

**Agilent Technologies** 2003 corporate report

**building**

**transforming**

**innovating**



**Agilent Technologies**





## Agilent Technologies 2003 corporate report

In 2003 we made significant progress in **building** Agilent for long-term success. We continued **transforming** how we operate to make the company more cost-effective and responsive, and we kept **innovating** with new solutions, products and services that help our customers succeed.



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**TO OUR SHAREHOLDERS**

*“Agilent is a much stronger company – competitively and financially – as a result of all we have done.”*

**Ned Barnholt**  
Chairman, President and Chief Executive Officer

| <b>Financial overview</b> in millions         | <b>2003</b> | <b>2002</b> | <b>Change</b> |
|---|-------------|-------------|---------------|
| Net revenue                                   | \$6,056     | \$6,010     | 1%            |
| Loss from operations (GAAP basis)             | (725)       | (1,607)     | 55%           |
| Non-GAAP adjustments:                         |             |             |               |
| Restructuring expenses                        | 372         | 474         | (22%)         |
| Goodwill & intangibles amortization and other | 64          | 378         | (83%)         |
| Loss from operations (non-GAAP basis)         | (\$289)     | (\$755)     | 62%           |

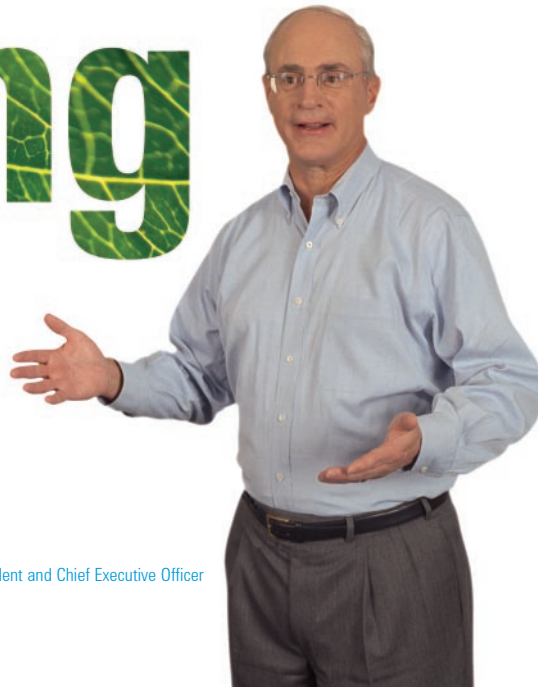
Fiscal 2003 was a year of significant accomplishment for Agilent, as we continued to strike a balance between the need to return to profitability and our ongoing work to build the company for the long term. In the fourth quarter of 2003 we achieved revenue that exceeded our plans, helped by a modest recovery in some of our markets. By the fourth quarter we had also lowered our quarterly operating costs to \$1.45 billion<sup>1</sup> – about \$200 million<sup>2</sup> lower than a year ago. As a result we were profitable in the fourth quarter, and our return to profitability is the start of Agilent’s next phase, in which our near-term goals are to sustain profitability and to grow faster than the markets we are in.

During 2003 we also made substantial progress in creating an exciting future for Agilent. We continued our efforts to transform how the company operates in order to be faster and more efficient. We made appropriate investments in research and development (R&D) in order to maintain our market leadership and to bring compelling new products to market. We refined our strategic focus and strengthened our leadership team. As a result, we began 2004 a more competitive, financially stronger and more efficient company. In this letter I will describe our key accomplishments and will discuss the outlook for 2004.

**MAKING AGILENT MORE EFFICIENT AND COMPETITIVE**

Since 2000 we have been transforming nearly every aspect of how we do business with two key goals: to size Agilent appropriately and to make the company faster and more efficient. The severe downturn of the last two-and-a-half years left us no choice but to reduce our workforce to match the size of our business. By the end of 2003 we had about 29,000 employees worldwide, lower by nearly 15,000 people than we had at our peak. These workforce reductions, which we began in 2001 and which were essentially completed by the end of the year, have helped us remove nearly \$2 billion<sup>3</sup> from our annual operating cost structure. In

**WE HAVE CONTINUED TO MAKE PROGRESS IN BUILDING FOR AGILENT’S LONG-TERM SUCCESS**



**AGILENT A MORE COMPETITIVE, EFFICIENT AND FINANCIALLY STRONGER COMPANY**

In addition, our selective outsourcing and investments to transform our information technology (IT), manufacturing, human resources (HR), facilities, procurement and finance operations were a key factor in reducing our costs and making Agilent more competitive.

When Agilent became an independent company in 1999, we began to tailor our IT systems and applications to our needs. In 2003 we largely completed our IT transformation with deployment of our enterprise resource planning (ERP) system across our semiconductor products business and much of our test and measurement business. We implemented a new customer support system in early 2003, and we outsourced some IT functions to partners who can deliver these services cost-effectively. We made substantial reductions in the number of, and costs associated with, legacy applications and systems. We expect to complete our IT transformation in mid-2004 and to see more benefits as we move through fiscal 2004.

This year we also made excellent progress in transforming other functions. In finance, we increased the number of people at our global hub in India, where we are doing an increasing proportion of our collections, accounts-receivable management and other general accounting functions. In HR we partnered with outside firms on many administrative tasks, such as payroll and benefits administration, in order to help Agilent managers focus on their people and on their business objectives. In workplace services we reduced the worldwide manufacturing and office space we occupied by approximately 2.2 million square feet compared with a year ago. These and other operational transformations are crucial to Agilent's cost-effectiveness and to our ability to address customer needs.

**R&D INVESTMENTS YIELD COMPELLING NEW PRODUCTS ACROSS AGILENT BUSINESSES**

**INVESTING FOR GROWTH**

During 2003 Agilent invested just under \$1.1 billion in R&D, or about \$200 million less than our investment in 2002. We made very focused reductions in R&D during the year while preserving our core investments. The result was another strong year for new products. In our life sciences business, Agilent microarrays enabled researchers to measure differences in gene activity between normal cells and cancer cells. Our Operations Support System (OSS) solutions helped telecom service providers manage their extremely complex networks, introduce new services and lower their costs. Our camera modules were built into a growing number of cell phones, and other semiconductor components from Agilent are making a range of consumer electronics products more powerful, more versatile and smaller.

R&D investments are not our only strategy for driving growth. During 2003, through the Agilent Venture unit, we continued to invest in early-stage companies that are developing innovative technologies in the markets we serve.

Our strong product offering and improved operations were key factors in the recognition we won this year from customers. Celestica, Huawei, SBC and GlaxoSmithKline were among the companies that accorded Agilent significant recognition this year. We were No. 33 on Fortune magazine's "100 Best Companies to Work For" list, and we won high ratings as an employer in China, Taiwan and Italy. Despite the hardships our employees have endured, nearly 6,000 of them volunteered for community action programs during the year. This and other contributions helped Agilent win



**RETURN TO PROFITABILITY • STREAMLINE OPERATIONS • \$1.05B R&D SPEND • AGILENT VENTURE UNIT**

**AGILENT AT A GLANCE**



Agilent delivers innovative technologies, solutions and services to a wide range of customers in communications, electronics, life sciences and chemical analysis. The breadth and depth of our expertise enable us to offer solutions across our customers' research, development, manufacturing and operations value chain for creating new technologies, products and services. With insight gained from this unique and comprehensive perspective, we are dedicated to helping our customers make real progress in achieving their business results.



