk of environmental liabilities cannot be completely eliminated and there can be no assurance that the application of environmental and health and safety laws to Agilent will not require us to incur significant expenditures. We are also regulated under a number of international, federal, state, and local laws regarding recycling, product packaging and product content requirements. The environmental, product content/disposal and recycling laws are gradually becoming more stringent and may cause us to incur significant expenditures in the future.

Certain properties transferred to Keysight as part of the separation are known to have subsurface contamination undergoing remediation by HP Inc. and Hewlett-Packard Enterprise (formerly Hewlett-Packard Company) (together "HP"). In addition, a subset of these properties are undergoing remediation by HP under an order of an agency of the state in which the property is located. As part of the initial separation agreement from HP in 1999, HP agreed to retain the liability for the contamination, perform the required remediation and indemnify us with respect to claims arising out of the contamination. In connection with the separation of Keysight, HP has agreed to transfer that indemnity to Keysight. The determination of the existence and cost of remediation of additional contamination caused by us prior to the separation of Keysight, if any, could involve costly and time-consuming negotiations and litigation. While we expect that HP will meet its remediation and indemnification obligations in this regard, there can be no guarantee that it will do so, in which case Keysight may seek indemnification from us. It is also possible that one or more of the governmental agencies will require us to be named under a remediation order. The naming of Agilent will not affect HP’s obligation to indemnify us or Keysight with regard to these matters. Under our agreement with HP and now HP’s agreement with Keysight, HP will have access to those Keysight properties to perform the remediation. HP has agreed to minimize interference with on-site operations at those properties during the course of the remediation, but there can be no guarantee that operations will not be interrupted or that Keysight will not be required to incur unreimbursed costs associated with the remediation. The remediation could also harm on-site operations and the future use and negatively affect the value and future use of the properties. We cannot be sure that Keysight will not seek additional reimbursement from us for that interference or unreimbursed costs. Several of the sites under the initial separation agreement from HP have been sold.

We are liable and are indemnifying HP for any contamination found at all facilities transferred to us by HP excluding the properties undergoing remediation. In addition, we are obligated to indemnify HP for liability associated with past non-compliance with environmental laws regulating ongoing operations, if any, at all properties transferred to us by

HP, as well as at sold or discontinued businesses that are related to our businesses. While we are not aware of any material liabilities associated with such indemnified matters, there is no guarantee that such contamination or regulatory non-compliance does not exist, and will not expose us to material liability in the future.

According to the separation agreement with Keysight, we are liable and are indemnifying Keysight with respect to any liability associated with contamination prior to the separation at properties transferred by us to Keysight. While we are not aware of any material liabilities associated with such indemnified matters, other than the remediation by HP, there is no guarantee that such contamination does not exist, and will not expose us to material liability in the future.

We are being indemnified by HP with respect to all environmental liabilities for which HP accrued a reserve, and we are not aware of any material environmental liabilities assumed by us which are not subject to the indemnity.

As part of our acquisition of Varian Inc., ("Varian") in 2010, we assumed the liabilities of Varian, including Varian's costs and potential liabilities for environmental matters. One such cost is our obligation, along with the obligation of Varian

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Semiconductor Equipment Associates, Inc. ("VSEA") (under the terms of a Distribution Agreement between Varian, VSEA and Varian Medical Systems, Inc. ("VMS")) to each indemnify VMS for one-third of certain costs (after adjusting for any insurance proceeds and tax benefits recognized or realized by VMS for such costs) relating to (a) environmental investigation, monitoring and/or remediation activities at certain facilities previously operated by Varian Associates, Inc. ("VAI") and third-party claims made in connection with environmental conditions at those facilities, and (b) U.S. Environmental Protection Agency or third-party claims alleging that VAI or VMS is a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended ("CERCLA") in connection with certain sites to which VAI allegedly shipped manufacturing waste for recycling, treatment or disposal (the "CERCLA sites"). With respect to the facilities formerly operated by VAI, VMS is overseeing the environmental investigation, monitoring and/or remediation activities, in most cases under the direction of, or in consultation with, federal, state and/or local agencies, and handling third-party claims. VMS is also handling claims relating to the CERCLA sites. Although any ultimate liability arising from environmental- related matters could result in significant expenditures that, if aggregated and assumed to occur within a single fiscal year, could be material to our financial statements, the likelihood of such occurrence is considered remote. Based on information currently available and our best assessment of the ultimate amount and timing of environmental-related events, management believes that the costs of environmental-related matters are unlikely to have a material adverse effect on our financial condition or results of operations.

We maintain a comprehensive Environmental Site Liability insurance policy which may cover certain clean-up costs or legal claims related to environmental contamination. This policy covers specified active, inactive and divested locations.

International Operations

Our net revenue originating outside the U.S., as a percentage of our total net revenue, was approximately 70 percent in fiscal 2015, 75 percent in fiscal 2014, and 72 percent in fiscal 2013, the majority of which was from customers other than foreign governments. Annual revenues derived from China were approximately 16 percent in fiscal 2015, 13 percent in fiscal 2014 and 16 percent in fiscal 2013. Revenues from external customers are generally attributed to countries based upon the location of the Agilent sales representative.

Long-lived assets located outside of the U.S., as a percentage of our total long-lived assets, was approximately 49 percent in fiscal year 2015 and 54 percent in fiscal year 2014.

Most of our sales in international markets are made by foreign sales subsidiaries. In countries with low sales volumes, sales are made through various representatives and distributors. However, we also sell into international markets directly from the U.S.

Our international business is subject to risks customarily encountered in foreign operations, including interruption to transportation flows for delivery of parts to us and finished goods to our customers, changes in a specific country's or region's political or economic conditions, trade protection measures, import or export licensing requirements, consequences from changes in tax laws and regulatory requirements, difficulty in staffing and managing widespread operations, differing labor regulations, differing protection of intellectual property and geopolitical turmoil, including terrorism and war. We are also exposed to foreign currency exchange rate risk inherent in our sales commitments, anticipated sales and expenses, and assets and liabilities denominated in currencies other than the local functional currency, and may also become subject to interest rate risk inherent in any debt we incur, or investment portfolios we hold. There may be an increased risk of political unrest in regions where we have significant manufacturing operations such as Southeast Asia. However, we believe that our international diversification provides stability to our worldwide operations and reduces the impact on us of adverse economic changes in any single country. Financial information about our international operations is contained in Note 22, "Segment Information", to our consolidated financial

statements.

Acquisition and Disposal of Material Assets

On September 19, 2013, Agilent announced plans to separate into two publicly traded companies, one comprising of the life sciences, diagnostics and chemical analysis businesses that retained the Agilent name, and the other one that comprised of the electronic measurement business that was renamed Keysight Technologies, Inc. (“Keysight”). Keysight was incorporated in Delaware as a wholly-owned subsidiary of Agilent on December 6, 2013. On November 1, 2014, we completed the distribution of 100% of the outstanding common shares of Keysight to Agilent stockholders who received one share of Keysight common stock for every two shares of Agilent held as of the close of business on the record date, October 22, 2014.

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Executive Officers of the Registrant

The names of our current executive officers and their ages, titles and biographies appear below:

Henrik Ancher-Jensen, 50, has served as Senior Vice President, Agilent and President, Order Fulfillment since September 2013. From September 2012 to September 2013, Mr. Ancher-Jensen served as our Vice President, Global Product Supply, Diagnostics and Genomics Group. From September 2010 to September 2012 he served as Corporate Vice President, Global Operations of Dako A/S, a Danish diagnostics company, and as Dako's Vice President, Supply Chain and Chief Information Officer from 2006 to September 2010. Prior to joining Dako, he spent more than 15 years in senior management roles and management consulting with Chr. Hansen, Deloitte Consulting and NVE.

Mark Doak, 60, has served as our Senior Vice President, Agilent and President, Agilent CrossLab Group (formerly a group within the Life Sciences & Applied Markets Group) since September 2014. From August 2008 to September 2014, Mr. Doak served as our Senior Vice President, Agilent and General Manager of the Services and Support Division. Prior to that, he held several senior management positions across functions in marketing, quality and services.

Rodney Gonsalves, 50, has served as our Vice President, Corporate Controllership and Chief Accounting Officer since May 2015. From September 2009 to May 2015, Mr. Gonsalves served as Vice President and operational CFO for various business groups within the Company, most recently for the Life Sciences and Applied Markets Group. From January 2007 to August 2009 he served as our vice president of Investor Relations. Prior to assuming this position, Mr. Gonsalves served in various capacities for Agilent, including as controller, corporate governance and customer financing in Agilent's Global Infrastructure Organization, and controller for the Photonics Systems Business Unit. Prior to joining Agilent, Mr. Gonsalves held a variety of positions in finance with Hewlett- Packard Co. Mr. Gonsalves holds a master's degree in business administration from Santa Clara University in California.

Dominique P. Grau 56, has served as our Senior Vice President, Human Resources since August 2014. From May 2012 to August 2014 Mr. Grau served as Vice President, Worldwide Human Resources. Prior to that, he served as Vice President, Compensation, Benefits and HR Services from May 2006 to May 2012. Mr. Grau had previously served in various capacities for Agilent and Hewlett-Packard Company.

Didier Hirsch, 64, has served as our Senior Vice President and Chief Financial Officer since July 2010 and served as interim Chief Financial Officer from April 2010 to July 2010. Prior to that he served as Vice President, Corporate Controllership and Tax from November 2006 to July 20, 2010 and as Chief Accounting Officer from November 2007 to July 20, 2010. From April 2003 to October 2006, Mr. Hirsch served as Vice President and Controller. Prior to assuming this position, Mr. Hirsch served as Vice President and Treasurer from September 1999 to April 2003. Mr. Hirsch had joined Hewlett Packard Company in 1989 as Director of Finance and Administration of Hewlett Packard France. In 1993, he became Director of Finance and Administration of Hewlett Packard Asia Pacific, and in 1996 Director of Finance and Administration of Hewlett Packard Europe, Middle East, and Africa. Mr. Hirsch serves on the Board of Directors of Logitech International and Knowles Corporation.

Patrick K. Kaltenbach, 52, has served as Senior Vice President, Agilent and President, Life Sciences and Applied Markets Group since November 2014. From January 2014 to November 2014 he served as Vice President and General Manager of the Life Sciences Products and Solutions organization. Prior to that he served as Vice President and General Manager of the Liquid Phase Division from December 2012 to January 2014. From July 2010 to December 2012 he served as Vice President and General Manager of the Liquid Phase Separations Business. Prior to that he served as General Manager of the Liquid Chromatography Business from February 2008 to July 2010. Mr. Kaltenbach has held various positions in R&D management and senior management beginning at Hewlett-Packard Co.

Michael R. McMullen, 54, has served as Chief Executive Officer since March 2015 and as President since September 2014. From September 2014 to March 2015 he also served as Chief Operating Officer. From September 2009 to September 2014 he served as Senior Vice President, Agilent and President, Chemical Analysis Group. From January 2002 to September 2009, he served as our Vice President and General Manager of the Chemical Analysis Solutions Unit of the Life Sciences and Chemical Analysis Group. Prior to assuming this position, from March 1999 to December 2001, Mr. McMullen served as Country Manager for Agilent's China, Japan and Korea Life Sciences and Chemical Analysis Group. Prior to this position, Mr. McMullen served as our Controller for the Hewlett Packard

Company and Yokogawa Electric Joint Venture from July 1996 to March 1999.
Jacob Thaysen, 40, has served as Senior Vice President, Agilent and President, Diagnostics and Genomics Group since November 2014. From October 2013 to November 2014 he served as Vice President and General Manager of the Diagnostics and Genomics business. Prior to that he served as Vice President and General Manager of the Genomics Solutions unit from January 2013 to October 2013. Before joining Agilent, he was Corporate Vice President of R&D at Dako A/S, a Danish diagnostics

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company from April 2011 to January 2013. His previous positions at Dako include Vice President, System Development, R&D from March 2010 to April 2011, Vice President, Strategic Marketing from April 2009 to March 2010 and Vice President, Global Sales Operations from August 2008 to March 2009. Prior to Dako, Mr. Thaysen worked as a management consultant and Chief Technical Officer and founder of a high-tech start-up company.

Investor Information

We are subject to the informational requirements of the Securities Exchange Act of 1934 ("Exchange Act"). Therefore, we file periodic reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). Such reports, proxy statements and other information may be read and copied by visiting the Public Reference Room of the SEC at 100 F Street N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically.

You can access financial and other information at our Investor Relations website. The address is www.investor.agilent.com. We make available, free of charge, copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC.

Our Amended and Restated 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 our Standards of Business Conduct (including code of ethics provisions that apply to our principal executive officer, principal financial officer, principal accounting officer and senior financial officers) are available on our website at www.investor.agilent.com under "Corporate Governance". These items are also available in print to any stockholder in the United States and Canada who requests them by calling (877) 942-4200. This information is also available by writing to the company at the address on the cover of this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Risks, Uncertainties and Other Factors That May Affect Future Results

Our operating results and financial condition could be harmed if the markets into which we sell our products decline or do not grow as anticipated.

Visibility into our markets is limited. Our quarterly sales and operating results are highly dependent on the volume and timing of orders received during the fiscal quarter, which are difficult to forecast and may be cancelled by our customers. A large amount of our orders are back-end loaded toward the end of our second and fourth fiscal quarters and their timing may be influenced by the sales incentive programs we have in place. In addition, our revenues and earnings forecasts for future fiscal quarters are often based on the expected seasonality of our markets. However, the markets we serve do not always experience the seasonality that we expect. Any decline in our customers' markets or in general economic conditions would likely result in a reduction in demand for our products and services. Also, if our customers' markets decline, we may not be able to collect on outstanding amounts due to us. Such declines could harm our consolidated financial position, results of operations, cash flows and stock price, and could limit our profitability. Also, in such an environment, pricing pressures could intensify. Since a significant portion of our operating expenses is relatively fixed in nature due to sales, research and development and manufacturing costs, if we were unable to respond quickly enough these pricing pressures could further reduce our operating margins.

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If we do not introduce successful new products and services in a timely manner to address increased competition through frequent new product and service introductions, rapid technological changes and changing industry standards, our products and services will become obsolete, and our operating results will suffer.

We generally sell our products in industries that are characterized by increased competition through frequent new product and service introductions, rapid technological changes and changing industry standards. In addition, many of the markets in which we operate are seasonal. Without the timely introduction of new products, services and enhancements, our products and services will become technologically obsolete over time, in which case our revenue and operating results would suffer. The success of our new products and services will depend on several factors, including our ability to:

- properly identify customer needs and predict future needs;
- innovate and develop new technologies, services and applications;
- successfully commercialize new technologies in a timely manner;
- manufacture and deliver our products in sufficient volumes and on time;
- differentiate our offerings from our competitors' offerings;
- price our products competitively;
- anticipate our competitors' development of new products, services or technological innovations; and
- control product quality in our manufacturing process.

General economic conditions may adversely affect our operating results and financial condition.

Our business is sensitive to negative changes in general economic conditions, both inside and outside the U.S. Slower global economic growth and uncertainty in the markets in which we operate may adversely impact our business resulting in:

- reduced demand for our products, delays in the shipment of orders, or increases in order cancellations;
- increased risk of excess and obsolete inventories;
- increased price pressure for our products and services; and
- greater risk of impairment to the value, and a detriment to the liquidity, of our investment portfolio.

Failure to adjust our purchases due to changing market conditions or failure to estimate our customers' demand could adversely affect our income.

Our income could be harmed if we are unable to adjust our purchases to reflect market fluctuations, including those caused by the seasonal nature of the markets in which we operate. The sale of our products and services are dependent, to a large degree, on customers whose industries are subject to seasonal trends in the demand for their products. During a market upturn, we may not be able to purchase sufficient supplies or components to meet increasing product demand, which could materially affect our results. In the past we have seen a shortage of parts for some of our products. In addition, some of the parts that require custom design are not readily available from alternate suppliers due to their unique design or the length of time necessary for design work. Should a supplier cease manufacturing such a component, we would be forced to reengineer our product. In addition to discontinuing parts, suppliers may also extend lead times, limit supplies or increase prices due to capacity constraints or other factors. In order to secure components for the production of products, we may continue to enter into non-cancelable purchase commitments with vendors, or at times make advance payments to suppliers, which could impact our ability to adjust our inventory to declining market demands. If demand for our products is less than we expect, we may experience additional excess and obsolete inventories and be forced to incur additional charges.

Demand for some of our products and services depends on capital spending policies of our customers, research and development budgets and on government funding policies.

Our customers include pharmaceutical companies, laboratories, universities, healthcare providers, government agencies and public and private research institutions. Fluctuations in the research and development budgets at these organizations could have a significant effect on the demand for our products and services. Many factors, including public policy spending priorities, available resources, mergers and consolidation, spending priorities, institutional and governmental budgetary policies and product and economic cycles, have a significant effect on the capital spending policies of these entities. Research and development budgets fluctuate due to changes in available resources, consolidation, spending priorities, general economic conditions and institutional and governmental budgetary policies. The timing and amount of revenues from customers that rely on government funding or research may vary significantly due to factors that can be difficult to forecast. These policies in turn can have a significant effect on the demand for our products and services. If demand for our products and services is adversely affected, our revenue and operating results would suffer.

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Economic, political, foreign currency and other risks associated with international sales and operations could adversely affect our results of operations.

Because we sell our products worldwide, our business is subject to risks associated with doing business internationally. We anticipate that revenue from international operations will continue to represent a majority of our total revenue. International revenues and costs are subject to the risk that fluctuations in foreign currency exchange rates could adversely affect our financial results when translated into U.S. dollars for financial reporting purposes. The unfavorable effects of changes in foreign currency exchange rates has decreased revenues by approximately 6 percentage points in the year ended October 31, 2015. In addition, many of our employees, contract manufacturers, suppliers, job functions and manufacturing facilities are located outside the U.S. Accordingly, our future results could be harmed by a variety of factors, including:

- interruption to transportation flows for delivery of parts to us and finished goods to our customers;
- changes in foreign currency exchange rates;
- changes in a specific country's or region's political, economic or other conditions;
- trade protection measures and import or export licensing requirements;
- negative consequences from changes in tax laws including changes to U.S. tax legislation that could materially increase our effective tax rate;
- difficulty in staffing and managing widespread operations;
- differing labor regulations;
- differing protection of intellectual property;
- unexpected changes in regulatory requirements; and
- geopolitical turmoil, including terrorism and war.

We centralized most of our accounting and tax processes to two locations: India and Malaysia. These processes include general accounting, cost accounting, accounts payable, accounts receivables and tax functions. If conditions change in those countries, it may adversely affect operations, including impairing our ability to pay our suppliers and collect our receivables. Our results of operations, as well as our liquidity, may be adversely affected and possible delays may occur in reporting financial results.

Additionally, we must comply with complex foreign and U.S. laws and regulations, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and other local laws prohibiting corrupt payments to governmental officials, and anti-competition regulations. Violations of these laws and regulations could result in fines and penalties, criminal sanctions, restrictions on our business conduct and on our ability to offer our products in one or more countries, and could also materially affect our brand, our ability to attract and retain employees, our international operations, our business and our operating results. Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our employees, contractors, or agents will not violate our policies.

In addition, although the majority of our products are priced and paid for in U.S. dollars, a significant amount of certain types of expenses, such as payroll, utilities, tax, and marketing expenses, are paid in local currencies. Our hedging programs reduce, but do not always entirely eliminate, within any given twelve month period, the impact of currency exchange rate movements, and therefore fluctuations in exchange rates, including those caused by currency controls, could impact our business operating results and financial condition by resulting in lower revenue or increased expenses. However, for expenses beyond that twelve month period, our hedging strategy does not mitigate our exposure. In addition, our currency hedging programs involve third party financial institutions as counterparties. The weakening or failure of financial institution counterparties may adversely affect our hedging programs and our financial condition through, among other things, a reduction in available counterparties, increasingly unfavorable

terms, and the failure of the counterparties to perform under hedging contracts.

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Our strategic initiatives could have long-term adverse effects on our business and we may not realize the operational or financial benefits from such actions.

We have implemented multiple strategic initiatives across our businesses to adjust our cost structure, and we may engage in similar activities in the future. These strategic initiatives and our regular ongoing cost reduction activities may distract management, could slow improvements in our products and services and limit our ability to increase production quickly if demand for our products increases. In addition, delays in implementing our strategic initiatives, unexpected costs or failure to meet targeted improvements may diminish the operational and financial benefits we realize from such actions. Any of the above circumstances could have an adverse effect on our business and financial statements.

Our business will suffer if we are not able to retain and hire key personnel.

Our future success depends partly on the continued service of our key research, engineering, sales, marketing, manufacturing, executive and administrative personnel. If we fail to retain and hire a sufficient number of these personnel, we will not be able to maintain or expand our business. The markets in which we operate are very dynamic, and our businesses continue to respond with reorganizations, workforce reductions and site closures. We believe our pay levels are very competitive within the regions that we operate. However, there is an intense competition for certain highly technical specialties in geographic areas where we continue to recruit, and it may become more difficult to retain our key employees.

Our acquisitions, strategic alliances, joint ventures and divestitures may result in financial results that are different than expected.

In the normal course of business, we frequently engage in discussions with third parties relating to possible acquisitions, strategic alliances, joint ventures and divestitures, and generally expect to complete several transactions per year. As a result of such transactions, our financial results may differ from our own or the investment community's expectations in a given fiscal quarter, or over the long term. We may have difficulty developing, manufacturing and marketing the products of a newly acquired company in a way that enhances the performance of our combined businesses or product lines. Transactions such as acquisitions have resulted, and may in the future result, in unexpected significant costs and expenses. In the future, we may be required to record charges to earnings during the period if we determine there is an impairment of goodwill or intangible assets, up to the full amount of the value of the assets. In addition, acquisitions and strategic alliances may require us to integrate a different company culture, management team and business infrastructure. Depending on the size and complexity of an acquisition, our successful integration of the entity depends on a variety of factors, including introducing new products and meeting revenue targets as expected, the retention of key employees and the retention of key customers.

The integration of acquired businesses is likely to result in our systems and internal controls becoming increasingly complex and more difficult to manage. Any difficulties in the assimilation of acquired businesses into our control system could harm our operating results or cause us to fail to meet our financial reporting obligations.

A successful divestiture depends on various factors, including our ability to effectively transfer liabilities, contracts, facilities and employees to the purchaser, identify and separate the intellectual property to be divested from the intellectual property that we wish to keep and reduce fixed costs previously associated with the divested assets or business. In addition, if customers of the divested business do not receive the same level of service from the new owners, this may adversely affect our other businesses to the extent that these customers also purchase other Agilent products. All of these efforts require varying levels of management resources, which may divert our attention from other business operations. If we do not realize the expected benefits or synergies of such transactions, our consolidated financial position, results of operations, cash flows and stock price could be negatively impacted.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results, which could lead to a loss of investor confidence in our financial statements and have an adverse effect on our stock price.

Effective internal controls are necessary for us to provide reliable and accurate financial statements and to effectively prevent fraud. We devote significant resources and time to comply with the internal control over financial reporting requirements of the Sarbanes Oxley Act of 2002. As further described in Part II Item 9A “Controls and Procedures.” management has concluded that, because of a material weakness in accounting for income taxes, our disclosure controls and procedures were not effective as of October 31, 2015. The Company has and will continue to enhance its controls and expects to remediate the material weakness. However, we cannot be certain that these measures will be successful or that we will be able to prevent future significant deficiencies or material weaknesses. Inadequate internal controls could cause investors to lose confidence in our reported financial information, which could have a negative effect on investor confidence in our financial statements, the trading price of our stock and our access to capital.

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Integrating Dako A/S may be more difficult, costly or time consuming than expected and our business and financial condition may be materially impaired.

We may not achieve the desired benefits from our acquisition and integration of Dako. In addition, the operation of Dako within Agilent may be a difficult, costly and time-consuming process that involves a number of risks, including, but not limited to:

- our response to significant competitive pressure;
- difficulties in meeting new product timelines;
- the ability to grow in emerging markets;
- increased exposure to certain governmental regulations and compliance requirements;
- increased costs to address certain governmental regulations and compliance issues, such as the United States Food and Drug Administration ("FDA") warning letter received in August 2013 which has now been lifted by the FDA;
- increased costs and use of resources; and
- difficulties in the assimilation of different corporate cultures, practices and sales and distribution methodologies, as well as in the assimilation and retention of geographically dispersed, decentralized operations and personnel.

Even if we are able to successfully operate Dako within Agilent, we may not be able to realize the revenue and other synergies and growth that we anticipated from the acquisition in the time frame that we expected, and the costs of achieving these benefits may be higher than what we expected. As a result, the Dako acquisition and integration may not contribute to our earnings as expected, we may not achieve our operating margin targets when expected, or at all, and we may not achieve the other anticipated strategic and financial benefits of this transaction.

Our customers and we are subject to various governmental regulations, compliance with or changes in such regulations may cause us to incur significant expenses, and if we fail to maintain satisfactory compliance with certain regulations, we may be forced to recall products and cease their manufacture and distribution, and we could be subject to civil or criminal penalties.

Our customers and we are subject to various significant international, federal, state and local regulations, including but not limited to health and safety, packaging, product content, labor and import/export regulations. These regulations are complex, change frequently and have tended to become more stringent over time. We may be required to incur significant expenses to comply with these regulations or to remedy violations of these regulations. Any failure by us to comply with applicable government regulations could also result in cessation of our operations or portions of our operations, product recalls or impositions of fines and restrictions on our ability to carry on or expand our operations. In addition, because many of our products are regulated or sold into regulated industries, we must comply with additional regulations in marketing our products. We develop, configure and market our products to meet customer needs created by these regulations. Any significant change in these regulations could reduce demand for our products, force us to modify our products to comply with new regulations or increase our costs of producing these products. If demand for our products is adversely affected or our costs increase, our business would suffer.

Our products and operations are also often subject to the rules of industrial standards bodies, like the International Standards Organization, as well as regulation by other agencies such as the United States Food and Drug Administration ("FDA"). We also must comply with work safety rules. If we fail to adequately address any of these regulations, our businesses could be harmed.

We are subject to extensive regulation by the FDA and certain similar foreign regulatory agencies, and failure to comply with such regulations could harm our reputation, business, financial condition and results of operations.

A number of our products are subject to regulation by the FDA and certain similar foreign regulatory agencies. In addition, a number of our products may be in the future subject to regulation by the FDA and certain similar foreign regulatory agencies. These regulations govern a wide variety of product related activities, from quality management, design and development to labeling, manufacturing, promotion, sales and distribution. If we or any of our suppliers or distributors fail to comply with FDA and other applicable regulatory requirements or are perceived to potentially have failed to comply, we may face, among other things, warning letters, adverse publicity affecting both us and our customers; investigations or notices of non-compliance, fines, injunctions, and civil penalties; import or export restrictions; partial suspensions or total shutdown of production facilities or the imposition of operating restrictions; increased difficulty in obtaining required FDA clearances or approvals or foreign equivalents; seizures or recalls of our products or those of our customers; or the inability to sell our products. Any such FDA actions could disrupt our business and operations, lead to significant remedial costs and have a material adverse impact on our financial position and results of operations.

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Some of our products are exposed to particular complex regulations such as regulations of toxic substances and failure to comply with such regulations could harm our business.

Some of our products and related consumables are used in conjunction with chemicals whose manufacture, processing, distribution and notification requirements are regulated by the U.S. Environmental Protection Agency ("EPA") under the Toxic Substances Control Act, and by regulatory bodies in other countries with similar laws. The Toxic Substances Control Act regulations govern, among other things, the testing, manufacture, processing and distribution of chemicals, the testing of regulated chemicals for their effects on human health and safety and import and export of chemicals. The Toxic Substances Control Act prohibits persons from manufacturing any chemical in the U.S. that has not been reviewed by EPA for its effect on health and safety, and placed on an EPA inventory of chemical substances. We must ensure conformance of the manufacturing, processing, distribution of and notification about these chemicals to these laws and adapt to regulatory requirements in all applicable countries as these requirements change. If we fail to comply with the notification, record-keeping and other requirements in the manufacture or distribution of our products, then we could be made to pay civil penalties, face criminal prosecution and, in some cases, be prohibited from distributing or marketing our products until the products or component substances are brought into compliance.

Our business may suffer if we fail to comply with government contracting laws and regulations.

We derive a portion of our revenues from direct and indirect sales to U.S., state, local, and foreign governments and their respective agencies. Such contracts are subject to various procurement laws and regulations, and contract provisions relating to their formation, administration and performance. Failure to comply with these laws, regulations or provisions in our government contracts could result in the imposition of various civil and criminal penalties, termination of contracts, forfeiture of profits, suspension of payments, or suspension from future government contracting. If our government contracts are terminated, if we are suspended from government work, or if our ability to compete for new contracts is adversely affected, our business could suffer.

Our retirement and post retirement pension plans are subject to financial market risks that could adversely affect our future results of operations and cash flows.

We have significant retirement and post retirement pension plans assets and obligations. The performance of the financial markets and interest rates impact our plan expenses and funding obligations. Significant decreases in market interest rates, decreases in the fair value of plan assets and investment losses on plan assets will increase our funding obligations, and adversely impact our results of operations and cash flows.

The impact of consolidation and acquisitions of competitors is difficult to predict and may harm our business.

The life sciences industry is intensely competitive and has been subject to increasing consolidation. Consolidation in our industries could result in existing competitors increasing their market share through business combinations and result in stronger competitors, which could have a material adverse effect on our business, financial condition and results of operations. We may not be able to compete successfully in increasingly consolidated industries and cannot predict with certainty how industry consolidation will affect our competitors or us.

If we are unable to successfully manage the consolidation and streamlining of our manufacturing operations, we may not achieve desired efficiencies and our ability to deliver products to our customers could be disrupted.

Although we utilize manufacturing facilities throughout the world, we have been consolidating, and may continue to consolidate, our manufacturing operations to certain of our plants to achieve efficiencies and gross margin improvements. Additionally, we typically consolidate the production of products from our acquisitions into our supply

chain and manufacturing processes, which are technically complex and require expertise to operate. If we are unable to establish processes to efficiently and effectively produce high quality products in the consolidated locations, we may not achieve the anticipated synergies and production may be disrupted, which could adversely affect our business and operating results.

Our operating results may suffer if our manufacturing capacity does not match the demand for our products.

Because we cannot immediately adapt our production capacity and related cost structures to rapidly changing market conditions, when demand does not meet our expectations, our manufacturing capacity will likely exceed our production requirements. If, during a general market upturn or an upturn in one of our segments, we cannot increase our manufacturing capacity to meet product demand, we will not be able to fulfill orders in a timely manner which could lead to order cancellations, contract breaches or indemnification obligations. This inability could materially and adversely limit our ability to improve our

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results. By contrast, if during an economic downturn we had excess manufacturing capacity, then our fixed costs associated with excess manufacturing capacity would adversely affect our income, margins, and operating results.

Dependence on contract manufacturing and outsourcing other portions of our supply chain including logistics services, may adversely affect our ability to bring products to market and damage our reputation. Dependence on outsourced information technology and other administrative functions may impair our ability to operate effectively.

As part of our efforts to streamline operations and to cut costs, we outsource aspects of our manufacturing processes and other functions and continue to evaluate additional outsourcing. If our contract manufacturers or other outsourcers fail to perform their obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. For example, during a market upturn, our contract manufacturers may be unable to meet our demand requirements, which may preclude us from fulfilling our customers' orders on a timely basis. The ability of these manufacturers to perform is largely outside of our control. Additionally, changing or replacing our contract manufacturers, logistics providers or other outsourcers could cause disruptions or delays. In addition, we outsource significant portions of our information technology ("IT") and other administrative functions. Since IT is critical to our operations, any failure to perform on the part of our IT providers could impair our ability to operate effectively. In addition to the risks outlined above, problems with manufacturing or IT outsourcing could result in lower revenues, unexecuted efficiencies, and impact our results of operations and our stock price. Much of our outsourcing takes place in developing countries and, as a result, may be subject to geopolitical uncertainty.

Environmental contamination from past operations could subject us to unreimbursed costs and could harm on-site operations and the future use and value of the properties involved and environmental contamination caused by ongoing operations could subject us to substantial liabilities in the future.

Certain properties transferred to Keysight as part of the separation are undergoing remediation by HP Inc. and Hewlett-Packard Enterprise (formerly Hewlett-Packard Company) (together "HP") for subsurface contaminations that were known at the time of our separation from HP. HP has agreed to retain the liability for this subsurface contamination, perform the required remediation and indemnify Keysight with respect to claims arising out of that contamination. HP will have access to those Keysight properties to perform remediation. While HP has agreed to minimize interference with on-site operations at those properties, remediation activities and subsurface contamination may require Keysight to incur unreimbursed costs and could harm on-site operations and the future use and value of the properties. We cannot be sure that Keysight will not seek additional reimbursement from us for that interference or unreimbursed costs. We cannot be sure that HP will continue to fulfill its indemnification or remediation obligations, in which case Keysight may seek indemnification from us. In addition, the determination of the existence and cost of any additional contamination caused by us prior to the separation could involve costly and time-consuming negotiations and litigation.

Other than those properties currently undergoing remediation by HP, we have agreed to indemnify HP, with respect to any liability associated with contamination from past operations, and Keysight, with respect to any liability associated with contamination prior to the separation, at, respectively, properties transferred from HP to us and properties transferred by us to Keysight. While we are not aware of any material liabilities associated with any potential subsurface contamination at any of those properties, subsurface contamination may exist, and we may be exposed to material liability as a result of the existence of that contamination.

Our current and historical manufacturing processes involve, or have involved, the use of substances regulated under various international, federal, state and local laws governing the environment. As a result, we may become subject to liabilities for environmental contamination, and these liabilities may be substantial. While we have divested substantially all of our semiconductor related businesses to Avago and Advantest Corporation and regardless of indemnification arrangements with those parties, we may still become subject to liabilities for historical environmental

contamination related to those businesses. Although our policy is to apply strict standards for environmental protection at our sites inside and outside the U.S., even if the sites outside the U.S. are not subject to regulations imposed by foreign governments, we may not be aware of all conditions that could subject us to liability.

As part of our acquisition of Varian, we assumed the liabilities of Varian, including Varian's costs and potential liabilities for environmental matters. One such cost is our obligation, along with the obligation of Varian Semiconductor Equipment Associates, Inc. ("VSEA") (under the terms of a Distribution Agreement between Varian, VSEA and Varian Medical Systems, Inc. ("VMS")) to each indemnify VMS for one-third of certain costs (after adjusting for any insurance proceeds and tax benefits recognized or realized by VMS for such costs) relating to (a) environmental investigation, monitoring and/or remediation activities at certain facilities previously operated by Varian Associates, Inc. ("VAI") and third-party claims made in connection with environmental conditions at those facilities, and (b) U.S. Environmental Protection Agency or third-party claims alleging that VAI or VMS is a potentially responsible party under the Comprehensive Environmental Response Compensation and Liability Act of

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1980, as amended ("CERCLA") in connection with certain sites to which VAI allegedly shipped manufacturing waste for recycling, treatment or disposal (the "CERCLA sites"). With respect to the facilities formerly operated by VAI, VMS is overseeing the environmental investigation, monitoring and/or remediation activities, in most cases under the direction of, or in consultation with, federal, state and/or local agencies, and handling third-party claims. VMS is also handling claims relating to the CERCLA sites. Although any ultimate liability arising from environmental- related matters could result in significant expenditures that, if aggregated and assumed to occur within a single fiscal year, could be material to our financial statements, the likelihood of such occurrence is considered remote. Based on information currently available and our best assessment of the ultimate amount and timing of environmental-related events, management believes that the costs of environmental-related matters are unlikely to have a material adverse effect on our financial condition or results of operations.

Regulations related to “conflict minerals” may cause us to incur additional expenses and could limit the supply and increase the cost of certain metals used in manufacturing our products.

In August 2012, the SEC adopted a new rule requiring disclosures by public companies of specified minerals, known as conflict minerals, that are necessary to the functionality or production of products manufactured or contracted to be manufactured. The rule, which went into effect for calendar year 2013 and requires an annual disclosure report to be filed with the SEC by May 31st of each year, requires companies to perform due diligence, disclose and report whether or not such minerals originate from the Democratic Republic of Congo or an adjoining country. There are costs associated with complying with these disclosure requirements, including for diligence in regards to the sources of any conflict minerals used in our products, in addition to the cost of remediation and other changes to products, processes, or sources of supply as a consequence of such verification activities. In addition, our ongoing implementation of these rules could adversely affect the sourcing, supply, and pricing of materials used in our products. The rule could affect sourcing at competitive prices and availability in sufficient quantities of certain minerals used in the manufacture of our products, including tin, tantalum, gold and tungsten. The number of suppliers who provide conflict-free minerals may be limited. In addition, there may be material costs associated with complying with the disclosure requirements, such as costs related to the due diligence process of determining the source of certain minerals used in our products, as well as costs of possible changes to products, processes, or sources of supply as a consequence of such verification activities. As our supply chain is complex and we use contract manufacturers for some of our products, we may not be able to sufficiently verify the origins of the relevant minerals used in our products through the due diligence procedures that we implement, which may harm our reputation. We may also encounter challenges to satisfy those customers who require that all of the components of our products be certified as conflict-free, which could place us at a competitive disadvantage if we are unable to do so.

Third parties may claim that we are infringing their intellectual property and we could suffer significant litigation or licensing expenses or be prevented from selling products or services.