More than half of Agilent's revenue is generated from outside of the United States. With customers in more than 110 countries, our global presence offers a distinct competitive advantage. Agilent's manufacturing, R&D, sales and support capabilities around the world give customers the flexibility they need in today's competitive environment.

the President's Community Volunteer Award in the United States. I'm extremely proud of our employees' dedication to helping improve the communities where they live and work.

## A SHARPER STRATEGIC FOCUS

Since the middle of 2001 we have been working to ensure Agilent's viability and to restore the company to profitability. In 2004 we are focusing on sustaining that profitability as well as on our strategy for achieving consistent, profitable growth. The markets in which we compete – communications, electronics, life sciences and chemical analysis – are large and are undergoing fundamental change. While these markets are likely to grow modestly in the aggregate, we are pursuing carefully selected opportunities within these markets where we believe we can achieve profitable growth that exceeds overall market growth.

Our strategy for growth has the following elements:

- **Maintain or gain market share in core businesses:**  
We believe the markets we serve will grow 6–8 percent per year over the next three years. We will focus on gaining market share and addressing opportunities in those markets where we have a strong position.
- **Invest in several areas for near-term growth:**  
These areas include wireless and imaging components, solutions for telecom network management; gene expression and proteomics within the life sciences; and semiconductor test.
- **Nurture "white space" opportunities:**  
These are the growth opportunities that don't fall within one of our current businesses. Our deep technical expertise in Agilent Labs and our long-standing relationships with industry-leading customers are helping us identify and pursue a number of new business opportunities.

- **Grow services and consumables:**  
We believe we can increase the percentage of our total revenue from services and consumables from the current 15 percent to more than 20 percent. We will leverage our expertise and customer relationships to expand the ways in which we help customers achieve their goals.
- **Capture opportunities in emerging markets:**  
We have a growing presence in China, other parts of Asia and Eastern Europe, and we are working to strengthen our position in these promising markets.

Agilent is fundamentally a diverse technology company with important synergies across our businesses. These synergies include our R&D capabilities and expertise in fundamental scientific and technology disciplines; our ability to share vital services such as IT, corporate governance and procurement; and our strong corporate culture that focuses on clear objectives, well-defined metrics and rewarding people for results. We expect each of our businesses to optimize these synergies to achieve growth and profits that are ahead of their competitors and that result in attractive return on invested capital.

## SENIOR MANAGEMENT CHANGES

During 2003 we made several additions to our Board of Directors and the senior management team. Koh Boon Hwee and Robert L. Joss joined our board. Boon Hwee is chairman of Singapore Airlines Ltd. He brings a deep understanding of the Asian market and a superb track record in the telecom industry to Agilent. Bob is dean of the Graduate School of Business at Stanford University. He has spent much of his career in banking and finance and has extensive international and senior executive experience.



## COMMUNICATIONS, ELECTRONICS, LIFE SCIENCES, CHEMICAL ANALYSIS • GAIN SHARE OF SELECTED MARKETS

### TEST AND MEASUREMENT 2003 net revenue – \$2.5 billion

Our test and measurement business provides standard and customized solutions that are used in the design, development, manufacture, installation, deployment and operation of electronic equipment and systems as well as communications networks and services.

**Markets:** communications test and general purpose test.

**Product areas:** communications test products include testing solutions for fiber optics, transport networks, broadband and data networks, wireless communications, microwave networks and products, installation and maintenance solutions and operations support systems, including monitoring and network management systems; general purpose test products include general purpose instruments, modular instruments and test software, digital design products, and high-frequency electronic design tools.

### AUTOMATED TEST 2003 net revenue – \$0.8 billion

Our automated test business provides test system solutions that are used in the manufacture of semiconductor devices and printed circuit assemblies.

**Markets:** semiconductor manufacturing and electronic manufacturing.

**Product areas:** semiconductor test equipment and electronics manufacturing test equipment, including automated optical inspection, automated x-ray inspection, automated in-circuit testing and manufacturing test system software.



### SEMICONDUCTOR PRODUCTS 2003 net revenue – \$1.6 billion

Our semiconductor products business is a leading supplier of semiconductor components, modules and assemblies for high-performance electronics and communications systems.

**Markets:** networking and personal systems.

**Product areas:** networking products include fiber optics and high-speed digital integrated circuits; personal systems products (for use in mobile phones, printers, PC peripherals and consumer electronics) include radio frequency and microwave communications devices such as FBAR duplexers and E-pHEMT power amplifiers; infrared emitters, detectors and transceiver modules; printing application specific integrated circuits (ASICs); optical image sensors and processors, optical position sensors, light emitting diodes (LEDs) and optocouplers.

This year we named Young K. Sohn as senior vice president and general manager of our Semiconductor Products Group. Young was most recently chairman and CEO of Oak Technology, a semiconductor company that provides digital media solutions for consumer electronics markets. He is an energetic executive with extensive knowledge of the semiconductor industry. This year Darlene Solomon was named vice president and director of Agilent Laboratories. Darlene's great track record as a technologist and business manager makes her a superb choice to lead our central research facility.

## BUSINESS OUTLOOK

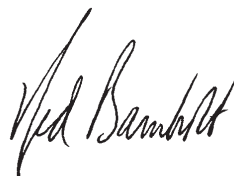
We are encouraged by our return to profitability in the fourth quarter of 2003 and by our progress throughout the year in reducing our cost structure. We believe that demand in some of our markets began to strengthen at the end of fiscal 2003 and that our excellent fourth-quarter results reflected this improvement.

We are cautiously optimistic about the macroeconomic outlook for fiscal 2004. The strong surge in U.S. Gross Domestic Product at the end of calendar 2003 is encouraging and suggests improved prospects for capital equipment purchases. The improvement in corporate profits in the United States is another positive indicator. In addition, the prospects for growth in Asia remain very good.

There are reasons for caution as well. Overcapacity remains a substantial issue in the wireline telecommunications market. We expect somewhat slower growth in Europe than in Asia and the United States. The prolonged downturn in the high-tech sector may have the effect of slowing the general rate of technology adoption in some of our markets.

In 2004 we are determined to build on the progress we have made in restoring Agilent to profitability and in building the company for the

future. The difficulties of the last two-and-a-half years have tested our company in many ways, but they have not altered our fundamental strengths: a rich and diverse technology portfolio, broad market leadership and a culture that fosters innovation. That innovation is made possible by the skills and energy of our people, who have done remarkable work under difficult circumstances. In 2004 we will stay focused on the financial discipline, ongoing operational improvement and the customer relationships that are vital to keeping Agilent at the forefront of our industry.



**Ned Barnholt**  
Chairman, President and Chief Executive Officer

<sup>1</sup> Agilent's operating breakeven cost structure of \$1.45 billion can be reconciled to GAAP breakeven cost structure as follows: total GAAP costs and expenses of \$1.6 billion less restructuring of \$.06 billion, less cost of sales decrement of \$.08 billion (35% x \$225 million), less IT projects of \$.02 billion.

<sup>2</sup> This number can be calculated as follows: total GAAP costs and expenses for the fourth quarter of 2002 of \$2.1 billion less \$.09 billion of goodwill and intangible amortization and \$.3 billion of restructuring, less total GAAP costs and expenses for the fourth quarter of 2003 of \$1.6 billion less \$.06 billion of restructuring.

<sup>3</sup> This number can be calculated as follows: total GAAP costs and expenses for the fourth quarter of 2001 of \$2.3 billion less \$.1 billion of goodwill and intangible amortization and \$.2 billion of restructuring, less total GAAP costs and expenses for the fourth quarter of 2003 of \$1.6 billion less \$.06 billion of restructuring annualized.

## GOAL OF PROFITABLE GROWTH • R&D SYNERGIES • LEADERSHIP AND A CULTURE THAT FOSTERS INNOVATION

### LIFE SCIENCES AND CHEMICAL ANALYSIS 2003 net revenue – \$1.2 billion

Our life sciences and chemical analysis business provides application-focused solutions including instruments, software, consumables and services that enable customers to identify, quantify and analyze the physical and biological properties of substances and products.

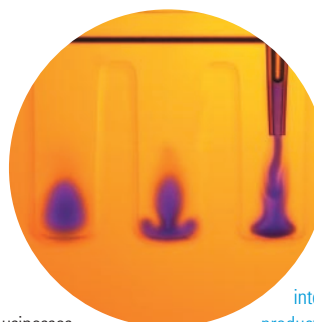
**Markets:** gene expression, proteomics, pharmaceutical analysis, environmental, petrochemical, homeland security and forensics, and bioagriculture and food safety.

**Product areas:** microarrays; microfluidics; gas chromatography; liquid chromatography; mass spectrometry; software and informatics; and related consumables, reagents and services.



### AGILENT LABORATORIES

Agilent Laboratories is our central research organization. Agilent Labs engages in 1) applied research leading to technology that can be transferred to our existing businesses in communications, electronics, life sciences and chemical analysis; and 2) research that creates new businesses that are outside of our current markets but within our fields of interest. Agilent Labs also provides technology integration across the company.



### AGILENT SALES AND SUPPORT

Agilent sells and distributes products primarily through a direct sales force as well as through distributors, resellers, telesales and electronic commerce. Our businesses provide a range of services and customer support, including systems integration, technical and product support, consulting and knowledge services.



## OPERATIONS OVERVIEW & ENVIRONMENT AND SOCIAL RESPONSIBILITY

*"Agilent is more efficient, responsive and competitive as a result of our ongoing work to transform every dimension of how we operate."*

**Bill Sullivan**

Executive Vice President and Chief Operating Officer

Since mid-2000 our operational initiatives have had two goals: to size Agilent for the realities of our markets and to make the company more efficient. In 2003 we continued to execute an aggressive plan for achieving these goals. As a result, Agilent has a much leaner and more flexible cost structure. We are more responsive to the many ways customers want to do business with us. Our internal processes and systems are more streamlined. In 2004 we expect to extend the benefits resulting from our work and investments in information technology (IT) and in our customer initiatives, workplace services and procurement. Our initiatives remain focused on making Agilent faster, more flexible and more efficient.

### INFORMATION TECHNOLOGY

An ambitious IT transformation has been under way at Agilent since the middle of 2000. By standardizing our business applications and infrastructure from the data center to the desktop, we reduced our IT spending by more than \$50 million per quarter during 2003 and lowered the number of legacy applications by more than a third.

In 2003 we continued to implement new systems in enterprise resource planning (ERP), customer support and our Web environment. In March 2003 we completed the ERP rollout in our Semiconductor Products Group, and we deployed the second phase of our ERP system to major sites in our test and measurement and automated test businesses.

These businesses are taking orders, shipping products and consolidating all their financial data on the new ERP system. This system also provides these businesses with instant access to integrated information from finance, manufacturing, sales and support, a factor in helping us to reduce inventory by 16 percent compared to 2002.

WE CONTINUED **TRANSFORMING** AGILENT TO MAKE THE COMPANY FASTER AND MORE COST-EFFECTIVE

# transforming

A photograph of Bill Sullivan, Executive Vice President and Chief Operating Officer, standing in front of the large word "transforming". He is wearing a light-colored button-down shirt and dark trousers, and is gesturing with his hands as if speaking. The word "transforming" is rendered in a large, blue, stylized font with a glowing, liquid-like texture.



In December 2002 we deployed a new customer support system that replaced decades-old legacy systems with an application suite that is tailored to Agilent's needs. Our goal is to serve customers better through common systems and processes for the service, support and parts activities across our businesses.

In 2003 this system enabled us to reduce the time it took to deliver quotes and strengthened our ability to communicate order status to customers. We continue to work toward higher user productivity and greater customer satisfaction through streamlined customer support processes.

Agilent customers are also benefiting from our improved Web capabilities. This year we enabled customers to track the status of their orders, access information on product pricing and availability, and check the status of their warranties online. For example, LSCA achieved good growth in sales of consumables and accessories through its online store. In 2004 we will make further enhancements to customers' ability to conduct business with Agilent online.

#### CUSTOMER INITIATIVES

Our progress in making Agilent easier for customers to do business with extends beyond our Web presence. This year we enhanced the Agilent Customer Survey, which we implemented in 10 languages, in all regions of the world, and across all our businesses and major customer contact teams. This improved coordination enables us to apply and respond to what we learn from customers across the company. For example, when we learned that test and measurement customers who sent inquiries by fax machine were less satisfied than those who contacted us in other ways, we implemented a new digital fax system that has improved our response time and customer satisfaction.

We also strengthened our processes in customer financing in 2003. We added a financing partner in Germany, Austria, Switzerland and Spain to provide customers with more competitive financing options. We also secured a partner to provide financing offerings to our Malaysian customers, and are implementing an online process for leasing and rental transactions that will save our customers time by allowing them to be credit approved and place orders quickly.

#### WORKPLACE SERVICES

The workplace services (WPS) team manages Agilent's sites around the world and deploys support solutions for the growing number of employees who work remotely. In 2003 WPS worked with Agilent's businesses to reduce the global office and manufacturing space we occupied by approximately 2.2 million square feet, thus lowering costs and improving our use of space. WPS achieved this reduction a year earlier than planned through site consolidations and office closures.

In addition, WPS began outsourcing many facilities-management services to a global provider. The change to a supplier with a strong track record in this area has reduced our costs while maintaining a high level of services for our employees.