From time to time, third parties may claim that one or more of our products or services infringe their intellectual property rights. We analyze and take action in response to such claims on a case by case basis. Any dispute or litigation regarding patents or other intellectual property could be costly and time-consuming due to the complexity of our technology and the uncertainty of intellectual property litigation and could divert our management and key personnel from our business operations. A claim of intellectual property infringement could force us to enter into a costly or restrictive license agreement, which might not be available under acceptable terms or at all, could require us to redesign our products, which would be costly and time-consuming, and/or could subject us to significant damages or to an injunction against development and sale of certain of our products or services. Our intellectual property portfolio may not be useful in asserting a counterclaim, or negotiating a license, in response to a claim of intellectual property infringement. In certain of our businesses we rely on third party intellectual property licenses and we cannot ensure that these licenses will be available to us in the future on favorable terms or at all.

Third parties may infringe our intellectual property and we may suffer competitive injury or expend significant resources enforcing our rights.

Our success depends in large part on our proprietary technology, including technology we obtained through acquisitions. We rely on various intellectual property rights, including patents, copyrights, trademarks and trade secrets, as well as confidentiality provisions and licensing arrangements, to establish our proprietary rights. If we do not enforce our intellectual property rights successfully our competitive position may suffer which could harm our operating results.

Our pending patent applications, and our pending copyright and trademark registration applications, may not be allowed or competitors may challenge the validity or scope of our patents, copyrights or trademarks. In addition, our patents, copyrights, trademarks and other intellectual property rights may not provide us a significant competitive advantage.

We may need to spend significant resources monitoring our intellectual property rights and we may or may not be able to detect infringement by third parties. Our competitive position may be harmed if we cannot detect infringement and enforce our

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intellectual property rights quickly or at all. In some circumstances, we may choose to not pursue enforcement because an infringer has a dominant intellectual property position or for other business reasons. In addition, competitors might avoid infringement by designing around our intellectual property rights or by developing non-infringing competing technologies. Intellectual property rights and our ability to enforce them may be unavailable or limited in some countries which could make it easier for competitors to capture market share and could result in lost revenues. Furthermore, some of our intellectual property is licensed to others which allow them to compete with us using that intellectual property.

We are subject to ongoing tax examinations of our tax returns by the Internal Revenue Service and other tax authorities. An adverse outcome of any such audit or examination by the IRS or other tax authority could have a material adverse effect on our results of operations, financial condition and liquidity.

We are subject to ongoing tax examinations of our tax returns by the U.S. Internal Revenue Service and other tax authorities in various jurisdictions. We regularly assess the likelihood of adverse outcomes resulting from ongoing tax examinations to determine the adequacy of our provision for income taxes. These assessments can require considerable estimates and judgments. Intercompany transactions associated with the sale of inventory, services, intellectual property and cost share arrangements are complex and affect our tax liabilities. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in multiple jurisdictions. There can be no assurance that the outcomes from ongoing tax examinations will not have an adverse effect on our operating results and financial condition. A difference in the ultimate resolution of tax uncertainties from what is currently estimated could have an adverse effect on our operating results and financial condition.

If tax incentives change or cease to be in effect, our income taxes could increase significantly.

Agilent benefits from tax incentives extended to its foreign subsidiaries to encourage investment or employment. Several jurisdictions have granted Agilent tax incentives which require renewal at various times in the future. The incentives are conditioned on achieving various thresholds of investments and employment, or specific types of income. Agilent's taxes could increase if the incentives are not renewed upon expiration. If Agilent cannot or does not wish to satisfy all or parts of the tax incentive conditions, we may lose the related tax incentive and could be required to refund tax incentives previously realized. As a result, our effective tax rate could be higher than it would have been had we maintained the benefits of the tax incentives.

We have substantial cash requirements in the United States while most of our cash is generated outside of the United States. The failure to maintain a level of cash sufficient to address our cash requirements in the United States could adversely affect our financial condition and results of operations.

Although the cash generated in the United States from our operations should cover our normal operating requirements and debt service requirements, a substantial amount of additional cash is required for special purposes such as the maturity of our debt obligations, our stock repurchase program, our declared dividends and acquisitions of third parties. Our business operating results, financial condition, and strategic initiatives could be adversely impacted if we were unable to address our U.S. cash requirements through the efficient and timely repatriations of overseas cash or other sources of cash obtained at an acceptable cost.

We have outstanding debt and may incur other debt in the future, which could adversely affect our financial condition, liquidity and results of operations.

We currently have outstanding an aggregate principal amount of $1.6 billion in senior unsecured notes, and a $38 million secured mortgage. We also are party to a five-year unsecured revolving credit facility which expires in September 2019. On June 9, 2015, we increased the commitments under the existing credit facility by $300 million so

that the aggregate commitments under the facility now total $700 million and retained a provision that allows us to further increase commitments to the credit facility by $300 million in the aggregate, subject to certain conditions. We may borrow additional amounts in the future and use the proceeds from any future borrowing for general corporate purposes, other future acquisitions, expansion of our business or repurchases of our outstanding shares of common stock.

Our incurrence of this debt, and increases in our aggregate levels of debt, may adversely affect our operating results and financial condition by, among other things:

- increasing our vulnerability to downturns in our business, to competitive pressures and to adverse economic and industry conditions;
- requiring the dedication of an increased portion of our expected cash from operations to service our indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures, acquisitions stock repurchases and dividends; and
- limiting our flexibility in planning for, or reacting to, changes in our business and our industry.

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Our current revolving credit facility imposes restrictions on us, including restrictions on our ability to create liens on our assets and the ability of our subsidiaries to incur indebtedness, and requires us to maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. In addition, the indenture governing our senior notes contains covenants that may adversely affect our ability to incur certain liens or engage in certain types of sale and leaseback transactions. If we breach any of the covenants and do not obtain a waiver from the lenders, then, subject to applicable cure periods, our outstanding indebtedness could be declared immediately due and payable.

If we suffer a loss to our factories, facilities or distribution system due to catastrophe, our operations could be seriously harmed.

Our factories, facilities and distribution system are subject to catastrophic loss due to fire, flood, terrorism or other natural or man-made disasters. In particular, several of our facilities could be subject to a catastrophic loss caused by earthquake due to their locations. Our production facilities, headquarters and Agilent Technologies Laboratories in California, and our production facilities in Japan, are all located in areas with above-average seismic activity. If any of these facilities were to experience a catastrophic loss, it could disrupt our operations, delay production, shipments and revenue and result in large expenses to repair or replace the facility. If such a disruption were to occur, we could breach agreements, our reputation could be harmed, and our business and operating results could be adversely affected. In addition, since we have consolidated our manufacturing facilities, we are more likely to experience an interruption to our operations in the event of a catastrophe in any one location. Although we carry insurance for property damage and business interruption, we do not carry insurance or financial reserves for interruptions or potential losses arising from earthquakes or terrorism. Also, our third party insurance coverage will vary from time to time in both type and amount depending on availability, cost and our decisions with respect to risk retention. Economic conditions and uncertainties in global markets may adversely affect the cost and other terms upon which we are able to obtain third party insurance. If our third party insurance coverage is adversely affected, or to the extent we have elected to self-insure, we may be at a greater risk that our operations will be harmed by a catastrophic loss.

If we experience a significant disruption in, or breach in security of, our information technology systems, or if we fail to implement new systems and software successfully, our business could be adversely affected.

We rely on several centralized information technology systems throughout our company to provide products and services, keep financial records, process orders, manage inventory, process shipments to customers and operate other critical functions. Our information technology systems may be susceptible to damage, disruptions or shutdowns due to power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors, catastrophes or other unforeseen events. Our information technology systems also may experience interruptions, delays or cessations of service or produce errors in connection with system integration, software upgrades or system migration work that takes place from time to time. If we were to experience a prolonged system disruption in the information technology systems that involve our interactions with customers or suppliers, it could result in the loss of sales and customers and significant incremental costs, which could adversely affect our business. In addition, security breaches of our information technology systems could result in the misappropriation or unauthorized disclosure of confidential information belonging to us or to our employees, partners, customers or suppliers, which could result in our suffering significant financial or reputational damage.

Adverse conditions in the global banking industry and credit markets may adversely impact the value of our cash investments or impair our liquidity.

As of October 31 2015, we had cash and cash equivalents of approximately $2.0 billion invested or held in a mix of money market funds, time deposit accounts and bank demand deposit accounts. Disruptions in the financial markets

may, in some cases, result in an inability to access assets such as money market funds that traditionally have been viewed as highly liquid. Any failure of our counterparty financial institutions or funds in which we have invested may adversely impact our cash and cash equivalent positions and, in turn, our results and financial condition.

We could incur significant liability if the distribution of Keysight common stock to our shareholders is determined to be a taxable transaction.

We have received an opinion from outside tax counsel to the effect that the separation and distribution of Keysight qualifies as a transaction that is described in Sections 355(a) and 368(a)(1)(D) of the Internal Revenue Code. The opinion relies on certain facts, assumptions, representations and undertakings from Keysight and us regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, our shareholders and we may not be able to rely on the opinion of tax counsel and could be subject to significant tax liabilities. Notwithstanding the opinion of tax counsel we have received, the IRS could determine on audit that the separation is

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taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion. If the separation is determined to be taxable for U.S. federal income tax purposes, our shareholders that are subject to U.S. federal income tax and we could incur significant U.S. federal income tax liabilities.

We may be exposed to claims and liabilities as a result of the separation with Keysight.

We entered into a separation and distribution agreement and various other agreements with Keysight to govern the separation and the relationship of the two companies going forward. These agreements provide for specific indemnity and liability obligations and could lead to disputes between us. The indemnity rights we have against Keysight under the agreements may not be sufficient to protect us. In addition, our indemnity obligations to Keysight may be significant and these risks could negatively affect our financial condition.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of October 31, 2015 we owned or leased a total of approximately 5.7 million square feet of space worldwide. Of that, we owned approximately 4.1 million square feet and leased the remaining 1.6 million square feet. Our sales and support facilities occupied a total of approximately 0.7 million square feet. Our manufacturing plants, R&D facilities and warehouse and administrative facilities occupied approximately 5.0 million square feet. All of our businesses share sales offices throughout the world.

Information about each of our businesses appears below:

Life Sciences & Applied Markets Business. Our life sciences and applied markets business has manufacturing and R&D facilities in Australia, China, Germany, Italy, Malaysia, Singapore, U.K. and the U.S.

Diagnostics and Genomics Business. Our diagnostics and genomics business has manufacturing and R&D facilities in Denmark, Germany, Malaysia and the U.S.

Agilent CrossLab Business. Our Agilent CrossLab business has manufacturing and R&D facilities in Australia, Germany, Netherlands, U.K. and the U.S.

Item 3. Legal Proceedings

We are involved in lawsuits, claims, investigations and proceedings, including, but not limited to, patent, commercial and environmental matters, which arise in the ordinary course of business. There are no matters pending that we currently believe are reasonably possible of having a material impact to our business, consolidated financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange with the ticker symbol “A”. The following table sets forth the high and low sale prices and the dividend declarations per quarter for the 2014 and 2015 fiscal years as reported in the consolidated transaction reporting system for the New York Stock Exchange:

Fiscal 2014 (1)	High	Low	Dividends
First Quarter (ended January 31, 2014)	$61.22	$49.84	$0.132
Second Quarter (ended April 30, 2014)	$60.46	$51.96	$0.132
Third Quarter (ended July 31, 2014)	$59.58	$53.66	$0.132
Fourth Quarter (ended October 31, 2014)	$59.40	$49.80	$0.132

Fiscal 2015	High	Low	Dividends
First Quarter (ended January 31, 2015)	$42.99	$37.68	$0.10
Second Quarter (ended April 30, 2015)	$43.59	$37.71	$0.10
Third Quarter (ended July 31, 2015)	$42.93	$38.48	$0.10
Fourth Quarter (ended October 31, 2015)	$41.35	$33.12	$0.10

(1) The stock prices in the above table on or prior to November 1, 2014, the date of Keysight separation, have not been adjusted for the distribution.

As of December 1, 2015, there were 26,412 common stockholders of record.

During fiscal 2015, we issued four quarterly dividends of $0.10 per share. All decisions regarding the declaration and payment of dividends are at the discretion of our Board of Directors and will be evaluated regularly in light of our financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors that our Board deems relevant. The information required by this item with respect to equity compensation plans is included under the caption Equity Compensation Plans in our proxy statement for the annual meeting of stockholders to be held March 16, 2016, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

On November 1, 2014, we completed the distribution of the issued and outstanding common stock of Keysight to our shareholders. Agilent shareholders of records as of the close of business on October 22, 2014, the record date for the distribution, received one share of Keysight common stock for every two shares of Agilent common stock held as of the record date. Agilent shareholders received cash in lieu of any fractional shares of Keysight common stock.

ISSUER PURCHASES OF EQUITY SECURITIES

The table below summarizes information about the Company’s purchases, based on trade date; of its equity securities registered pursuant to Section 12 of the Exchange Act during the quarterly period ended October 31, 2015. The total number of shares of common stock purchased by the Company during the fiscal year ended October 31, 2015 is 6,471,464 shares.

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Period	Total Number of Shares of Common Stock Purchased(1)	Weighted Average Price Paid per Share of Common Stock(3)	Total Number of Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs(1)(2)	Maximum Approximate Dollar Value of Shares of Common Stock that May Yet Be Purchased Under the Plans or Programs (in millions)(1)(2)
	(a)	(b)	(c)	(d)
Aug. 1, 2015 through Aug. 31, 2015	—	N/A	—	N/A
Sep. 1, 2015 through Sep. 30, 2015	—	N/A	—	N/A
Oct. 1, 2015 through Oct. 31, 2015	—	N/A	—	N/A
Total	—	N/A	—	

(1) On November 22, 2013 we announced that our board of directors had authorized a share repurchase program. The existing program is designed to reduce or eliminate dilution resulting from issuance of stock under the company's employee equity incentive programs to target maintaining a weighted average share count of approximately 335 million diluted shares. The existing program does not require the company to acquire a specific number of shares and may be suspended or discontinued at any time.

(2) On May 28, 2015 we announced that our board of directors authorized a new share repurchase program (the "2015 Repurchase Program"). The 2015 Repurchase Program authorizes the purchase of up to $1.14 billion of the company's common stock through and including November 1, 2018. The 2015 Repurchase Program will commence at the option of the company, on either (1) November 1, 2015 or (2) the date in which we complete the purchase of $365 million of common stock under the existing share repurchase program in fiscal 2015. Upon commencement, the 2015 Repurchase Program replaces our existing share repurchase program. The 2015 Repurchase Program does not require the company to acquire a specific number of shares and may be suspended or discontinued at any time.

(3) The weighted average price paid per share of common stock does not include the cost of commissions.

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Item 6. Selected Financial Data

SELECTED FINANCIAL DATA
(Unaudited)

	Years Ended October 31,				
	2015	2014 (As Revised)	2013 (As Revised)	2012 (As Revised)	2011 (As Revised)
	(in millions, except per share data)				
Consolidated Statement of Operations Data (3):				(1)	
Net revenue	$4,038	$4,048	$3,894	$3,543	$3,299
Income from continuing operations before taxes	$480	$229	$293	$237	$232
Income from continuing operations	$438	$232	$225	$353	$252
Income (loss) from discontinued operations, net of taxes	$(37)	$317	$509	$775	$776
Net income	$401	$549	$734	$1,128	$1,028
Net income per share — basic:					
Income from continuing operations	$1.32	$0.70	$0.66	$1.01	$0.73
Income (loss) from discontinued operations, net of taxes	(0.12)	0.95	1.49	2.23	2.24
Net income per share - basic	$1.20	$1.65	$2.15	$3.24	$2.97
Net income per share — diluted:					
Income from continuing operations	$1.31	$0.69	$0.65	$1.00	$0.71
Income (loss) from discontinued operations, net of taxes	(0.11)	0.93	1.48	2.20	2.19
Net income per share - diluted	$1.20	$1.62	$2.13	$3.20	$2.90
Weighted average shares used in computing basic net income per share	333	333	341	348	347
Weighted average shares used in computing diluted net income per share	335	338	345	353	355
Cash dividends declared per common share	$0.400	$0.528	0.460	$0.300	$—

	October 31,				
	2015	2014 (As Revised)	2013 (As Revised)	2012 (As Revised)	2011 (As Revised)
	(in millions)				
Consolidated Balance Sheet Data (3):		(2)	(2)	(1)(2)	(2)
Cash and cash equivalents and short-term investments	$2,003	$2,218	$2,675	$2,351	$3,527
Working capital	$2,710	$3,817	$3,392	$2,775	$3,732
Total assets	$7,479	$10,815	$10,608	$10,439	$9,049
Long-term debt	$1,655	$1,663	$2,699	$2,112	$1,932
Stockholders' equity	$4,167	$5,301	$5,297	$5,183	$4,346

(1) Consolidated financial data includes Dako, acquired on June 21, 2012 and a non-recurring tax benefit relating to the reversal of U.S. valuation allowance of $280 million.
(2) The above consolidated balance sheet includes Keysight which is presented as a discontinued operation until October 31, 2014. See Note 4, "Discontinued Operations" for additional information.

(3) We made adjustments to correct immaterial misstatements within this selected financial data. For a detailed explanation of these adjustments, please refer to Note 2, "Revision of Prior Period Financial Statements". These adjustments also affected years 2012 and 2011. There was a $17 million decrease of income from continuing operations and $8 million decrease of income from discontinued operations, net of taxes in 2012. In addition, there was a $20 million increase of income from continuing operations and $4 million decrease of income from discontinued operations, net of taxes in 2011. Working Capital increased $11 million, $39 million and zero as of October 31, 2013, 2012 and 2011, respectively with total assets decreasing $78 million, $97 million and $8 million as of October 31, 2013, 2012 and 2011, respectively. Stockholders’ Equity increased $38 million as of October 31, 2011.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K. This report contains forward-looking statements including, without limitation, statements regarding trends, seasonality and growth in, and drivers of, the markets we sell into, our strategic direction, our future effective tax rate and tax valuation allowance, earnings from our foreign subsidiaries, lease and site service income from Keysight, the impact of foreign currency movements on our performance, remediation activities, indemnification, new product and service introductions, the ability of our products to meet market needs, adoption of our products, changes to our manufacturing processes, the use of contract manufacturers and out sourcing, source and supply of materials used in our products, the impact of local government regulations on our ability to pay vendors or conduct operations, our liquidity position, our ability to generate cash from operations, growth in our businesses, our investments, the potential impact of adopting new accounting pronouncements, our financial results, our operating margin, our sales, our purchase commitments, our capital expenditures, our contributions to our pension plans, our strategic initiatives, our cost-control activities, timing of completion of our restructuring programs, timing of savings and headcount reduction recognized from our restructuring programs and other cost saving initiatives, continuation of service support to the NMR installed base, uncertainties relating to Food and Drug Administration ("FDA") and other regulatory approvals, the integration of our acquisitions and other transactions, impairment of goodwill and other intangible assets, remediation of our material weakness, our stock repurchase program, our declared dividends, our transition to lower-cost regions, and the existence of economic instability, that involve risks and uncertainties. Our actual results could differ materially from the results contemplated by these forward-looking statements due to various factors, including those discussed in Item 1A and elsewhere in this Form 10-K.

Overview and Executive Summary

Agilent Technologies Inc. ("we", "Agilent" or the "company"), incorporated in Delaware in May 1999, is a global leader in life sciences, diagnostics and applied chemical markets, providing application focused solutions that includes instruments, software, services and consumables for the entire laboratory workflow.

On November 1, 2014, we completed the distribution of 100% of the outstanding common shares of Keysight Technologies, Inc. ("Keysight") to Agilent stockholders who received one share of Keysight common stock for every two shares of Agilent held as of the close of business on the record date, October 22, 2014. The historical results of operations and the financial position of Keysight are included in the consolidated financial statements of Agilent and are reported as discontinued operations within this Form 10-K. For additional information see Note 4, "Discontinued Operations".

The results from operations presented within management's discussion and analysis of financial condition and results of operations are reported for the continuing operations of Agilent. Income taxes are presented on a revised basis for prior periods see Note 2, " Revision of Prior Period Financial Statements".

In November 2014, we announced a change in organizational structure designed to better serve our customers. Our life sciences business, excluding the nucleic acid solutions division, together with the chemical analysis business combined to form a new segment called life sciences and applied markets business. Our diagnostics and genomics businesses combined with the nucleic acid solutions division from our life sciences business and became the diagnostics and genomics segment. Finally, the Agilent CrossLab segment was formed from the services and consumables businesses previously part of the life sciences and chemical analysis businesses. Financial reporting under this new structure is included within this report on Form 10-K and historical financial segment information has been recast to conform to this new presentation within our financial statements.

On April 30, 2015 we announced that we have completed an agreement with Rigaku, a privately held scientific instrumentation company headquartered in Tokyo, to acquire Agilent's X-ray diffraction (XRD) business, a key manufacturer of single-crystal X-ray instruments for the global chemical crystallography market. The transaction did not have a material impact to our results of operations, statement of financial position or statement of cash flows in the current or prior fiscal periods.

On May 19, 2015 we announced that we have completed the acquisition of 100% of the shares of Cartagenia, a leading provider of software and services for clinical genetics and molecular pathology laboratories for €60 million. Cartagenia, provides software solutions for variant assessment and reporting of clinical genomics data from next-generation sequencing and microarrays. The Cartagenia Bench platform enables technicians, laboratory directors and clinicians to visualize, assess and report clinical genetics data in the context of patient information.

On November 2, 2015 we announced that we have completed the acquisition of Seahorse Bioscience ("Seahorse"), a leader in providing instruments and assay kits for measuring cell metabolism and bioengergetics for $242 million in cash. Seahorse's

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technology enables researchers to better understand cell health, function and signaling, and how the cell may be impacted by the introduction of a specific drug, by providing real-time kinetics to unlock essential cellular bioenergetics data. The financial results of Seahorse will be included within Agilent's from the beginning of the first quarter of 2016.

Agilent's net revenue of $4,038 million in 2015 was flat when compared to 2014. Foreign currency movements for 2015 had an unfavorable impact of approximately 6 percentage points compared to 2014. Agilent's net revenue of $4,048 million increased 4 percent in 2014 when compared to 2013.

The life sciences and applied markets business brings together Agilent's analytical laboratory instrumentation and informatics. Revenue decreased 2 percent in 2015 when compared to 2014. Foreign currency movements had an unfavorable impact of approximately 5 percentage points in 2015 when compared to 2014. In addition, an unfavorable impact on revenue of approximately 2 percentage point in 2015 was largely due to the NMR business which we are exiting. For the year ended October 31, 2015 and excluding the impact of currency movements and the NMR business, our performance within the life sciences business showed consistent revenue growth from sales to the pharmaceutical and biotechnology market partially offset by a decrease in the revenue generated from sales to the life sciences research market. Within applied markets and excluding the impact of currency movements and the NMR business, there was weakness in the chemical and energy markets in the year ended October 31, 2015 when compared to the prior year. Revenue from sales to the life sciences and applied markets business increased 2 percent in 2014 when compared to 2013. For the year ended October 31, 2014 our performance within the life sciences business improved with sales to the pharmaceutical and biotechnology market partially offset by a decrease in the revenue generated from the life sciences research market when compared to the prior year. Within applied markets there was revenue growth from sales to all markets in the year ended October 31, 2014 when compared to the prior year.

The diagnostics and genomics business is comprised of three areas of activity. First, we are focused on pathology, companion diagnostics and reagent partnerships. Second, the genomics business includes our arrays, NGS target enrichment and our other genomics solutions. Third, the nucleic acid solutions business manufactures synthetic RNA to be potentially used as active pharmaceutical ingredients. Revenue was flat in 2015 when compared to 2014. Foreign currency movements had an unfavorable impact of approximately 8 percentage points in 2015 when compared to 2014. Excluding the impact of foreign currency movements, growth in revenue from sales to the diagnostics and clinical research market was strong in the year ended October 31, 2015 when compared to the prior year. Revenue increased 5 percent in 2014 when compared to 2013. For the year ended October 31, 2014 our performance within the diagnostics and genomics business improved from sales to the diagnostics and clinical markets when compared to the prior year.

The Agilent CrossLab business combines our analytical laboratory services and consumables business. Revenue increased 2 percent in 2015 when compared to 2014. Foreign currency movements had an unfavorable impact of approximately 7 percentage points in 2015 when compared to 2014. Excluding the impact of foreign currency movements there was growth in sales to all key end markets, in particular, the pharmaceutical and biotechnology market in the year ended October 31, 2015 when compared to last year. Within the applied markets revenue in chemical and energy end markets were slower but still reported growth when adjusted for currency movements. Revenue increased 7 percent in 2014 when compared to 2013. Revenue growth from sales to all markets was similar to that of our life sciences and applied markets business in the year ended October 31, 2014 when compared to last year.

Net income from continuing operations was $438 million in 2015 compared to net income from continuing operations of $232 million and $225 million in 2014 and 2013, respectively. As of October 31, 2015 and 2014 we had cash and

cash equivalents balances of $2,003 million and $2,218 million, respectively.

On November 22, 2013 we announced that our board of directors had authorized a share repurchase program. The existing program is designed to reduce or eliminate dilution resulting from issuance of stock under the company's employee equity incentive programs to target maintaining a weighted average share count of approximately 335 million diluted shares. For the years ended October 31, 2015, 2014 and 2013 we repurchased 6 million shares for $267 million, 4 million shares for $200 million and 20 million shares for $900 million, respectively. All such shares and related costs are held as treasury stock and accounted for using the cost method. On May 28, 2015 we announced that our board of directors had approved a new share repurchase program (the "2015 repurchase program"). The 2015 share repurchase program authorizes the purchase of up to $1.14 billion of our common stock through and including November 1, 2018. The 2015 share repurchase program will commence, at the option of the company, on either November 1, 2015, or the date on which we complete the purchase of the remaining $98 million for a total of $365 million of common stock in fiscal 2015 under the existing stock repurchase program. Upon commencement, the 2015 share repurchase program replaces our existing stock repurchase program, which authorized the repurchase of shares to reduce or

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eliminate share dilution from equity programs. The 2015 repurchase program does not require the company to acquire a specific number of shares and may be suspended or discontinued at any time.

For the years ended October 31, 2015, 2014 and 2013 cash dividends of $133 million, $176 million and $156 million were paid on the company's outstanding common stock, respectively. On November 19, 2015, we declared a quarterly dividend of $0.115 per share of common stock, or approximately $38 million which will be paid on January 27, 2016 to shareholders of record as of the close of business on January 5, 2016. The timing and amounts of any future dividends are subject to determination and approval by our board of directors.

In 2015 we introduced an improvement initiative to transform a number of the company's operations. These actions produced savings of approximately $40 million in total in 2015.

Looking forward, we expect to focus on organic growth and expand the operating margin of our businesses. In addition, we anticipate returning a significant proportion of our cash flow to shareholders through our dividend and share repurchase programs. The unfavorable effects of changes in foreign currency exchange rates has decreased revenue by approximately 6 percentage points for the year ended October 31, 2015. Costs and expenses, incurred in local currency, were subject to the favorable effects due to changes in foreign currency exchange rates reducing our overall net exposure. The impact of foreign currency exchange rates movements can be positive or negative in any period and is calculated by applying the prior period foreign currency exchange rates to the current year period. We anticipate that changes in foreign currency exchange rates will continue to have an unfavorable impact on our performance for the near future.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management's best knowledge of current events and actions that may impact the company in the future, actual results may be different from the estimates. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used or changes in the accounting estimate that are reasonably likely to occur could materially change the financial statements. Our critical accounting policies are those that affect our financial statements materially and involve difficult, subjective or complex judgments by management. Those policies are revenue recognition, inventory valuation, share-based compensation, retirement and post-retirement plan assumptions, valuation of goodwill and purchased intangible assets, restructuring and accounting for income taxes.

Revenue recognition. We enter into agreements to sell products (hardware or software), services, and other arrangements (multiple element arrangements) that include combinations of products and services. Revenue from product sales, net of trade discounts and allowances, is recognized provided that persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable, and collectability is reasonably assured. Delivery is considered to have occurred when title and risk of loss have transferred to the customer. Revenue is reduced for estimated product returns, when appropriate. For sales that include customer-specified acceptance criteria, revenue is recognized after the acceptance criteria have been met. For products that include installation, if the installation meets the criteria to be considered a separate element, product revenue is recognized upon delivery, and recognition of installation revenue occurs when the installation is complete. Otherwise, neither the product nor the installation revenue is recognized until the installation is complete. Revenue from services is deferred and recognized over the contractual period or as services are rendered and accepted by the customer. We allocate revenue to each element in our multiple-element arrangements based upon their relative selling prices. We determine the selling price

for each deliverable based on a selling price hierarchy. The selling price for a deliverable is based on our vendor specific objective evidence (VSOE) if available, third-party evidence (TPE) if VSOE is not available, or estimated selling price (ESP) if neither VSOE nor TPE is available. Revenue from the sale of software products that are not required to deliver the tangible product's essential functionality are accounted for under software revenue recognition rules. Revenue allocated to each element is then recognized when the basic revenue recognition criteria for that element have been met. The amount of product revenue recognized is affected by our judgments as to whether an arrangement includes multiple elements.

We use VSOE of selling price in the selling price allocation in all instances where it exists. VSOE of selling price for products and services is determined when a substantial majority of the selling prices fall within a reasonable range when sold separately. TPE of selling price can be established by evaluating largely interchangeable competitor products or services in standalone sales to similarly situated customers. As our products contain a significant element of proprietary technology and the solution offered differs substantially from that of competitors, it is difficult to obtain the reliable standalone competitive pricing

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necessary to establish TPE. ESP represents the best estimate of the price at which we would transact a sale if the product or service were sold on a standalone basis. We determine ESP for a product or service by using historical selling prices which reflect multiple factors including, but not limited to customer type, geography, market conditions, competitive landscape, gross margin objectives and pricing practices. The determination of ESP is made through consultation with and approval by management. We may modify or develop new pricing practices and strategies in the future. As these pricing strategies evolve changes may occur in ESP. The aforementioned factors may result in a different allocation of revenue to the deliverables in multiple element arrangements, which may change the pattern and timing of revenue recognition for these elements but will not change the total revenue recognized for the arrangement.

Inventory valuation. We assess the valuation of our inventory on a periodic basis and make adjustments to the value for estimated excess and obsolete inventory based upon estimates about future demand and actual usage. Such estimates are difficult to make under most economic conditions. The excess balance determined by this analysis becomes the basis for our excess inventory charge. Our excess inventory review process includes analysis of sales forecasts, managing product rollovers and working with manufacturing to maximize recovery of excess inventory. If actual market conditions are less favorable than those projected by management, additional write-downs may be required. If actual market conditions are more favorable than anticipated, inventory previously written down may be sold to customers, resulting in lower cost of sales and higher income from operations than expected in that period. In the fourth quarter of 2014, Agilent announced it is exiting the NMR business, and as a result, recorded an excess inventory charge of $30 million. For the year ended October 31, 2015 additional excess inventory charges were recorded in respect of the exiting of the NMR business of $4 million.

Share-based compensation. We account for share-based awards in accordance with the authoritative guidance. Under the authoritative guidance, share-based compensation expense is primarily based on estimated grant date fair value and is recognized on a straight line basis. The fair value of share-based awards for employee stock option awards was estimated using the Black-Scholes option pricing model. Shares granted under the Long-Term Performance Program ("LTPP") were valued using the Monte Carlo simulation model. The estimated fair value of restricted stock unit awards is determined based on the market price of Agilent's common stock on the date of grant adjusted for expected dividend yield. The Employee Stock Purchase Plan ("ESPP") allows eligible employees to purchase shares of our common stock at 85 percent of the fair market value at the purchase date.

Both the Black-Scholes and Monte Carlo simulation fair value models require the use of highly subjective and complex assumptions, including the option's expected life and the price volatility of the underlying stock. Due to the separation of Keysight on November 1, 2014, expected volatility for grants of options in 2015 was based on a 5.5 year average historical stock price volatility of a group of our peer companies. We believe our historical volatility prior to the separation of Keysight is no longer relevant. For the grants of options prior to November 1, 2014, the expected stock price volatility assumption was determined using the historical volatility of Agilent’s stock options over the most recent historical period equivalent to the expected life of 5.8 years. A 10 percent increase in our historical estimated volatility from 28 percent to 38 percent for our most recent employee stock option grant would generally increase the value of an award and the associated compensation cost by approximately 31 percent if no other factors were changed.

For the grants awarded under the 2009 stock plan after November 1, 2010, we increased the period available to retirement eligible employees to exercise their options from three years at retirement date to the full contractual term of ten years. In developing our estimated life of our employee stock options of 5.8 years for 2013 to 2014, we considered the historical option exercise behavior of our executive employees who were granted the majority of the options in the annual grants, which we believe is representative of future behavior. See Note 5, "Share-based Compensation," to the consolidated financial statements for more information.

The assumptions used in calculating the fair value of share-based awards represent our best estimates, but these estimates involve inherent uncertainties and the application of management judgment. Although we believe the assumptions and estimates we have made are reasonable and appropriate, changes in assumptions could materially impact our reported financial results.

Retirement and post-retirement benefit plan assumptions. Retirement and post-retirement benefit plan costs are a significant cost of doing business. They represent obligations that will ultimately be settled sometime in the future and therefore are subject to estimation. Pension accounting is intended to reflect the recognition of future benefit costs over the employees' average expected future service to Agilent based on the terms of the plans and investment and funding decisions. To estimate the impact of these future payments and our decisions concerning funding of these obligations, we are required to make assumptions using actuarial concepts within the framework of accounting principles generally accepted in the U.S. Two critical assumptions are the discount rate and the expected long-term return on plan assets. Other important assumptions include, expected future salary increases, expected future increases to benefit payments, expected retirement dates, employee turnover, retiree mortality rates, and portfolio composition. We evaluate these assumptions at least annually.

The discount rate is used to determine the present value of future benefit payments at the measurement date - October 31

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for both U.S. and non-U.S. plans. For 2014 and 2015, the U.S. discount rates were based on the results of matching expected plan benefit payments with cash flows from a hypothetically constructed bond portfolio. In 2015, discount rates for the U.S. Plans remained relatively flat from the previous year. For 2015 and 2014, the discount rate for non-U.S. plans was generally based on published rates for high quality corporate bonds and in 2015, remained the same or decreased from the previous year. If we changed our discount rate by 1 percent, the impact would be $5 million on U.S. pension expense and $12 million on non-U.S. pension expense. Lower discount rates increase present values and subsequent year pension expense; higher discount rates decrease present values and subsequent year pension expense.

The company uses alternate methods of amortization as allowed by the authoritative guidance which amortizes the actuarial gains and losses on a consistent basis for the years presented. For U.S. Plans, gains and losses are amortized over the average future working lifetime. For most Non-U.S. Plans and U.S. Post-Retirement Benefit Plans, gains and losses are amortized using a separate layer for each year's gains and losses. The expected long-term return on plan assets is estimated using current and expected asset allocations as well as historical and expected returns. Plan assets are valued at fair value. If we changed our estimated return on assets by 1 percent, the impact would be $3 million on U.S. pension expense and $8 million on non-U.S. pension expense. For 2015, actual return on assets was below expectations which, along with contributions during the year, increased next year’s pension cost as well as resulting in a degradation of the funded status at year end. The net periodic pension and post-retirement benefit costs recorded in continuing operations were $26 million in 2015, $15 million in 2014, and $36 million in 2013.

Goodwill and Purchased Intangible Assets. Under the authoritative guidance we have the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The accounting standard gives an entity the option to first assess qualitative factors to determine whether performing the two-step test is necessary. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not (i.e. greater than 50% chance) that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test will be required. Otherwise, no further testing will be required.

The guidance includes examples of events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount. These include macro-economic conditions such as deterioration in the entity's operating environment or industry or market considerations; entity-specific events such as increasing costs, declining financial performance, or loss of key personnel; or other events such as an expectation that a reporting unit will be sold or a sustained decrease in the stock price on either an absolute basis or relative to peers.

If it is determined, as a result of the qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the provisions of authoritative guidance require that we perform a two-step impairment test on goodwill. In the first step, we compare the fair value of each reporting unit to its carrying value. The second step (if necessary) measures the amount of impairment by applying fair-value-based tests to the individual assets and liabilities within each reporting unit. As defined in the authoritative guidance, a reporting unit is an operating segment, or one level below an operating segment. We aggregate components of an operating segment that have similar economic characteristics into our reporting units.

In fiscal year 2015, we assessed goodwill impairment for our three reporting units which consisted of three segments: life sciences and applied markets, diagnostics and genomics and Agilent CrossLab. Due to the new segment structure in November 2014 we performed a quantitative test for goodwill impairment of the three reporting units, as of September 30, 2015. Based on the results of our testing, the fair value of these reporting units are greater than their respective carrying values. Each quarter we review the events and circumstances to determine if goodwill impairment is indicated. There was no impairment of goodwill during the years ended October 31, 2015, 2014 and 2013.

Purchased intangible assets consist primarily of acquired developed technologies, proprietary know-how, trademarks, and customer relationships and are amortized using the best estimate of the asset's useful life that reflect the pattern in which the economic benefits are consumed or used up or a straight-line method ranging from 6 months to 15 years. In-process research and development ("IPR&D") is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. If an IPR&D project is abandoned, Agilent will record a charge for the value of the related intangible asset to Agilent's condensed consolidated statement of operations in the period it is abandoned.