#### GLOBAL SOURCING

The Global Sourcing Organization manages our work with the hundreds of suppliers with whom Agilent partners. In 2003 this organization played a key role in a highly successful effort to lower indirect spending, which is what we spend on products and services that do not go into Agilent products or inventory. This category includes the consultants with whom we work, as well as suppliers of office equipment and supplies, travel and training.

## STREAMLINING OUR OPERATIONS FOR EFFICIENCY • RIGHT-SIZING FOR THE REALITIES OF OUR MARKETS

#### FOCUSING ON QUALITY AND CUSTOMERS

An initiative common to all our businesses and functions this year was a renewed emphasis on quality as a key differentiator. Our senior executives led a program designed to reinforce the importance of quality with our employees, and included metrics on quality as part of Agilent's "dashboard" process for measuring our progress in achieving company-wide goals on a quarterly basis. Our operational initiatives enabled us to achieve more than cost savings and process improvements. We also won significant recognition from customers and industry analysts. Huawei, Celestica, GlaxoSmithKline, SBC, and Frost and Sullivan were among the customers and research firms that recognized Agilent for the work we are doing with them. These and other awards are both encouraging and motivating as we drive for the sustained operational excellence that has been our goal since Agilent was created. In 2003 we made significant progress, and in 2004 we have set ambitious goals for further improvement.



This year Agilent implemented new processes and guidelines for indirect spending, and by the end of 2003 we lowered that spending by approximately \$160 million compared with 2002. We reduced the number of suppliers we work with and increased our successful negotiations with our suppliers. This improvement was a major factor in our ability to return to profitability in the fourth quarter of the year.

During 2003 we also achieved cost savings through greater participation in online purchasing of a variety of products and materials. Although the percentage of our total purchases made this way is still low, the savings have been substantial and in 2004 we are planning to expand our use of online procurement.

Agilent's operations in India grew during 2003, with our wholly owned subsidiary providing a range of transaction processing and software engineering capabilities. Our Indian subsidiary helped Agilent businesses and functions meet their expense objectives while contributing to process improvements across the company.



## ENVIRONMENT AND SOCIAL RESPONSIBILITY

Agilent's citizenship objective – to be an economic, intellectual and social asset to the nations and communities in which we operate – plays an integral role in driving the company's business practices.

In 2003, as we implemented aggressive initiatives to transform our company, we continued to emphasize the economic, environmental and social aspects of our business, known as the "triple bottom line." Despite difficult market conditions and limited resources, we made important progress toward building a sustainable business for the long term.

Highlights from this past year include:

- Reducing our worldwide energy use for the third year in a row with a more than 2-percent reduction in 2003 on a kilowatt-hour per square-foot basis;
- Exceeding our 5-percent target for reducing chemical waste going to landfill;
- Providing cash and equipment grants totaling more than \$6 million to universities, science education programs, and health and human services organizations worldwide;
- Expanding our Agilent After School hands-on science program to reach approximately 24,000 junior-high-school-age students around the world;
- Implementing a program that identifies and assesses the potential environmental and social risks of our suppliers;
- Earning "Best in Class" honors from Storebrand Investments' Socially Responsible Index for our social as well as environmental performance;
- Receiving recognition, once again, as one of the "best places to work" by several organizations and publications around the world, including Fortune magazine, Careers and the Disabled magazine, and "Best Employer in Asia" awards in Taiwan and China.

## REDUCED ENERGY USAGE AND CHEMICAL WASTE • BUILDING A SUSTAINABLE BUSINESS FOR THE LONG TERM

### RECOGNITION FOR OUR ACTIONS

In July 2003, Agilent earned "Best in Class" honors from Storebrand Investments for both its social and environmental performance. Storebrand, based in Oslo, Norway, manages more than \$20 billion.

Agilent is also listed on the Dow Jones Sustainability World Index, the FTSE4Good (Financial Times Stock Exchange) Global and U.S. Indices, the Calvert Social Index and the Ethibel Sustainability Index.



### BEST IN CLASS environmental and social performance

STOREBRAND SRI



*"Storebrand lauds the dedication Agilent has demonstrated in its environmental practices, most especially for establishing targets and its approach to communicating its environmental work. Agilent ranks among the top performers in all of Storebrand's social responsibility indicators, in fact receiving the best overall score on social performance."*

**Hege Haugen**  
Socially responsible investments analyst, Storebrand

### PRODUCTS THAT MAKE A DIFFERENCE

Agilent manufactures and markets products that endeavor to make the world a better place. For example, our Agilent Rice Oligo Microarray Kit enables scientists to study genes in rice and related cereal plants, searching for varieties with greater tolerance to drought, salt, cold climate or pests. This enhances production of a staple food eaten by half the world's population.



As a global producer, consumer, citizen and employer, we recognize the importance of taking actions to generate economic benefit for our stakeholders, reduce our impact on the environment and make a positive social contribution. Integrating sustainability concepts into our business provides competitive advantage and helps ensure our long-term success.

In publishing our fourth Environment and Social Responsibility Report in February 2004, we continue our commitment to provide open communications to all of our stakeholders. The report, available at [www.agilent.com/go/sustainability](http://www.agilent.com/go/sustainability), covers the environmental and social impacts of our business for 2003 and discusses our objectives for the future.

### A GLOBAL PRODUCER

Agilent is designing products that are "greener" – more environmentally friendly – throughout their lifecycles with our Design for Environment (DfE) initiative. DfE provides guidelines and processes for minimizing the use of hazardous materials, energy and other resources; for promoting recycling and reuse; and for sharing of best environmental design practices. Our goal in 2003 was to include specific product environmental guidelines in new product introduction processes across Agilent. Each of our five businesses has met this target.

### A GLOBAL CONSUMER

As a global consumer, Agilent expects suppliers to comply with applicable environmental, health and safety laws and regulations, and basic international principles relating to labor standards and environmental protection. To ensure that we are partnering with suppliers who meet these criteria, we developed and implemented a new supplier risk screening program in 2003.



Agilent also proactively sources products and services from minority, women, disabled and veteran-owned business entrepreneurs (MWDVBEs). Challenged with a very difficult economy, our Supplier Diversity Program expanded supplier outreach strategies and supplier development objectives, and sourced 6.1 percent from MWDVBEs in 2003.

### A GLOBAL EMPLOYER AND CITIZEN

Strong corporate values guide our relationships with our stakeholders, including our employees and the communities in which we do business. Agilent's values include uncompromising integrity, trust, respect and teamwork.

Despite difficult economic conditions during the past several years, we have continued our efforts to establish Agilent as an employer of choice across the globe. The aim is to provide employees with a working environment that they find challenging, inclusive and enjoyable. Our mix of diverse experiences and cultures come together to create an effective organization that embraces the wider community in which we live and work.



## WORLDWIDE DONATIONS • TOP HONORS FROM SOCIALLY RESPONSIBLE INVESTMENT FUNDS

### COMMUNITY PROGRAMS FOR CHANGE

Agilent's Diversity Grant program is designed to contribute to the progress of local communities in which Agilent does business.