Agilent's indefinite-lived intangible assets are IPR&D intangible assets. The accounting guidance allows a qualitative approach for testing indefinite-lived intangible assets for impairment, similar to the issued impairment testing guidance for goodwill and allows the option to first assess qualitative factors (events and circumstances) that could have affected the significant inputs used in determining the fair value of the indefinite-lived intangible asset to determine whether it is more-likely-than-not (i.e. greater than 50% chance) that the indefinite-lived intangible asset is impaired. An organization may choose to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to calculating its fair value. We performed a qualitative test for impairment of indefinite-lived intangible assets as of September 30, 2015. Based on the results of our qualitative

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testing, we believe that it is more-likely-than-not that the fair value of these indefinite-lived intangible assets is greater than their respective carrying values. Each quarter we review the events and circumstances to determine if impairment of indefinite-lived intangible asset is indicated. In the years ended October 31, 2015, 2014 and 2013, we recorded an impairment of $3 million, $4 million and zero, respectively due to the cancellation of certain IPR&D projects. In addition, in the year ended October 31, 2014, we also recorded $12 million of impairment of other intangibles due to the exit of our NMR business.

Restructuring and exit of NMR business. During the fourth quarter of fiscal year 2014, we made the decision to cease the manufacture and sale of our nuclear magnetic resonance ("NMR") product line within our life sciences and applied markets segment.

The main components of expenses are related to workforce reductions, assets impairments and write-downs and special charges to inventory, which mainly relates to exiting of one of our businesses. Workforce reduction charges are accrued when payment of benefits that the employees are entitled to becomes probable and the amounts can be estimated. We have also assessed the recoverability of our long-lived assets, by determining whether the carrying value of such assets will be recovered through undiscounted future cash flows. Asset impairments primarily consist of property, plant and equipment and are based on an estimate of the amounts and timing of future cash flows related to the expected future remaining use and ultimate sale or disposal of buildings and equipment net of costs to sell. The charges related to inventory include estimated future inventory disposal payments that we are contractually obliged to make to our suppliers and inventory written-down to net realizable value. If the amounts and timing of cash flows from restructuring activities are significantly different from what we have estimated, the actual amount of restructuring and asset impairment charges could be materially different, either higher or lower, than those we have recorded.

Accounting for income taxes. We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, benefits and deductions, and in the calculation of certain tax assets and liabilities which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes, as well as interest and penalties related to uncertain tax positions. Significant changes to these estimates may result in an increase or decrease to our tax provision in a subsequent period.

Significant management judgment is also required in determining whether deferred tax assets will be realized in full or in part. When it is more-likely-than-not that all or some portion of specific deferred tax assets such as net operating losses or foreign tax credit carryforwards will not be realized, a valuation allowance must be established for the amount of the deferred tax assets that cannot be realized. We consider all available positive and negative evidence on a jurisdiction-by-jurisdiction basis when assessing whether it is more likely than not that deferred tax assets are recoverable. We consider evidence such as our past operating results, the existence of losses in recent years and our forecast of future taxable income. In the fourth quarter of fiscal 2012 we released the valuation allowance for the majority of our U.S. deferred tax assets. At October 31, 2015, we continue to recognize a valuation allowance for certain U.S. state and foreign deferred tax assets. We intend to maintain a valuation allowance in these jurisdictions until sufficient positive evidence exists to support its reversal.

We have not provided for all U.S. federal income and foreign withholding taxes on the undistributed earnings of some of our foreign subsidiaries because we intend to reinvest such earnings indefinitely. Should we decide to remit this income to the U.S. in a future period, our provision for income taxes will increase materially in that period.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax law and regulations in a multitude of jurisdictions. Although the guidance on the accounting for uncertainty in income taxes prescribes the use of a recognition and measurement model, the determination of whether an uncertain tax position has

met those thresholds will continue to require significant judgment by management. In accordance with the guidance on the accounting for uncertainty in income taxes, for all U.S. and other tax jurisdictions, we recognize potential liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes and interest will be due. The ultimate resolution of tax uncertainties may differ from what is currently estimated, which could result in a material impact on income tax expense. If our estimate of income tax liabilities proves to be less than the ultimate assessment, a further charge to expense would be required. If events occur and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary. We include interest and penalties related to unrecognized tax benefits within the provision for income taxes on the consolidated statements of operations.

As a part of our accounting for business combinations, intangible assets are recognized at fair values and goodwill is measured as the excess of consideration transferred over the net estimated fair values of assets acquired. Impairment charges associated with goodwill are generally not tax deductible and will result in an increased effective income tax rate in the period that any impairment is recorded. Amortization expenses associated with acquired intangible assets are generally not tax deductible and therefore deferred tax liabilities have been recorded for non-deductible amortization expenses as a part of the accounting for business combinations.

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Adoption of New Pronouncements

See Note 3, "New Accounting Pronouncements," to the consolidated financial statements for a description of new accounting pronouncements.

Exit of NMR Business

During the fourth quarter of fiscal year 2014, we made the decision to cease the manufacture and sale of our nuclear magnetic resonance (“NMR”) product line within our life sciences and applied markets segment. The exit of the NMR business was primarily due to the lack of growth and profitability of the product line. These actions involved severance and other personnel costs related to the workforce reduction of approximately 300 employees primarily located in the United Kingdom and California and non-cash charges related to intangible asset impairments and other asset write-downs including inventory. After including employee reductions due to attrition and the application to open positions and acceptance of employment within the company of some employees previously affected, we have approximately 30 employees that are pending termination under the above actions as of October 31, 2015. We expect to complete these restructuring activities by early fiscal 2016. For the year ended October 31, 2015, the exit of the NMR business has positively impacted our operating profit by $15 million. As of October 31, 2015, approximately $15 million was paid to date under these restructuring activities. We will continue to provide service support to the NMR installed base.

Foreign Currency

Our revenues, costs and expenses, and monetary assets and liabilities are exposed to changes in foreign currency exchange rates as a result of our global operating and financing activities. The unfavorable effects of changes in foreign currency exchange rates has decreased revenue by approximately 6 percentage points for the year ended October 31, 2015. Costs and expenses, incurred in local currency, were subject to the favorable effects due to changes in foreign currency exchange rates for the year ended October 31, 2015, reducing our overall net exposure. The impact of foreign currency exchange rates movements can be positive or negative in any period and is calculated by applying the prior period foreign currency exchange rates to the current year period. We hedge revenues, expenses and balance sheet exposures that are not denominated in the functional currencies of our subsidiaries on a short term and anticipated basis. We do experience some fluctuations within individual lines of the condensed consolidated statement of operations and balance sheet because our hedging program is not designed to offset the currency movements in each category of revenues, expenses, monetary assets and liabilities. Our hedging program is designed to hedge currency movements on a relatively short-term basis (up to a rolling twelve month period). Therefore, we are exposed to currency fluctuations over the longer term. To the extent that we are required to pay for all, or portions, of an acquisition price in foreign currencies, Agilent may enter into foreign exchange contracts to reduce the risk that currency movements will impact the U.S. dollar cost of the transaction.

Results from Operations

Net Revenue

	Years Ended October 31,			2015 over 2014	2014 over 2013
	2015	2014	2013	% Change	% Change
	(in millions)				
Net revenue:					
Products	$3,146	$3,185	$3,083	(1)%	3%
Services and other	$892	$863	$811	4%	6%

Total net revenue	$4,038	$4,048	$3,894	—	4%

	Years Ended October 31,			2015 over 2014	2014 over 2013
	2015	2014	2013	Ppts Change	Ppts Change
% of total net revenue:					
Products	78 %	79 %	79 %	(1) ppt	—
Services and other	22 %	21 %	21 %	1 ppt	—
Total	100 %	100 %	100 %		

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Agilent's net revenue of $4,038 million in 2015 was flat when compared to 2014. Foreign currency movements for 2015 had an unfavorable impact of approximately 6 percentage points compared to 2014. Agilent's net revenue of $4,048 million increased 4 percent in 2014 when compared to 2013.

The life sciences and applied markets business brings together Agilent's analytical laboratory instrumentation and informatics. Revenue decreased 2 percent in 2015 when compared to 2014. Foreign currency movements had an unfavorable impact of approximately 5 percentage points in 2015 when compared to 2014. In addition, an unfavorable impact on revenue of approximately 2 percentage point in 2015 was largely due to the NMR business which we are exiting. For the year ended October 31, 2015 and excluding the impact of currency movements and the NMR business, our performance within the life sciences business showed consistent revenue growth from sales to the pharmaceutical and biotechnology market partially offset by a decrease in the revenue generated from sales to the life sciences research market. Within applied markets and excluding the impact of currency movements and the NMR business, there was weakness in the chemical and energy markets in the year ended October 31, 2015 when compared to the prior year. Revenue from sales to the life sciences and applied markets business increased 2 percent in 2014 when compared to 2013. For the year ended October 31, 2014 our performance within the life sciences business improved with sales to the pharmaceutical and biotechnology market partially offset by a decrease in the revenue generated from the life sciences research market when compared to the prior year. Within applied markets there was revenue growth from sales to all markets in the year ended October 31, 2014 when compared to the prior year.

The diagnostics and genomics business is comprised of three areas of activity. First, we are focused on pathology, companion diagnostics and reagent partnerships. Second, the genomics business includes our arrays, NGS target enrichment and our other genomics solutions. Third, the nucleic acid solutions business manufactures synthetic RNA to be potentially used as active pharmaceutical ingredients. Revenue was flat in 2015 when compared to 2014. Foreign currency movements had an unfavorable impact of approximately 8 percentage points in 2015 when compared to 2014. Excluding the impact of foreign currency movements, growth in revenue from sales to the diagnostics and clinical research market was strong in the year ended October 31, 2015 when compared to the prior year. Revenue increased 5 percent in 2014 when compared to 2013. For the year ended October 31, 2014 our performance within the diagnostics and genomics business improved from sales to the diagnostics and clinical markets when compared to the prior year.

The Agilent CrossLab business combines our analytical laboratory services and consumables business. Revenue increased 2 percent in 2015 when compared to 2014. Foreign currency movements had an unfavorable impact of approximately 7 percentage points in 2015 when compared to 2014. Excluding the impact of foreign currency movements there was growth in sales to all key end markets, in particular, the pharmaceutical and biotechnology market in the year ended October 31, 2015 when compared to last year. Within the applied markets revenue in chemical and energy end markets were slower but still reported growth when adjusted for currency movements. Revenue increased 7 percent in 2014 when compared to 2013. Revenue growth from sales to all markets was similar to that of our life sciences and applied markets business in the year ended October 31, 2014 when compared to last year.

Services and other revenue includes revenue generated from servicing our installed base of products, warranty extensions and consulting including companion diagnostics. Services and other revenue increased 4 percent in 2015 as compared to 2014. The service and other revenue growth is impacted by a portion of the revenue being driven by the current and previously installed product base. Service and other revenue increased due to increased service contract renewals, laboratory productivity services and strong companion diagnostics revenue. Services and other revenue increased 6 percent in 2014 as compared to 2013.

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Costs and Expenses

	Years Ended October 31,			2015 over 2014 Change	2014 over 2013 Change
	2015	2014	2013		
Gross margin on products	52.5 %	50.8 %	50.6 %	2 ppts	—
Gross margin on services and other	43.8 %	41.6 %	43.0 %	2 ppts	(1) ppt
Total gross margin	50.5 %	48.8 %	49.0 %	2 ppts	—
Operating margin	12.9 %	10.4 %	9.9 %	3 ppts	1 ppt
(in millions)					
Research and development	$330	$358	$337	(8)%	6%
Selling, general and administrative	$1,189	$1,199	$1,184	(1)%	1%

Total gross margins for the year ended October 31, 2015 increased 2 percentage points when compared to last year. Increases in total gross margins for the year ended October 31, 2015 were the result of lower intangible asset amortization, favorable product mix and improved manufacturing efficiencies partially offset by the impact of unfavorable currency movements and wage increases. Total gross margins for the year ended October 31, 2014 were flat when compared to prior year. Total gross margins for the year ended October 31, 2014 were impacted by favorable product mix offset by higher regulatory costs to address an FDA warning letter, which is now lifted and wage increases.

Total operating margins increased 3 percentage points for the year ended October 31, 2015, when compared to last year. Operating margins improved due to increased gross margins and reduced expenses on lower revenue compared to last year. Total operating margins increased 1 percentage point for the year ended October 31, 2014, when compared to last year. In 2014 there were higher costs as a result of the exit from the NMR business together with some pre separation expenses associated with the separation of Keysight.

Gross inventory charges, included in continuing operations, were $30 million in 2015, $46 million in 2014 and $27 million in 2013. Sales of previously written down inventory, included in continuing operations, were $13 million in 2015, $8 million in 2014 and $6 million in 2013.

Our research and development efforts focus on potential new products and product improvements covering a wide variety of technologies, none of which is individually significant to our operations. We conduct three types of research and development: basic research, foundation technologies and life sciences. Our research seeks to improve on various technical competencies in software, systems and solutions, life sciences and diagnostics. In each of these research fields, we conduct research that is focused on specific product development for release in the short-term as well as other research that is intended to be the foundation for future products over a longer time-horizon. Some of our product development research is designed to improve products already in production, focus on major new product releases, and develop new product segments for the future. Due to the breadth of research and development projects across all of our businesses, there are a number of drivers of this expense. We remain committed to invest significantly in research and development and have focused our development efforts on key strategic opportunities to align our business with available markets and position ourselves to capture market share.

Research and development expenses decreased 8 percent for the year ended October 31, 2015 when compared with last year. R&D expenditure decreased due to the impact of foreign currency movements, savings from the exit from the NMR business and transformation initiatives, offset by wage increases. Research and development expenses increased 6 percent for the year ended October 31, 2014 when compared with last year. R&D expenditure increased due to continued investment in next generation products and expanding our product portfolios.

Selling, general and administrative expenses decreased 1 percent in 2015 compared to 2014. There were increases in expenditure mostly due to the impact of wage increases, higher commissions and costs associated with business improvement and transformation initiatives more than offset by favorable foreign currency movements and the decline in NMR expenses due to the exiting of that business together with a decrease in pre separation expenses related to the separation of Keysight. Selling, general and administrative expenses increased 1 percent in 2014 compared to 2013. Selling, general and administrative expenditure increased mostly due to the impact of wage increases and higher commissions.

Interest expense for the years ended October 31, 2015, 2014 and 2013 was $66 million, $110 million and $107 million, respectively, and relates to the interest charged on our senior notes offset by the amortization of deferred gains recorded upon

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termination of interest rate swap contracts. The decrease in interest expense in 2015 compared with 2014 and 2013 is due to debt redemptions as part of the debt repositioning as a result of the separation of the Keysight business.

At October 31, 2015, our headcount was approximately 11,800 compared to 11,900 in 2014.

Other income (expense), net

For the year ended October 31, 2015 other income (expense), net includes $25 million of income in respect of the provision of certain IT and site service costs to, and lease income from, Keysight. The costs associated with these services are reported within income from operations. Agilent expects to receive lease income and site service income from Keysight over the next 4-5 years of approximately $13 million per year. For the year ended October 31, 2014 other income (expense) net, included a net loss on the early redemption of senior notes of $89 million.

Income Taxes

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
Provision (benefit) for income taxes	$42	$(3)	$68

For 2015, the company’s effective tax rate from continuing operations was 8.7 percent. The income tax expense from continuing operations was $42 million. The income tax provision from continuing operations for the year ended October 31, 2015 included net discrete tax benefits of $55 million. The net discrete tax benefit for the year ended October 31, 2015 included $32 million of net tax benefit primarily due to the settlement of an Internal Revenue Service (“IRS) audit in the U.S. and the recognition of tax expense related to the repatriation of dividends to the U.S. The remaining $23 million net tax benefit for the year ended October 31, 2015 included $16 million of tax benefit related to the de-registration of certain foreign branches and statutue of limitations lapses, $6 million of tax benefit for the extension of the U.S. research and development tax credit attributable to the company's prior fiscal year and $1 million of other discrete benefits.

For 2014, the company's effective tax rate from continuing operations was (1.3) percent. The income tax benefit from continuing operations was $3 million. The income tax benefit for the year ended October 31, 2014 included a net discrete benefit of $33 million primarily due to the settlement of an Internal Revenue Service ("IRS") audit in the U.S. and the recognition of tax expense related to the repatriation of dividends.

For 2013, the effective tax rate from continuing operations was 23.4 percent. The 23.4 percent effective tax rate is lower than the U.S. statutory rate primarily due to the mix of earnings in non-U.S. jurisdictions taxed at lower statutory rates; in particular Singapore where we enjoy tax holidays.

Agilent enjoys tax holidays in several different jurisdictions, most significantly in Singapore. The tax holidays provide lower rates of taxation on certain classes of income and require various thresholds of investments and employment or specific types of income in those jurisdictions. The tax holidays are due for renewal between 2016 and 2023. As a result of the incentives, the impact of the tax holidays decreased income taxes by $65 million, $27 million, and $44 million in 2015, 2014, and 2013, respectively. The benefit of the tax holidays on net income per share (diluted) was approximately $0.19, $0.08, and $0.13 in 2015, 2014 and 2013, respectively.

In accordance with the guidance on the accounting for uncertainty in income taxes, for all U.S. and other tax jurisdictions, we recognize potential liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes and interest will be due. If our estimate of income tax liabilities proves to be less

than the ultimate assessment, a further charge to expense would be required. If events occur and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary. We include interest and penalties related to unrecognized tax benefits within the provision for income taxes on the consolidated statements of operations.

On November 1, 2014, Agilent transferred deferred tax assets of $237 million, deferred tax liabilities of $37 million, current income tax payable of $40 million, and other long-term liabilities related to uncertain tax positions totaling $8 million to Keysight as part of its separation from Agilent. A current prepaid income tax asset of $19 million and long-term prepaid income tax asset of $3 million related to sales of intercompany assets was also transferred to Keysight upon separation from Agilent. In addition,

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for the year ended October 31, 2015, a $6 million return to provision adjustment for Keysight associated with bonus depreciation was recognized through retained earnings.

In the U.S., tax years remain open back to the year 2012 for federal income tax purposes and the year 2000 for significant states. On September 22, 2015, we reached an agreement with the IRS for the tax years 2008 through 2011. We expect to make a payment of approximately $9 million as part of closing the exam. As a result, in 2015 we reclassified a portion of other long-term liabilities to other accrued liabilities related to uncertain tax positions of continuing operations that we expect to pay within the next twelve months. This amount is partially offset by a prepaid tax account of approximately $3 million that the IRS is allowing as an offset to the $12 million in incremental taxes. The settlement resulted in the recognition, within the continuing operations, of previously unrecognized tax benefits of $119 million, offset by a tax liability on foreign distributions of approximately $99 million principally related to the repatriation of foreign earnings.

On January 29, 2014, we reached an agreement with the IRS for the tax years 2006 through 2007. The settlement resulted in the recognition, within the continuing operations, of previously unrecognized tax benefits of $111 million, offset by a tax liability on foreign distributions of approximately $75 million principally related to the repatriation of foreign earnings.

In other major jurisdictions where the company conducts business, the tax years generally remain open back to the year 2003. With these jurisdictions and the U.S., it is reasonably possible that there could be significant changes to our unrecognized tax benefits in the next twelve months due to either the expiration of a statute of limitation or a tax audit settlement which will be partially offset by an anticipated tax liability related to unremitted foreign earnings, where applicable. Given the number of years and numerous matters that remain subject to examination in various tax jurisdictions, management is unable to estimate the range of possible changes to the balance of our unrecognized tax benefits.

On July 27, 2015, the U.S. Tax Court issued an opinion in Altera Corp. v. Commissioner related to the treatment of stock-based compensation expense in an intercompany cost-sharing arrangement. A final decision was entered by the U.S. Tax Court on December 1, 2015. At this time, the U.S. Department of the Treasury has not withdrawn the requirement from its regulations to include stock-based compensation. The I.R.S. has the right to appeal the U.S. Tax Court decision. We concluded that no adjustment to our consolidated financial statements is appropriate at this time due to the uncertainties with respect to the ultimate resolution of this case.

Segment Overview

In November 2014, we announced a change in organizational structure designed to better serve our customers. Our life sciences business, excluding the nucleic acid solutions division, together with the chemical analysis business combined to form a new segment called life sciences and applied markets business. Our diagnostics and genomics businesses combined with the nucleic acid solutions division from our life sciences business and became the diagnostics and genomics segment. Finally, the Agilent CrossLab segment was formed from the services and consumables businesses previously part of the life sciences and chemical analysis businesses. Financial reporting under this new structure is included within this report on Form 10-K and historical financial segment information has been recast to conform to this new presentation within our financial statements.

Life Sciences and Applied Markets

Our life sciences and applied markets business provides application-focused solutions that include instruments and software that enable customers to identify, quantify and analyze the physical and biological properties of substances and products, as well as enable customers in the clinical and life sciences research areas to interrogate samples at the

molecular level. Key product categories include: liquid chromatography ("LC") systems and components; liquid chromatography mass spectrometry ("LCMS") systems; gas chromatography ("GC") systems and components; gas chromatography mass spectrometry ("GCMS") systems; inductively coupled plasma mass spectrometry ("ICP-MS") instruments; atomic absorption ("AA") instruments; microwave plasma-atomic emission spectrometry (“MP-AES”) instruments; inductively coupled plasma optical emission spectrometry ("ICP-OES") instruments; laboratory software and informatics systems; laboratory automation and robotic systems; dissolution testing; vacuum pumps and measurement technologies.

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Net Revenue

	Years Ended October 31,			2015 over 2014 Change	2014 over 2013 Change
	2015	2014	2013		
	(in millions)				
Net revenue	$2,046	$2,078	$2,035	(2)%	2%

Life science and applied markets business revenue in 2015 decreased 2 percent compared to 2014. Foreign currency movements for 2015 had an unfavorable impact of 5 percentage points on revenue growth when compared to the same period last year. Geographically, revenue grew 4 percent in the Americas with a 3 percentage point unfavorable currency impact, grew 2 percent in Asia Pacific excluding Japan with a 1 percentage point unfavorable currency impact, declined 8 percent in Europe with a 10 percentage point unfavorable currency impact and declined 20 percent in Japan with a 13 percentage point unfavorable currency impact. Double digit revenue growth in the pharmaceutical market helped drive the revenue growth in the Americas, but was partially offset by declines in the life science and research market due to reductions in academia and government spending. In Europe, our pharmaceutical market revenue growth was not enough to offset declines in revenue from our life science and research market and softness in applied markets. Product revenue results were led by solid demand across the entire product folio, offset by decline in NMR revenue reducing overall growth by 2 percentage points. Life science and applied markets business revenue in 2014 increased 2 percent compared to 2013. Product revenue results in 2014 were led by growth in GCMS and spectroscopy, and partially offset by declines in LCMS and NMR.

End market performance reflected mixed growth across markets in 2015. Our pharmaceutical and biotechnology market revenue growth was strong, and driven by technology refreshes. Larger pharmaceutical companies, continue to upgrade to the latest technologies and help drive revenue growth in this market. In life science research, reduced budgets and delayed spending on capital equipment from government entities, led to a decline in revenue in this market segment. Applied market revenue growth was weaker primarily due to the revenue from the chemical and energy market where lower oil prices have reduced capital spending. Excluding currency movements and the NMR business, environmental decreased when compared to last year as weakness in the US oil and gas markets is now spreading to related environmental testing markets. Sales to the food market were down slightly when compared to last year excluding currency movements and the NMR business. Revenue growth in 2014 was led by strong pharmaceutical sales and moderate revenue growth in applied markets, partially offset by a reduction in revenue from the life science and research markets compared to the prior year.

Looking forward we are optimistic about continued growth from pharmaceutical sales and the technology replacement business from our strong portfolio offering. While low spending levels in life science research and reduced chemical and energy spending continue to be a concern, we continue to see opportunities for customers buying replacement instruments and we will keep strengthening our product and technology portfolio accordingly.

Gross Margin and Operating Margin

The following table shows the life sciences and applied markets business' margins, expenses and income from operations for 2015 versus 2014, and 2014 versus 2013.

	Years Ended October 31,						2015 over 2014 Change	2014 over 2013 Change
	2015		2014		2013			
Total gross margin	56.2	%	55.8	%	53.9	%	—	2 ppts
Operating margin	18.6	%	17.7	%	16.6	%	1 ppt	1 ppt

(in millions)					
Research and development	$192	$215	$207	(10)%	4%
Selling, general and administrative	$576	$576	$551	—	4%
Income from operations	$380	$369	$338	3%	9%

Gross margins were flat in 2015 compared to 2014. The effects of product mix in 2015 had a negligible affect on gross margins relative to 2014 . Increases for wages and materials were largely offset by improvement in operational efficiencies. Gross margins in 2014 increased by 2 percentage points compared to 2013. Improvement in all major product groups contributed to the

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year on year gain due partly to increased sales volume and improved operational efficiency. Product mix also had a favorable impact on gross margins.

Research and development expenses decreased 10 percent in 2015 when compared to 2014. Excluding NMR, research and development expenses were down 4 percent from the prior year impacted by our transformation initiatives. Research and development expenses increased 4 percent in 2014 compared to 2013. Investments in software and higher infrastructure costs contributed to the increase.

Selling, general and administrative expenses were flat in 2015 compared to 2014. Excluding NMR, selling, general and administrative expenses grew 3 percent primarily due to dis-synergies in infrastructure costs from the separation of Keysight. Selling, general and administrative expenses increased 4 percent in 2014 compared to 2013. The 2014 increase was primarily related to increased commissions and infrastructure costs.

Operating margins increased by 1 percentage point in 2015 compared to 2014. Expenses declined more than revenue to help with the improvement. Our NMR business, which we made a decision to exit at the end of 2014, had an unfavorable impact on operating margin for fiscal year 2015 as we continued to ship off backlog in winding down the operation. Operating margins increased by 1 percentage point in 2014 compared to 2013, due to slightly higher revenue and improved gross margins.

Income from Operations

Income from operations in 2015 increased by $11 million or 3 percent compared to 2014 on a revenue decrease of $32 million. Income from operations in 2014 increased by $31 million or 9 percent compared to 2013 on a revenue increase of $43 million, a 72 percent year-over-year operating margin incremental. Operating margin incremental is measured by the increase in income from operations compared to the prior period divided by the increase in revenue compared to the prior period.

Diagnostics and Genomics

Our diagnostics and genomics business includes the reagent partnership, pathology, companion diagnostics, genomics and the nucleic acid solutions businesses.

Our diagnostics and genomics business is comprised of three areas of activity providing solutions that include reagents, instruments, software and consumables, which enable customers in the clinical and life sciences research areas to interrogate samples at the cellular and molecular level. First, our pathology solutions business is focused on product offerings to cancer diagnostics and anatomic pathology workflows. The broad portfolio of offerings includes immunohistochemistry (“IHC”), In Situ Hybridization (“ISH”), Hematoxylin and Eosin (“H&E”) staining and special staining. We also collaborate with a number of major pharmaceutical companies to develop new potential pharmacodiagnostics, also known as companion diagnostics, which may be used to identify patients most likely to benefit from a specific targeted therapy. Second, our genomics business includes arrays for DNA mutation detection, genotyping, gene copy number determination, identification of gene rearrangements, DNA methylation profiling, gene expression profiling, as well as Next Generation Sequencing ("NGS") target enrichment. Finally, our nucleic acid solutions business provides equipment and expertise focused on production of synthesized oligonucleotides under pharmaceutical Good Manufacturing Practices ("GMP") conditions for use as Active Pharmaceutical Ingredients ("API") in an emerging class of drugs that utilize nucleic acid molecules for disease therapy.

Net Revenue

	Years Ended October 31,			2015 over 2014 Change	2014 over 2013 Change
	2015	2014	2013		
	(in millions)				
Net revenue	$662	$663	$635	—	5%

Diagnostics and genomics business revenue in 2015 was flat compared to 2014, significantly impacted by currency. Foreign currency movements for 2015 had an unfavorable currency impact of 8 percentage points on revenue growth when compared to the same period last year. Geographically, revenue grew 4 percent in the Americas with a 1 percentage point unfavorable currency impact, grew 1 percent in Europe with a 13 percentage point unfavorable currency impact, but declined 25 percent in Japan with a 12 percentage point unfavorable currency impact and declined 2 percent in Asia Pacific excluding Japan with a 6 percentage point unfavorable currency impact.

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The positive local currency revenue growth was driven by continued market demand in the nucleic acid solutions business related to therapeutic oligo programs, good revenue performance in pathology and companion diagnostics businesses as well as continued growth momentum of the NGS solution offering within the genomics business. The end markets in diagnostics and clinical research continue to be strong and growing driven by aging population and life style. We saw a revenue growth trend in 2015 in our pathology business as we regained customer confidence once the FDA warning letter was lifted earlier in the year. The growth was driven by Omnis instruments placements throughout the year with record shipments and installations in the last quarter. We also continued to see strong performance from our companion diagnostics business driven by our new and existing pharmaceutical partners. Our genomics business continued to see strong demand for our target enrichment portfolio due to the increasing adoption of next-generation sequencing at a rapid pace by delivering products that suit the changing market in this research and clinical research space.

Looking forward, we are optimistic about our growth opportunities in the diagnostics markets and continue to invest in expanding and improving our applications and solutions portfolio. We remain positive about our revenue growth in our markets, as adoption of our Omnis products, SureSelect and HaloPlex sequencing target enrichment solutions continue. We will continue to invest in research and development, and seek to expand our position in developing countries and emerging markets.

Gross Margin and Operating Margin

The following table shows the diagnostics and genomics business's margins, expenses and income from operations for 2015 versus 2014, and 2014 versus 2013.

	Years Ended October 31,			2015 over 2014 Change	2014 over 2013 Change
	2015	2014	2013		
Total gross margin	54.4 %	56.4 %	60.1 %	(2) ppts	(4) ppts
Operating margin	13.3 %	14.0 %	15.0 %	(1) ppt	(1) ppt
(in millions)					
Research and development	$78	$86	$83	(10)%	3%
Selling, general and administrative	$195	$195	$202	—	(4)%
Income from operations	$88	$93	$95	(5)%	(3)%

Gross margins decreased by 2 percentage points in 2015 compared to 2014. Gross margins reflected unfavorable currency movement impact, change in business mix, higher inventory charges, and wage increases. Gross margins in 2014 decreased by 4 percentage points compared to 2013. Gross margins reflected higher costs to address the now lifted FDA warning letter and higher infrastructure expenses and wage increases.

Research and development expenses decreased 10 percent in 2015 when compared to 2014; however remained flat as a percentage of revenue. The decline was mainly due to favorable currency movements and business improvement intiatives partially offset by wage increases. Research and development expenses increased 3 percent in 2014 compared to 2013. The increase was due to higher wages, higher cost to address the now lifted FDA warning letter partially offset by lower infrastructure costs.

Selling, general and administrative expenses were flat in 2015 compared to 2014, favorable currency movements, and business improvement initiatives and were offset by higher allocated infrastructure expenses following the Keysight separation and wage increases. Selling, general and administrative expenses decreased 4 percent in 2014 compared to 2013. The reduction was due to lower program spending and efficiency gains in sales channels partially offset by

wage increases.

Operating margins decreased by 1 percentage point in 2015 compared to 2014. The reduction was due to lower gross margins due to higher inventory charges and wage increases. Operating margins decreased by 1 percentage point in 2014 compared to 2013 due to higher costs to address the now lifted FDA warning letter, higher infrastructure expenses and wage increases.

Income from Operations

Income from operations in 2015 decreased by $5 million or 5 percent compared to 2014 on a revenue decrease of $1 million. The reduction was due to lower gross margins. Income from operations in 2014 decreased by $2 million or 3 percent compared to 2013 on a revenue increase of $28 million mainly due to higher costs to address the now lifted FDA warning letter.

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Agilent CrossLab

The Agilent CrossLab business spans the entire lab with its extensive consumables and services portfolio, which is designed to improve customer outcomes. The majority of the portfolio is vendor neutral, meaning Agilent can serve and supply customers regardless of their instrument purchase choices. Solutions range from chemistries and supplies to services and software helping to connect the entire lab. Key product categories in consumables include GC and LC columns, sample preparation products, custom chemistries, and a large selection of laboratory instrument supplies. Services include startup, operational, training and compliance support, as well as asset management and consultative services that help increase customer productivity. Custom service and consumable bundles are tailored to meet the specific application needs of various industries and to keep instruments fully operational and compliant with the respective industry requirements.

Net Revenue

	Years Ended October 31,			2015 over 2014 Change	2014 over 2013 Change
	2015	2014	2013		
	(in millions)				
Total net revenue	$1,330	$1,307	$1,224	2%	7%

Agilent CrossLab business revenue in 2015 increased 2 percent compared to 2014. Foreign currency movements for 2015 had an unfavorable impact of 7 percentage points compared to 2014. Revenue growth in 2015 was led by strength in the overall aftermarket service agreement business, the remarketed instrument business, and our chemistries portfolio of LC columns and sample preparation products. Revenue grew 6 percent over 2014 in the Americas with a 3 percentage point unfavorable currency impact. Revenue declined 5 percent below 2014 in Europe with a 13 percentage point unfavorable currency impact. Revenue declined 13 percent below 2014 in Japan with a 14 percentage point unfavorable currency impact. Revenue grew 10 percent over 2014 in Asia Pacific excluding Japan with a 4 percentage point unfavorable currency impact. Agilent CrossLab business revenue in 2014 increased 7 percent compared to 2013. Revenue growth in 2014 was led by strength in the overall service agreement business, the remarketed instrument business, and our portfolio of LC columns and generic supply products.

Agilent CrossLab business saw positive revenue growth in all the key end markets after accounting for the unfavorable currency impact in 2015. Growth was led by the pharmaceutical and biotechnology markets. Revenue in chemical and energy end markets were slower but still reported growth, adjusted for currency movements.

Looking forward, we expect strength in the pharmaceutical and biotechnology markets will continue to offset weakness in the chemical and energy markets in the near term. The drivers of organic revenue growth in the short-term will be our commitment to bringing innovative solutions to market and our focus on expanding the partnerships we have with our customers. Our launch of the Agilent CrossLab brand promise is beginning to help us communicate the value we bring to our customers, and we are optimistic that this will translate into continued long-term growth. We will also remain committed to fiscal discipline by optimizing gross margins across all our product lines.

Gross Margin and Operating Margin

The following table shows the Agilent CrossLab business's margins, expenses and income from operations for 2015 versus 2014 and 2014 versus 2013.

	Years Ended October 31,			2015 over 2014 Change	2014 over 2013 Change
	2015	2014	2013		

Total gross margin	49.6 %	48.5 %	48.7 %	1 ppt	—
Operating margin	22.5 %	23.0 %	24.4 %	(1) ppt	(1) ppt
(in millions)					
Research and development	$46	$45	$31	3%	45%
Selling, general and administrative	$315	$287	$266	10%	8%
Income from operations	$299	$301	$299	(1)%	1%

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Gross margins increased by 1 percentage point in 2015 compared to 2014, primarily due to the favorable currency hedging gains recognized in 2015, which were partially offset by higher logistical costs. Gross margins remained flat in 2014 compared to 2013.

Research and development expenses increased 3 percent in 2015 when compared to 2014, due to higher project expenses and wage increases. Research and development expenses increased 45 percent in 2014 compared to 2013, due to increased investment into expanding our biocolumn and LC column product portfolio.

Selling, general and administrative expenses increased 10 percent in 2015 compared to 2014, due to the increase in allocated infrastructure costs following our separation of Keysight and wage increases. Selling, general and administrative expenses increased 8 percent in 2014 compared to 2013, due to higher field selling costs and higher infrastructure expenses.

Operating margins declined 1 percentage point in 2015 compared to 2014, due to the increase in allocated infrastructure costs following our separation of Keysight, which were partially offset by the favorable currency hedging gains recognized in 2015. Operating margins decreased 1 percentage point in 2014 compared to 2013, due to the higher infrastructure expenses.

Income from Operations

Income from operations in 2015 decreased by $2 million or 1 percent compared to 2014 on a revenue increase of $23 million. Income from operations in 2014 increased by $2 million or 1 percent compared to 2013 on a revenue increase of $83 million, a 3 percent year-over-year operating margin incremental.

Financial Condition

Liquidity and Capital Resources

Our financial position as of October 31, 2015 consisted of cash and cash equivalents of $2,003 million as compared to $2,218 million as of October 31, 2014, which excludes $810 million of cash and cash equivalents held by Keysight.

On November 1, 2014, we completed the distribution of 100% of the outstanding common shares of Keysight to Agilent stockholders who received one share of Keysight common stock for every two shares of Agilent held as of the close of business on the record date, October 22, 2014. The separation agreement provided that prior to the distribution, Keysight make a cash distribution to Agilent in an amount equal to $900 million. The distribution of such cash to Agilent was intended to be a return of capital to Agilent that ensures that Keysight had approximately $700 million of total cash immediately following distribution. For the year ended October 31 2015, we transferred a net amount of $734 million to Keysight.