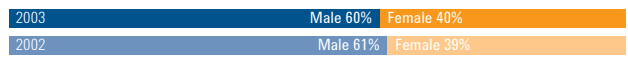
In 2003, for example, the company donated \$28,000 to the "Spring Bud" project in Sichuan, China. Agilent's grant is helping 150 girls from poor areas in China stay in school. This is the second consecutive year that Agilent has contributed to Spring Bud.



Number of employees



Gender – all employees



Gender – executives and senior management



Injury/illness rates\*



Total energy use (1,000 gigajoules)



Total water used for operations (1,000 cubic meters)



\*Based on recordable occupational injury/illness cases multiplied by 200,000 then divided by the hours worked for the same time period in which the injuries occurred.

## NEEDS AND SOLUTIONS

"Agilent's deep expertise in the high-tech disciplines that underlie communications, electronics, life sciences and chemical analysis enables us to deliver compelling solutions that really make a difference for our customers and help them win. Research in Agilent Labs targets the technology breakthroughs that will delight our customers and create the foundation for new product directions."

**Darlene Solomon**

Vice President and Director, Agilent Laboratories



## MASS CONSORTIUM

### Agilent Multiple Affinity Removal System

Customer: Mass Consortium Inc.

#### THE NEED

Pharmaceutical customers need to identify proteins in blood serum that can serve as drug targets or biological markers of disease. Biomarkers are often used for clinical trials, therapeutic development and diagnostics.

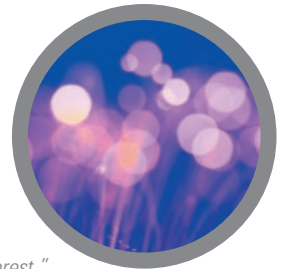


#### THE SOLUTION

The high-throughput study of proteins, or proteomics, is one of several key areas of investment for Agilent's Life Science and Chemical Analysis business. In August 2003, Agilent introduced its new Multiple Affinity Removal System, a liquid chromatography column that simultaneously removes the six most abundant proteins from blood serum. These proteins account for 85 percent of the protein mass in blood and have posed a barrier to the discovery of the more rare proteins involved in or indicative of disease. The column can be used with Agilent's popular 1100 Series Liquid Chromatograph and variety of mass spectrometers.

#### THE IMPACT

"The Multiple Affinity Removal System from Agilent has allowed us to rapidly identify three to four different proteins that we believe could act as biomarkers for the onset of disease," said Prof. Gary Siuzdak of The Scripps Research Institute and Founder of Mass Consortium. "Previous to this technology we were unsuccessful at identifying markers in this sample because of the masking effect of the high-abundance proteins on the proteins of interest."



WE ARE **INNOVATING** TO ENABLE THE TECHNOLOGICAL AND BUSINESS SUCCESS OF OUR CUSTOMERS

# innovating





### Agilent Microarrays

Customer: Agendia

#### THE NEED

Researchers need to measure the activity of genes in breast tissue. This information can help them to identify which genes are involved in breast cancer and to potentially develop diagnostic tests to determine the best course of treatment.

#### THE SOLUTION

Agilent microarrays enable researchers to measure changes in gene activity in cancer cells compared to normal cells with a measurement sensitivity that is unmatched in the industry. Using Agilent microarrays, researchers at the Netherlands Cancer Institute (NKI) and Rosetta Inpharmatics, a wholly owned subsidiary of Merck & Co. Inc., identified a group of 70 genes whose activity correlated to breast cancer aggressiveness, patient survival and likelihood of remaining metastasis free.

Patients with the "good profile" had high survival rates and low recurrence of metastasis without chemotherapy. After further clinical studies, Agendia (a company founded by NKI researchers) hopes to develop diagnostic tests that will benefit patients and health care providers by better identifying which patients are at risk and need follow-up chemotherapy and which can potentially forego it.

In 2003, Agilent introduced new microarrays for the study of human, mouse, rat, Magnaporthe grisea, and Arabidopsis genes.



#### THE IMPACT

"The intrinsic characteristics of a tumor are of clinical significance because they determine, for example, the tumor's ability to metastasize or respond to drug treatment," explained Dr. Laura J. van't Veer, PhD, Co-founder of Agendia and head of the Family Cancer Clinic, NKI. "Microarray technology can be used to measure the activity of many tumor genes simultaneously, and our research with Merck/Rosetta has shown it has potential to predict a disease's outcome. The reliability and reproducibility of Agilent's microarrays have greatly contributed to our ability to identify this gene expression signature."

## COMPELLING NEW PRODUCTS • ENHANCED CUSTOMER SERVICE • DEEP EXPERTISE • FLEXIBLE

### AWARDS FOR PRINTED-CIRCUIT-BOARD TEST AND SURFACE-MOUNT TEST

Agilent received Frost & Sullivan's 2003 Product Line Award for its industry-leading line of test and inspection solutions for printed-circuit-board assembly. Agilent's solder paste inspection, automated optical inspection, automatic X-ray test, and in-circuit test enable printed-circuit-board manufacturers to increase reliability in products ranging from small consumer electronics to large, complex applications. Frost & Sullivan also awarded its Product of the Year award for 2003 to the Agilent 5DX Series 5000 Automated X-ray Test system. The 5DX system can quickly and precisely detect up to 90 percent of all physical manufacturing defects.

### AGILENT SHIPS 200 MILLIONTH OPTICAL MOUSE SENSOR

In November 2003, Agilent shipped its 200 millionth optical mouse sensor since the release of its first navigation sensor in 1999. Agilent pioneered optical sensing for mouse technology and supplies these sensors to all major optical mouse manufacturers worldwide. Optical mice range from inexpensive entry-level models to high-precision dual-sensor versions, with scroll wheels and multiple programmable function buttons. There are also miniature mice that are perfect for use with laptop computers and cordless optical mice that use power-saving technology for long battery life. Agilent offers sensors ranging from low-cost 400 count-per-inch (CPI) resolutions for entry-level mice to sensors providing up to 800 CPI resolutions, and at speeds of up to 40 inches per second with automatic power conservation – perfect for maximum-precision corded or cordless mice.

### AWARD FOR OSS SOLUTION

Agilent was recognized by SBC, one of the largest telecommunications companies in the world, with its 2003 Cost Management Supplier award. This award highlights the contributions Agilent's acceSS7 team delivered by providing cost-effective solutions that reduced SBC's operations support system (OSS) cost of ownership.



**Agilent 93000 SOC Series Test System**  
Customer: Haier IC Design Company Ltd.

**THE NEED**

Semiconductor manufacturers of today's converged consumer devices succeed by reducing price, while increasing performance, functionality, and in turn complexity of their chips.

**THE SOLUTION**

The Agilent 93000 system-on-a-chip (SOC) single, scalable platform with flexible upgradeability covers a wide range of applications, including digital, analog and embedded memory testing — ideal for testing chips for many electronic devices such as digital satellite and cable television receivers.