As of October 31, 2015, approximately $1,780 million of our cash and cash equivalents is held outside of the U.S. in our foreign subsidiaries. Most of the amounts held outside of the U.S. could be repatriated to the U.S. but, under current law, would be subject to U.S. federal and state income taxes, less applicable foreign tax credits. Agilent has accrued for U.S. federal and state tax liabilities on the earnings of its foreign subsidiaries except when the earnings are considered indefinitely reinvested outside of the U.S. Repatriation could result in additional material U.S. federal and state income tax payments in future years. We utilize a variety of funding strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed.

We believe our cash and cash equivalents, cash generated from operations, and ability to access capital markets and credit lines will satisfy, for at least the next twelve months, our liquidity requirements, both globally and domestically, including the following: working capital needs, capital expenditures, business acquisitions, stock repurchases, cash dividends, contractual obligations, commitments, principal and interest payments on debt, and other liquidity requirements associated with our operations.

Net Cash Provided by Operating Activities

Net cash provided by operating activities was $491 million in 2015 as compared to $711 million provided in 2014 and $1,152 million provided in 2013. For the years ended 2014 and 2013, net cash provided by operating activities included the cash provided by Keysight operating activities. We paid approximately $129 million of net taxes in 2015, as compared to net $131 million in taxes in 2014 and net $110 million in 2013. Income taxes, including those paid for the Keysight business, were paid by Agilent for the years ended October 31, 2014 and 2013. The increase in cash paid for income taxes for the year ended October 31, 2015 was due to tax payments related to the separation. Operating cash flows in 2014 were impacted by pre-separation costs and separation related taxes, the redemption of senior notes including payments related to accrued interest and the timing of the purchase of shares under the employee stock purchase plan. For the years ended October 31, 2015, 2014 and 2013 other assets and liabilities used cash of $262 million, $45 million and provided cash of $8 million, respectively. The increase in the usage of cash for the

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year ended October 31, 2015 in other assets and liabilities was largely the result of contributions to defined benefit plans, changes in interest and restructuring accruals, income tax liabilities and transaction tax assets and liabilities.

In 2015, the change in accounts receivable used cash of $24 million, $119 million in 2014 and provided cash of $14 million in 2013. For the years ended October 31, 2014 and 2013 the change in accounts receivable included $25 million of cash used and $44 million of cash provided by Keysight, respectively. Days' sales outstanding were 53 days in 2015, 49 days in 2014 and 47 days in 2013. The change in accounts payable used cash of $26 million in 2015, provided cash of $50 million in 2014 and used cash of $27 million in 2013. For the years ended October 31, 2014 and 2013 the change in accounts payable included $32 million of cash provided and $24 million of cash used by Keysight, respectively. Cash used in inventory was $24 million in 2015, $99 million in 2014 and $100 million in 2013. For the years ended October 31, 2014 and 2013 the change in inventory included $31 million and $53 million of cash used by Keysight, respectively. Inventory days on-hand decreased to 97 days in 2015 compared to 106 days in 2014 and 118 days in 2013.

We contributed $15 million, $30 million and $30 million to our U.S. defined benefit plans in 2015, 2014 and 2013, respectively. For the years ended October 31, 2014 and 2013 we contributed $15 million and $15 million, respectively, to our U.S. defined benefit plans on behalf of Keysight. We contributed $25 million, $72 million and $89 million to our non-U.S. defined benefit plans in 2015, 2014 and 2013, respectively. For the years ended October 31, 2014 and 2013 we contributed $41 million and $45 million, respectively, to our non-U.S. defined benefit plans on behalf of Keysight. We contributed less than $1 million to our U.S. post-retirement benefit plans in 2015 and $1 million in both 2014 and 2013. Our non-U.S. defined benefit plans are generally funded ratably throughout the year. Total contributions in 2015 were $40 million or 61 percent less than 2014. Total contributions in 2014 were $103 million or 14 percent more than 2013. Our annual contributions are highly dependent on the relative performance of our assets versus our projected liabilities, among other factors. We expect to contribute approximately $25 million to our U.S. and non-U.S. defined benefit plans and $1 million to our U.S. post-retirement benefit plans during 2016.

Net Cash Used in Investing Activities

Net cash used in investing activities in 2015 was $400 million and in 2014 was $230 million as compared to net cash used of $248 million in 2013. For the years ended October 31, 2014 and 2013 cash used in investing activities included $82 million and $85 million of cash used by Keysight, respectively.

Investments in property, plant and equipment were $98 million in 2015, $205 million in 2014 and $195 million in 2013. For the years ended October 31, 2014 and 2013 investments in plant and equipment included $70 million and $69 million, respectively, related to Keysight. Proceeds from sale of property, plant and equipment were $12 million in 2015, $14 million in 2014 and $2 million in 2013. In 2015 we invested $74 million in acquisitions of businesses and intangible assets, net of cash acquired compared to $13 million in 2014 and $21 million in 2013. In 2015 we increased our investment in our equity method investment by $1 million. In 2014, there were $25 million of purchases of equity method investments including a $3.5 million loan converted to equity compared with $46 million of purchases of investments including $21 million for equity method investments in 2013. Proceeds from a divestiture was $3 million in 2015 compared to $2 million in 2014. Proceeds from the sale of investment securities in 2015 were zero, $1 million in 2014 and $12 million in 2013. We made a payment of $2 million in exchange for convertible note in 2015. Change in restricted cash and cash equivalents was $240 million in 2015 related to our Seahorse Biosciences acquisition and $4 million and zero in 2014 and 2013 respectively.

Net Cash Used in Financing Activities

Net cash used in financing activities in 2015 was $1,068 million compared to $97 million in 2014 and $554 million in 2013, respectively. The increase in cash used in 2015 when compared to 2014 was largely due to the net cash

transferred to Keysight.

Treasury stock repurchases

On November 22, 2013 we announced that our board of directors had authorized a share repurchase program. The existing program is designed to reduce or eliminate dilution resulting from issuance of stock under the company's employee equity incentive programs to target maintaining a weighted average share count of approximately 335 million diluted shares. For the years ended October 31, 2015, 2014 and 2013 we repurchased 6 million shares for $267 million, 4 million shares for $200 million and 20 million shares for $900 million, respectively. All such shares and related costs are held as treasury stock and accounted for using the cost method.

On May 28, 2015 we announced that our board of directors had approved a new share repurchase program (the "2015 repurchase program"). The 2015 share repurchase program authorizes the purchase of up to $1.14 billion of our common stock through and including November 1, 2018. The 2015 share repurchase program will commence, at the option of the company,

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on either November 1, 2015, or the date on which we complete the purchase of the remaining $98 million for a total of $365 million of common stock in fiscal 2015 under the existing stock repurchase program. Upon commencement, the 2015 share repurchase program replaces our existing stock repurchase program, which authorized the repurchase of shares to reduce or eliminate share dilution from equity programs. The 2015 repurchase program does not require the company to acquire a specific number of shares and may be suspended or discontinued at any time.

Dividends

For the years ended October 31, 2015, 2014 and 2013 cash dividends of $133 million, $176 million and $156 million were paid on the company's outstanding common stock, respectively. On November 19, 2015, we declared a quarterly dividend of $0.115 per share of common stock, or approximately $38 million which will be paid on January 27, 2016 to shareholders of record as of the close of business on January 5, 2016. The timing and amounts of any future dividends are subject to determination and approval by our board of directors.

Credit Facility

On September 15, 2014, Agilent entered into a credit agreement with a financial institution which provides for a $400 million five-year unsecured credit facility that will expire on September 15, 2019. On June 9, 2015, the commitments under the existing credit facility were increased by $300 million so that the aggregate commitments under the facility now total $700 million. As of October 31, 2015, the company had no borrowings outstanding under the facility. We were in compliance with the covenants for the credit facility during the years ended October 31, 2015 and 2014.

Long-term debt

In October 2007, the company issued an aggregate principal amount of $600 million in senior notes ("2017 senior notes"). The 2017 senior notes were issued at 99.60% of their principal amount. The notes will mature on November 1, 2017, and bear interest at a fixed rate of 6.50% per annum. The interest is payable semi-annually on May 1st and November 1st of each year and payments commenced on May 1, 2008.

On November 25, 2008, we terminated two interest rate swap contracts associated with our 2017 senior notes that represented the notional amount of $400 million. The asset value, including interest receivable, upon termination was approximately $43 million and the amount to be amortized at October 31, 2015 was $2 million. The gain is being deferred and amortized to interest expense over the remaining life of the 2017 senior notes. On October 20, 2014, we settled the redemption of $500 million of the $600 million outstanding aggregate principal amount of our 2017 senior notes due November 1, 2017 that had been called for redemption on September 19, 2014.

In July 2010, the company issued an aggregate principal amount of $500 million in senior notes ("2020 senior notes"). The 2020 senior notes were issued at 99.54% of their principal amount. The notes will mature on July 15, 2020, and bear interest at a fixed rate of 5.00% per annum. The interest is payable semi-annually on January 15th and July 15th of each year, payments commenced on January 15, 2011.

On August 9, 2011, we terminated our interest rate swap contracts related to our 2020 senior notes that represented the notional amount of $500 million. The asset value, including interest receivable, upon termination for these contracts was approximately $34 million and the amount to be amortized at October 31, 2015 was $19 million. The gain is being deferred and amortized to interest expense over the remaining life of the 2020 senior notes.

In September 2012, the company issued an aggregate principal amount of $400 million in senior notes ("2022 senior notes"). The senior notes were issued at 99.80% of their principal amount. The notes will mature on October 1, 2022,

and bear interest at a fixed rate of 3.20% per annum. The interest is payable semi-annually on April 1st and October 1st of each year, payments commenced on April 1, 2013.

In June 2013, the company issued aggregate principal amount of $600 million in senior notes ("2023 senior notes"). The 2023 senior notes were issued at 99.544% of their principal amount. The notes will mature on July 15, 2023 and bear interest at a fixed rate of 3.875% per annum. Interest is payable semi-annually on January 15th and July 15th of each year and payments commenced January 15, 2014.

As of October 31, 2015, we have mortgage debts, secured on buildings in Denmark, in Danish Krone equivalent of $38 million aggregate principal outstanding with a Danish financial institution. The loans have a variable interest rate based on 3

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months Copenhagen Interbank Rate ("Cibor") and will mature on September 30, 2027. Interest payments are made in March, June, September and December of each year.

Off Balance Sheet Arrangements and Other

We have contractual commitments for non-cancelable operating leases. See Note 18, "Commitments and Contingencies", to our consolidated financial statements for further information on our non-cancelable operating leases.

Our liquidity is affected by many factors, some of which are based on normal ongoing operations of our business and some of which arise from fluctuations related to global economics and markets. Our cash balances are generated and held in many locations throughout the world. Local government regulations may restrict our ability to move cash balances to meet cash needs under certain circumstances. We do not currently expect such regulations and restrictions to impact our ability to pay vendors and conduct operations throughout our global organization.

Contractual Commitments

Our cash flows from operations are dependent on a number of factors, including fluctuations in our operating results, accounts receivable collections, inventory management, and the timing of tax and other payments. As a result, the impact of contractual obligations on our liquidity and capital resources in future periods should be analyzed in conjunction with such factors.

The following table summarizes our total contractual obligations at October 31, 2015 for Agilent operations and excludes amounts recorded in our consolidated balance sheet (in millions):

	Less than one year	One to three years	Three to five years	More than five years
Operating leases	$35	$54	$26	$34
Commitments to contract manufacturers and suppliers	581	—	—	—
Other purchase commitments	53	—	—	—
Retirement plans	26	—	—	—
Total	$695	$54	$26	$34

Operating leases. Commitments under operating leases relate primarily to leasehold property, see Note 18, "Commitments and Contingencies".

Commitments to contract manufacturers and suppliers. We purchase components from a variety of suppliers and use several contract manufacturers to provide manufacturing services for our products. During the normal course of business, we issue purchase orders with estimates of our requirements several months ahead of the delivery dates. However, our agreements with these suppliers usually provide us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to firm orders being placed. Typically purchase orders outstanding with delivery dates within 30 days are non-cancelable. Therefore, only approximately 38 percent of our reported purchase commitments arising from these agreements are firm, non-cancelable, and unconditional commitments. We expect to fulfill most of our purchase commitments for inventory within one year.

In addition to the above mentioned commitments to contract manufacturers and suppliers, we record a liability for firm, non-cancelable and unconditional purchase commitments for quantities in excess of our future demand forecasts consistent with our policy relating to excess inventory. As of October 31, 2015, the liability for our firm,

non-cancelable and unconditional purchase commitments was $5 million compared to $10 million, as of October 31, 2014 and less than $1 million as of October 31, 2013. These amounts are included in other accrued liabilities in our consolidated balance sheet.

Other purchase commitments. We have categorized "other purchase commitments" related to contracts with professional services suppliers. Typically we can cancel contracts without penalties. For those contracts that are not cancelable without penalties, we are disclosing the termination fees and costs or commitments for continued spending that we are obligated to pay to a supplier under each contact's termination period before such contract can be cancelled. Our contractual obligations with these suppliers under "other purchase commitments" were approximately $53 million within the next year.

Retirement Plans. Commitments under the retirement plans relate to expected contributions to be made to our U.S. and non-U.S. defined benefit plans and to our post-retirement medical plans for the next year only. Contributions after next year are impractical to estimate.

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We had no material off-balance sheet arrangements as of October 31, 2015 or October 31, 2014.

On Balance Sheet Arrangements

The following table summarizes our total contractual obligations at October 31, 2015 related to our long-term debt and interest expense (in millions):

	Less than one year	One to three years	Three to five years	More than five years
Senior notes	$—	$100	$500	$1,000
Other debt	—	—	—	38
Interest expense	68	132	123	96
Total	$68	$232	$623	$1,134

Other long-term liabilities include $227 million and $286 million of liabilities for uncertain tax positions as of October 31, 2015 and October 31, 2014, respectively. We are unable to accurately predict when these amounts will be realized or released. However, it is reasonably possible that there could be significant changes to our unrecognized tax benefits in the next twelve months due to either the expiration of a statute of limitations or a tax audit settlement.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to foreign currency exchange rate risks inherent in our sales commitments, anticipated sales, and assets and liabilities denominated in currencies other than the functional currency of our subsidiaries. We hedge future cash flows denominated in currencies other than the functional currency using sales forecasts up to twelve months in advance. Our exposure to exchange rate risks is managed on an enterprise-wide basis. This strategy utilizes derivative financial instruments, including option and forward contracts, to hedge certain foreign currency exposures with the intent of offsetting gains and losses that occur on the underlying exposures with gains and losses on the derivative contracts hedging them. We do not currently and do not intend to utilize derivative financial instruments for speculative trading purposes.

Our operations generate non-functional currency cash flows such as revenues, third party vendor payments and inter-company payments. In anticipation of these foreign currency cash flows and in view of volatility of the currency market, we enter into such foreign exchange contracts as are described above to manage our currency risk. Approximately 57 percent of our revenue in 2015, 61 percent of our revenues in 2014 and 63 percent of our revenues in 2013 were generated in U.S. dollars.

We performed a sensitivity analysis assuming a hypothetical 10 percent adverse movement in foreign exchange rates to the hedging contracts and the underlying exposures described above. As of October 31, 2015 and 2014, the analysis indicated that these hypothetical market movements would not have a material effect on our consolidated financial position, results of operations, statement of comprehensive income or cash flows.

We are also exposed to interest rate risk due to the mismatch between the interest expense we pay on our loans at fixed rates and the variable rates of interest we receive from cash, cash equivalents and other short-term investments. We have issued long-term debt in U.S. dollars or foreign currencies at fixed interest rates based on the market conditions at the time of financing. We believe that the fair value of our fixed rate debt changes when the underlying market rates of interest change, and we may use interest rate swaps to modify such market risk.

We performed a sensitivity analysis assuming a hypothetical 10 percent adverse movement in interest rates relating to the underlying fair value of our fixed rate debt. As of October 31, 2015 and 2014, the sensitivity analyses indicated that a hypothetical 10 percent adverse movement in interest rates would result in an immaterial impact to the fair value of our fixed interest rate debt.

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Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Agilent Technologies, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income, of cash flows, and of equity present fairly, in all material respects, the financial position of Agilent Technologies, Inc. and its subsidiaries at October 31, 2015 and October 31, 2014, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of October 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting related to the accounting for income taxes existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the October 31, 2015 consolidated financial statements, and our opinion regarding the effectiveness of the Company’s internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on these financial statements, on the financial statement schedule and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PRICEWATERHOUSECOOPERS LLP

San Jose, California
December 18, 2015

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AGILENT TECHNOLOGIES, INC.
CONSOLIDATED STATEMENT OF OPERATIONS

	Years Ended October 31,		
	2015	2014 (As Revised)	2013 (As Revised)
	(in millions, except per share data)		
Net revenue:			
Products	$3,146	$3,185	$3,083
Services and other	892	863	811
Total net revenue	4,038	4,048	3,894
Costs and expenses:			
Cost of products	1,496	1,568	1,525
Cost of services and other	501	504	462
Total costs	1,997	2,072	1,987
Research and development	330	358	337
Selling, general and administrative	1,189	1,199	1,184
Total costs and expenses	3,516	3,629	3,508
Income from operations	522	419	386
Interest income	7	9	7
Interest expense	(66)	(110)	(107)
Other income (expense), net	17	(89)	7
Income from continuing operations before taxes	480	229	293
Provision (benefit) for income taxes	42	(3)	68
Income from continuing operations	438	232	225
Income (loss) from discontinued operations, net of tax expense (benefit) of $(2), $100 and $57	$(37)	$317	$509
Net income	$401	$549	$734
Net income per share - basic:			
Income from continuing operations	$1.32	$0.70	$0.66
Income (loss) from discontinued operations	(0.12)	0.95	1.49
Net income per share - basic	$1.20	$1.65	$2.15
Net income per share - diluted:			
Income from continuing operations	$1.31	$0.69	$0.65
Income (loss) from discontinued operations	(0.11)	0.93	1.48
Net income per share - diluted	$1.20	$1.62	$2.13
Weighted average shares used in computing net income per share:			
Basic	333	333	341
Diluted	335	338	345
Cash dividends declared per common share	$0.400	$0.528	$0.460

The accompanying notes are an integral part of these consolidated financial statements.

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AGILENT TECHNOLOGIES, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	Years Ended October 31,		
	2015	2014 (As Revised)	2013 (As Revised)
Net income	$401	$549	$734
Other comprehensive income (loss):			
Unrealized gain on investments, net of tax (expense) benefit of $0, $(1) and $(2)	—	11	7
Amounts reclassified into earnings related to investments, net of tax of $0, $0 and $0	—	(1)	—
Gain on derivative instruments, net of tax (expense) of $(3), $(5) and $(2)	8	8	8
Amounts reclassified into earnings related to derivative instruments, net of tax benefit of $6, $0 and $3	(12)	1	(10)
Foreign currency translation, net of tax benefit of $24, $8 and $8	(336)	(269)	1
Net defined benefit pension cost and post retirement plan costs:			
Change in actuarial net loss, net of tax (expense) benefit of $17, $65, and $(114)	(38)	(143)	228
Change in net prior service benefit, net of tax benefit of $6, $16, and $16	(11)	(32)	(32)
Other comprehensive income (loss)	(389)	(425)	202
Total comprehensive income	$12	$124	$936

The accompanying notes are an integral part of these condensed consolidated financial statements.

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AGILENT TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEET

	October 31, 2015	2014 (As Revised)
	(in millions, except par value and share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$2,003	$2,218
Short-term restricted cash and cash equivalents	242	—
Accounts receivable, net	606	626
Inventory	541	574
Other current assets	294	263
Current assets of discontinued operations	—	1,828
Total current assets	3,686	5,509
Property, plant and equipment, net	604	631
Goodwill	2,366	2,507
Other intangible assets, net	445	649
Long-term investments	86	96
Other assets	292	268
Non-current assets of discontinued operations	—	1,155
Total assets	$7,479	$10,815
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$279	$302
Employee compensation and benefits	221	228
Deferred revenue	258	260
Other accrued liabilities	218	279
Current liabilities of discontinued operations	—	623
Total current liabilities	976	1,692
Long-term debt	1,655	1,663
Retirement and post-retirement benefits	264	209
Other long-term liabilities	414	513
Long-term liabilities of discontinued operations	—	1,434
Total liabilities	3,309	5,511
Commitments and contingencies (Note 18)		
Total equity:		
Stockholders' equity:		
Preferred stock; $0.01 par value; 125 million shares authorized; none issued and outstanding	—	—
Common stock; $0.01 par value; 2 billion shares authorized; 611 million shares at October 31, 2015 and 608 million shares at October 31, 2014 issued	6	6
Treasury stock at cost; 279 million shares at October 31, 2015 and 273 million shares at October 31, 2014	(10,074)	(9,807)
Additional paid-in-capital	9,045	8,967
Retained earnings	5,581	6,469
Accumulated other comprehensive loss	(391)	(334)

Total stockholders' equity	4,167	5,301
Non-controlling interest	3	3
Total equity	4,170	5,304
Total liabilities and equity	$7,479	$10,815

The accompanying notes are an integral part of these consolidated financial statements.

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AGILENT TECHNOLOGIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Years Ended October 31,		
	2015	2014 (As Revised)	2013 (As Revised)
	(in millions)		
Cash flows from operating activities:			
Net income	$401	$549	$734
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	253	384	372
Accelerated amortization of interest rate swap gain (due to early redemption of debt)	—	(22)	—
Share-based compensation	54	96	85
Excess tax benefit from share-based plans	(8)	(1)	(2)
Deferred taxes	70	(192)	(4)
Excess and obsolete inventory and inventory related charges	30	79	48
Non-cash restructuring and asset impairment charges	3	23	3
Net gain on sale of investments	—	(1)	(1)
Net (gain) loss on sale of assets and divestitures	3	(10)	3
Other	13	10	3
Changes in assets and liabilities:			
Accounts receivable, net	(24)	(119)	14
Inventory	(24)	(99)	(100)
Accounts payable	(26)	50	(27)
Employee compensation and benefits	8	9	16
Other assets and liabilities	(262)	(45)	8
Net cash provided by operating activities	491	711	1,152
Cash flows from investing activities:			
Investments in property, plant and equipment	(98)	(205)	(195)
Proceeds from the sale of property, plant and equipment	12	14	2
Proceeds from the sale of investment securities	—	1	12
Proceeds from divestitures	3	2	—
Payment to acquire equity method investment	(1)	(25)	(21)
Payment in exchange for convertible note	(2)	—	—
Purchase of other investments	—	—	(25)
Change in restricted cash, cash equivalents and investments, net	(240)	(4)	—
Acquisitions of businesses and intangible assets, net of cash acquired	(74)	(13)	(21)
Net cash used in investing activities	(400)	(230)	(248)
Cash flows from financing activities:			
Issuance of common stock under employee stock plans	58	188	161
Treasury stock repurchases	(267)	(200)	(900)
Payment of dividends	(133)	(176)	(156)
Issuance of senior notes	—	1,099	597
Debt issuance costs	—	(9)	(5)
Repayment of senior notes	—	(1,000)	(250)
Purchase of non-controlling interest	—	—	(3)
Proceeds from debts and credit facility	—	87	—
Net transfer of cash and cash equivalents to Keysight	(734)	—	—
Repayment of debts and credit facility	—	(87)	—

Excess tax benefit from share-based plans	8	1	2
Net cash used in financing activities	(1,068)	(97)	(554)
Effect of exchange rate movements	(48)	(31)	(26)
Net increase (decrease) in cash and cash equivalents	(1,025)	353	324
Change in cash and cash equivalents within current assets of discontinued operations	810	—	—
Cash and cash equivalents at beginning of year	2,218	2,675	2,351
Cash and cash equivalents at end of year	$2,003	$3,028	$2,675

The accompanying notes are an integral part of these consolidated financial statements.

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AGILENT TECHNOLOGIES, INC.
CONSOLIDATED STATEMENT OF EQUITY

	Common Stock			Treasury Stock			Accumulated			
	Number of Shares	Par Value	Additional Paid-in Capital	Number of Shares	Treasury Stock at Cost	Retained Earnings	Other Comprehensive Income/(Loss)	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
	(in millions, except number of shares in thousands)									
Balance as of October 31, 2012	595,259	$6	$8,489	(248,786)	$(8,707)	$5,505	$ (111)	$ 5,182	$ 3	$5,185
Cumulative impact of revision, see Note 2 "Revision of Prior Period Financial Statements"	—	—	(12)	—	—	13	—	1	—	1
Revised Balance as of October 31, 2012	595,259	$6	$8,477	(248,786)	$(8,707)	$5,518	$ (111)	$ 5,183	$ 3	$5,186
Components of comprehensive income, net of tax:										
Net income	—	—	—	—	—	734	—	734	—	734
Other comprehensive income	—	—	—	—	—	—	202	202	—	202
Total comprehensive income								936		936
Cash dividends declared ($0.46 per common share)	—	—	—	—	—	(156)	—	(156)	—	(156)
Share-based awards issued	6,370	—	147	—	—	—	—	147	—	147
Repurchase of common stock	—	—	—	(20,544)	(900)	—	—	(900)	—	(900)
Tax benefits from share-based awards issued	—	—	2	—	—	—	—	2	—	2
Share-based compensation	—	—	85	—	—	—	—	85	—	85
Balance as of October 31, 2013	601,629	$6	$8,711	(269,330)	$(9,607)	$6,096	$ 91	$ 5,297	$ 3	$5,300
Components of comprehensive income, net of tax:										
Net income	—	—	—	—	—	549	—	549	—	549
Other comprehensive loss	—	—	—	—	—	—	(425)	(425)	—	(425)
Total comprehensive income								124		124
Cash dividends declared ($0.528 per common share)	—	—	—	—	—	(176)	—	(176)	—	(176)

Change in non-controlling interest	—	—	—	—	—	—	—	—	—	—
Share-based awards issued	6,261	—	170	—	—	—	—	170	—	170
Adjustment to cumulative excess tax benefits realized from share based awards issued, see Note 5, "Share-based Compensation"	—	—	(11)	—	—	—	—	(11)	—	(11)
Tax benefits from share-based awards issued	—	—	1	—	—	—	—	1	—	1
Repurchase of common stock	—	—	—	(3,594)	(200)	—	—	(200)	—	(200)
Share-based compensation	—	—	96	—	—	—	—	96	—	96
Balance as of October 31, 2014	607,890	$6	$8,967	(272,924)	$(9,807)	$6,469	$ (334)	$ 5,301	$ 3	$5,304
Components of comprehensive income, net of tax:										
Net income	—	—	—	—	—	401	—	401	—	401
Other comprehensive loss	—	—	—	—	—	—	(389)	(389)	—	(389)
Total comprehensive income								12		12
Cash dividends declared ($0.40 per common share)	—	—	—	—	—	(133)	—	(133)	—	(133)
Distribution of Keysight	—	—	(28)	—	—	(1,156)	332	(852)	—	(852)
Share-based awards issued	2,964	—	44	—	—	—	—	44	—	44
Tax benefit from share based awards issued	—	—	8	—	—	—	—	8	—	8
Repurchase of common stock	—	—	—	(6,471)	(267)	—	—	(267)	—	(267)
Share-based compensation	—	—	54	—	—	—	—	54	—	54
Balance as of October 31, 2015	610,854	$6	$9,045	(279,395)	$(10,074)	$5,581	$ (391)	$ 4,167	$ 3	$4,170

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The accompanying notes are an integral part of these consolidated financial statements.

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AGILENT TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview. Agilent Technologies Inc. ("we", "Agilent" or the "company"), incorporated in Delaware in May 1999, is a global leader in life sciences, diagnostics and applied chemical markets, providing application focused solutions that includes instruments, software, services and consumables for the entire laboratory workflow.

Keysight Separation. On November 1, 2014, we completed the distribution of 100% of the outstanding common shares of Keysight Technologies, Inc. ("Keysight") to Agilent stockholders who received one share of Keysight common stock for every two shares of Agilent held as of the close of business on the record date, October 22, 2014. The historical results of operations and the financial position of Keysight are included in the consolidated financial statements of Agilent and are reported as discontinued operations within this Form 10-K.

Exit of Nuclear Magnetic Resonance Business. During the fourth quarter of fiscal year 2014, we made the decision to cease the manufacture and sale of our nuclear magnetic resonance (“NMR”) product line within our life sciences and applied markets segment. In connection with the exit from this business, we recorded approximately $6 million and $68 million in restructuring and other related costs in 2015 and 2014, respectively. For additional details related to the exit of the NMR business see Note 15, "Exit of NMR Business". We will continue to provide service support to the NMR installed base.

New Segment Structure. In November 2014, we announced a change in organizational structure designed to better serve our customers. Our life sciences business, excluding the nucleic acid solutions division, together with the chemical analysis business combined to form a new segment called life sciences and applied markets business. Our diagnostics and genomics businesses combined with the nucleic acid solutions division from our life sciences business and became the diagnostics and genomics segment. Finally, the Agilent CrossLab segment was formed from the services and consumables businesses previously part of the life sciences and chemicals analysis businesses. Financial reporting under this new structure is included within this report on Form 10-K and historical financial segment information has been recast to conform to this new presentation within our financial statements.

Basis of presentation. The accompanying financial data has been prepared by us pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") and is in conformity with U.S. generally accepted accounting principles ("GAAP"). Our fiscal year end is October 31. Unless otherwise stated, all years and dates refer to our fiscal year.

Principles of consolidation. The consolidated financial statements include the accounts of the company and our wholly- and majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Revision of Services and other and Product Net Revenues and related Cost of Sales. In 2015 we revised amounts shown in our consolidated statement of operations to more accurately reflect the character of items delivered to customers. Our diagnostic and genomics segment identified a stream of service revenues that had been presented as product revenue in previous years. We have now revised those years’ presentation to show the revenue within services and other. The cost of sales associated with these newly identified service revenues has also been revised to align with the new presentation. For the year ended October 31, 2014 service and other revenue increased $21 million and service and other cost of sales increased $19 million with corresponding reductions in product revenue and cost of sales. For the year ended October 31, 2013 service and other revenue increased $17 million and service and other cost of sales increased$12 million with corresponding reductions in product revenue and cost of sales.These corrections to the classifications are not considered to be material to current or prior periods and had no impact to our consolidated

statement of operations.

Use of estimates. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management's best knowledge of current events and actions that may impact the company in the future, actual results may be different from the estimates. Our critical accounting policies are those that affect our financial statements materially and involve difficult, subjective or complex judgments by management. Those policies are revenue recognition, valuation of goodwill and purchased intangible assets, inventory valuation, share-based compensation, retirement and post-retirement plan assumptions, restructuring and accounting for income taxes.

Revenue recognition. We enter into agreements to sell products (hardware and/or software), services and other arrangements (multiple element arrangements) that include combinations of products and services.

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We recognize revenue, net of trade discounts and allowances, provided that (1) persuasive evidence of an arrangement exists, (2) delivery has occurred, (3) the price is fixed or determinable and (4) collectability is reasonably assured. Delivery is considered to have occurred when title and risk of loss have transferred to the customer for products, or when the service has been provided. We consider the price to be fixed or determinable when the price is not subject to refund or adjustments. We consider arrangements with extended payment terms not to be fixed or determinable, and accordingly we defer revenue for these sales arrangements for which the payment is not yet due. At the time of the transaction, we evaluate the creditworthiness of our customers to determine the appropriate timing of revenue recognition.

Product revenue. Our product revenue is generated predominantly from the sales of various types of analytical instrumentation. Product revenue, including sales to resellers and distributors, is reduced for estimated returns when appropriate. For sales or arrangements that include customer-specified acceptance criteria, including those where acceptance is required upon achievement of performance milestones, revenue is recognized after the acceptance criteria have been met. For products that include installation, if the installation meets the criteria to be considered a separate element, product revenue is recognized upon delivery, and recognition of installation revenue is delayed until the installation is complete. Otherwise, neither the product nor the installation revenue is recognized until the installation is complete.

Where software is licensed separately, revenue is recognized when the software is delivered and has been transferred to the customer or, in the case of electronic delivery of software, when the customer is given access to the licensed software programs.

We also evaluate whether collection of the receivable is probable, the fee is fixed or determinable and whether any other undelivered elements of the arrangement exist on which a portion of the total fee would be allocated based on vendor-specific objective evidence.

Service revenue. Revenue from services includes extended warranty, customer and software support, consulting including companion diagnostics and training and education. Service revenue is deferred and recognized over the contractual period or as services are rendered and accepted by the customer. For example, customer support contracts are recognized ratably over the contractual period, while training revenue is recognized as the training is provided to the customer. In addition the four revenue recognition criteria described above must be met before service revenue is recognized.

Revenue Recognition for Arrangements with Multiple Deliverables. Our multiple-element arrangements are generally comprised of a combination of measurement instruments, installation or other start-up services, and/or software and/or support or services. Hardware and software elements are typically delivered at the same time and revenue is recognized upon delivery once title and risk of loss pass to the customer. Delivery of installation, start-up services and other services varies based on the complexity of the equipment, staffing levels in a geographic location and customer preferences, and can range from a few days to a few months. Service revenue is deferred and recognized over the contractual period or as services are rendered and accepted by the customer. Revenue from the sale of software products that are not required to deliver the tangible product's essential functionality are accounted for under software revenue recognition rules which require vendor specific objective evidence (VSOE) of fair value to allocate revenue in a multiple element arrangement. Our arrangements generally do not include any provisions for cancellation, termination, or refunds that would significantly impact recognized revenue.

We have evaluated the deliverables in our multiple-element arrangements and concluded that they are separate units of accounting if the delivered item or items have value to the customer on a standalone basis and for an arrangement that includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s)

is considered probable and substantially in our control. We allocate revenue to each element in our multiple-element arrangements based upon their relative selling prices. We determine the selling price for each deliverable based on a selling price hierarchy. The selling price for a deliverable is based on VSOE if available, third-party evidence (TPE) if VSOE is not available, or estimated selling price (ESP) if neither VSOE nor TPE is available. Revenue allocated to each element is then recognized when the basic revenue recognition criteria for that element have been met.

We use VSOE of selling price in the selling price allocation in all instances where it exists. VSOE of selling price for products and services is determined when a substantial majority of the selling prices fall within a reasonable range when sold separately. TPE of selling price can be established by evaluating largely interchangeable competitor products or services in standalone sales to similarly situated customers. As our products contain a significant element of proprietary technology and the solution offered differs substantially from that of competitors, it is difficult to obtain the reliable standalone competitive pricing necessary to establish TPE. ESP represents the best estimate of the price at which we would transact a sale if the product or service were sold on a standalone basis. We determine ESP for a product or service by using historical selling prices which reflect multiple factors including, but not limited to customer type, geography, market conditions, competitive landscape, gross margin objectives

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and pricing practices. The determination of ESP is made through consultation with and approval by management. We may modify or develop new pricing practices and strategies in the future. As these pricing strategies evolve changes may occur in ESP. The aforementioned factors may result in a different allocation of revenue to the deliverables in multiple element arrangements, which may change the pattern and timing of revenue recognition for these elements but will not change the total revenue recognized for the arrangement.

Deferred revenue. Deferred revenue represents the amount that is allocated to undelivered elements in multiple element arrangements. We limit the revenue recognized to the amount that is not contingent on the future delivery of products or services or meeting other specified performance conditions.

Accounts receivable, net. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Such accounts receivable has been reduced by an allowance for doubtful accounts, which is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance based on customer specific experience and the aging of such receivables, among other factors. The allowance for doubtful accounts as of October 31, 2015 and 2014 was not material. We do not have any off-balance-sheet credit exposure related to our customers. Accounts receivable are also recorded net of product returns.

Shipping and handling costs. Our shipping and handling costs charged to customers are included in net revenue, and the associated expense is recorded in cost of products for all periods presented.

Inventory. Inventory is valued at standard cost, which approximates actual cost computed on a first-in, first-out basis, not in excess of market value. We assess the valuation of our inventory on a periodic basis and make adjustments to the value for estimated excess and obsolete inventory based on estimates about future demand. The excess balance determined by this analysis becomes the basis for our excess inventory charge. Our excess inventory review process includes analysis of sales forecasts, managing product rollovers and working with manufacturing to maximize recovery of excess inventory.

Goodwill and Purchased Intangible Assets. Under the authoritative guidance we have the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The accounting standard gives an entity the option to first assess qualitative factors to determine whether performing the two-step test is necessary. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not (i.e. greater than 50% chance) that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test will be required. Otherwise, no further testing will be required.

The guidance includes examples of events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount. These include macro-economic conditions such as deterioration in the entity's operating environment or industry or market considerations; entity-specific events such as increasing costs, declining financial performance, or loss of key personnel; or other events such as an expectation that a reporting unit will be sold or a sustained decrease in the stock price on either an absolute basis or relative to peers.

If it is determined, as a result of the qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the provisions of authoritative guidance require that we perform a two-step impairment test on goodwill. In the first step, we compare the fair value of each reporting unit to its carrying value. The second step (if necessary) measures the amount of impairment by applying fair-value-based tests to the individual assets and liabilities within each reporting unit. As defined in the authoritative guidance, a reporting unit is an operating segment, or one level below an operating segment. We aggregate components of an operating segment that have similar economic characteristics into our reporting units.

In fiscal year 2015, we assessed goodwill impairment for our three reporting units which consisted of three segments: life sciences and applied markets, diagnostics and genomics and Agilent CrossLab. Due to the new segment structure in November 2014 we performed a quantitative test for goodwill impairment of the three reporting units, as of September 30, 2015. Based on the results of our testing, the fair value of these reporting units are greater than their respective carrying values. Each quarter we review the events and circumstances to determine if goodwill impairment is indicated. There was no impairment of goodwill during the years ended October 31, 2015, 2014 and 2013.

Purchased intangible assets consist primarily of acquired developed technologies, proprietary know-how, trademarks, and customer relationships and are amortized using the best estimate of the asset's useful life that reflect the pattern in which the economic benefits are consumed or used up or a straight-line method ranging from 6 months to 15 years. In-process research and development ("IPR&D") is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized

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over its estimated useful life. If an IPR&D project is abandoned, Agilent will record a charge for the value of the related intangible asset to Agilent's condensed consolidated statement of operations in the period it is abandoned.

Agilent's indefinite-lived intangible assets are IPR&D intangible assets. The accounting guidance allows a qualitative approach for testing indefinite-lived intangible assets for impairment, similar to the issued impairment testing guidance for goodwill and allows the option to first assess qualitative factors (events and circumstances) that could have affected the significant inputs used in determining the fair value of the indefinite-lived intangible asset to determine whether it is more-likely-than-not (i.e. greater than 50% chance) that the indefinite-lived intangible asset is impaired. An organization may choose to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to calculating its fair value. We performed a qualitative test for impairment of indefinite-lived intangible assets as of September 30, 2015. Based on the results of our qualitative testing, we believe that it is more-likely-than-not that the fair value of these indefinite-lived intangible assets is greater than their respective carrying values. Each quarter we review the events and circumstances to determine if impairment of indefinite-lived intangible asset is indicated. In the years ended October 31, 2015, 2014 and 2013, we recorded an impairment of $3 million, $4 million and zero, respectively due to the cancellation of certain IPR&D projects. In addition, in the year ended October 31, 2014, we also recorded $12 million of impairment of other intangibles due to the exit of our NMR business.

Share-based compensation. For the years ended 2015, 2014 and 2013, we accounted for share-based awards made to our employees and directors including employee stock option awards, restricted stock units, employee stock purchases made under our Employee Stock Purchase Plan ("ESPP") and performance share awards under Agilent Technologies, Inc. Long-Term Performance Program ("LTPP") using the estimated grant date fair value method of accounting. Under the fair value method, we recorded compensation expense, in continuing operations, for all share-based awards of $55 million in 2015, $59 million in 2014 and $51 million in 2013. For the stock option and long term performance plan grants in 2015 we are now using a volatility measure derived from a selection of our peer companies. In prior periods, we used Agilent stock historical volatility. We currently consider this method to not be reflective of our future volatility due to the separation of Keysight. See Note 5, "Share-based compensation" for additional information.

Retirement and post-retirement plans. Substantially all of our employees are covered under various defined benefit and/or defined contribution retirement plans. Additionally we sponsor post-retirement health care benefits for our eligible U.S. employees. Assumptions used to determine the benefit obligations and the expense for these plans are derived annually. See Note 16, “Retirement plans and post-retirement pension plans” for additional information.

Restructuring and exit of NMR business. The main components of expenses are related to workforce reductions, assets impairments and write-downs and special charges to inventory, which mainly relates to exiting of one of our businesses. Workforce reduction charges are accrued when payment of benefits that the employees are entitled to becomes probable and the amounts can be estimated. We have also assessed the recoverability of our long-lived assets, by determining whether the carrying value of such assets will be recovered through undiscounted future cash flows. Asset impairments primarily consist of property, plant and equipment and are based on an estimate of the amounts and timing of future cash flows related to the expected future remaining use and ultimate sale or disposal of buildings and equipment net of costs to sell. The charges related to inventory include estimated future inventory disposal payments that we are contractually obliged to make to our suppliers and inventory written-down to net realizable value. If the amounts and timing of cash flows from restructuring activities are significantly different from what we have estimated, the actual amount of restructuring and asset impairment charges could be materially different, either higher or lower, than those we have recorded.

Taxes on income. Income tax expense or benefit is based on income or loss before taxes. Deferred tax assets and liabilities are recognized principally for the expected tax consequences of temporary differences between the tax bases

of assets and liabilities and their reported amounts. See Note 6, "Income Taxes" for more information.

Warranty. Our standard warranty terms typically extend for one year from the date of delivery. We accrue for standard warranty costs based on historical trends in warranty charges as a percentage of net product revenue. The accrual is reviewed regularly and periodically adjusted to reflect changes in warranty cost estimates. Estimated warranty charges are recorded within cost of products at the time products are sold. See Note 17, "Guarantees".

Advertising. Advertising costs are generally expensed as incurred and amounted to $25 million in 2015, $31 million in 2014 and $28 million in 2013.

Research and development. Costs related to research, design and development of our products are charged to research and development expense as they are incurred.

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Sales Taxes. Sales taxes collected from customers and remitted to governmental authorities are not included in our revenue.

Net income per share. Basic net income per share is computed by dividing net income - the numerator - by the weighted average number of common shares outstanding - the denominator - during the period excluding the dilutive effect of stock options and other employee stock plans. Diluted net income per share gives effect to all potential common shares outstanding during the period unless the effect is anti-dilutive. The dilutive effect of share-based awards is reflected in diluted net income per share by application of the treasury stock method, which includes consideration of unamortized share-based compensation expense, the tax benefits and shortfalls charged to additional paid-in capital and the dilutive effect of in-the-money options and non-vested restricted stock units. Under the treasury stock method, the amount the employee must pay for exercising stock options, unamortized share-based compensation expense and tax benefits or shortfalls are assumed proceeds to be used to repurchase hypothetical shares. See Note 7, "Net Income Per Share".

Cash, cash equivalents and short term investments. We classify investments as cash equivalents if their original or remaining maturity is three months or less at the date of purchase. Cash equivalents are stated at cost, which approximates fair value.

As of October 31, 2015, approximately $1,780 million of our cash and cash equivalents is held outside of the U.S. in our foreign subsidiaries. Under current tax laws, the cash could be repatriated to the U.S. but most of it would be subject to U.S. federal and state income taxes, less applicable foreign tax credits. Our cash and cash equivalents mainly consist of short term deposits held at major global financial institutions, institutional money market funds, and similar short duration instruments with original maturities of 90 days or less. We continuously monitor the creditworthiness of the financial institutions and institutional money market funds in which we invest our funds.

We classify investments as short-term investments if their original maturities are greater than three months and their remaining maturities are one year or less. Currently, we have no short-term investments.

Fair Value of Financial Instruments. The carrying values of certain of our financial instruments including cash and cash equivalents, accounts receivable, accounts payable, accrued compensation and other accrued liabilities approximate fair value because of their short maturities. The fair value of long-term equity investments is determined using quoted market prices for those securities when available. For those long-term equity investments accounted for under the cost or equity method, their carrying value approximates their estimated fair value. Equity method investments are reported at the amount of the company’s initial investment and adjusted each period for the company’s share of the investee’s income or loss and dividend paid. The fair value of our long-term debt, calculated from quoted prices which are primarily Level 1 inputs under the accounting guidance fair value hierarchy, exceeds the carrying value by approximately $30 million and $53 million as of October 31, 2015 and 2014, respectively. The fair value of foreign currency contracts used for hedging purposes is estimated internally by using inputs tied to active markets. These inputs, for example, interest rate yield curves, foreign exchange rates, and forward and spot prices for currencies are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. See also Note 13, "Fair Value Measurements" for additional information on the fair value of financial instruments.

Concentration of credit risk. Financial instruments that potentially subject Agilent to significant concentration of credit risk include money market fund investments, time deposits and demand deposit balances. These investments are categorized as cash and cash equivalents. In addition, Agilent has credit risk from derivative financial instruments used in hedging activities and accounts receivable. We invest in a variety of financial instruments and limit the amount of credit exposure with any one financial institution. We have a comprehensive credit policy in place and credit exposure is monitored on an ongoing basis.

Credit risk with respect to our accounts receivable is diversified due to the large number of entities comprising our customer base and their dispersion across many different industries and geographies. Credit evaluations are performed on customers requiring credit over a certain amount and we sell the majority of our products through our direct sales force. Credit risk is mitigated through collateral such as letter of credit, bank guarantees or payment terms like cash in advance. No single customer accounted for more than 10 percent of combined accounts receivable as of October 31, 2015, or 2014.

Derivative instruments. Agilent is exposed to global foreign currency exchange rate and interest rate risks in the normal course of business. We enter into foreign exchange hedging contracts, primarily forward contracts and purchased options and, in the past, interest rate swaps to manage financial exposures resulting from changes in foreign currency exchange rates and interest rates. In the vast majority of cases, these contracts are designated at inception as hedges of the related foreign currency or interest exposures. Foreign currency exposures include committed and anticipated revenue and expense transactions and assets and liabilities that are denominated in currencies other than the functional currency of the subsidiary. Interest rate exposures are associated with the company's fixed-rate debt. For option contracts, we exclude time value from the measurement of effectiveness.

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To qualify for hedge accounting, contracts must reduce the foreign currency exchange rate and interest rate risk otherwise inherent in the amount and duration of the hedged exposures and comply with established risk management policies; foreign exchange hedging contracts generally mature within twelve months and interest rate swaps, if any, mature at the same time as the maturity of the debt. In order to manage foreign currency exposures in a few limited jurisdictions we may enter into foreign exchange contracts that do not qualify for hedge accounting. In such circumstances, the local foreign currency exposure is offset by contracts owned by the parent company. We do not use derivative financial instruments for speculative trading purposes.

All derivatives are recognized on the balance sheet at their fair values. For derivative instruments that are designated and qualify as a fair value hedge, changes in value of the derivative are recognized in the consolidated statement of operations in the current period, along with the offsetting gain or loss on the hedged item attributable to the hedged risk. For derivative instruments that are designated and qualify as a cash flow hedges, changes in the value of the effective portion of the derivative instrument is recognized in comprehensive income (loss), a component of stockholders' equity. Amounts associated with cash flow hedges are reclassified and recognized in income when either the forecasted transaction occurs or it becomes probable the forecasted transaction will not occur. Derivatives not designated as hedging instruments are recorded on the balance sheet at their fair value and changes in the fair values are recorded in the income statement in the current period. Derivative instruments are subject to master netting arrangements and are disclosed gross in the balance sheet. Changes in the fair value of the ineffective portion of derivative instruments are recognized in earnings in the current period. Ineffectiveness in 2015, 2014 and 2013 was not material. Cash flows from derivative instruments are classified in the statement of cash flows in the same category as the cash flows from the hedged or economically hedged item, primarily in operating activities.

Property, plant and equipment. Property, plant and equipment are stated at cost less accumulated depreciation. Additions, improvements and major renewals are capitalized; maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or disposed of, the assets and related accumulated depreciation and amortization are removed from our general ledger, and the resulting gain or loss is reflected in the consolidated statement of operations. Buildings and improvements are depreciated over the lesser of their useful lives or the remaining term of the lease and machinery and equipment over three to ten years. We use the straight-line method to depreciate assets.

Leases. We lease buildings, machinery and equipment under operating leases for original terms ranging generally from one year to twenty years. Certain leases contain renewal options for periods up to six years. In addition, we lease equipment to customers in connection with our diagnostics business using both capital and operating leases. As of October 31, 2015 and 2014 our diagnostics and genomics segment has approximately $11 million and $8 million, respectively, of lease receivables related to capital leases and approximately $31 million and $33 million, respectively, of net assets for operating leases. We depreciate the assets related to the operating leases over their estimated useful lives.

Capitalized software. We capitalize certain internal and external costs incurred to acquire or create internal use software. Capitalized software is included in property, plant and equipment and is depreciated over three to five years once development is complete.

Impairment of long-lived assets. We continually monitor events and changes in circumstances that could indicate carrying amounts of long-lived assets, including intangible assets, may not be recoverable. When such events or changes in circumstances occur, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the undiscounted future cash flows is less than the carrying amount of those assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets.

Employee compensation and benefits. Amounts owed to employees, such as accrued salary, bonuses and vacation benefits are accounted for within employee compensation and benefits. The total amount of accrued vacation benefit was $86 million and $100 million as of October 31, 2015, and 2014, respectively.

Foreign currency translation. We translate and remeasure balance sheet and income statement items into U.S. dollars. For those subsidiaries that operate in a local currency functional environment, all assets and liabilities are translated into U.S. dollars using current exchange rates at the balance sheet date; revenue and expenses are translated using monthly exchange rates which approximate to average exchange rates in effect during each period. Resulting translation adjustments are reported as a separate component of accumulated other comprehensive income (loss) in stockholders' equity.

For those subsidiaries that operate in a U.S. dollar functional environment, foreign currency assets and liabilities are remeasured into U.S. dollars at current exchange rates except for non-monetary assets and capital accounts which are remeasured at historical exchange rates. Revenue and expenses are generally remeasured at monthly exchange rates which approximate average exchange rates in effect during each period. Gains or losses from foreign currency remeasurement are included in consolidated

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net income. Net gains or losses resulting from foreign currency transactions, including hedging gains and losses, are reported in other income (expense), net and was $9 million loss for fiscal year 2015, $4 million loss for 2014 and $2 million loss for 2013, respectively.

2. REVISION OF PRIOR PERIOD FINANCIAL STATEMENTS

During the year ended October 31, 2014 the company identified and recorded various out of period income tax adjustments. Specifically, $13 million tax expense for corrections to U.S. deferred taxes, $12 million tax expense for the correction of transfer pricing for prior years, $9 million tax benefit related to the correction of the tax basis of land in the U.K. and $3 million of tax expense to correct tax related balance sheet accounts. During the year ended October 31, 2015 the company identified additional income tax out of period adjustments. Specifically, $13 million of tax benefit from the reduction in deferred tax liabilities due to tax rate changes in Denmark occurring in the prior year, $10 million of tax benefit to correct the overstatement of U.S. income taxes payable, $7 million of tax benefit to correct the understatement of international prepaid income taxes, $17 million of tax expense to correct deferred tax liabilities associated with unremitted foreign earnings, $4 million of tax expense attributable to an error discovered on a prior year U.S. tax return, $4 million tax expense related to foreign deferred tax assets, and a $2 million net tax benefit associated with errors in prior year international income tax provisions. The aggregated impact of the out of period income tax adjustments identified, including the reversing effect of prior year errors, resulted in the provision for income taxes in 2014 and 2013 to be overstated by $45 million and $10 million, respectively.

We evaluated the aggregate effects of the errors to our previously issued financial statements in accordance with SEC Staff Accounting Bulletins No. 99 and No. 108 and, based upon quantitative and qualitative factors, determined that the errors were not material to the previously issued financial statements and disclosures included in our Annual Report on Form 10-K for the year ended October 31, 2014 or for any quarterly periods included therein or through our most recent Quarterly Report on Form 10-Q. As part of this evaluation, we considered a number of qualitative factors, including, among others, that the errors did not change a net loss into net income or vice versa, did not have an impact on our long-term debt covenant compliance, and did not mask a change in earnings or other trends when considering the overall competitive and economic environment within the industry during the periods. However, as a result of the Company presenting continuing operations and discontinued operations for the first time in our Annual Report on Form 10-K, we determined the effect of the errors is significant to our financial results for the year ending October 31, 2014 and 2013. Accordingly, we are revising our historical financial statements.

Due to the immaterial nature of the misstatement corrections, the cumulative adjustments required to correct the misstatements in the financial statements prior to the fiscal year ended October 31, 2013 are reflected in the revised stockholders' equity as of October 31, 2012. The cumulative effect of those adjustments increased previously reported retained earnings by $13 million and reduced additional paid in capital by $12 million. The cumulative effect to retained earnings includes the $65 million related to adjusting the cumulative effect of a change in accounting principle to reduce our long-term tax liabilities that was previously recorded in 2014.

These adjustments also cumulatively impacted the following balance sheet line items as of October 31, 2014:

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	October 31, 2014		
	As Reported	Adjustments	As Revised
	(in millions)		
Other current assets	$261	$2	$263
Current assets of discontinued operations	$1,821	7	$1,828
Total current assets	$5,500	9	$5,509
Other assets	$283	(15)	$268
Non-current assets of discontinued operations	$1,165	(10)	$1,155
Total assets	$10,831	$(16)	$10,815
Other accrued liabilities	$289	$(10)	$279
Total current liabilities	$1,702	$(10)	$1,692
Other long-term liabilities	$522	$(9)	$513
Total liabilities	$5,530	$(19)	$5,511
Retained earnings	$6,466	$3	$6,469
Total stockholders equity	$5,298	$3	$5,301

The errors discussed above resulted in an understatement of net income of $45 million and $10 million relating to the provision for income taxes for the years ended October 31, 2014 and 2013, respectively.

	Year Ended October 31, 2014			
	As Reported	Adjustments	Revised	Reclassified for Discontinued Operations
	(in millions, except per share data)			
Income before taxes	$646		$646	
Provision (benefit) for income taxes	142	(45)	97	
Income from continuing operations before taxes				229
Provision for income taxes on continuing operations				(3)
Income from continuing operations				232
Income from discontinued operations, net of tax expense of $100				317
Net income	$504	$45	$549	$549
Net income per share:				
Basic	$1.51	$0.14	$1.65	
Diluted	$1.49	$0.13	$1.62	
Net income per share - basic				
Income from continuing operations				$0.70
Income from discontinued operations				$0.95
Net income per share - basic				$1.65
Net income per share - diluted				
Income from continuing operations				$0.69
Income from discontinued operations				$0.93

Net income per share - diluted				$1.62
Total comprehensive income	$79	$45	$124	

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	Year Ended October 31, 2013			
	As Reported	Adjustments	Revised	Reclassified for Discontinued Operations
	(in millions, except per share data)			
Income before taxes	$859		$859	
Provision (benefit) for income taxes	135	(10)	125	
Income from continuing operations before taxes				293
Provision for income taxes on continuing operations				68
Income from continuing operations				225
Income from discontinued operations, net of tax expense of $57				509
Net income	$724	$10	$734	$734
Net income per share:				
Basic	$2.12	$0.03	$2.15	
Diluted	$2.10	$0.03	$2.13	
Net income per share - basic				
Income from continuing operations				$0.66
Income form discontinued operations				$1.49
Net income per share - basic				$2.15
Net income per share - diluted				
Income from continuing operations				$0.65
Income form discontinued operations				$1.48
Net income per share - diluted				$2.13
Total comprehensive income	$926	$10	$936	

The adjustments resulted in the following revisions to our consolidated cash flow statements.

	Year Ended October 31, 2014		
	As Reported	Adjustments	As Revised
	(in millions)		
Net income	$504	$45	$549
Deferred taxes	$(132)	$(60)	$(192)
Changes in assets and liabilities:			
Other assets and liabilities	$(60)	$15	$(45)

	Year Ended October 31, 2013		
	As Reported	Adjustments	As Revised
	(in millions)		
Net income	$724	$10	$734
Deferred taxes	$31	(35)	$(4)
Changes in assets and liabilities:			
Other assets and liabilities	$(17)	25	$8

All financial information presented in the accompanying notes to these consolidated financial statements was revised to reflect the correction of these errors.

3. NEW ACCOUNTING PRONOUNCEMENTS

In April 2014, Financial Accounting Standards Board ("FASB") issued amendments to the guidance on discontinued operations. The guidance changes the criteria for reporting discontinued operations while enhancing disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those

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strategic shifts should have a major effect on the organization's operations and financial results. Examples include a disposal of a major geographic area, a major line of business, or a major equity method investment. Additionally, the new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, expenses of discontinued operations and of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. The new guidance is effective for Agilent prospectively for all disposals (or classifications as held for sale) of components of an entity that occur after November 1, 2016.

The disposal of Keysight meets the definition of a discontinued operation under both the existing and amended accounting guidance. The historical results of operations and the financial position of Keysight are included in the consolidated financial statements of Agilent and are reported as discontinued operations within this Form 10-K.

In May 2014, the FASB issued an amendment to the accounting guidance related to revenue recognition. The amendment was the result of a joint project between the FASB and the International Accounting Standards Board ("IASB") to clarify the principles for recognizing revenue and to develop common revenue standards for U.S. GAAP and International Financial Reporting Standards ("IFRS"). To meet those objectives, the FASB is amending the FASB Accounting Standards Codification and creating a new Topic 606, Revenue from Contracts with Customers, and the IASB is issuing IFRS 15, Revenue from Contracts with Customers. We are evaluating the impact of adopting this guidance to our consolidated financial statements.

In January 2015, FASB issued guidance on simplifying income statement presentation by eliminating the concept of extraordinary items from U.S. GAAP. The amendments in this update are effective for us from November 1, 2016, and in interim periods during that year. A reporting entity may apply the amendments prospectively and retrospectively to all periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. We have evaluated the accounting guidance and determined that there is no impact of this update to our consolidated financial statements.

In February 2015, FASB issued an amendment to the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. All legal entities are subject to reevaluation under the revised consolidation model. The amendments in this update are effective for us from November 1, 2016, and for interim periods within that year. We do not expect that adopting this guidance will have an impact to our consolidated financial statements.

In April 2015, FASB issued an amendment to simplify the presentation of debt issuance costs. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs remain unchanged. The amendments in this update are effective for us from November 1, 2016, and for interim periods within that year. Earlier adoption is permitted and we are currently evaluating when we will implement the guidance. We do not expect the impact of adopting this guidance to be material to our consolidated financial statements.

In July 2015, FASB issued guidance to simplify the accounting for inventory and to more closely align their guidance with international accounting standards. The amendments in this update apply to companies which use inventory valuation methods other than last in, first-out and the retail inventory method to change the way that they subsequently measure the value of inventory on their balance sheet. Under the new guidance, inventory should be valued at the lower of cost and net realizable value rather than the lower of cost and market. The amendments in this update are effective for us from November 1, 2017, and for interim periods in the following year. We do not expect this amended guidance to have an impact to our consolidated financial statements, as the new guidance aligns with our current practice of using net realizable value as our estimate of market value.

In July 2015, FASB announced that the implementation date of Topic 606, Revenue from Contracts with Customers, would be delayed by one year. It will now be effective for us in fiscal 2019, with early adoption permitted for us from November 1, 2017. We are evaluating the timing of our adoption and the impact of this guidance to our consolidated financial statements.

In September 2015, FASB issued guidance intended to simplify accounting for adjustments to provisional amounts recorded in connection with business combinations. Beginning in November 1, 2017 and in the interim periods from November 1, 2018, adjustments will be recorded in the period that they are determined rather than applied retrospectively via revision to the period of acquisition and each period thereafter. Early adoption is permitted. We do not expect this guidance to have a material impact to our consolidated financial statements, but we are currently evaluating the timing of our adoption.

In November 2015, FASB issued guidance intended to simplify accounting for deferred taxes. Beginning on November 1, 2017 including the interim periods following that date we will present all deferred tax balances as non-current. Existing GAAP guidance requires us to record deferred tax balances as either current or non-current in accordance with the classification of the

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underlying attributes. Early adoption is permitted. We are still evaluating when we will adopt this guidance as we expect adoption will cause significant balance sheet reclassifications. See Note 6, “Income Taxes” for details of the current and non-current deferred tax liability balances.

Other amendments to GAAP in the U.S. that have been issued by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on our consolidated financial statements upon adoption.

4. DISCONTINUED OPERATIONS

On September 19, 2013, Agilent announced its intention to separate its electronic measurement business, Keysight, which was previously a separate reportable segment, into a stand-alone publicly traded company. Keysight was incorporated in Delaware as a wholly-owned subsidiary of Agilent on December 6, 2013. On November 1, 2014, we completed the distribution of 100% of the outstanding common stock of Keysight to Agilent stockholders, who received one share of Keysight common stock for every two shares of Agilent common stock held as of the close of business on the record date, October 22, 2014. The separation agreement ensured that Keysight had approximately $700 million of total cash and cash equivalents immediately following distribution. For the year ended October 31, 2015, we transferred a total amount of cash and cash equivalents of $734 million to Keysight.

The historical results of operations and statement of financial position of Keysight have been presented as discontinued operations in the consolidated financial statements and prior periods have been restated. Discontinued operations include results of Keysight's business except for certain allocated corporate overhead costs and certain costs associated with transition services provided by Agilent to Keysight. Discontinued operations also includes other costs incurred by Agilent to separate Keysight. These costs include transaction charges, advisory and consulting fees and information system expenses.

The following table summarizes results from discontinued operations of Keysight included in the consolidated statement of operations:

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
Net revenue	$—	$2,933	$2,888
Costs and expenses	39	2,521	2,323
Operating income (loss)	(39)	412	565
Other income (expense), net	—	5	1
Income (loss) from discontinued operations before tax	(39)	417	566
Provision (benefit) for income taxes	(2)	100	57
Net income (loss) from discontinued operations	$(37)	$317	$509

Net income (loss) from discontinued operations includes transaction, information systems and other costs to effect the separation of $39 million and $178 million for the years ended October 31, 2015 and 2014, respectively. In the year ended October 31, 2015 only those costs incurred to effect the separation have been included. No income or expense has been recorded for the Keysight business after separation from Agilent on November 1, 2014.

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The following table presents Agilent's electronic measurement business assets and liabilities removed from the consolidated balance sheet as of November 1, 2014 and presented as discontinued operations as of October 31, 2014:

	October 31, 2014 (in millions)
Assets:	
Cash and cash equivalents	$810
Accounts receivable, net	357
Inventory	498
Other current assets	163
Current assets of discontinued operations	1,828
Property, plant and equipment, net	470
Goodwill	392
Other intangible assets, net	18
Long-term investments	63
Other assets	212
Non-current assets of discontinued operations	1,155
Total assets of discontinued operations	$2,983
Liabilities:	
Accounts payable	$173
Employee compensation and benefits	167
Deferred revenue	175
Other accrued liabilities	108
Current liabilities of discontinued operations	623
Long-term debt	1,099
Retirement and post-retirement benefits	213
Other long-term liabilities	122
Long-term liabilities of discontinued operations	1,434
Total liabilities of discontinued operations	$2,057

In addition, $332 million of accumulated other comprehensive loss, net of income taxes, primarily related to pension and other post-retirement benefits plans and currency translation was also transferred to Keysight together with $28 million of additional paid in capital related to share based compensation windfall tax benefits. The removal of Keysight net assets and equity related adjustments is presented as a reduction in Agilent's retained earnings and represents a non cash financing activity excluding cash transferred. See Note 6 “Income Taxes” for tax implications and adjustments due to the distribution and Note 5 “Share Based Compensation” for changes to share based compensation awards as a result of the distribution of Keysight.

In order to effect the separation and govern our relationship with Keysight after the separation, we entered into a Separation and Distribution Agreement and other agreements including a Tax Matters Agreement, an Employee Matters Agreement and a Transition Services Agreement. The Separation and Distribution Agreement governs the separation of the electronic measurement business, the transfer of assets and other matters related to our relationship with Keysight. Any costs incurred by Agilent in respect of these agreements after separation are recorded in the continuing operations of Agilent.

The Tax Matters Agreement governs the respective rights, responsibilities and obligations of Keysight and Agilent with respect to taxes, tax attributes, tax returns, tax proceedings and certain other tax matters.

The Employee Matters Agreement governs the compensation and employee benefit obligations with respect to the current and former employees and non-employee directors of Keysight and Agilent, and generally allocates liabilities

and responsibilities relating to employee compensation, benefit plans and programs. The Employee Matters Agreement provides that employees of

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Keysight will no longer participate in benefit plans sponsored or maintained by Agilent. In addition, the Employee Matters Agreement provides that each of the parties will be responsible for their respective former and current employees and compensation plans for such current employees.

Under the terms of the Transition Services Agreement, we agreed to provide administrative, site services, information technology systems and various other corporate and support services to Keysight over the period of 12-18 months after the separation on a cost or cost-plus basis. The most significant component of the service income is the provision of IT services that was completed by the end of the second quarter of 2015. In total we have recorded income for all services provided to Keysight of approximately $12 million. In addition, Agilent expects to receive lease income together with site service income from Keysight over the next 4-5 years of approximately $13 million per year. In the year ended October 31, 2015 other income (expense), net includes $25 million of income in respect of the provision of services to, and lease income from Keysight.

5. SHARE-BASED COMPENSATION

Agilent accounts for share-based awards in accordance with the provisions of the accounting guidance which requires the measurement and recognition of compensation expense for all share-based payment awards made to our employees and directors including employee stock option awards, restricted stock units, employee stock purchases made under our ESPP and performance share awards granted to selected members of our senior management under the LTPP based on estimated fair values.

Description of Share-Based Plans

Employee stock purchase plan. Effective November 1, 2000, we adopted the ESPP. The ESPP allows eligible employees to contribute up to ten percent of their base compensation to purchase shares of our common stock at 85 percent of the closing market price at purchase date. Shares authorized for issuance in connection with the ESPP are subject to an automatic annual increase of the lesser of one percent of the outstanding shares of common stock of Agilent on November 1, or an amount determined by the Compensation Committee of our Board of Directors. Under the terms of the ESPP, in no event shall the number of shares issued under the ESPP exceed 75 million shares.

Under our ESPP, employees purchased 346,472 shares for $12 million in 2015, 1,604,406 shares for $73 million in 2014 and 1,454,724 shares for $48 million in 2013. As of October 31, 2015, the number of shares of common stock authorized and available for issuance under our ESPP was 42,605,407.

Incentive compensation plans. On November 19, 2008 and March 11, 2009, the Compensation Committee of Board of Directors and the stockholders, respectively, approved the Agilent Technologies, Inc. 2009 Stock Plan (the "2009 Stock Plan") to replace the Company's 1999 Stock Plan and 1999 Stock Non-Employee Director Stock Plan and subsequently reserved 25 million shares of Company common stock that may be issued under the 2009 Plan, plus any shares forfeited or cancelled under the 1999 Stock Plan. The 2009 Stock Plan provides for the grant of awards in the form of stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), performance shares and performance units with performance-based conditions on vesting or exercisability, and cash awards. The 2009 Plan has a term of ten years. As of October 31, 2015, 13,524,407 shares were available for future awards under the 2009 Stock Plan.

Stock options granted under the 2009 Stock Plans may be either "incentive stock options", as defined in Section 422 of the Internal Revenue Code, or non-statutory. Options generally vest at a rate of 25 percent per year over a period of four years from the date of grant and generally have a maximum contractual term of ten years. The exercise price for stock options is generally not less than 100 percent of the fair market value of our common stock on the date the stock award is granted.

Effective November 1, 2003, the Compensation Committee of the Board of Directors approved the LTPP, which is a performance stock award program administered under the 2009 Stock Plan, for the company's executive officers and other key employees. Participants in this program are entitled to receive unrestricted shares of the company's stock after the end of a three-year period, if specified performance targets are met. LTPP awards are generally designed to meet the criteria of a performance award with the performance metrics and peer group comparison set at the beginning of the performance period. Based on the performance metrics the final award may vary from zero to 200 percent of the target award. The maximum contractual term for awards under the LTPP program is three years. We consider the dilutive impact of this program in our diluted net income per share calculation only to the extent that the performance conditions are met.

In March 2007, we began to issue restricted stock units under our share-based plans. The estimated fair value of the restricted stock unit awards granted under the Stock Plans is determined based on the market price of Agilent's common stock on the date

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of grant adjusted for expected dividend yield. Restricted stock units generally vest, with some exceptions, at a rate of 25 percent per year over a period of four years from the date of grant.

In connection with the separation of Keysight Technologies on November 1, 2014 and in accordance with the Employee Matters Agreement we made certain adjustments to the exercise price and number of our share-based compensation awards with the intention of preserving the intrinsic value of the awards prior to the separation. Exercisable and non-exercisable stock options converted to those of the entity where the employee is working post-separation. Restricted stock units awards and long-term performance plan grants were adjusted to provide holders restricted stock units and long-term performance plan grants in the company that employs such employee following the separation. These adjustments to our stock-based compensation awards did not have a material impact on compensation expense.

Impact of Share-based Compensation Awards

We have recognized compensation expense based on the estimated grant date fair value method under the authoritative guidance. For all share-based awards we have recognized compensation expense using a straight-line amortization method. As the guidance requires that share-based compensation expense be based on awards that are ultimately expected to vest, estimated share-based compensation has been reduced for estimated forfeitures.

The impact on our results for share-based compensation was as follows:

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
Cost of products and services	$11	$13	$12
Research and development	5	7	5
Selling, general and administrative	39	39	34
Share-based compensation expense in continuing operations	55	59	51
Share-based compensation expense in discontinued operations	—	39	37
Total share-based compensation expense	$55	$98	$88

At October 31, 2015 and 2014 there was no share-based compensation capitalized within inventory. The windfall income tax benefit realized from the exercised stock options and similar awards recognized was $8 million in 2015, $1 million in 2014 and $2 million in 2013, respectively. Approximately $11 million of previously recognized windfall tax benefits was reversed due to the favorable settlement of a tax authority examination in first quarter of 2014. The weighted average grant date fair value of options, granted in 2015, 2014 and 2013 was $10.58, $18.73 and $12.18 per share, respectively.

Included in the 2015, 2014 and 2013 expense is incremental expense for acceleration of share-based compensation related to the announced workforce reduction plan of $2 million, $1 million and $2 million, respectively. Upon termination of the employees impacted by workforce reduction, the non-vested Agilent awards held by these employees immediately vests. Employees have a period of up to three months in which to exercise the Agilent options before such options are cancelled.

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Valuation Assumptions

For all periods presented, the fair value of share based awards for employee stock option awards was estimated using the Black-Scholes option pricing model. For all periods presented, shares granted under the LTPP were valued using a Monte Carlo simulation. The estimated fair value of restricted stock unit awards was determined based on the market price of Agilent's common stock on the date of grant adjusted for expected dividend yield. The ESPP allows eligible employees to purchase shares of our common stock at 85 percent of the fair market value at the purchase date.

The following assumptions were used to estimate the fair value of employee stock options and LTPP grants.

	Years Ended October 31,		
	2015	2014	2013
Stock Option Plans:			
Weighted average risk-free interest rate	1.75%	1.69%	0.86%
Dividend yield	1%	1%	1%
Weighted average volatility	28%	39%	39%
Expected life	5.5 years	5.8 years	5.8 years
LTPP:			
Volatility of Agilent shares	25%	36%	37%
Volatility of selected peer-company shares	12%-57%	13%-57%	6%-64%
Price-wise correlation with selected peers	37%	47%	49%

Both the Black-Scholes and Monte Carlo simulation fair value models require the use of highly subjective and complex assumptions, including the option’s expected life and the price volatility of the underlying stock. Due to the separation of Keysight on November 1, 2014, expected volatility for grants of options in fiscal 2015 was based on a 5.5 year average historical stock price volatility of a group of our peer companies. For the volatility of our 2015 LTPP grants, we used the 3 year average historical stock price volatility of a group of our peer companies. We believe our historical volatility prior to the separation of Keysight is no longer relevant to use. For the grants of options and LTPP prior to November 1, 2014, the expected stock price volatility assumption was determined using the historical volatility of Agilent’s stock over the most recent historical period equivalent to the expected life of the stock options and LTPP.

In developing our estimated life of our employees' stock options of 5.5 years, we considered the separation of Keysight and the historical option exercise behavior for our executive employees who were granted the majority of the options in the annual grants made which we believe is representative of future behavior. In developing our estimated life of our employee stock options of 5.8 years for 2013 to 2014, we considered the historical option exercise behavior of our executive employees who were granted the majority of the options in the annual grants made which we believe is representative of future behavior.

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Share-based Payment Award Activity

Employee Stock Options

The following table summarizes employee stock option award activity made to our employees and directors for 2015. The amount of options outstanding and the weighted average exercise price at October 31, 2014, have been revised to reflect the impact of the Keysight separation.

	Options Outstanding	Weighted Average Exercise Price
	(in thousands)	
Outstanding at October 31, 2014	6,584	$27
Granted	1,347	$41
Exercised	(1,925)	$24
Cancelled/Forfeited/Expired	(294)	$35
Outstanding at October 31, 2015	5,712	$31

Forfeited and expired options from total cancellations in 2015 were as follows:

	Options Cancelled	Weighted Average Exercise Price
	(in thousands)	
Forfeited	277	$36
Expired	17	$20
Total Options Cancelled during 2015	294	$35

The options outstanding and exercisable for equity share-based payment awards at October 31, 2015 were as follows:

	Options Outstanding				Options Exercisable			
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Aggregate Intrinsic Value
	(in thousands)	(in years)		(in thousands)	(in thousands)	(in years)		(in thousands)
$0 - 25	1,120	1.9	$21	$18,873	1,120	1.9	$21	$18,873
$25.01 - 30	2,425	6.1	$26	27,504	1,539	5.7	$26	17,545
$30.01 - 40	921	8.1	$39	—	224	8.1	$39	—
$40.01 - over	1,246	9.1	$41	—	13	8.6	$41	—
	5,712	6.2	$31	$46,377	2,896	4.4	$25	$36,418

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value, based on the company's closing stock price of $37.76 at October 31, 2015, which would have been received by award holders had all award holders exercised their awards that were in-the-money as of that date. The total number of in-the-money awards exercisable at October 31, 2015 was approximately 2.7 million.