The Agilent 93000 SOC Series is the industry's fastest-growing, lowest cost single, scalable platform with over 600 installed systems worldwide. The large installed base of Agilent 93000 SOC test systems provides easy access to high-volume manufacturing test capabilities.

**THE IMPACT**

*"The Agilent 93000 SOC test system meets the testing requirements of MPEG-2 decoder chips for digital TV receiver and set-top boxes," said Yan-Chun Yang, Vice General Manager of Haier (Beijing) IC Design. "In addition to the excellent performance of the Agilent 93000 and Agilent's professional technical support, Agilent's China team has worked closely with Haier to manage the complete manufacturing supply chain, enabling us to introduce the Hi2010 in a short time."*



**Agilent Versatest Series Model V4400 Test System**  
Customer: Winbond Electronics Corporation

**THE NEED**

Manufacturers of mobile electronic products require maximum flexibility to test emerging flash memory and DRAM semiconductor chips, the basis of many mobile consumer devices, including cellular telephones, MP3 players and personal digital assistants.

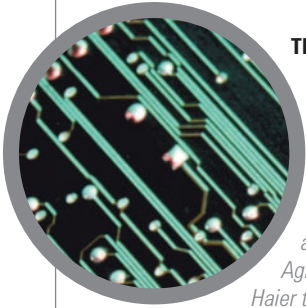
**THE SOLUTION**

The Agilent Versatest Series provides a fully integrated, single pass architecture offering the right speed at the right price that meets current memory testing needs and anticipates tomorrow's demands. Customers select the Agilent Versatest Series Model V4400 to reduce cost of test with maximum flexibility.

**THE IMPACT**

*"Using a single system for flash memory and DRAM semiconductor chips allows us to adjust rapidly to changing production volumes, and reduce our financial risk by enabling us to capitalize on shifting market demand for our memory products," said George Chou, Director, Winbond. "Winbond continues to focus on refining its manufacturing capabilities and flexible production strategies in order to more quickly respond to market changes. We believe that the prominent features of the Agilent V4400 combined with our market-leading test techniques will ultimately provide the best solution for our customers."*

*Winbond's selection of the Agilent V4400 continues Agilent's market leadership in the growing Taiwanese flash memory manufacturing industry.*



**UNMATCHED CAPABILITY ACROSS THE PRODUCT DEVELOPMENT CYCLE • EXCITING APPLICATIONS BUILD VALUE**

**AGILENT 93000 SOC SERIES ENABLES SiS**

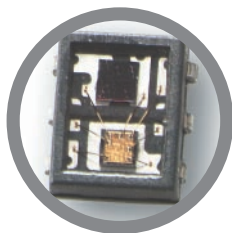
"Partnering with Agilent provides SiS with high-quality equipment and professional support, which helps SiS speed time to market and time to profit," said Michael T.H. Chen, SiS President and CEO. "The scalability and flexibility of the Agilent 93000 SOC Series maximizes our long-term capital investment, and also ensures a smooth ramp to volume production, increasing customer satisfaction."

**INFRARED TRANSCIVERS WITH REMOTE CONTROL AND APPLICATION SOFTWARE FOR MOBILE PHONES AND PDAs**

Agilent offers the industry's first low-power infrared (IR) transceiver and application software combination that enables mobile phones and personal digital assistants (PDAs) to function as universal remote control devices. In addition to high-speed wireless data transfer, the Agilent solution now also delivers extended remote control for televisions, VCRs, DVDs and other home appliances. It allows consumers to operate as many as 80 different home appliances from a single handheld device. The addition of universal remote control for mobile phones and PDAs is gaining popularity throughout Asia and this product feature will soon appear in Europe and the United States.

**AWARD FOR THE AGILENT 4070/300**

UMC, a world-leading semiconductor foundry, presented Agilent with its Excellent Supplier Award in March 2003. The company selected the Agilent 4070/300, which provides industry-leading reliability and performance capabilities required for 300 mm wafer parametric testing. UMC evaluates suppliers with strict criteria ranging from service support, product quality and cost performance to value delivery. Agilent is the only semiconductor test equipment supplier to be honored for its exceptional effort and contribution to UMC.



### Agilent 10 GHz Optical Test Suite

Customer: The Photonics Center at Boston University

#### THE NEED

The Photonics Center at Boston University was established to enable early-stage photonics companies to develop and commercialize new technologies. During the planning stages, the university knew that test and measurement would be central to the needs of the laboratory's capabilities and have a direct impact on its reputation. In November 2003 the Photonics Center dedicated a new state-of-the-art lab to fulfill this purpose.

#### THE SOLUTION

Agilent equipped the laboratory with test solutions that could be used by both researchers and photonics "incubator" companies in developing and refining their products. The installed Agilent 10 GHz optical test suite includes a lightwave measurement system, all-band tunable laser, Bit Error Rate analyzer, oscilloscope, spectrum analyzer and precision reflectometer. The platform can be easily upgraded to meet the future needs of lab testers. Agilent also partnered with Boston University in joint marketing and training initiatives and has co-sponsored symposiums on technology and testing techniques – all aimed at helping incubator companies through their critical early stages of development.

#### THE IMPACT

*"We now have a worldwide leadership position in photonics technology development," said Cliff Robinson, Assistant Director at the Photonics Center. "Agilent's global presence and strong marketing efforts for early-stage companies, as well as leadership and innovation in test and measurement, were an ideal match for us. By taking time to fully understand our needs, strategy and direction, Agilent configured and supplied a suite of equipment that gives us a solid foundation from which to grow."*



## Agilent Technologies

### Agilent HSDL-9000 Ambient Light Photo Sensor

#### THE NEED

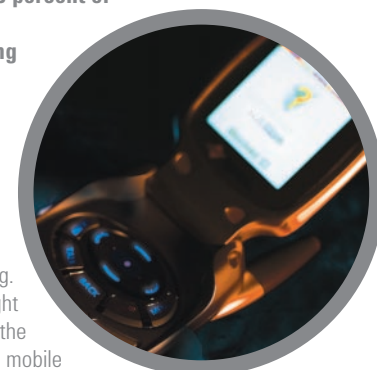
Backlighting and keypad lighting are high-demand mobile phone functions, but it's estimated that mobile phones are used in a bright environment 75 percent of the time. Unnecessary use of backlighting and keypad lighting can significantly drain battery life, especially for heavy users.

#### THE SOLUTION

The Agilent HSDL-9000 Ambient Light Photo Sensor increases mobile phone battery life by eliminating unnecessary backlighting. It detects the amount of ambient light using the same luminosity curve as the human eye does. It then signals the mobile phone to turn on its display's backlight and keypad light only when needed. This saves battery power, an increasingly important issue as color displays become more prevalent.