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The following table summarizes the aggregate intrinsic value of options exercised and the fair value of options granted in 2015, 2014 and 2013:

	Aggregate Intrinsic Value	Weighted Average Exercise Price	Per Share Value Using Black-Scholes Model
	(in thousands)		
Options exercised in fiscal 2013	$71,499	$28	
Black-Scholes per share value of options granted during fiscal 2013			$12
Options exercised in fiscal 2014	$98,075	$30	
Black-Scholes per share value of options granted during fiscal 2014			$19
Options exercised in fiscal 2015	$33,258	$24	
Black-Scholes per share value of options granted during fiscal 2015			$11

As of October 31, 2015, the unrecognized share-based compensation costs for outstanding stock option awards, net of expected forfeitures, was approximately $5 million which is expected to be amortized over a weighted average period of 2.0 years. The amount of cash received from the exercise of share-based awards granted was $58 million in 2015, $188 million in 2014 and $161 million in 2013. See Note 6, "Income Taxes" for the tax impact on share-based award exercises.

Non-vested Awards

The following table summarizes non-vested award activity in 2015 primarily for our LTPP and restricted stock unit awards. The amount of non-vested awards and the weighted average grant price at October 31, 2014, have been revised to reflect the impact of the Keysight separation.

	Shares	Weighted Average Grant Price
	(in thousands)	
Non-vested at October 31, 2014	2,750	$32
Granted	955	$42
Vested	(1,016)	$30
Forfeited	(159)	$36
Change in LTPP shares vested in the year due to performance conditions	(113)	$—
Non-vested at October 31, 2015	2,417	$36

As of October 31, 2015, the unrecognized share-based compensation costs for non-vested restricted stock awards, net of expected forfeitures, was approximately $32 million which is expected to be amortized over a weighted average period of 2.3 years. The total fair value of restricted stock awards vested was $31 million for 2015, $54 million for 2014 and $44 million for 2013.

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6. INCOME TAXES

The domestic and foreign components of income from continuing operations before taxes are:

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
U.S. operations	$77	$(72)	$5
Non-U.S. operations	403	301	288
Total income from continuing operations before taxes	$480	$229	$293

The provision (benefit) for income taxes is comprised of:

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
U.S. federal taxes:			
Current	$(91)	$17	$13
Deferred	97	(80)	3
Non-U.S. taxes:			
Current	62	176	88
Deferred	(27)	(111)	(43)
State taxes, net of federal benefit:			
Current	1	—	2
Deferred	—	(5)	5
Total provision (benefit)	$42	$(3)	$68

The income tax provision (benefit) does not reflect potential future tax savings resulting from excess deductions associated with our various share-based award plans.

The significant components of deferred tax assets and deferred tax liabilities included on the consolidated balance sheet are:

	October 31,			
	2015		2014	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
	(in millions)			
Inventory	$13	$—	$18	$—
Intangibles	—	95	—	142
Property, plant and equipment	17	—	18	—
Warranty reserves	11	—	9	—
Pension benefits and retiree medical benefits	93	—	85	—
Employee benefits, other than retirement	26	—	27	—
Net operating loss, capital loss, and credit carryforwards	173	—	176	—
Unremitted earnings of foreign subsidiaries	—	33	—	44
Share-based compensation	39	—	41	—
Deferred revenue	41	—	41	—

Other	4	—	9	3
Subtotal	417	128	424	189
Tax valuation allowance	(131)	—	(134)	—
Total deferred tax assets or deferred tax liabilities	$286	$128	$290	$189

The increase in 2015 as compared to 2014 for the deferred tax asset relating to pension benefits is due mainly to the tax effect of changes in pension plans recognized in other comprehensive income (loss). The decrease in the deferred tax liability

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relating to intangible assets is due primarily to amortization of acquired intangible assets from Dako. The amortization expenses associated with acquired intangible assets are not deductible for tax purposes.

Agilent records U.S. income taxes on the undistributed earnings of foreign subsidiaries unless the subsidiaries' earnings are considered indefinitely reinvested outside the U.S. As of October 31, 2015 the Company recognized a $33 million deferred tax liability for the overall residual tax expected to be imposed upon the repatriation of unremitted foreign earnings that are not considered permanently reinvested. As of October 31, 2015, the cumulative amount of undistributed earnings considered indefinitely reinvested was $5 billion. No deferred tax liability has been recognized on the basis difference created by such earnings since it is our intention to utilize those earnings in the company’s foreign operations. Because of the availability of U.S. foreign tax credits, the determination of the unrecognized deferred tax liability on these earnings is not practicable.

The breakdown between current and long-term deferred tax assets and deferred tax liabilities was as follows for the years 2015 and 2014:

	October 31, 2015	2014
	(in millions)	
Current deferred tax assets (included within other current assets)	$84	$88
Long-term deferred tax assets (included within other assets)	180	145
Current deferred tax liabilities (included within other accrued liabilities)	(10)	(7)
Long-term deferred tax liabilities (included within other long-term liabilities)	(96)	(125)
Total	$158	$101

Valuation allowances require an assessment of both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable. Such assessment is required on a jurisdiction by jurisdiction basis. As of October 31, 2015, we continued to maintain a valuation allowance of $131 million until sufficient positive evidence exists to support reversal. The valuation allowance is mainly related to deferred tax assets for California R&D credits, net operating losses in the Netherlands and capital losses in Australia.

At October 31, 2015, we had federal net operating loss carryforwards of approximately $7 million and zero tax credit carryforwards. The federal net operating losses expire in years beginning 2022 through 2026. At October 31, 2015, we had state net operating loss carryforwards of approximately $228 million which expire in years beginning 2016 through 2031, if not utilized. In addition, we had net state tax credit carryforwards of $36 million that do not expire. All of the federal and some of the state net operating loss carryforwards are subject to change of ownership limitations provided by the Internal Revenue Code and similar state provisions. At October 31, 2015, we also had foreign net operating loss carryforwards of approximately $358 million. Of this foreign loss, $234 million will expire in years beginning 2016 through 2024, if not utilized. The remaining $124 million has an indefinite life. Some of the foreign losses are subject to annual loss limitation rules. These annual loss limitations in the U.S. and foreign jurisdictions may result in the expiration or reduced utilization of the net operating losses.

The authoritative guidance prohibits recognition of a deferred tax asset for excess tax benefits related to stock and stock option plans that have not yet been realized through reduction in income taxes payable. Such unrecognized deferred tax benefit totals $193 million as of October 31, 2015 and will be accounted for as a credit to shareholders' equity, if and when realized, through a reduction in income taxes payable. The Company recognized approximately $28 million as a credit to shareholders' equity for cumulative excess tax benefits related to stock and stock option plans that have been realized as of October 31, 2015.

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The differences between the U.S. federal statutory income tax rate and our effective tax rate are:

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
Profit before tax times statutory rate	$167	$80	$103
State income taxes, net of federal benefit	(8)	(7)	5
Non-U.S. income taxed at different rates	(72)	(39)	(34)
Change in unrecognized U.S. tax benefits	(116)	(111)	—
Repatriation of foreign earnings	68	75	—
Valuation allowances	(2)	2	(8)
Transfer pricing adjustments for prior years	—	—	8
Adjustment to income taxes payable	—	(6)	—
Other, net	5	3	(6)
Provision (benefit) for income taxes	$42	$(3)	$68
Effective tax rate	8.7%	(1.3)%	23.4%

Agilent enjoys tax holidays in several different jurisdictions, most significantly in Singapore. The tax holidays provide lower rates of taxation on certain classes of income and require various thresholds of investments and employment or specific types of income in those jurisdictions. The tax holidays are due for renewal between 2016 and 2023. As a result of the incentives, the impact of the tax holidays decreased income taxes by $65 million, $27 million, and $44 million in 2015, 2014, and 2013, respectively. The benefit of the tax holidays on net income per share (diluted) was approximately $0.19, $0.08, and $0.13 in 2015, 2014 and 2013, respectively.

For 2015, the company’s effective tax rate from continuing operations was 8.7 percent. The income tax expense from continuing operations was $42 million. The income tax provision from continuing operations for the year ended October 31, 2015 included net discrete tax benefits of$55 million. The net discrete tax benefit for the year ended October 31, 2015 included $32 million of net tax benefit primarily due to the settlement of an Internal Revenue Service (“IRS) audit in the U.S. and the recognition of tax expense related to the repatriation of dividends to the U.S. The remaining $23 million net tax benefit for the year ended October 31, 2015 included $16 million of tax benefit related to the de-registration of certain foreign branches and statutue of limitations lapses, $6 million of tax benefit for the extension of the U.S. research and development tax credit attributable to the company's prior fiscal year and $1 million of other discrete benefits.

For 2014, the company's effective tax rate from continuing operations was (1.3) percent. The income tax benefit from continuing operations was $3 million. The income tax benefit for the year ended October 31, 2014 included a net discrete benefit of $33 million Internal Revenue Service ("IRS") audit in the U.S. and the recognition of tax expense related to the repatriation of dividends.

For 2013, the effective tax rate from continuing operations was 23.4 percent. The 23.4 percent effective tax rate is lower than the U.S. statutory rate primarily due to the mix of earnings in non-U.S. jurisdictions taxed at lower statutory rates; in particular Singapore where we enjoy tax holidays.

The breakdown between current and long-term income tax assets and liabilities, excluding deferred tax assets and liabilities, was as follows for the years 2015 and 2014:

	October 31,	
	2015	2014
	(in millions)	

Current income tax assets (included within other current assets)	$104	$82
Long-term income tax assets (included within other assets)	20	45
Current income tax liabilities (included within other accrued liabilities)	(62)	(100)
Long-term income tax liabilities (included within other long-term liabilities)	(227)	(285)
Total	$(165)	$(258)

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax law and regulations in a multitude of jurisdictions. Although the guidance on the accounting for uncertainty in income taxes prescribes the use of a

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recognition and measurement model, the determination of whether an uncertain tax position has met those thresholds will continue to require significant judgment by management. In accordance with the guidance on the accounting for uncertainty in income taxes, for all U.S. and other tax jurisdictions, we recognize potential liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes and interest will be due. The ultimate resolution of tax uncertainties may differ from what is currently estimated, which could result in a material impact on income tax expense. If our estimate of income tax liabilities proves to be less than the ultimate assessment, a further charge to expense would be required. If events occur and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary.

The aggregate changes in the balances of our unrecognized tax benefits including all federal, state and foreign tax jurisdictions are as follows:

	2015	2014	2013
	(in millions)		
Balance, beginning of year	$417	$512	$457
Additions for tax positions related to the current year	33	45	52
Additions for tax positions from prior years	3	11	15
Reductions for tax positions from prior years	(156)	(141)	(6)
Settlements with taxing authorities	(4)	(2)	(3)
Statute of limitations expirations	(4)	(8)	(3)
Balance, end of year	$289	$417	$512

As of October 31, 2015, we had $289 million of unrecognized tax benefits of which $269 million, if recognized, would affect our effective tax rate.

We recognized a tax benefit of $2 million, a tax benefit of $10 million and a tax benefit $5 million of interest and penalties related to unrecognized tax benefits in 2015, 2014 and 2013, respectively. Interest and penalties accrued as of October 31, 2015 and 2014 were $24 million and $29 million, respectively.

On November 1, 2014, Agilent transferred deferred tax assets of $237 million, deferred tax liabilities of $37 million, current income tax payable of $40 million, and other long-term liabilities related to uncertain tax positions totaling $8 million to Keysight as part of its separation from Agilent. A current prepaid income tax asset of $19 million and long-term prepaid income tax asset of $3 million related to sales of intercompany assets was also transferred to Keysight upon separation from Agilent.

In the U.S., tax years remain open back to the year 2012 for federal income tax purposes and the year 2000 for significant states. On September 22, 2015, we reached an agreement with the IRS for the tax years 2008 through 2011. We expect to make a payment of approximately $9 million as part of closing the exam. As a result, in 2015 we reclassified a portion of other long-term liabilities to other accrued liabilities related to uncertain tax positions of continuing operations that we expect to pay within the next twelve months. This amount is partially offset by a prepaid tax account of approximately $3 million that the IRS is allowing as an offset to the $12 million in incremental taxes. The settlement resulted in the recognition, within the continuing operations, of previously unrecognized tax benefits of $119 million, offset by a tax liability on foreign distributions of approximately $99 million principally related to the repatriation of foreign earnings.

On January 29, 2014 we reached an agreement with the IRS for the tax years 2006 through 2007. The settlement resulted in the recognition, within the continuing operations, of previously unrecognized tax benefits of $111 million, offset by a tax liability on foreign distributions of approximately $75 million principally related to the repatriation of

foreign earnings.

In other major jurisdictions where the company conducts business, the tax years generally remain open back to the year 2003. With these jurisdictions and the U.S., it is reasonably possible that there could be significant changes to our unrecognized tax benefits in the next twelve months due to either the expiration of a statute of limitation or a tax audit settlement which will be partially offset by an anticipated tax liability related to unremitted foreign earnings, where applicable. Given the number of years and numerous matters that remain subject to examination in various tax jurisdictions, management is unable to estimate the range of possible changes to the balance of our unrecognized tax benefits.

On July 27, 2015, the U.S. Tax Court issued an opinion in Altera Corp. v. Commissioner related to the treatment of stock-based compensation expense in an intercompany cost-sharing arrangement. A final decision was entered by the U.S. Tax Court on December 1, 2015. At this time, the U.S. Department of the Treasury has not withdrawn the requirement from its regulations

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to include stock-based compensation. The I.R.S. has the right to appeal the U.S. Tax Court decision. We concluded that no adjustment to our consolidated financial statements is appropriate at this time due to the uncertainties with respect to the ultimate resolution of this case.

7. NET INCOME PER SHARE

The following is a reconciliation of the numerators and denominators of the basic and diluted net income per share computations for the periods presented below.

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
Numerator:			
Income from continuing operations	$438	$232	$225
Income (loss) from discontinued operations	$(37)	$317	$509
Net income	401	549	734
Denominators:			
Basic weighted average shares	333	333	341
Potential common shares — stock options and other employee stock plans	2	5	4
Diluted weighted average shares	335	338	345

In connection with the separation of Keysight on November 1, 2014 and in accordance with the Employee Matters Agreement we made certain adjustments to the exercise price and number of our share-based compensation awards. These adjustments to our share-based awards did not have a material impact on our dilutive weighted average shares.

The dilutive effect of share-based awards is reflected in diluted net income per share by application of the treasury stock method, which includes consideration of unamortized share-based compensation expense, the tax benefits or shortfalls charged to additional paid-in capital and the dilutive effect of in-the-money options and non-vested restricted stock units. Under the treasury stock method, the amount the employee must pay for exercising stock options and unamortized share-based compensation expense and tax benefits or shortfalls collectively are assumed proceeds to be used to repurchase hypothetical shares. An increase in the fair market value of the company's common stock can result in a greater dilutive effect from potentially dilutive awards. The total number of share-based awards issued in 2015, 2014 and 2013 were 3 million, 6 million and 6 million, respectively.

We exclude stock options with exercise prices greater than the average market price of our common stock from the calculation of diluted earnings per share because their effect would be anti-dilutive. For 2015, 2014 and 2013, options to purchase 1.2 million, 1,500 and 4,200 shares respectively were excluded from the calculation of diluted earnings per share. In addition, we also exclude from the calculation of diluted earnings per share, stock options, ESPP, LTPP and restricted stock awards whose combined exercise price, unamortized fair value and excess tax benefits or shortfalls collectively were greater than the average market price of our common stock because their effect would also be anti-dilutive. For the year ended 2015, 2014 and 2013, options to purchase 368,900, 383,200 and 18,300 shares respectively were excluded from the calculation of diluted earnings per share.

8. SUPPLEMENTAL CASH FLOW INFORMATION

Net cash paid for income taxes was $129 million in 2015, $131 million in 2014, and $110 million in 2013. Cash paid for interest was $71 million in 2015, $142 million in 2014 and $112 million in 2013.

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9. INVENTORY

	October 31, 2015	2014
	(in millions)	
Finished goods	$362	$366
Purchased parts and fabricated assemblies	179	208
Inventory	$541	$574

Inventory-related excess and obsolescence charges, included in continuing operations, of $30 million were recorded in total cost of products in 2015, $46 million in 2014 and $27 million in 2013, respectively. We record excess and obsolete inventory charges for both inventory on our site as well as inventory at our contract manufacturers and suppliers where we have non-cancellable purchase commitments.

10. PROPERTY, PLANT AND EQUIPMENT, NET

	October 31, 2015	2014
	(in millions)	
Land	$53	$58
Buildings and leasehold improvements	705	714
Machinery and equipment	401	443
Software	168	154
Total property, plant and equipment	1,327	1,369
Accumulated depreciation and amortization	(723)	(738)
Property, plant and equipment, net	$604	$631

Asset impairments other than related to our exit of the NMR business were zero in 2015, zero in 2014 and $3 million in 2013. Asset impairments in connection with the exit of the NMR business were $7 million in 2014. Depreciation expenses were $98 million in 2015, $120 million in 2014 and $116 million in 2013.

11. GOODWILL AND OTHER INTANGIBLE ASSETS

The goodwill balances at October 31, 2015, 2014 and 2013 and the movements in 2015 and 2014 for each of our reportable segments are shown in the table below:

	Life Sciences and Applied Markets	Diagnostics and Genomics	Agilent CrossLab	Total
	(in millions)			
Goodwill as of October 31, 2013	$626	$1,546	$456	$2,628
Foreign currency translation impact	42	(201)	38	(121)
Goodwill as of October 31, 2014	$668	$1,345	$494	$2,507
Foreign currency translation impact	(18)	(166)	(12)	(196)
Goodwill arising from acquisitions	—	55	—	55
Goodwill as of October 31, 2015	$650	$1,234	$482	$2,366

As of September 30, 2015, we assessed goodwill impairment for our reporting units and no impairment of goodwill was indicated.

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The component parts of other intangible assets at October 31, 2015 and 2014 are shown in the table below:

	Other Intangible Assets		
	Gross Carrying Amount	Accumulated Amortization and Impairments	Net Book Value
	(in millions)		
As of October 31, 2014:			
Purchased technology	$880	$475	$405
Trademark/Tradename	167	52	115
Customer relationships	368	257	111
Total amortizable intangible assets	$1,415	$784	$631
In-Process R&D	18	—	18
Total	$1,433	$784	$649
As of October 31, 2015:			
Purchased technology	$746	$476	$270
Trademark/Tradename	141	50	91
Customer relationships	230	168	62
Total amortizable intangible assets	$1,117	$694	$423
In-Process R&D	22	—	22
Total	$1,139	$694	$445

In 2015, we recorded additions to goodwill of $55 million and to other intangible assets of $13 million related to the single acquisition of the company, Cartagenia. During the year other intangible assets decreased $58 million, due to the impact of foreign exchange translation. During 2015, we also removed the gross carrying amount of $246 million and the related accumulated amortization of fully amortized intangible assets which were no longer being used.

In 2014, there were no additions to goodwill and intangible assets. In 2014, we recorded $12 million of impairment of other intangibles due to the exit of the NMR business.

In addition, we recorded $3 million, $4 million and zero of impairments of other intangibles related to the cancellation of in-process research and development projects during 2015, 2014 and 2013, respectively.

Amortization of intangible assets was $156 million in 2015, $189 million in 2014, and $190 million in 2013.

Future amortization expense related to existing finite-lived purchased intangible assets for the next five fiscal years and thereafter is estimated below:

Estimated future amortization expense:	
(in millions)	
2016	$131
2017	$92
2018	$61
2019	$47
2020	$36
Thereafter	$56

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12. INVESTMENTS

The following table summarizes the company's equity investments as of October 31, 2015 and 2014 (net book value):

	October 31, 2015	2014
	(in millions)	
Long-Term		
Cost method investments	$23	$25
Trading securities	35	35
Equity method investments	28	36
Total	$86	$96

Cost method investments consist of non-marketable equity securities and two funds and are accounted for at historical cost. Trading securities are reported at fair value, with gains or losses resulting from changes in fair value recognized currently in earnings. Equity method investments are reported at the amount of the company’s initial investment and adjusted each period for the company’s share of the investee’s income or loss and dividend paid.

All of our investments, excluding trading securities, are subject to periodic impairment review. The impairment analysis requires significant judgment to identify events or circumstances that would likely have significant adverse effect on the future value of the investment. We consider various factors in determining whether an impairment is other-than-temporary, including the severity and duration of the impairment, forecasted recovery, the financial condition and near-term prospects of the investee, and our ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value.
Amounts included in other income (expense), net for the appropriate share of loss on equity method investments were as follows:

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
Equity method investments - share of losses	(9)	$(7)	(2)

Net unrealized gains on our trading securities portfolio were $2 million in 2015, $2 million in 2014 and $6 million in 2013.

13. FAIR VALUE MEASUREMENTS

The authoritative guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, we consider the principal or most advantageous market and assumptions that market participants would use when pricing the asset or liability.

Fair Value Hierarchy

The guidance establishes a fair value hierarchy that prioritizes the use of inputs used in valuation techniques into three levels. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. There are three levels of inputs that may be used to measure fair value:

Level 1 — applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 — applies to assets or liabilities for which there are inputs other than quoted prices included within level 1 that are observable, either directly or indirectly, for the asset or liability such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in less active markets; or other inputs that can be derived principally from, or corroborated by, observable market data.

Level 3 — applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are

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significant to the measurement of the fair value of the assets or liabilities.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Financial assets and liabilities measured at fair value on a recurring basis as of October 31, 2015 were as follows:

	October 31, 2015	Fair Value Measurement at October 31, 2015 Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Assets:				
Short-term				
Cash equivalents (money market funds)	$1,411	$1,411	$—	$—
Derivative instruments (foreign exchange contracts)	4	—	4	—
Long-term				
Trading securities	35	35	—	—
Total assets measured at fair value	$1,450	$1,446	$4	$—
Liabilities:				
Short-term				
Derivative instruments (foreign exchange contracts)	$5	$—	$5	$—
Long-term				
Deferred compensation liability	35	—	35	—
Total liabilities measured at fair value	$40	$—	$40	$—

Financial assets and liabilities measured at fair value on a recurring basis as of October 31, 2014 were as follows:

	October 31, 2014	Fair Value Measurement at October 31, 2014 Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Assets:				
Short-term				
Cash equivalents (money market funds)	$1,117	$1,117	$—	$—
Derivative instruments (foreign exchange contracts)	10	—	10	—
Long-term				
Trading securities	35	35	—	—
Total assets measured at fair value	$1,162	$1,152	$10	$—
Liabilities:				

Short-term				
Derivative instruments (foreign exchange contracts)	$4	$—	$4	$—
Long-term				
Deferred compensation liability	35	—	35	—
Total liabilities measured at fair value	$39	$—	$39	$—

Our money market funds and trading securities are generally valued using quoted market prices and therefore are classified within level 1 of the fair value hierarchy. Our derivative financial instruments are classified within level 2, as there is not an active market for each hedge contract, but the inputs used to calculate the value of the instruments are tied to active markets. Our deferred

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compensation liability is classified as level 2 because although the values are not directly based on quoted market prices, the inputs used in the calculations are observable.

Trading securities and deferred compensation liability are reported at fair value, with gains or losses resulting from changes in fair value recognized currently in net income. Certain derivative instruments are reported at fair value, with unrealized gains and losses, net of tax, included in stockholders' equity. Realized gains and losses from the sale of these instruments are recorded in net income.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

Long-Lived Assets

For assets measured at fair value on a non-recurring basis, the following table summarizes the impairments included in net income for the years ended October 31, 2015, 2014 and 2013:

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
Long-lived assets held and used	$3	$23	$1
Long-lived assets held for sale	$—	$—	$1

Long-lived assets held and used with a carrying amount of $3 million were written down to their fair value of zero, resulting in an impairment charge of $3 million, which was included in net income for 2015. Long-lived assets held and used with a carrying amount of $23 million were written down to their fair value of zero, resulting in an impairment charge of $23 million, which was included in net income for 2014. The impairment charge for 2014 includes $19 million relating to the exit of a business and $4 million related to various IPR&D projects that were written down to their fair value of zero. Long-lived assets held and used with a carrying amount of $1 million were written down to their fair value of zero, resulting in an impairment charge of $1 million, which was included in net income for 2013.

There were no impairments of long-lived assets held for sale in 2015 and 2014. Long-lived assets held for sale with a carrying amount of $3 million were written down to their fair value of $2 million , resulting in an impairment charge of $1 million which was included in net income for 2013.

Fair values for the impaired long-lived assets were measured using level 2 inputs.

14. DERIVATIVES

We are exposed to foreign currency exchange rate fluctuations and interest rate changes in the normal course of our business. As part of risk management strategy, we use derivative instruments, primarily forward contracts, purchased options, and interest rate swaps, to hedge economic and/or accounting exposures resulting from changes in foreign currency exchange rates and interest rates.

Fair Value Hedges

We are exposed to interest rate risk due to the mismatch between the interest expense we pay on our loans at fixed rates and the variable rates of interest we receive from cash, cash equivalents and other short-term investments. We have issued long-term debt in U.S. dollars at fixed interest rates based on the market conditions at the time of

financing. The fair value of our fixed rate debt changes when the underlying market rates of interest change, and, in the past, we have used interest rate swaps to change our fixed interest rate payments to U.S. dollar LIBOR-based variable interest expense to match the floating interest income from our cash, cash equivalents and other short term investments. As of October 31, 2015, all interest rate swap contracts had either been terminated or had expired.

On November 25, 2008, we terminated two interest rate swap contracts associated with our 2017 senior notes that represented the notional amount of $400 million. On October 20, 2014 we prepaid $500 million out of $600 million principal of our 2017 senior notes and fully amortized the associated proportionate deferred gain to other income (expense). The remaining gain to be amortized related to the $100 million of 2017 senior notes at October 31, 2015 was $2 million. On August 9, 2011, we

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terminated five interest rate swap contracts related to our 2020 senior notes that represented the notional amount of $500 million. The gain to be amortized at October 31, 2015 was $19 million. All deferred gains from terminated interest rate swaps are being amortized over the remaining life of the respective senior notes.

Cash Flow Hedges

We enter into foreign exchange contracts to hedge our forecasted operational cash flow exposures resulting from changes in foreign currency exchange rates. These foreign exchange contracts, carried at fair value, have maturities between one and twelve months. These derivative instruments are designated and qualify as cash flow hedges under the criteria prescribed in the authoritative guidance. The changes in the fair value of the effective portion of the derivative instrument are recognized in accumulated other comprehensive income. Amounts associated with cash flow hedges are reclassified to cost of sales in the consolidated statement of operations when the forecasted transaction occurs. If it becomes probable that the forecasted transaction will not occur, the hedge relationship will be de-designated and amounts accumulated in other comprehensive income will be reclassified to other income (expense) in the current period. Changes in the fair value of the ineffective portion of derivative instruments are recognized in other income (expense) in the consolidated statement of operations in the current period. We record the premium paid (time value) of an option on the date of purchase as an asset. For options designated as cash flow hedges, changes in the time value are excluded from the assessment of hedge effectiveness and are recognized in other income (expense) over the life of the option contract. Ineffectiveness in 2015, 2014 and 2013 was not significant. For the years ended October 31, 2015, 2014 and 2013 gains and losses recognized in earnings due to de-designation of cash flow hedge contracts were not significant.

In July 2012, Agilent executed treasury lock agreements for $400 million in connection with future interest payments to be made on our 2022 senior notes issued on September 10, 2012. We designated the treasury lock as a cash flow hedge. The treasury lock contracts were terminated on September 10, 2012 and we recognized a deferred gain in accumulated other comprehensive income which is being amortized to interest expense over the life of the 2022 senior notes. The remaining gain to be amortized related to the treasury lock agreements at October 31, 2015 was $2 million.

Other Hedges

Additionally, we enter into foreign exchange contracts to hedge monetary assets and liabilities that are denominated in currencies other than the functional currency of our subsidiaries. These foreign exchange contracts are carried at fair value and do not qualify for hedge accounting treatment and are not designated as hedging instruments. Changes in value of the derivative are recognized in other income (expense) in the consolidated statement of operations, in the current period, along with the offsetting foreign currency gain or loss on the underlying assets or liabilities.

Our use of derivative instruments exposes us to credit risk to the extent that the counterparties may be unable to meet the terms of the agreement. We do, however, seek to mitigate such risks by limiting our counterparties to major financial institutions which are selected based on their credit ratings and other factors. We have established policies and procedures for mitigating credit risk that include establishing counterparty credit limits, monitoring credit exposures, and continually assessing the creditworthiness of counterparties.

A number of our derivative agreements contain threshold limits to the net liability position with counterparties and are dependent on our corporate credit rating determined by the major credit rating agencies. The counterparties to the derivative instruments may request collateralization, in accordance with derivative agreements, on derivative instruments in net liability positions.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position as of October 31, 2015, was $2 million. The credit-risk-related contingent features underlying these agreements had not been triggered as of October 31, 2015.

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There were 53 foreign exchange forward contracts open as of October 31, 2015 and designated as cash flow hedges. There were 170 foreign exchange forward contracts open as of October 31, 2015 not designated as hedging instruments. The aggregated notional amounts by currency and designation as of October 31, 2015 were as follows:

Currency	Derivatives Designated as Cash Flow Hedges Forward Contracts USD Buy/(Sell)	Derivatives Not Designated as Hedging Instruments Forward Contracts USD Buy/(Sell)	Forward Contracts DKK Buy/(Sell)
	(in millions)		
Euro	$(19)	$186	$(60)
British Pound	(15)	(10)	(4)
Canadian Dollar	(23)	—	(2)
Australian Dollars	10	13	(3)
Malaysian Ringgit	—	(4)	—
Japanese Yen	(67)	(5)	(1)
American Dollar	—	—	33
Other	(2)	21	(9)
	$(116)	$201	$(46)

Derivative instruments are subject to master netting arrangements and are disclosed gross in the balance sheet in accordance with the authoritative guidance. The gross fair values and balance sheet location of derivative instruments held in the consolidated balance sheet as of October 31, 2015 and 2014 were as follows:

Fair Values of Derivative Instruments

Asset Derivatives			Liability Derivatives		
	Fair Value			Fair Value	
Balance Sheet Location	October 31, 2015	October 31, 2014	Balance Sheet Location	October 31, 2015	October 31, 2014
	(in millions)				
Derivatives designated as hedging instruments:					
Cash flow hedges					
Foreign exchange contracts					
Other current assets	$2	$9	Other accrued liabilities	$1	$1
	$2	$9		$1	$1
Derivatives not designated as hedging instruments:					
Foreign exchange contracts					
Other current assets	$2	$1	Other accrued liabilities	$4	$3
Total derivatives	$4	$10		$5	$4

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The effect of derivative instruments for foreign exchange contracts designated as hedging instruments and not designated as hedging instruments in our consolidated statement of operations were as follows:

	2015	2014	2013
	(in millions)		
Derivatives designated as hedging instruments:			
Cash Flow Hedges			
Gain recognized in accumulated other comprehensive income	$11	$13	$10
Gain (loss) reclassified from accumulated other comprehensive income into cost of sales	$18	$(1)	$13
Derivatives not designated as hedging instruments:			
Gain (loss) recognized in other income (expense), net within continuing operations	$(21)	$(20)	$10

The estimated net amount of existing gain at October 31, 2015 that is expected to be reclassified from other comprehensive income to the cost of sales within the next twelve months is $1 million.

15. EXIT OF NMR BUSINESS

During the fourth quarter of fiscal year 2014, we made the decision to cease the manufacture and sale of our nuclear magnetic resonance ("NMR") product line within our life sciences and applied markets segment. The exit of the NMR business was primarily due to the lack of growth and profitability of the product line. These actions involved severance and other personnel costs related to the workforce reduction of approximately 300 employees primarily located in the United Kingdom and California and non-cash charges related to intangible asset impairments and other asset write-downs including inventory. After including employee reductions due to attrition and the application to open positions and acceptance of employment within the company of some employees previously affected, we have approximately 30 employees that are pending termination under the above actions as of October 31, 2015. We expect to complete these restructuring activities by early fiscal 2016.

A summary of total "NMR" restructuring activity and other special charges is shown in the table below:

	Workforce Reduction	Impairments of Building and Other Assets	Special Charges Related to Inventory and Others	Total
	(in millions)			
Balance as of October 31, 2013	$—	$—	$—	$—
Income statement expense	16	19	33	68
Asset impairments/inventory charges	—	(19)	(30)	(49)
Cash payments	(2)	—	—	(2)
Balance as of October 31, 2014	$14	$—	$3	$17
Income statement expense/(reversal)	(2)	—	8	6
Asset impairments/inventory charges	—	—	(2)	(2)
Cash payments	(10)	—	(3)	(13)
Balance as of October 31, 2015	$2	$—	$6	$8

The restructuring and other special accruals related to the NMR closure, which totaled $8 million at October 31, 2015, are recorded in other accrued liabilities on the consolidated balance sheet. These balances reflect estimated future cash outlays.

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A summary of the charges in the consolidated statement of operations resulting from the NMR closure is shown below:

	Year Ended October 31, 2015	Year Ended October 31, 2014
	(in millions)	
Cost of products and services	$(2)	$48
Research and development	4	5
Selling, general and administrative	4	15
Total restructuring, asset impairments and other special charges	$6	$68

16. RETIREMENT PLANS AND POST RETIREMENT PENSION PLANS

General. Substantially all of our employees are covered under various defined benefit and/or defined contribution retirement plans. Additionally, we sponsor post-retirement health care benefits for our eligible U.S. employees.

Agilent provides U.S. employees, who meet eligibility criteria under the Agilent Technologies, Inc. Retirement Plan (the "RP"), defined benefits which are based on an employee's base or target pay during the years of employment and on length of service. For eligible service through October 31, 1993, the benefit payable under the Agilent Retirement Plans is reduced by any amounts due to the eligible employee under the Agilent defined contribution Deferred Profit-Sharing Plan (the "DPSP"), which was closed to new participants as of November 1993. Effective November 1, 2014, Agilent’s U.S. defined benefit retirement plan is closed to new entrants including new employees, new transfers to the U.S. payroll and rehires. These employees will instead be eligible for an enhanced 6 percent employer match in the Agilent 401(k) plan. Current eligible employees will continue to participate in the U.S. defined benefit retirement plan and will remain eligible for the 401(k) plan with the current 4 percent employer match. Retirees maintain the retirement benefits they are eligible for as of November 1, 2014.

As of October 31, 2015 and 2014, the fair value of plan assets of the DPSP was $169 million and $520 million, respectively. Note that the projected benefit obligation for the DPSP equals the fair value of plan assets.

In addition to the DPSP, in the U.S., Agilent maintains a Supplemental Benefits Retirement Plan ("SBRP"), supplemental unfunded non-qualified defined benefit plan to provide benefits that would be provided under the RP but for limitations imposed by the Internal Revenue Code. The RP and the SBRP comprise the "U.S. Plans" in the tables below.

Eligible employees outside the U.S. generally receive retirement benefits under various retirement plans based upon factors such as years of service and/or employee compensation levels. Eligibility is generally determined in accordance with local statutory requirements.

401(k) defined contribution plan. Eligible Agilent U.S. employees may participate in the Agilent Technologies, Inc. 401(k) Plan. Under the 401(k) Plan, we provide matching contributions to employees up to a maximum of 4 percent of an employee's annual eligible compensation. Effective November 1, 2014, new employees and new transfers to the U.S. payroll and rehires are eligible for an enhanced 6 percent employer match in the Agilent 401(k) Plan. The maximum contribution to the 401(k) Plan is 50 percent of an employee's annual eligible compensation, subject to regulatory limitations. The 401(k) Plan employer expense included in income from continuing operations was $14 million in 2015, $15 million in 2014 and $13 million in 2013.

Post-retirement medical benefit plans. In addition to receiving retirement benefits, Agilent U.S. employees who meet eligibility requirements as of their termination date may participate in the Agilent Technologies, Inc. Health Plan for Retirees. Eligible retirees who were less than age 50 as of January 1, 2005 and who retire after age 55 with 15 or more years of service are eligible for a fixed amount which can be utilized to pay for either sponsored plans and/or individual medicare plans. Eligible retirees who were at least age 50 as of January 1, 2005 and who retire after age 55 with 15 or more years of service currently choose from managed-care, indemnity options or individual medicare plans, with the company subsidization level or stipend dependent on a number of factors including eligibility and length of service. On April 1, 2011, changes to the Agilent Technologies, Inc. Health Plan for Retirees were approved. Effective January 1, 2012, employees who were at least age 50 as of January 1, 2005 and who retire after age 55 with 15 or more years of service are eligible for fixed dollar subsidies and stipends. Grandfathered retirees receive a fixed monthly subsidy toward pre-65 premium costs (subsidy capped at 2011 levels) and a fixed monthly stipend post-65. The subsidy amounts will not increase. In addition, any new employee hired on or after November 1, 2014, will not be eligible to participate in the retiree medical plans upon retiring. Current eligible employees will continue to

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participate in the retiree medical program in place as of November 1, 2014. Retirees will maintain the retiree medical benefits they are eligible for as of November 1, 2014.

Components of net periodic cost. The company uses alternate methods of amortization as allowed by the authoritative guidance which amortizes the actuarial gains and losses on a consistent basis for the years presented. For U.S. Plans, gains and losses are amortized over the average future working lifetime. For most Non-U.S. Plans and U.S. Post-Retirement Benefit Plans, gains and losses are amortized using a separate layer for each year's gains and losses. For the years ended October 31, 2015, 2014 and 2013, components of net periodic benefit cost and other amounts recognized in other comprehensive income were comprised of:

	Pensions						U.S. Post-Retirement Benefit Plans		
	U.S. Plans			Non-U.S. Plans					
	2015	2014	2013	2015	2014	2013	2015	2014	2013
	(in millions)								
Net periodic benefit cost (benefit)									
Service cost — benefits earned during the period	$25	$46	$44	$18	$36	$36	$2	$3	$4
Interest cost on benefit obligation	14	34	24	23	74	68	4	12	12
Expected return on plan assets	(27)	(64)	(51)	(42)	(118)	(97)	(8)	(22)	(20)
Amortization of net actuarial loss	3	1	13	25	48	55	6	14	18
Amortization of prior service benefit	(5)	(12)	(12)	—	(1)	(1)	(12)	(35)	(35)
Total periodic benefit cost (benefit)	$10	$5	$18	$24	$39	$61	$(8)	$(28)	$(21)
Summary of total periodic benefit cost (benefit):									
Continuing operations	$10	$2	$9	$24	$27	$38	$(8)	$(14)	$(11)
Discontinued operations	—	3	9	—	12	23	—	(14)	(10)
Total periodic benefit cost (benefit)	$10	$5	$18	$24	$39	$61	$(8)	$(28)	$(21)
Other changes in plan assets and benefit obligations recognized in other comprehensive (income) loss									
Net actuarial (gain) loss	$44	$86	$(122)	$32	$173	$(85)	$16	$12	$(57)
Amortization of net actuarial loss	(3)	(1)	(13)	(25)	(48)	(55)	(6)	(14)	(18)
Prior service cost (benefit)	—	—	—	—	(2)	—	—	—	—
Amortization of prior service benefit	5	12	12	—	1	1	12	35	35
Foreign currency	—	—	—	10	(28)	2	—	—	—
Total recognized in other comprehensive (income) loss	$46	$97	$(123)	$17	$96	$(137)	$22	$33	$(40)
Total recognized in net periodic benefit cost (benefit) and other	$56	$102	$(105)	$41	$135	$(76)	$14	$5	$(61)

comprehensive (income) loss

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Funded status. As of October 31, 2015 and 2014, the funded status of the defined benefit and post-retirement benefit plans was:

	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		U.S. Post-Retirement Benefit Plans	
	2015	2014	2015	2014	2015	2014
	(in millions)					
Change in fair value of plan assets:						
Fair value — beginning of year	$837	$782	$2,108	$2,045	$284	$288
Actual return on plan assets	6	64	53	180	2	18
Employer contributions	15	30	25	72	—	1
Participants' contributions	—	—	1	3	—	—
Benefits paid	(21)	(39)	(20)	(62)	(8)	(23)
Transfer due to Keysight separation	(490)	—	(1,327)	—	(187)	—
Currency impact	—	—	(62)	(130)	—	—
Fair value — end of year	$347	$837	$778	$2,108	$91	$284
Change in benefit obligation:						
Benefit obligation — beginning of year	$889	$763	$2,344	$2,199	$309	$307
Service cost	25	46	18	36	2	3
Interest cost	14	34	23	74	4	12
Participants' contributions	—	—	1	3	—	—
Plan amendment	—	—	—	(2)	—	—
Actuarial (gain) loss	23	85	40	236	11	10
Benefits paid	(22)	(39)	(20)	(62)	(8)	(23)
Transfer due to Keysight separation	(514)	—	(1,429)	—	(206)	—
Currency impact	—	—	(77)	(140)	—	—
Benefit obligation — end of year	$415	$889	$900	$2,344	$112	$309
Overfunded (underfunded) status of PBO	$(68)	$(52)	$(122)	$(236)	$(21)	$(25)
Amounts recognized in the consolidated balance sheet consist of:						
Continuing operations:						
Other assets	$—	$—	$26	$22	$—	$—
Employee compensation and benefits	(2)	(1)	—	—	—	—
Retirement and post-retirement benefits	(66)	(28)	(148)	(147)	(21)	(6)
Net asset (liability) - continuing operations	$(68)	$(29)	$(122)	$(125)	$(21)	$(6)
Discontinued operations:						
Other assets	$—	$—	$—	$—	$—	$—
Employee compensation and benefits	—	(1)	—	48	—	—
Retirement and post-retirement benefits	—	(22)	—	(159)	—	(19)
Net asset (liability) - discontinued operations	$—	$(23)	$—	$(111)	$—	$(19)
Total net asset (liability)	$(68)	$(52)	$(122)	$(236)	$(21)	$(25)
Amounts Recognized in Accumulated Other Comprehensive Income (loss):						
Actuarial (gains) losses	$73	$77	$256	$621	$49	$118
Prior service costs (benefits)	(18)	(55)	—	(4)	(40)	(149)
Total	$55	$22	$256	$617	$9	$(31)

In connection with the separation of Keysight Technologies on November 1, 2014, Agilent transferred certain liabilities and assets of the U.S. and Non-U.S. defined benefit pension plans, and U.S. Post-Retirement Benefit Plans

to similar plans created for Keysight Technologies employees. Total transfers are as follows:

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	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	U.S. Post-Retirement Benefit Plans
	(in millions)		
Fair value of plan assets transferred to Keysight	$490	$1,327	$187
Benefit obligation transferred to Keysight	$514	$1,429	$206

The amounts in accumulated other comprehensive income expected to be recognized by Agilent as components of net expense during 2016 are as follows:

	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	U.S. Post-Retirement Benefit Plans
	(in millions)		
Amortization of net prior service cost (benefit)	$(5)	$—	$(10)
Amortization of actuarial net loss (gain)	$8	$26	$10

Investment policies and strategies as of October 31, 2015 and 2014 . In the U.S., target asset allocations for our retirement and post-retirement benefit plans are approximately 80 percent to equities and approximately 20 percent to fixed income investments. Our DPSP target asset allocation is approximately 60 percent to equities and approximately 40 percent to fixed income investments. Approximately, 5 percent of our U.S. equity portfolio consists of limited partnerships. The general investment objective for all our plan assets is to obtain the optimum rate of investment return on the total investment portfolio consistent with the assumption of a reasonable level of risk. Specific investment objectives for the plans' portfolios are to: maintain and enhance the purchasing power of the plans' assets; achieve investment returns consistent with the level of risk being taken; and earn performance rates of return in accordance with the benchmarks adopted for each asset class. Outside the U.S., our target asset allocation is from 37 to 60 percent to equities, from 40 to 60 percent to fixed income investments, and from zero to 6 percent to real estate investments and from zero to 7 percent to cash, depending on the plan. All plans' assets are broadly diversified. Due to fluctuations in equity markets, our actual allocations of plan assets at October 31, 2015 and 2014 differ from the target allocation. Our policy is to bring the actual allocation in line with the target allocation.

Equity securities include exchange-traded common stock and preferred stock of companies from broadly diversified industries. Fixed income securities include a global portfolio of corporate bonds of companies from diversified industries, government securities, mortgage-backed securities, asset-backed securities, derivative instruments and other. Other investments include a group trust consisting primarily of private equity partnerships as well as other investments. Portions of the cash and cash equivalent, equity, and fixed income investments are held in commingled funds.

Fair Value. The measurement of the fair value of pension and post-retirement plan assets uses the valuation methodologies and the inputs as described in Note 13, "Fair Value Measurements".

Cash and Cash Equivalents - Cash and cash equivalents consist of short-term investment funds. The funds also invest in short-term domestic fixed income securities and other securities with debt-like characteristics emphasizing short-term maturities and quality. Cash and cash equivalents are classified as Level 1 investments except when the cash and cash equivalents are held in commingled funds, which have a daily net value derived from quoted prices for the underlying securities in active markets; these are classified as Level 2 investments.

Equity - Some equity securities consisting of common and preferred stock are held in commingled funds, which have daily net asset values derived from quoted prices for the underlying securities in active markets; these are classified as Level 2 investments. Commingled funds which have quoted prices in active markets are classified as Level 1

investments.

Fixed Income - Some of the fixed income securities are held in commingled funds, which have daily net asset values derived from the underlying securities; these are classified as Level 2 investments. Commingled funds which have quoted prices in active markets are classified as Level 1 investments.

Other Investments - Other investments includes property based pooled vehicles which invest in real estate. Market net asset values are regularly published in the financial press or on corporate websites and so these investments are classified as Level 2. Other investments also includes partnership investments where, due to their private nature, pricing inputs are not readily observable. Asset valuations are developed by the general partners that manage the partnerships. These valuations are based on proprietary appraisals, application of public market multiples to private company cash flows, utilization of market transactions that provide valuation information for comparable companies and other methods. Holdings of limited partnerships are classified as Level 3.

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The following tables present the fair value of U.S. Defined Benefit Plans assets classified under the appropriate level of the fair value hierarchy as of October 31, 2015 and 2014.

	October 31, 2015	Fair Value Measurement at October 31, 2015 Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Cash and Cash Equivalents	$3	$1	$2	$—
Equity	258	61	197	—
Fixed Income	76	22	54	—
Other Investments	10	—	1	9
Total assets measured at fair value	$347	$84	$254	$9

	October 31, 2014	Fair Value Measurement at October 31, 2014 Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Cash and Cash Equivalents	$9	$2	$7	$—
Equity	668	156	512	—
Fixed Income	145	40	105	—
Other Investments	15	1	—	14
Total assets measured at fair value	$837	$199	$624	$14
Assets measured at fair value - continuing operations	$347	$73	$260	$14
Assets measured at fair value - discontinued operations	490	126	364	—
Total assets measured at fair value	$837	$199	$624	$14

For U.S. Defined Benefit Plans assets measured at fair value using significant unobservable inputs (level 3), the following table summarizes the change in balances during 2015 and 2014 for continuing operations:

	Years Ended October 31.	
	2015	2014
Balance, beginning of year	$14	$17
Realized gains/(losses)	(1)	(1)
Unrealized gains/(losses)	(2)	2
Purchases, sales, issuances, and settlements	(2)	(4)
Transfers in (out)	—	—
Balance, end of year	$9	$14

The following tables present the fair value of U.S. Post-Retirement Benefit Plans assets classified under the appropriate level of the fair value hierarchy as of October 31, 2015 and 2014.

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		Fair Value Measurement at October 31, 2015 Using		
	October 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Cash and Cash Equivalents	$3	$2	$1	$—
Equity	62	15	47	—
Fixed Income	20	6	14	—
Other Investments	6	—	—	6
Total assets measured at fair value	$91	$23	$62	$6

		Fair Value Measurement at October 31, 2014 Using		
	October 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Cash and Cash Equivalents	$6	$3	$3	$—
Equity	217	51	166	—
Fixed Income	53	14	39	—
Other Investments	8	—	—	8
Total assets measured at fair value	$284	$68	$208	$8
Assets measured at fair value - continuing operations	$97	$19	$70	$8
Assets measured at fair value - discontinued operations	187	49	138	—
Total assets measured at fair value	$284	$68	$208	$8

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For U.S. Post-Retirement Benefit Plans assets measured at fair value using significant unobservable inputs (level 3), the following table summarizes the change in balances during 2015 and 2014 for continuing operations:

	Years Ended October 31,	
	2015	2014
Balance, beginning of year	$8	$10
Realized gains/(losses)	(1)	(1)
Unrealized gains/(losses)	—	1
Purchases, sales, issuances, and settlements	(1)	(2)
Transfers in (out)	—	—
Balance, end of year	$6	$8

The following tables present the fair value of non-U.S. Defined Benefit Plans assets classified under the appropriate level of the fair value hierarchy as of October 31, 2015 and 2014:

		Fair Value Measurement at October 31, 2015 Using		
	October 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Cash and Cash Equivalents	$3	$1	$2	$—
Equity	396	172	224	—
Fixed Income	379	13	366	—
Other Investments	—	—	—	—
Total assets measured at fair value	$778	$186	$592	$—

		Fair Value Measurement at October 31, 2014 Using		
	October 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Cash and Cash Equivalents	$10	$3	$7	$—
Equity	1,078	335	743	—
Fixed Income	974	37	937	—
Other Investments	46	—	25	21
Total assets measured at fair value	$2,108	$375	$1,712	$21
Assets measured at fair value - continuing operations	$790	$200	$586	$4
Assets measured at fair value - discontinued operations	1,318	175	1,126	17
Total assets measured at fair value	$2,108	$375	$1,712	$21

For non-U.S. Defined Benefit Plans, assets measured at fair value using significant unobservable inputs (level 3), the following table summarizes the changes in balances during 2015 and 2014 for continuing operations:

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	Years Ended October 31,	
	2015	2014
Balance, beginning of year	$4	$—
Realized gains/(losses)	1	—
Unrealized gains/(losses)	—	—
Purchases, sales, issuances, and settlements	(5)	—
Transfers in (out)	—	4
Balance, end of year	$—	$4

The table below presents the combined projected benefit obligation ("PBO"), accumulated benefit obligation ("ABO") and fair value of plan assets, grouping plans using comparisons of the PBO and ABO relative to the plan assets as of October 31, 2015 or 2014.

	2015 Benefit Obligation	Fair Value of Plan Assets	2014 Benefit Obligation	Fair Value of Plan Assets
	PBO		PBO	
	(in millions)			
U.S. defined benefit plans where PBO exceeds the fair value of plan assets - continuing operations	$415	$347	$375	$347
U.S. defined benefit plans where PBO exceeds the fair value of plan assets - discontinued operations	—	—	514	490
Total	$415	$347	$889	$837
Non-U.S. defined benefit plans where PBO exceeds or is equal to the fair value of plan assets - continuing operations	$771	$623	$754	$607
Non-U.S. defined benefit plans where PBO exceeds or is equal to the fair value of plan assets - discontinued operations	—	—	1,111	952
Non-U.S. defined benefit plans where fair value of plan assets exceeds PBO - continuing operations	129	155	161	183
Non-U.S. defined benefit plans where fair value of plan assets exceeds PBO - discontinued operations	—	—	318	366
Total	$900	$778	$2,344	$2,108
	ABO		ABO	
U.S. defined benefit plans where ABO exceeds the fair value of plan assets - continuing operations	$389	$347	$9	$—
U.S. defined benefit plans where ABO exceeds the fair value of plan assets - discontinued operations	—	—	5	—
U.S. defined benefit plans where the fair value of plan assets exceeds ABO - continuing operations	—	—	340	347
U.S. defined benefit plans where the fair value of plan assets exceeds ABO - discontinued operations	—	—	472	490
Total	$389	$347	$826	$837
Non-U.S. defined benefit plans where ABO exceeds or is equal to the fair value of plan assets - continuing operations	$732	$623	$714	$607
Non-U.S. defined benefit plans where ABO exceeds or is equal to the fair value of plan assets - discontinued operations	—	—	1,081	952

Non-U.S. defined benefit plans where fair value of plan assets exceeds ABO - continuing operations	127	155	158	183
Non-U.S. defined benefit plans where fair value of plan assets exceeds ABO - discontinued operations	—	—	310	366
Total	$859	$778	$2,263	$2,108

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Contributions and estimated future benefit payments. During fiscal year 2016, we expect to contribute $0 million to the U.S. defined benefit plans, $25 million to plans outside the U.S., and $1 million to the Post-retirement Medical Plans. The following table presents expected future benefit payments for the next 10 years:

	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	U.S. Post-Retirement Benefit Plans
	(in millions)		
2016	$25	$21	$8
2017	$26	$22	$9
2018	$28	$24	$8
2019	$30	$26	$8
2020	$33	$27	$8
2021 - 2025	$177	$166	$40

Assumptions. The assumptions used to determine the benefit obligations and expense for our defined benefit and post-retirement benefit plans are presented in the tables below. The expected long-term return on assets below represents an estimate of long-term returns on investment portfolios consisting of a mixture of equities, fixed income and alternative investments in proportion to the asset allocations of each of our plans. We consider long-term rates of return, which are weighted based on the asset classes (both historical and forecasted) in which we expect our pension and post-retirement funds to be invested. Discount rates reflect the current rate at which pension and post-retirement obligations could be settled based on the measurement dates of the plans - October 31. The U.S. discount rates at October 31, 2014 and 2015, were determined based on the results of matching expected plan benefit payments with cash flows from a hypothetically constructed bond portfolio. The non-U.S. rates were generally based on published rates for high-quality corporate bonds. The range of assumptions that were used for the non-U.S. defined benefit plans reflects the different economic environments within various countries.

Assumptions used to calculate the net periodic cost in each year were as follows:

	For years ended October 31,		
	2015	2014	2013
U.S. defined benefit plans:			
Discount rate	4.00%	4.00-4.50%	3.25%
Average increase in compensation levels	3.50%	3.50%	3.50%
Expected long-term return on assets	8.00%	8.00%	8.00%
Non-U.S. defined benefit plans:			
Discount rate	1.50-4.00%	1.50-4.50%	1.50-4.50%
Average increase in compensation levels	2.5-3.25%	2.50-3.25%	2.50-3.00%
Expected long-term return on assets	4.00-6.50%	4.00-6.50%	4.00-6.50%
U.S. post-retirement benefits plans:			
Discount rate	4.00%	4.00-4.25%	3.50%
Expected long-term return on assets	8.00%	8.00%	8.00%
Current medical cost trend rate	8.00%	8.00%	9.00%
Ultimate medical cost trend rate	3.50%	3.50%	3.50%
Medical cost trend rate decreases to ultimate rate in year	2028	2028	2027

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Assumptions used to calculate the benefit obligation were as follows:

	As of the Years Ending October 31,	
	2015	2014
U.S. defined benefit plans:		
Discount rate	4.20%	4.00%
Average increase in compensation levels	3.50%	3.50%
Non-U.S. defined benefit plans:		
Discount rate	0.77-3.76%	1.50-4.00%
Average increase in compensation levels	2.25-4.00%	2.50-3.25%
U.S. post-retirement benefits plans:		
Discount rate	4.00%	3.75-4.00%
Current medical cost trend rate	7.00%	8.00%
Ultimate medical cost trend rate	3.50%	3.50%
Medical cost trend rate decreases to ultimate rate in year	2029	2028

Health care trend rates do not have a significant effect on the total service and interest cost components or on the post-retirement benefit obligation amounts reported for the U.S. Post-Retirement Benefit Plan for the year ended October 31, 2015.

17. GUARANTEES

Standard Warranty

We accrue for standard warranty costs based on historical trends in warranty charges as a percentage of net product shipments. The accrual is reviewed regularly and periodically adjusted to reflect changes in warranty cost estimates. Estimated warranty charges are recorded within cost of products at the time products are sold. The standard warranty accrual balances are held in other accrued and other long-term liabilities on our consolidated balance sheet. Our standard warranty terms typically extend between one and three years from the date of delivery, depending on the product.

A summary of the standard warranty accrual activity is shown in the table below. The standard warranty accrual balances are held in other accrued and other long-term liabilities.

	October 31,	
	2015	2014
	(in millions)	
Balance as of October 31, 2014 and 2013	$30	$31
Accruals for warranties including change in estimates	53	44
Settlements made during the period	(52)	(45)
Balance as of October 31, 2015 and 2014	$31	$30
Accruals for warranties due within one year	29	26
Accruals for warranties due after one year	2	4
Balance as of October 31, 2015 and 2014	$31	$30

Indemnifications to Keysight

In connection with the separation of Keysight from Agilent on November 1, 2014 we agreed to indemnify Keysight and its affiliates against certain damages and expenses that might occur in the future. These indemnifications cover a variety of liabilities, including, but not limited to, employee, tax and environmental matters. The agreements containing these indemnifications have been previously disclosed as exhibits to our current report on Form 8-K filed on August 1, 2014. In our opinion, the fair value of these indemnification obligations was not material as of October 31, 2015.

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Indemnifications to Avago

In connection with the sale of our semiconductor products business in December 2005, we agreed to indemnify Avago, its affiliates and other related parties against certain damages and expenses that it might incur in the future. The continuing indemnifications primarily cover damages and expenses relating to liabilities of the businesses that Agilent retained and did not transfer to Avago, as well as pre-closing taxes and other specified items. In connection with the separation of Keysight from Agilent, Keysight assumed the indemnification obligations to Avago. In our opinion, the fair value of these indemnification obligations was not material as of October 31, 2015.

Indemnifications to Verigy

In connection with the spin-off of Verigy, we agreed to indemnify Verigy and its affiliates against certain damages which it might incur in the future. These indemnifications primarily cover damages relating to liabilities of the businesses that Agilent did not transfer to Verigy, liabilities that might arise under limited portions of Verigy's IPO materials that relate to Agilent, and costs and expenses incurred by Agilent or Verigy to effect the IPO, arising out of the distribution of Agilent's remaining holding in Verigy ordinary shares to Agilent's stockholders, or incurred to effect the separation of the semiconductor test solutions business from Agilent to the extent incurred prior to the separation on June 1, 2006. On July 4, 2011, Verigy announced the completion by Advantest Corporation of its acquisition of Verigy. Verigy will operate as a wholly-owned subsidiary of Advantest and our indemnification obligations to Verigy should be unaffected. In connection with the separation of Keysight from Agilent, Keysight assumed the indemnification obligations to Verigy. In our opinion, the fair value of these indemnification obligations was not material as of October 31, 2015.

Indemnifications to HP Inc. and Hewlett-Packard Enterprise (formerly Hewlett-Packard Company)

We have given multiple indemnities to HP Inc. and Hewlett-Packard Enterprise (formerly Hewlett-Packard Company) (together "HP") in connection with our activities prior to our spin-off from HP for the businesses that constituted Agilent prior to the spin-off. These indemnifications cover a variety of aspects of our business, including, but not limited to, employee, tax, intellectual property and environmental matters. The agreements containing these indemnifications have been previously disclosed as exhibits to our registration statement on Form S-1 filed on August 16, 1999. In our opinion, the fair value of these indemnification obligations was not material as of October 31, 2015.

Indemnifications to Varian Medical Systems and Varian Semiconductor Equipment Associates

In connection with our acquisition of Varian, we are subject to certain indemnification obligations to Varian Medical Systems (formerly Varian Associates, Inc. ("VAI")) and Varian Semiconductor Equipment Associates ("VSEA") in connection with the Instruments business as conducted by VAI prior to the Distribution (as described in Note 1 of Varian's Annual Report on Form 10-K filed on November 25, 2009). These indemnification obligations cover a variety of aspects of our business, including, but not limited to, employee, tax, intellectual property, litigation and environmental matters. Certain of the agreements containing these indemnification obligations are disclosed as exhibits to Varian's Annual Report on Form 10-K filed on November 25, 2009. On November 10, 2011, Applied Materials announced that it had completed the acquisition of VSEA, which is now a wholly-owned subsidiary of Applied Materials; our indemnification obligations to VSEA should be unaffected. In our opinion, the fair value of these indemnification obligations was not material as of October 31, 2015.

Indemnifications to Officers and Directors

Our corporate by-laws require that we indemnify our officers and directors, as well as those who act as directors and officers of other entities at our request, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceedings arising out of their services to Agilent and such other entities, including service with respect to employee benefit plans. In addition, we have entered into separate indemnification agreements with each director and each board-appointed officer of Agilent which provide for indemnification of these directors and officers under similar circumstances and under additional circumstances. The indemnification obligations are more fully described in the by-laws and the indemnification agreements. We purchase standard insurance to cover claims or a portion of the claims made against our directors and officers. Since a maximum obligation is not explicitly stated in our by-laws or in our indemnification agreements and will depend on the facts and circumstances that arise out of any future claims, the overall maximum amount of the obligations cannot be reasonably estimated. Historically, we have not made payments related to these obligations, and the fair value for these indemnification obligations was not material as of October 31, 2015.

Other Indemnifications

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As is customary in our industry and as provided for in local law in the U.S. and other jurisdictions, many of our standard contracts provide remedies to our customers and others with whom we enter into contracts, such as defense, settlement, or payment of judgment for intellectual property claims related to the use of our products. From time to time, we indemnify customers, as well as our suppliers, contractors, lessors, lessees, companies that purchase our businesses or assets and others with whom we enter into contracts, against combinations of loss, expense, or liability arising from various triggering events related to the sale and the use of our products and services, the use of their goods and services, the use of facilities and state of our owned facilities, the state of the assets and businesses that we sell and other matters covered by such contracts, usually up to a specified maximum amount. In addition, from time to time we also provide protection to these parties against claims related to undiscovered liabilities, additional product liability or environmental obligations. In our experience, claims made under such indemnifications are rare and the associated estimated fair value of the liability was not material as of October 31, 2015.

In connection with the sale of several of our businesses, we have agreed to indemnify the buyers of such business, their respective affiliates and other related parties against certain damages that they might incur in the future. The continuing indemnifications primarily cover damages relating to liabilities of the businesses that Agilent retained and did not transfer to the buyers, as well as other specified items. In our opinion, the fair value of these indemnification obligations was not material as of October 31, 2015.

18. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments: We lease certain real and personal property from unrelated third parties under non-cancelable operating leases. Future minimum lease payments under operating leases at October 31, 2015 were $35 million for 2016, $31 million for 2017, $23 million for 2018, $15 million for 2019, $11 million for 2020 and $34 million thereafter. Future minimum lease income under leases at October 31, 2015 was $9 million for 2016, $9 million for 2017, $7 million for 2018, and $23 million thereafter. Certain leases require us to pay property taxes, insurance and routine maintenance, and include escalation clauses. Total rent expense was $65 million in 2015, $55 million in 2014 and $53 million in 2013.

Contingencies: We are involved in lawsuits, claims, investigations and proceedings, including, but not limited to, patent, commercial and environmental matters, which arise in the ordinary course of business. There are no matters pending that we currently believe are reasonably possible of having a material impact to our business, consolidated financial condition, results of operations or cash flows.

19. SHORT-TERM DEBT

Credit Facilities

On September 15, 2014, Agilent entered into a credit agreement with a financial institution which provides for a $400 million five-year unsecured credit facility that will expire on September 15, 2019. On June 9, 2015, the commitments under the existing credit facility were increased by $300 million so that the aggregate commitments under the facility now total $700 million. As of October 31, 2015, the company had no borrowings outstanding under the facility. We were in compliance with the covenants for the credit facility during the years ended October 31, 2015 and 2014.

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20. LONG-TERM DEBT

Senior Notes

The following table summarizes the company's long-term senior notes and the related interest rate swaps:

	October 31, 2015			October 31, 2014		
	Amortized Principal (in millions)	Swap	Total	Amortized Principal	Swap	Total
2017 Senior Notes	100	2	102	100	3	103
2020 Senior Notes	499	19	518	499	22	521
2022 Senior Notes	399	—	399	399	—	399
2023 Senior Notes	598	—	598	598	—	598
Total	$1,596	$21	$1,617	$1,596	$25	$1,621

2017 Senior Notes

In October 2007, the company issued an aggregate principal amount of $600 million in senior notes ("2017 senior notes"). The 2017 senior notes were issued at 99.60% of their principal amount. The notes will mature on November 1, 2017, and bear interest at a fixed rate of 6.50% per annum. The interest is payable semi-annually on May 1st and November 1st of each year and payments commenced on May 1, 2008.

On November 25, 2008, we terminated two interest rate swap contracts associated with our 2017 senior notes that represented the notional amount of $400 million. The asset value, including interest receivable, upon termination was approximately $43 million and the amount to be amortized at October 31, 2015 was $2 million. The gain is being deferred and amortized to interest expense over the remaining life of the 2017 senior notes.

On October 20, 2014, we settled the redemption of $500 million of the $600 million outstanding aggregate principal amount of our 2017 senior notes due November 1, 2017 that had been called for redemption on September 19, 2014. The redemption price of approximately $580 million included a $80 million prepayment penalty computed in accordance with the terms of the 2017 senior notes as the present value of the remaining scheduled payments of principal and unpaid interest related to $500 million partial redemption. The prepayment penalty less partial amortization of previously deferred interest rate swap gain of approximately $14 million together with $2 million of amortization of debt issuance costs and discount was disclosed in other income (expense), net in the condensed consolidated statement of operations. We also paid accrued and unpaid interest of $15 million on the 2017 senior notes up to but not including the redemption date.

2020 Senior Notes

In July 2010, the company issued an aggregate principal amount of $500 million in senior notes ("2020 senior notes"). The 2020 senior notes were issued at 99.54% of their principal amount. The notes will mature on July 15, 2020, and bear interest at a fixed rate of 5.00% per annum. The interest is payable semi-annually on January 15th and July 15th of each year, payments commenced on January 15, 2011.

On August 9, 2011, we terminated our interest rate swap contracts related to our 2020 senior notes that represented the notional amount of $500 million. The asset value, including interest receivable, upon termination for these contracts was approximately $34 million and the amount to be amortized at October 31, 2015 was $19 million. The gain is

being deferred and amortized to interest expense over the remaining life of the 2020 senior notes.

2022 Senior Notes

In September 2012, the company issued an aggregate principal amount of $400 million in senior notes ("2022 senior notes"). The 2022 senior notes were issued at 99.80% of their principal amount. The notes will mature on October 1, 2022, and bear interest at a fixed rate of 3.20% per annum. The interest is payable semi-annually on April 1st and October 1st of each year, payments commenced on April 1, 2013.

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2023 Senior Notes

In June 2013, the company issued aggregate principal amount of $600 million in senior notes ("2023 senior notes"). The 2023 senior notes were issued at 99.544% of their principal amount. The notes will mature on July 15, 2023 and bear interest at a fixed rate of 3.875% per annum. The interest is payable semi annually on January 15th and July 15th of each year and payments will commence January 15, 2014.

All notes issued are unsecured and rank equally in right of payment with all of Agilent's other senior unsecured indebtedness.

Other debt

As of October 31, 2015, and as a result of the Dako acquisition, we have mortgage debts, secured on buildings in Denmark, in Danish Krone equivalent of $38 million aggregate principal outstanding with a Danish financial institution. The loans have a variable interest rate based on 3 months Copenhagen Interbank Rate ("Cibor") and will mature on September 30, 2027. Interest payments are made in March, June, September and December of each year.

21. STOCKHOLDERS' EQUITY

Stock Repurchase Program

On November 22, 2013 we announced that our board of directors had authorized a share repurchase program. The existing program is designed to reduce or eliminate dilution resulting from issuance of stock under the company's employee equity incentive programs to target maintaining a weighted average share count of approximately 335 million diluted shares. For the year ended October 31, 2015, we repurchased 6 million shares for $267 million. For the year ended October 31, 2014 we repurchased approximately 4 million shares for $200 million. For the year ended October 31, 2013 we repurchased 20 million shares for $900 million. All such shares and related costs are held as treasury stock and accounted for using the cost method.

On May 28, 2015 we announced that our board of directors had approved a new share repurchase program (the "2015 repurchase program"). The 2015 share repurchase program authorizes the purchase of up to $1.14 billion of our common stock through and including November 1, 2018. The 2015 share repurchase program will commence, at the option of the company, on either November 1, 2015, or the date on which we complete the purchase of the remaining $98 million for a total of $365 million of common stock in fiscal 2015 under the existing stock repurchase program. Upon commencement, the 2015 share repurchase program replaces our existing stock repurchase program, which authorized the repurchase of shares to reduce or eliminate share dilution from equity programs. The 2015 repurchase program does not require the company to acquire a specific number of shares and may be suspended or discontinued at any time.

Cash Dividends on Shares of Common Stock

During the year ended October 31, 2015, cash dividends of $0.40 per share, or $133 million were declared and paid on the company's outstanding common stock. During the year ended October 31, 2014, cash dividends of $0.53 per share, or $176 million were declared and paid on the company's outstanding common stock. During the year ended October 31, 2013, cash dividends of $0.46 per share, or $156 million were declared and paid on the company's outstanding common stock. On November 19, 2015, we declared a quarterly dividend of $0.115 per share of common stock, or approximately $38 million which will be paid on January 27, 2016 to shareholders of record as of the close of business on January 5, 2016. The timing and amounts of any future dividends are subject to determination and approval by our board of directors.

Accumulated other comprehensive income (loss)

The following table summarizes the components of our accumulated other comprehensive income (loss) as of October 31, 2015 and 2014, net of tax effect:

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	October 31, 2015	2014
	(in millions)	
Unrealized gain on equity securities, net of $(0) and $(3) of tax expense for 2015 and 2014, respectively	$—	$17
Foreign currency translation, net of $(2) and $(86) of tax expense for 2015 and 2014, respectively	(189)	156
Unrealized losses on defined benefit plans, net of tax benefit of $126 and $145 for 2015 and 2014, respectively	(204)	(516)
Unrealized gains (losses) on derivative instruments, net of tax expense of $(2) and $(7) for 2015 and 2014, respectively	2	9
Total accumulated other comprehensive loss	$(391)	$(334)

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Changes in accumulated other comprehensive income (loss) by component and related tax effects for the years ended October 31, 2015 and 2014 were as follows (in millions):

			Net defined benefit pension cost and post retirement plan costs			
	Unrealized gain on investments	Foreign currency translation	Prior service credits	Actuarial Losses	Unrealized gains (losses) on derivatives	Total
	(in millions)					
As of October 31, 2013	$7	$425	$287	$(628)	$—	$91
Other comprehensive income (loss) before reclassifications	12	(277)	—	(273)	13	(525)
Amounts reclassified out of accumulated other comprehensive income	(1)	—	(48)	65	1	17
Tax (expense) benefit	(1)	8	16	65	(5)	83
Other comprehensive income (loss)	10	(269)	(32)	(143)	9	(425)
As of October 31, 2014	$17	$156	$255	$(771)	$9	$(334)
Transfer to Keysight	$(17)	$(9)	$(83)	$444	$(3)	$332
Balance after transfer to Keysight	—	147	172	(327)	6	(2)
Other comprehensive income (loss) before reclassifications	—	(360)	—	(90)	11	(439)
Amounts reclassified out of accumulated other comprehensive income	—	—	(17)	35	(18)	—
Tax benefit	—	24	6	17	3	50
Other comprehensive loss	—	(336)	(11)	(38)	(4)	(389)
As of October 31, 2015	$—	$(189)	$161	$(365)	$2	$(391)

Reclassifications out of accumulated other comprehensive income (loss) for the years ended October 31, 2015 and 2014 were as follows (in millions):

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Details about accumulated other comprehensive income components	Amounts Reclassified from other comprehensive income		Affected line item in statement of operations
	2015	2014	
Unrealized gain on equity securities	$—	$1	Other income (expense), net
	—	1	Total before income tax
	—	—	Provision for income tax
	—	1	Total net of income tax
Unrealized gains and (losses) on derivatives	18	(1)	Cost of products
	18	(1)	Total before income tax
	(6)	—	(Provision)/benefit for income tax
	12	(1)	Total net of income tax
Net defined benefit pension cost and post retirement plan costs:			
Actuarial net loss	(35)	(65)	
Prior service benefit	17	48	
	(18)	(17)	Total before income tax
	5	(2)	(Provision)/benefit for income tax
	(13)	(19)	Total net of income tax
Total reclassifications for the period	$(1)	$(19)	

Amounts in parentheses indicate reductions to income and increases to other comprehensive income.

Reclassifications of prior service benefit and actuarial net loss in respect of retirement plans and post retirement pension plans are included in the computation of net periodic cost (see Note 16 "Retirement Plans and Post Retirement Pension Plans").

22. SEGMENT INFORMATION

Description of segments. We are a global leader in life sciences, diagnostics and applied chemical markets, providing application focused solutions that include instruments, software, services and consumables for the entire laboratory workflow. In the first fiscal quarter of 2015, we completed the separation of our electronic measurement business. See Note 4, "Discontinued Operations" for further information.

In November 2014, we announced a change in organizational structure designed to better serve our customers. Our new structure reflects our strategy to focus our expertise on the market segments we serve and utilize our resources to offer product solutions to address our customer needs. The new operating structure ensures that we are able to respond to market demand while reducing costs through increased efficiencies. As a result, our life sciences business, excluding the nucleic acid solutions division, together with the chemical analysis business merged to form a new segment called life sciences and applied markets business. Our diagnostics and genomics businesses combined and includes the nucleic acid solutions division of our life sciences business and became the diagnostics and genomics segment. Finally, the Agilent CrossLab segment was formed from the services and consumables businesses. The historical financial segment information has been recast to conform to this new presentation.

Following this reorganization, Agilent has three business segments comprised of the life sciences and applied markets business, diagnostics and genomics business and the Agilent CrossLab business each of which comprises a reportable segment. The three operating segments were determined based primarily on how the chief operating decision maker views and evaluates

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our operations. Operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Other factors, including market separation and customer specific applications, go-to-market channels, products and services and manufacturing are considered in determining the formation of these operating segments.

A description of our three reportable segments is as follows:

Our life sciences and applied markets business provides application-focused solutions that include instruments and software that enable customers to identify, quantify and analyze the physical and biological properties of substances and products, as well as enable customers in the clinical and life sciences research areas to interrogate samples at the molecular level. Key product categories include: liquid chromatography ("LC") systems and components; liquid chromatography mass spectrometry ("LCMS") systems; gas chromatography ("GC") systems and components; gas chromatography mass spectrometry ("GCMS") systems; inductively coupled plasma mass spectrometry ("ICP-MS") instruments; atomic absorption ("AA") instruments; microwave plasma-atomic emission spectrometry (“MP-AES”) instruments; inductively coupled plasma optical emission spectrometry ("ICP-OES") instruments; laboratory software and informatics systems; laboratory automation and robotic systems; dissolution testing; vacuum pumps and measurement technologies.