#### THE IMPACT

*Mobile phone and portable device manufacturers can now focus on adding additional product features demanded by consumers and offer products with increased battery life.*



## COST-EFFECTIVE SOLUTIONS • LEADERSHIP IN TEST AND MEASUREMENT • "PARTNERS IN PERFORMANCE"

### AWARD FOR SEMICONDUCTOR SOLUTIONS

For the fifth year in a row, Celestica, Inc., a world leader in electronics manufacturing services, honored Agilent with its "Partners in Performance" award. The award recognizes Agilent's performance in supplying fiber optic transceivers and other semiconductor solutions that Celestica uses in contract manufacturing services. Only four Celestica vendors have won the "Partners in Performance" award in each of the five years since its inception. The award is given to suppliers based on their ability to support flexibility and responsiveness, impact on asset management, effectiveness and efficiency, and overall supplier performance. In addition, Celestica recognized Agilent as a test equipment supplier for the second time in three years.

### AGILENT INFINIUM 54855A (6 GHz) OSCILLOSCOPE

In early fiscal 2003, Agilent introduced a new family of 4 to 6 GHz real-time oscilloscopes. Although oscilloscopes have achieved high levels of performance, their overall performance has been limited by probe technology. When the new Agilent Infiniium 54855A (6 GHz) oscilloscope is paired with Agilent InfiniiMax active probes, the system delivers industry-leading performance, accuracy and probing connectivity. R&D engineers in the computer, communications and semiconductor industries can validate and verify easily the performance of new high-speed digital product designs.

### AWARD FOR SHANGHAI APPLICATION DEVELOPMENT CENTER

The Shanghai Foreign Trade and Economic Committee presented Agilent's Shanghai Application Development Center (ADC) with the "Shanghai Software Export Star Enterprise Award." The award goes to the company with the greatest revenue for exported software. Agilent's small team of 20 people competed against much larger companies. Agilent established the Shanghai ADC in March 2001. It provides services and support aimed at reducing the time it takes customers to bring their products to market and the time required to increase production volume. Services for semiconductor manufacturers help them reduce test costs and achieve better return on their investment in Agilent test equipment.



### Agilent Operations Support System Service Assurance Solutions

Customer: Sprint

#### THE NEED

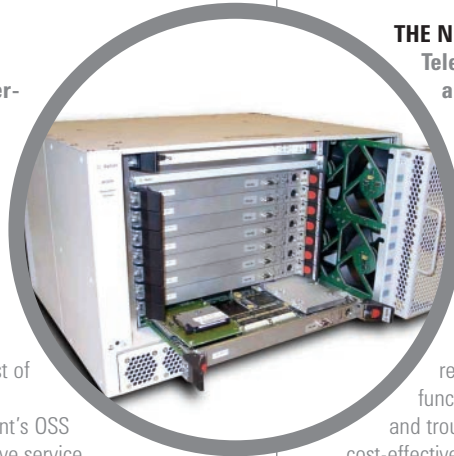
To gain operational efficiencies, reduce their cost structure and enable customer-centric service management, telecom service providers with legacy systems and single-purpose operations support systems (OSSs) need to consolidate and integrate their existing OSSs.

#### THE SOLUTION

The Agilent OSS solution suite provides the breadth of integrated solutions that telecom service providers need to lower their total cost of ownership for OSS, including software, maintenance and training expenditures. Agilent's OSS strategy focuses on integrating solutions to give service providers the ability to manage not only networks, but also subscribers and services. True service management requires OSSs that share information across products, allowing users to determine the customer impact of network problems and quickly determine the root cause.

#### THE IMPACT

"Our OneSprint initiative, which aims to simplify our OSS, is imperative to gain the efficiencies and reduced cost structure Sprint needs to effectively achieve its growth strategy," said Michael Rapken, Sprint Vice President, Network Systems Development.  
"Satisfaction with our existing Agilent OSS solutions, the company's stability, market leadership and breadth of unified OSS solutions were the compelling reasons we chose Agilent."



### Agilent NgN Analysis System

Customer: Cbeyond Communications

#### THE NEED

Telecom service providers of packet telephony and broadband Internet services want to exceed customer expectations while deploying industry-leading Internet protocol (IP) technology by increasing operational efficiency of local voice over IP (VoIP) networks while reducing costs.

#### THE SOLUTION

Agilent's NgN Analysis System is the only carrier-class monitoring solution that enables VoIP service providers to monitor not only call connection setup and reliability, but also voice quality. The system provides the functionality, performance and scalability required to monitor and troubleshoot network problems thoroughly, quickly, and cost-effectively.

#### THE IMPACT

"The savings achieved by implementation of the Agilent NgN Analysis System were immediate and substantial. Increased network visibility meant a faster trouble ticket turnaround and a 90-percent savings on the time taken to track individual faults. It translates into annual savings of more than \$300,000," said Paul Deines, Director of Engineering, Cbeyond Communications.



## MONITOR AND TROUBLESHOOT • FASTEST GROWING, LOWEST COST, SINGLE SCALABLE PLATFORM

### TOP SUPPLIER AWARD

In early 2003, Agilent earned a "Best Suppliers 2002" seal from Noticiário de Produtos Eletrônicos (NPE) magazine. NPE, one of Brazil's leading engineering publications, surveyed thousands of its readers, asking them to rate the best suppliers. The readers ranked Agilent as one of the top suppliers for signal generators and analyzers, data acquisition instruments, multimeters, oscilloscopes and power supplies.

### AGILENT OSS VoIP QoS MANAGER

In November 2003, Agilent announced the industry's most comprehensive quality-of-service assurance solution for telecom service providers that collects data from various sources for a single, intelligent view of problems that affect voice over Internet protocol (VoIP) service. The Agilent OSS VoIP QoS Manager, the newest addition to the company's VoIP service assurance portfolio, helps service providers proactively identify and isolate problems, minimizing downtime while providing higher quality of service (QoS) and reducing customer turnover.

### AGILENT'S WHOLE HUMAN GENOME MICROARRAY

In October 2003, Agilent announced shipment of whole human genome microarrays to customers for testing and evaluation. The whole genome microarray is based on Agilent's new double-density format, which can accommodate 44,000 features on a single 1" x 3" glass-slide microarray. The new platform enables drug-discovery and disease researchers to perform whole-genome screening at a lower cost and with higher reproducibility. In 2003, Agilent also introduced new arrays for the study of mouse, rat, rice and rice blast fungus.





### Agilent Connected Solutions

Partner: Prime Data

#### THE NEED

Current product development costs rise almost exponentially as development time increases, underscoring the importance of shortening design cycles. Although engineers use Electronic Design Automation (EDA) tools in design simulation, they need instrumentation and product prototypes for the debugging of hardware, prototyping, and manufacturing test. For example, although a wireless chipset can be designed with EDA tools, a prototype requires instrumentation for testing. A wireless chipset prototype, however, can cost \$1 million and take eight weeks. New technology was needed to bridge the transfer of information between the software and hardware tools.