Our diagnostics and genomics business is comprised of three areas of activity providing solutions that include pathology, reagents, instruments, software and consumables, which enable customers in the clinical and life sciences research areas to interrogate samples at the cellular and molecular level. First, our Pathology solutions business is focused on product offerings to cancer diagnostics and anatomic pathology workflows. The broad portfolio of offerings includes immunohistochemistry (“IHC”), In Situ Hybridization (“ISH”), Hematoxylin and Eosin (“H&E”) staining and special staining. We also collaborate with a number of major pharmaceutical companies to develop new potential pharmacodiagnostics, also known as companion diagnostics, which may be used to identify patients most likely to benefit from a specific targeted therapy. Second, our genomics business includes arrays for DNA mutation detection, genotyping, gene copy number determination, identification of gene rearrangements, DNA methylation profiling, gene expression profiling, as well as Next Generation Sequencing ("NGS") target enrichment. Finally, our nucleic acid solutions business provides equipment and expertise focused on production of synthesized oligonucleotides under pharmaceutical Good Manufacturing Practices ("GMP") conditions for use as Active Pharmaceutical Ingredients ("API") in an emerging class of drugs that utilize nucleic acid molecules for disease therapy.

The Agilent CrossLab business spans the entire lab with its extensive consumables and services portfolio, which is designed to improve customer outcomes. The majority of the portfolio is vendor neutral, meaning Agilent can serve and supply customers regardless of their instrument purchase choices. Solutions range from chemistries and supplies to services and software helping to connect the entire lab. Key product categories in consumables include GC and LC columns, sample preparation products, custom chemistries, and a large selection of laboratory instrument supplies. Services include startup, operational, training and compliance support, as well as asset management and consultative services that help increase customer productivity. Custom service and consumable bundles are tailored to meet the specific application needs of various industries and to keep instruments fully operational and compliant with the respective industry requirements.

A significant portion of the segments' expenses arise from shared services and infrastructure that we have historically provided to the segments in order to realize economies of scale and to efficiently use resources. These expenses, collectively called corporate charges, include legal, accounting, real estate, insurance services, information technology services, treasury, other corporate infrastructure expenses and costs of centralized research and development. Charges are allocated to the segments, and the allocations have been determined on a basis that we consider to be a reasonable reflection of the utilization of services provided to or benefits received by the segments. Corporate charges previously allocated to our electronic measurement business, but not classified within discontinued operations, were not reallocated to our other segments. These charges are presented below as a component of the reconciliation between segments' income from operations and Agilent's income from continuing operations and are classified as unallocated

corporate charges. In addition, we do not allocate amortization and impairment of acquisition-related intangible assets, restructuring and transformational expenses, acquisition and integration costs and certain other charges to the operating margin for each segment because management does not include this information in its measurement of the performance of the operating segments.

The following tables reflect the results of our reportable segments under our management reporting system. The performance of each segment is measured based on several metrics, including segment income from operations. These results are used, in part, by the chief operating decision maker in evaluating the performance of, and in allocating resources to, each of the segments.

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The profitability of each of the segments is measured after excluding restructuring and asset impairment charges, investment gains and losses, interest income, interest expense, acquisition and integration costs, non-cash amortization and other items as noted in the reconciliations below.

	Life Sciences and Applied Markets	Diagnostics and Genomics	Agilent CrossLab	Total Segments
	(in millions)			
Year ended October 31, 2015:				
Total net revenue	$2,046	$662	$1,330	$4,038
Income from operations	$380	$88	$299	$767
Depreciation expense	$27	$37	$34	$98
Share-based compensation expense	$27	$9	$18	$54
Year ended October 31, 2014:				
Total net revenue	$2,078	$663	$1,307	$4,048
Income from operations	$369	$93	$301	$763
Depreciation expense	$29	$43	$33	$105
Share-based compensation expense	$29	$9	$18	$56
Year ended October 31, 2013:				
Total net revenue	$2,035	$635	$1,224	$3,894
Income from operations	$338	$95	$299	$732
Depreciation expense	$28	$43	$27	$98
Share-based compensation expense	$27	$4	$16	$47

For the years ended October 31, 2014 and 2013, depreciation expense and share-based compensation expense exclude unallocated corporate charges.

The following table reconciles reportable segments' income from operations to Agilent's total enterprise income before taxes:

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
Total reportable segments' income from operations	$767	$763	$732
Restructuring and business exit related costs	(12)	(66)	(34)
Acceleration of depreciation for held and used assets	—	—	—
Asset Impairments	(3)	(4)	(2)
Transformational programs	(56)	(29)	(19)
Amortization of intangibles	(156)	(189)	(190)
Acquisition and integration costs	(13)	(11)	(22)
Acceleration of share-based compensation expense related to workforce reduction	(2)	(1)	(2)
One-time and pre-separation costs	—	(14)	—
Other	(3)	10	(13)
Interest Income	7	9	7
Interest Expense	(66)	(110)	(107)
Other income (expense), net	17	(89)	7
Unallocated corporate charges	—	(40)	(64)

Income before taxes, as reported	$480	$229	$293

Major customers. No customer represented 10 percent or more of our total net revenue in 2015, 2014 or 2013.

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The following table presents assets and capital expenditures directly managed by each segment. Unallocated assets primarily consist of cash, cash equivalents, accumulated amortization of other intangibles and other assets.

	Life Sciences and Applied Markets	Diagnostics and Genomics	Agilent CrossLab	Total Segments
	(in millions)			
As of October 31, 2015:				
Assets	$1,539	$2,027	$1,008	$4,574
Capital expenditures	$28	$33	$37	$98
As of October 31, 2014:				
Assets	$1,663	$2,302	$1,001	$4,966
Capital expenditures	$33	$40	$37	$110

The following table reconciles segment assets to Agilent's total assets:

	October 31,	
	2015	2014
	(in millions)	
Total reportable segments' assets	$4,574	$4,966
Cash, cash equivalents and short-term investments	2,003	2,218
Short-term restricted cash and cash equivalents	242	—
Prepaid expenses	105	85
Investments	86	96
Long-term and other receivables	104	90
Other	365	377
Current and non-current assets of discontinued operations	$—	$2,983
Total assets	$7,479	$10,815

The other category primarily represents the difference between how segments report deferred taxes.

The following table represents total revenue by product category:

	Years Ended October 31,		
	2015	2014	2013
	(in millions)		
Instrumentation	$1,827	$1,839	$1,802
Analytical lab services	843	831	768
Analytical lab consumables	489	476	456
Diagnostics and genomics solutions	662	663	635
Informatics and other	217	239	233
Total	$4,038	$4,048	$3,894

The following table presents summarized information for net revenue and long-lived assets by geographic region. Revenues from external customers are generally attributed to countries based upon the location of the Agilent sales representative. Long lived assets consist of property, plant, and equipment, long-term receivables and other long-term assets excluding intangible assets. The rest of the world primarily consists of rest of Asia and Europe.

	United States	China	Rest of the World	Total
	(in millions)			
Net revenue:				
Year ended October 31, 2015	$1,206	$633	$2,199	$4,038
Year ended October 31, 2014	$1,019	$543	$2,486	$4,048
Year ended October 31, 2013	$1,077	$619	$2,198	$3,894

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	United States	Rest of the World	Total
	(in millions)		
Long-lived assets:			
October 31, 2015	$391	$379	$770
October 31, 2014	$379	$451	$830

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23. SUBSEQUENT EVENT

On November 2, 2015 we completed the acquisition of Seahorse Bioscience ("Seahorse"), a leader in providing instruments and assay kits for measuring cell metabolism and bioenergetics for $242 million in cash. Seahorse's technology enables researchers to better understand cell health, function and signaling, and how the cell may be impacted by the introduction of a specific drug, by providing real-time kinetics to unlock essential cellular bioenergetics data. As of October 31, 2015 $242 million of cash and cash equivalents was held in escrow relating to the Seahorse acquisition and was classified as short-term restricted cash and cash equivalents in the consolidated balance sheet. We have not yet finished allocating the purchase price to the net assets acquired. The financial results of Seahorse will be included within Agilent's from the beginning of the first quarter of 2016.

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QUARTERLY SUMMARY
(Unaudited)

	Three Months Ended			
	January 31, (As Revised)	April 30, (As Revised)	July 31, (As Revised)	October 31, (As Revised)
	(in millions, except per share data)			
2015				
Net revenue	$1,026	$963	$1,014	$1,035
Gross profit	513	480	513	535
Income from operations	115	107	144	156
Income from continuing operations	93	92	113	140
Loss from discontinued operations, net of tax	(30)	(5)	(2)	—
Net income	$63	$87	$111	$140
Net income per share — basic:				
Income from continuing operations	$0.28	$0.28	$0.34	$0.42
Loss from discontinued operations	(0.09)	$(0.02)	$(0.01)	$—
Net income per share - basic	$0.19	$0.26	$0.33	$0.42
Net income per share — diluted:				
Income from continuing operations	$0.28	$0.27	$0.34	$0.42
Loss from discontinued operations	(0.09)	(0.01)	(0.01)	—
Net income per share — diluted	$0.19	$0.26	$0.33	$0.42
Weighted average shares used in computing net income per share:				
Basic	336	334	332	331
Diluted	338	337	334	333
Cash dividends per common share	$0.100	$0.100	$0.100	$0.100
Range of stock prices on NYSE	$ 37.68-42.99	$ 37.71-43.59	$ 38.48-42.93	$ 33.12-41.35
2014				
Net revenue	$1,008	$988	$1,009	$1,043
Gross profit	510	485	502	479
Income from operations	124	94	131	70
Income from continuing operations	123	53	54	2
Income from discontinued operations, net of tax	75	100	85	57
Net income	$198	$153	$139	$59
Net income per share — basic:				
Income from continuing operations	$0.37	$0.16	$0.16	$0.01
Income from discontinued operations	0.22	0.30	0.26	0.17
Net income per share - basic	$0.59	$0.46	$0.42	$0.18
Net income per share — diluted:				
Income from continuing operations	$0.36	$0.16	$0.16	$0.01
Income from discontinued operations	0.23	0.29	0.25	0.16
Net income per share — diluted	$0.59	$0.45	$0.41	$0.17
Weighted average shares used in computing net income per share:				
Basic	333	333	334	334
Diluted	338	337	338	338
Cash dividends per common share	$0.132	$0.132	$0.132	$0.132
Range of stock prices on NYSE	$ 49.84-61.22	$ 51.96-60.46	$ 53.66-59.58	$ 49.80-59.40

The above quarterly financial data includes Keysight which is presented as discontinued operations. See Note 4, "Discontinued Operations" for additional information. In addition, we made adjustments to correct immaterial misstatements within our quarterly financial statements. For a detailed explanation of these adjustments, please refer to Note 2, "Revision of Prior Period Financial Statements."

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of October 31, 2015, pursuant to and as required by Rule 13a-15(b) under the Securities Exchange Act of 1934 (“Exchange Act”). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of October 31, 2015, the company's disclosure controls and procedures, as defined by Rule 13a-15(e) under the Exchange Act, were not effective due to a material weakness in internal control over financial reporting described below in Management's Report on Internal Control over Financial Reporting.

Notwithstanding the identified material weakness, management, including our principal executive officer and principal financial officer, believes the consolidated financial statements included in this annual report on Form 10-K fairly represent in all material respects our financial condition, results of operations and cash flows at and for the periods presented in accordance with U.S. GAAP.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of that evaluation, management concluded that a material weakness exists as described below. A material weakness is “a deficiency or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the registrant’s annual or interim financial statement will not be prevented or detected in a timely basis.”

During the year ended October 31, 2015, management identified certain errors in the tax accounts, primarily related to prior years, and as a result, concluded that the Company did not design and maintain effective controls over the accounting for income taxes. Specifically, certain controls activities over the completeness and accuracy of our accounting for (i) U.S. taxes on foreign earnings, (ii) international provision for income taxes and (iii) reconciliation of income taxes payable were not performed on a timely basis or at the appropriate level of precision. The errors identified by management during the year ended October 31, 2015, when combined with errors identified in prior years, resulted in the Company revising its consolidated financial statements as of October 31, 2014, 2013 and 2012, for the years ended October 31, 2014 and 2013, and for each of the quarters of the years ended October 31, 2015 and 2014. These control deficiencies in the accounting for income taxes could result in a material misstatement that would not be prevented or detected.

Because of the material weakness, management concluded that the Company did not maintain effective internal control over financial reporting as of October 31, 2015 based on criteria in Internal Control - Integrated Framework (2013) issued by COSO.

The effectiveness of our internal control over financial reporting as of October 31, 2015 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during Agilent's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Material Weakness Remediation Efforts

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Management has and will continue to enhance its controls which include refinements and enhancements to the design (including the review and supervision and the level of precision) of certain controls over the accounting for income taxes. Enhancements previously made to certain controls contributed to the identification of the errors which impacted prior periods. The Company's enhanced controls however had an insufficient period of time to operate for management to conclude that they were operating effectively. As such, at October 31, 2015 there continues to be a reasonable possibility that a material misstatement related to the accounting for income taxes may still not be prevented or detected. With the effective operation of these enhanced controls, the Company expects remediation of the material weakness in fiscal 2016.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding our directors appears under "Proposal No. 1 - Election of Directors" in our Proxy Statement for the Annual Meeting of Stockholders ("Proxy Statement"), to be held March 16, 2016. That portion of the Proxy Statement is incorporated by reference into this report. Information regarding our executive officers appears in Item 1 of this report under "Executive Officers of the Registrant." Information regarding our Audit and Finance Committee and our Audit and Finance Committee's financial expert appears under "Audit and Finance Committee Report" and "Board Structure and Compensation" in our Proxy Statement. That portion of the Proxy Statement is incorporated by reference into this report.

There were no material changes to the procedures by which security holders may recommend nominees to our Board of Directors. Information regarding our code of ethics (the company's Standards of Business Conduct) applicable to our principal executive officer, our principal financial officer, our controller and other senior financial officers appears in Item 1 of this report under "Investor Information." We will post amendments to or waivers from a provision of the Standards of Business Conduct with respect to those persons on our website at www.investor.agilent.com.

Compliance with Section 16(a) of the Exchange Act

Information about compliance with Section 16(a) of the Exchange Act appears under "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement. That portion of the Proxy Statement is incorporated by reference into this report.

Item 11. Executive Compensation

Information about compensation of our named executive officers appears under "Executive Compensation", "Compensation Committee Interlocks and Insider Participation" in the Proxy Statement. Information about compensation of our directors appears under "Director Compensation" and "Compensation Committee Report" and "Stock Ownership Guidelines" in the Proxy Statement. Those portions of the Proxy Statement are incorporated by reference into this report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information about security ownership of certain beneficial owners and management appears under "Common Stock Ownership of Certain Beneficial Owners and Management" in the Proxy Statement. That portion of the Proxy Statement is incorporated by reference into this report.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes information about our equity compensation plans as of October 31, 2015. All outstanding awards relate to our common stock.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders (1)(2)(3)	8,129,449	$31	56,129,814
Equity compensation plans not approved by security holders	—	—	—
Total	8,129,449	$31	56,129,814

(1) The number of securities remaining available for future issuance in column (c) includes 42,605,407 shares of common stock authorized and available for issuance under the Agilent Technologies, Inc. Employee Stock Purchase Plan ("423(b) Plan"). The number of shares authorized for issuance under the 423(b) Plan is subject to an automatic annual increase of the lesser of one percent of the outstanding common stock of Agilent or an amount determined by the Compensation Committee of our Board of Directors. Under the terms of the 423(b) Plan, in no event shall the aggregate number of shares issued under the Plan exceed 75 million shares.

(2) We issue securities under our equity compensation plans in forms other than options, warrants or rights. On November 19, 2008 and March 11, 2009, the Board and the stockholders, respectively, approved the Agilent Technologies, Inc. 2009 Stock Plan ("2009 Plan") to replace the company's 1999 Plan and 1999 Non-Employee Director Stock Plan for awards of stock-based incentive compensation to our employees (including officers), directors and consultants. The 2009 Plan provides for the grant of awards in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units with performance-based conditions to vesting or exercisability, and cash awards. The 2009 Plan has a term of ten years.

(3) We issue securities under our equity compensation plans in forms which do not require a payment by the recipient to us at the time of exercise or vesting, including restricted stock, restricted stock units and performance units. Accordingly, the weighted-average exercise price in column (b) does not take these awards into account.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information about certain relationships and related transactions appears under "Related Person Transaction Policy and Procedures" in the Proxy Statement. Information about director independence appears under the heading "Board Structure and Compensation — Director Independence" in the Proxy Statement. Each of those portions of the Proxy Statement is incorporated by reference into this report.

Item 14. Principal Accounting Fees and Services

Information about principal accountant fees and services as well as related pre-approval policies appears under "Fees Paid to PricewaterhouseCoopers" and "Policy on Audit and Finance Committee Preapproval of Audit and Permissible Non-Audit Services of Independent Registered Auditors" in the Proxy Statement. Those portions of the Proxy Statement are incorporated by reference into this report.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Financial Statements.

See Index to Consolidated Financial Statements under Item 8 on Page 51 of this report.

2. Financial Statement Schedule.

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The following additional financial statement schedule should be considered in conjunction with our consolidated financial statements. All other schedules have been omitted because the required information is either not applicable or not sufficiently material to require submission of the schedule:

SCHEDULE II

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C	Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Expenses or Other Accounts*	Deductions Credited to Expenses or Other Accounts**	Balance at End of Period
	(in millions)			
2015				
Tax valuation allowance	$134	$6	$(9)	$131
2014				
Tax valuation allowance	$131	$3	$—	$134
2013				
Tax valuation allowance	$139	$—	$(8)	$131

* Additions include current year additions charged to expenses and current year build due to increases in net deferred tax assets, return to provision true-ups, other adjustments and OCI impact to deferred taxes.

** Deductions include current year releases credited to expenses and current year reductions due to decreases in net deferred tax assets, return to provision true-ups, other adjustments and OCI impact to deferred taxes.

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3. Exhibits.

Exhibits are incorporated herein by reference or are filed with this report as indicated below (numbered in accordance with Item 601 of Regulation S-K):

Exhibit Number	Description	Incorporation by Reference			Filed Herewith
		Form	Date	Exhibit Number	
2.1	Master Separation and Distribution Agreement between Hewlett Packard and Agilent Technologies, Inc., effective as of August 12, 1999.	S-1/A	11/10/1999	2.1	
2.2	General Assignment and Assumption Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.2	
2.3	Master Technology Ownership and License Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.3	
2.4	Master Patent Ownership and License Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.4	
2.5	Master Trademark Ownership and License Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.5	
2.6	ICBD Technology Ownership and License Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.6	
2.7	Employee Matters Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.7	
2.8	Tax Sharing Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.8	
2.9	Master IT Service Level Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.9	
2.10	Real Estate Matters Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.10	
2.11	Environmental Matters Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.11	
2.12	Master Confidential Disclosure Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.12	
2.13	Indemnification and Insurance Matters Agreement between Hewlett Packard and Agilent Technologies, Inc.	S-1/A	11/10/1999	2.13	
2.14	Non U.S. Plan.	S-1/A	11/10/1999	2.14	
2.15	Share Purchase Agreement, dated as of August 12, 2005, by and among Agilent Technologies, Inc. and Agilent LED International, Philips Lumileds Holding B.V. and Koninklijke Philips Electronics N.V.	8-K	8/15/2005	2.2	
2.16	Agreement and Plan of Merger dated as of July 26, 2009, by and among Agilent Technologies, Inc., Cobalt Acquisition Corp. and Varian, Inc.	10-Q	9/4/2009	2.1	
2.17	Asset Purchase Agreement, dated February 10, 2010, by and between Agilent Technologies, Inc. and JDS	10-Q	3/10/2010	2.1	

	Uniphase Corporation (pursuant to Item 601(b)(2) of Regulation S-K, schedules to the Asset Purchase Agreement have been omitted; they will be supplementally provided to the SEC upon request)			
2.18	Separation and Distribution Agreement, dated August 1, 2014, by and between Agilent Technologies, Inc. and Keysight Technologies, Inc. (pursuant to Item 601(b)(2) of Regulation S-K, schedules to the Separation and Distribution Agreement have been omitted; they will be supplementally provided to the SEC upon request)	8-K	8/1/2014	2.1
3.1	Amended and Restated Certificate of Incorporation.	S-1	8/16/1999	3.1
3.2	Amended and Restated Bylaws.	8-K	11/20/2012	3.1

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Exhibit Number	Description	Incorporation by Reference			Filed Herewith
		Form	Date	Exhibit Number	
4.2	Registration Rights Agreement between Agilent Technologies, Inc. and Credit Suisse First Boston Corporation, J.P. Morgan Securities, Inc. and Salomon Smith Barney, Inc. dated November 27, 2001.	8-K	11/27/2001	99.3	
4.3	Indenture, dated October 24, 2007, between Agilent Technologies, Inc. and the trustee for the debt securities.	S-3ASR	10/24/2007	4.01	
4.4	Form of First Supplemental Indenture, dated as of October 29, 2007, between Agilent Technologies, Inc. and U.S. Bank National Association and Form of Global Note for Agilent Technologies, Inc. 6.50% Senior Notes due 2017.	8-K	10/26/2007	4.01	
4.5	Fifth Supplemental Indenture, dated as of July 20, 2010, between the Company and U.S. Bank National Association and Form of Global Note for the Company's 5.00% Senior Notes due 2020.	8-K	7/20/2010	4.02	
4.6	Sixth Supplemental Indenture, dated as of September 13, 2012, between the Company and U.S. Bank National Association	8-K	9/13/2012	4.01	
4.7	Form of Global Note for the Company's 3.20% Senior Notes due 2022 (contained in Exhibit 4.01)	8-K	9/13/2012	4.02	
4.8	Seventh Supplemental Indenture, dated as of June 21, 2013, between the Company and U.S. Bank National Association and Form of Global Note for the Company’s 3.875% Senior Notes due 2023.	8-K	6/21/2013	4.01	
4.9	Indenture, dated as of October 15, 2014, between Keysight Technologies, Inc. and U.S. Bank National Association, as Trustee.	8-K	10/15/2014	4.1	
4.10	First Supplemental Indenture, dated as of October 15, 2014, to the Indenture dated as of October 15, 2014, between Keysight Technologies, Inc. and U.S. Bank National Association, as Trustee.	8-K	10/15/2014	4.2	
4.11	Guarantee, dated as of October 15, 2014, by Agilent Technologies, Inc. in favor of U.S. Bank National Association as Trustee for the Holders of Notes specified therein of Keysight Technologies, Inc.	8-K	10/15/2014	4.3	
4.12	Registration Rights Agreement, dated as of October 15, 2014, by and among Keysight Technologies, Inc., Agilent Technologies, Inc., and Citigroup Global Markets Inc., Goldman, Sachs & Co., and Merrill Lynch, Pierce, Fenner & Smith Incorporated as representatives of the Initial Purchasers.	8-K	10/15/2014	4.4	

10.1	Agilent Technologies, Inc. 1999 Stock Plan (Amendment and Restatement Effective November 14, 2006).*	10-K	12/22/2006	10.8
10.2	Form of Award Agreement (U.S.) for grants under the Agilent Technologies, Inc. 1999 Stock Plan.*	8-K	11/12/2004	10.1
10.3	Form of Award Agreement (Non-U.S.) for grants under the Agilent Technologies, Inc. 1999 Stock Plan.*	8-K	11/12/2004	10.2
10.4	Form of Award Agreement (SAR) for grants under the Agilent Technologies, Inc. 1999 Stock Plan.*	10-K	12/21/2004	10.37
10.5	Form of Award Agreement (restricted stock) for grants under the Agilent Technologies, Inc. 1999 Stock Plan.*	10-K	12/21/2004	10.39
10.6	Agilent Technologies, Inc. 1999 Stock Plan Stock Award Agreement For Standard Awards Granted to Employees.*	10-Q	6/5/2007	10.3
10.7	Agilent Technologies, Inc. 1999 Stock Plan Stock Award Agreement Under The Long-Term Performance Program.*	10-Q	6/5/2007	10.7

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Exhibit Number	Description	Incorporation by Reference			Filed Herewith
		Form	Date	Exhibit Number	
10.8	Form of Amendment to the Form of Standard Long-Term Performance Program Award Agreement for awards granted under the Agilent Technologies, Inc. Stock Plan during FY07-09 and FY 08-10.*	10-K	12/19/2008	10.22	
10.9	Form of Standard Long-Term Performance Program Award Agreement for awards granted under the Agilent Technologies, Inc. 1999 Stock Plan.*	10-K	12/19/2008	10.23	
10.10	Form of Standard Stock Award Agreement for Restricted Stock Units granted under the Agilent Technologies, Inc. 1999 Stock Plan.*	10-K	12/19/2008	10.24	
10.11	Form of Stock Award Agreement for awards granted to New Executives under the Agilent Technologies, Inc. 1999 Stock Plan.*	10-K	12/19/2008	10.25	
10.12	Agilent Technologies, Inc. Employee Stock Purchase Plan (Amended and Restated, effective November 1, 2008).*	10-Q	9/5/2008	10.1	
10.13	Agilent Technologies, Inc. 1999 Non-Employee Director Stock Plan (Amended and Restated Effective November 14, 2007).*	10-K	12/21/2007	10.23	
10.14	Form of Stock Option Agreement for grants under the Agilent Technologies, Inc. 1999 Non-Employee Director Stock Plan.*	8-K	11/12/2004	10.3	
10.15	Form of Stock Option Award Agreement for grants under the Agilent Technologies, Inc. 1999 Non-Employee Director Stock Plan.*	10-Q	9/5/2008	10.2	
10.16	Agilent Technologies, Inc. 2009 Stock Plan.*	DEF14A	1/27/2009	Appendix A	
10.17	Form of Stock Option Award Agreement under the 2009 Stock Plan for U.S. Employees (for awards made after October 31, 2010).*	10 K	12/20/2010	10.17	
10.18	Form of Stock Option Award Agreement under the 2009 Stock Plan for U.S. Employees.*	10-K	12/21/2009	10.31	
10.19	Form of Stock Option Award Agreement under the 2009 Stock Plan for non-U.S. Employees (for awards made after October 31, 2010).*	10 K	12/20/2010	10.19	
10.20	Form of Stock Option Award Agreement under the 2009 Stock Plan for non-U.S. Employees.*	10-K	12/21/2009	10.32	
10.21	Form of Stock Award Agreement for Standard Awards granted to Employees (for awards made after October 31, 2010).*	10 K	12/20/2010	10.21	
10.22	Form of Stock Award Agreement for Standard Awards granted to Employees.*	10-K	12/21/2009	10.33	
10.23	Form of New Executive Stock Award Agreement under the 2009 Stock Plan.*	8-K	3/25/2009	10.4	
10.24	Form of Non-Employee Director Stock Option Award Agreement under the 2009 Stock Plan.*	8-K	3/25/2009	10.5	

10.25	Form of Long-Term Performance Program Stock Award Agreement under the 2009 Stock Plan.*	10-K	12/21/2009	10.36	
10.26	Form of Stock Award Agreement under the 2009 Stock Plan for Standard Awards granted to Employees (for awards made after November 17, 2015).*				X
10.27	Form of Stock Award Agreement under the 2009 Stock Plan for Standard Awards granted to Officers (for awards made after November 17, 2015). *				X
10.28	Form of Stock Award Agreement under the 2009 Stock Plan for Long-Term Performance Program Awards (for awards made after November 17, 2015). *				X

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Exhibit Number	Description	Incorporation by Reference			Filed Herewith
		Form	Date	Exhibit Number	
10.29	Form of Stock Award Agreement under the 2009 Stock Plan for New Executives (for awards made after November 17, 2015). *				X
10.30	Agilent Technologies, Inc. Supplemental Benefit Retirement Plan (Amended and Restated Effective January 1, 2005).*	10-K	12/21/2007	10.25	
10.31	Agilent Technologies, Inc. Long-Term Performance Program (Amended and Restated through November 1, 2005).*	10-Q	3/9/2006	10.63	
10.32	Agilent Technologies, Inc. 2005 Deferred Compensation Plan for Non-Employee Directors (Amended and Restated Effective November 18, 2009).*	10-K	12/21/2009	10.39	
10.33	Agilent Technologies, Inc. 2005 Deferred Compensation Plan (Amended and Restated Effective January 1, 2011).*	10 K	12/20/2010	10.29	
10.34	Agilent Technologies, Inc. 2005 Deferred Compensation Plan (Amended and Restated Effective October 28, 2009).*	10-K	12/21/2009	10.40	
10.35	Agilent Technologies, Inc. 2010 Performance Based Compensation Plan for Covered Employees.	10 K	12/20/2010	10.31	
10.36	Agilent Technologies, Inc. Performance Based Compensation Plan for Covered Employees (Amended and Restated December 18, 2008).*	10-K	12/19/2008	10.34	
10.37	Form of Indemnification Agreement entered into by Agilent Technologies, Inc. with each of its directors and board appointed officers.*	S-1	8/16/1999	10.9	
10.38	Form of Amended and Restated Indemnification Agreement between Agilent Technologies, Inc. and Directors of the Company, Section 16 Officers and Board elected Officers of the Company.*	8-K	4/10/2008	10.1	
10.39	Form of Tier I Change of Control Severance Agreement between Agilent Technologies, Inc. and the Chief Executive Officer*	10-K	12/22/2014	10.35	
10.40	Form of Amended and Restated Change of Control Severance Agreement between Agilent Technologies, Inc. and Section 16 Officers (other than the Company's Chief Executive Officer).*	8-K	4/10/2008	10.3	
10.41	Form of Tier II Change of Control Severance Agreement between Agilent Technologies, Inc. and Section 16 Officers (other than the Company’s Chief Executive Offier)*	10-K	12/22/2014	10.37	
10.42		10-K	12/21/2009	10.50	

	Form of New Executive Officer Change of Control Severance Agreement between Agilent Technologies, Inc. and specified executives of the Company (for executives hired, elected or promoted after July 14, 2009).*			
10.43	Form of Tier III Change of Control Severance Agreement between Agilent Technologies, Inc. and specified executives of the Company*	10-K	12/22/2014	10.39
10.44	Master Separation and Distribution Agreement between Agilent Technologies, Inc. and Verigy Ltd., dated as of May 31, 2006.	10-Q	6/6/2006	10.66
10.45	General Assignment and Assumption Agreement between Agilent Technologies, Inc. and Verigy Ltd., dated as of June 1, 2006.	10-Q	6/6/2006	10.67

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Exhibit Number	Description	Incorporation by Reference			Filed Herewith
		Form	Date	Exhibit Number	
10.46	Intellectual Property Matters Agreement between Agilent Technologies, Inc., Verigy Ltd., and Verigy (Singapore) Pte. Ltd., dated as of June 1, 2006.	10-Q	6/6/2006	10.68	
10.47	Tax Sharing Agreement by and between Agilent Technologies, Inc. and Verigy Ltd., dated as of June 1, 2006.	10-Q	6/6/2006	10.7	
10.48	Tax Matters Agreement, dated August 1, 2014, by and between Agilent Technologies, Inc. and Keysight Technologies, Inc.	8-K	8/1/2014	10.1	
10.49	Employee Matters Agreement, dated August 1, 2014, by and between Agilent Technologies, Inc. and Keysight Technologies, Inc.	8-K	8/1/2014	10.2	
10.50	Intellectual Property Matters Agreement, dated August 1, 2014, by and between Agilent Technologies, Inc. and Keysight Technologies, Inc.	8-K	8/1/2014	10.3	
10.51	Trademark License Agreement, dated August 1, 2014, by and between Agilent Technologies, Inc. and Keysight Technologies, Inc.	8-K	8/1/2014	10.4	
10.52	Real Estate Matters Agreement, dated August 1, 2014, by and between Agilent Technologies, Inc. and Keysight Technologies, Inc.	8-K	8/1/2014	10.5	
10.53	Underwriting Agreement, dated October 24, 2007, by and among Agilent Technologies, Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., on behalf of the several underwriters named therein.	8-K	10/26/2007	1.01	
10.54	Underwriting Agreement, dated September 9, 2009, by and among the Company, Barclays Capital Inc., Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC, on behalf of the several underwriters named therein.	8-K	9/14/2009	1.01	
10.55	Underwriting Agreement, dated July 13, 2010, by and among the Company, Banc of America Securities LLC, Barclays Capital Inc. and Credit Suisse Securities (USA) LLC, on behalf of the several underwriters named therein.	8-K	7/19/2010	1.01	
10.56	Underwriting Agreement, dated September 10, 2012, by and among the Company, Barclays Capital Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of the several underwriters named therein	8-K	9/13/2012	1.01	
10.57	Underwriting Agreement, dated June 21, 2013, by and among the Company, BNP Paribas Securities Corp., Citigroup Global Markets Inc. and Merrill Lynch,	8-K	6/21/2013	1.01	

	Pierce, Fenner & Smith Incorporated, on behalf of the several underwriters named therein.			
10.58	Credit Agreement, dated September 15, 2014, by and among the Company, the Lenders party thereto and BNP Paribas, as Administrative Agent.	8-K	9/15/2014	10.2
10.59	Letter Agreement dated as of June 9, 2015 by and among the Company, BNP Paribas, as Administrative Agent under the Credit Agreement and certain banks	8-K	6/10/2015	10.1
10.60	Credit Agreement, dated September 15, 2014, by and among the Company, Keysight Technologies, Inc., as Borrower, the Lenders party thereto, Citibank, N.A., as Administrative Agent.	8-K	9/15/2014	10.1

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Exhibit Number	Description	Incorporation by Reference			Filed Herewith
		Form	Date	Exhibit Number	
10.61	Share Purchase Agreement by and among Delphi S.a.r.l., Agilent Technologies Europe B.V. and Agilent Technologies, Inc., dated May 16, 2012.	8-K	5/22/2012	10.1	
10.62	Separation Agreement and General Release, effective as of November 7, 2013 by and between Nicolas Roelofs and the Company.	8-K	11/13/2013	10.1	
10.63	Executive Service Contract - Chief Executive Officer, by and among Dako Denmark A/S, Dako A/S and Lars Holmkvist*+	10-K	12/19/2013	10.53	
10.64	Bonus Retention Agreement by and between the Company and Lars Holmkvist*	10-K	12/19/2013	10.54	
10.65	Settlement Agreement by and between the Company and Lars Holmkvist*	10-K	12/22/2015	10.6	
10.66	Contract of Employment - Corporate Vice President, by and among Dako Denmark A/S and Jacob Thaysen*	10-K	12/22/2015	10.61	
10.67	Letter of Terms and Conditions International Long Term Assignment, by and among Jacob Thaysen and the Company*	10-K	12/22/2015	10.62	
10.68	Bonus Retention Agreement, by and among Jacob Thaysen and the Company*	10-K	12/22/2015	10.63	
10.69	Bonus Retention Notification for FY 13 and FY13-FY15 Performance Periods, by and among Jacob Thaysen and the Company*	10-K	12/22/2015	10.64	
10.70	Letter of Terms and Conditions Localization Program by and among Jacob Thaysen and the Company *				X
10.71	Letter of Terms and Conditions Localization Program by and among Patrick Kaltenbach and the Company *				X
11.1	See Note 7, “Net Income Per Share”, to our Consolidated Financial Statements on page 80.				X
12.1	Computation of ratio of earnings to fixed charges.				X
14.1	See Investor Information in Item 1: Business on page 3 of this Annual Report on Form 10-K.				X
21.1	Significant subsidiaries of Agilent Technologies, Inc. as of October 31, 2014.				X
23.1	Consent of Independent Registered Public Accounting Firm.				X
24.1	Powers of Attorney. Contained in the signature page of this Annual Report on Form 10-K.				X
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.				X

31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.	X
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.	X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.	X
101.INS	XBRL Instance Document.	X
101.SCH	XBRL Taxonomy Extension Schema Document.	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	X

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Exhibit Number	Description	Incorporation by Reference			Filed Herewith
		Form	Date	Exhibit Number	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X

*Indicates management contract or compensatory plan, contract or arrangement.

+ Pursuant to a request for confidential treatment, confidential portions of this Exhibit have been redacted and have been
filed separately with the Securities and Exchange Commission.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AGILENT TECHNOLOGIES, INC.

BY /s/ MICHAEL TANG
Michael Tang
Vice President,
Assistant General Counsel and Secretary

Date: December 18, 2015

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POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael Tang and P. Diana Chiu, or either of them, his or her attorneys-in-fact, for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that any of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MICHAEL R. MCMULLEN Michael R. McMullen	Director and Chief Executive Officer (Principal Executive Officer)	December 18, 2015
/s/ DIDIER HIRSCH Didier Hirsch	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	December 18, 2015
/s/ RODNEY GONSALVES Rodney Gonsalves	Vice President, Corporate Controllership (Principal Accounting Officer)	December 18, 2015
/s/ JAMES G. CULLEN James G. Cullen	Chairman of the Board of Directors	December 18, 2015
/s/ PAUL N. CLARK Paul N. Clark	Director	December 18, 2015
/s/ HEIDI FIELDS Heidi Fields	Director	December 18, 2015
/s/ ROBERT J. HERBOLD Robert J. Herbold	Director	December 18, 2015
/s/ KOH BOON HWEE Koh Boon Hwee	Director	December 18, 2015
/s/ DANIEL K. PODOLSKY, M.D. Daniel K. Podolsky, M.D.	Director	December 18, 2015
/s/ SUE H. RATAJ	Director	

		December 18, 2015
Sue H. Rataj		
/s/ GEORGE A. SCANGOS, Ph D	Director	December 18, 2015
George A. Scangos, Ph D.		
/s/ TADATAKA YAMADA, M.D.	Director	December 18, 2015
Tadataka Yamada, M.D.		