#### THE SOLUTION

Agilent's Connected Solutions bridge the gap between design and test aspects of the product development cycle and enable engineers to transport data between simulation models and test instruments. Agilent Advanced Design System (ADS) tools and test instrumentation are integrated to provide capabilities that cannot be delivered with EDA tools or instrumentation alone. The connection of EDA tools with instruments enables engineers to test a virtual design and real integrated circuit together.

#### THE IMPACT

*"Agilent is leveraging its leadership in the test and measurement and EDA markets by merging its ADS software, instrumentation and connectivity expertise," said Galen Wampler, Industry Analyst at Prime Data. "Agilent's new connected solutions applications provide end users with unmatched capability up and down the product development cycle. These connected solutions have advantageous and exciting applications that build value on top of Agilent's instrumentation and ADS products."*



## Agilent Technologies

### Agilent Camera Modules for Mobile Phones

#### THE NEED

Tier-one mobile phone manufacturers need suppliers that can provide imaging technology excellence, produce millions of units per month and deliver global technical support.

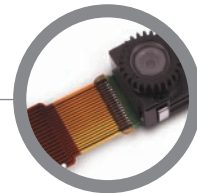
#### THE SOLUTION

The Agilent family of fully integrated camera modules offers exceptional sensitivity for capturing great images in low-light conditions such as a home or restaurant. Agilent provides modules in both CIF (352 x 288 pixel) and VGA (480 x 640 pixel) resolutions, offering image clarity levels for different use models. Agilent has more than 20 years of imaging design expertise, and is the largest volume supplier, having shipped more than 200 million CMOS (complementary metal oxide semiconductor) image sensors.



#### THE IMPACT

*Agilent's miniature camera modules deliver photographic capabilities in even the smallest applications. Agilent is helping to enable a new generation of image phones, a hot seller of the 2003 holiday season.*



## RELIABLE AND REPRODUCIBLE • "CONNECTED SOLUTIONS" • ENABLING • GLOBAL TECHNICAL SUPPORT

### AGILENT SPEEDS DEVELOPMENT OF FUEL-CELL VEHICLES

Gasoline-electric hybrid vehicles are gaining popularity due to today's high gasoline costs and environmentally conscious consumers. But these automobiles are expected to be only an interim solution until fuel-cell vehicles (FCVs) are available to the mass market. FCVs are powered by more efficient hydrogen fuel cells that require no gasoline and release negligible emissions. Agilent is enabling the faster development of this high-potential power source with its 3000 Micro Gas Chromatograph, which provides fast, accurate and reliable analysis of trace components that affect fuel-cell performance and efficiency.



*"At this point in Agilent's evolution, and where we are in the business cycle, it is critical that we focus in a more systematic way on productivity. The more productive each employee is, the more we can afford to reinvest in new products and reward shareholders for their investment in our company."*

**Adrian Dillon**  
Executive Vice President and Chief Financial Officer

## OFFICERS AND DIRECTORS

### OFFICERS

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Adrian T. Dillon – Executive Vice President and Chief Financial Officer  
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Chris van Ingen – Senior Vice President and General Manager, Life Sciences and Chemical Analysis Group  
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Robert L. Joss – Dean of the Graduate School of Business of Stanford University  
Heidi Kunz – Executive Vice President and Chief Financial Officer of Blue Shield of California  
David M. Lawrence, M.D. – Chairman Emeritus of Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals  
A. Barry Rand – Chairman and Chief Executive Officer of Equitant

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Robert L. Joss  
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A. Barry Rand

#### *Executive Committee*

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

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

## SHAREHOLDER INFORMATION

### INVESTOR INFORMATION

Please see the full and audited financial statements and footnotes contained in this booklet. To receive paper copies of the annual report, proxy statement, Form 10-K, earnings announcements and other financial information, people in the United States and Canada should call our toll-free number: (877) 942-4200. People from outside the United States and Canada should call (402) 573-9919. You can also access financial information at Agilent's Investor Relations Web site. The address is <http://www.investor.agilent.com>.

### CORPORATE GOVERNANCE, BUSINESS CONDUCT AND ETHICS

Agilent's corporate governance guidelines, the charters of our Audit and Finance Committee, Compensation Committee and Nominating/Corporate Governance Committee, as well as Agilent's Standards of Business Conduct, are available on the Investor Relations Web site at <http://www.investor.agilent.com>. You can also request a hard copy of any of this information by contacting (877) 942-4200 (in the United States and Canada) or (402) 573-9919 (outside the United States and Canada).

### TRANSFER AGENT AND REGISTRAR

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

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

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

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

The e-mail address for general shareholder inquiries for Computershare is: [web.queries@computershare.com](mailto:web.queries@computershare.com).

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

You can also contact the Investor Relations Department via e-mail at the Agilent Investor Relations Web site at <http://www.investor.agilent.com>. Click "Phone or Email" in the "Contact IR" box to send a message.

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

### COMMON STOCK

Agilent is listed on the New York Stock Exchange and our ticker symbol is "A." There were approximately 67,128 registered shareholders as of November 28, 2003. Since we plan to retain future earnings to maximize the growth and development of our company, we do not anticipate paying cash dividends in the foreseeable future. We do not currently offer direct purchase of Agilent shares from the company or a dividend re-investment plan (DRIP).

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

| Fiscal 2002                             | High    | Low     |
|---|---------|---------|
| First Quarter (ended January 31, 2002)  | \$33.30 | \$22.06 |
| Second Quarter (ended April 30, 2002)   | \$38.00 | \$24.83 |
| Third Quarter (ended July 31, 2002)     | \$31.25 | \$16.00 |
| Fourth Quarter (ended October 31, 2002) | \$18.88 | \$10.50 |

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

This Corporate Report, including the letter titled "To Our Shareholders," contains forward-looking statements (including, without limitation, information regarding profitability, growth and the ability to grow profitably, completion and benefits of our operational transformations, strategic focus, revenue allocation, return on invested capital, Agilent's presence in regional markets, the outlook for the general economy in the U.S. and in other regions and for the markets that Agilent serves, prospects for capital equipment purchases and the rate of technology adoption, and enhancements to online business) that involve risks and uncertainties that could cause results of Agilent to differ materially from management's current expectations. These risks include the ability to execute successfully through business cycles while the company continues to implement workforce and other cost reductions; the ability to meet and achieve the benefits of its cost reduction goals and otherwise successfully adapt its cost structures to continuing changes in business conditions; ongoing competitive, pricing and gross margin pressures; the risk that our cost-cutting initiatives will impair our ability to develop products and remain competitive and to operate effectively; the impact of geopolitical uncertainties on our markets and our ability to conduct business; the successful implementation of Agilent's ERP and other information systems and the ability to realize the benefits from these and other IT systems investments; the ability to improve asset performance to adapt to the current economic slowdown and other changes in demand; the ability to successfully introduce new products at the right time, price and mix and other risks detailed in Agilent's filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended Oct. 31, 2003, as well as any subsequent filings.

The materials contained in this Corporate Report are as of January 14, 2004, unless otherwise noted. The content of this Corporate Report contains time-sensitive information that is accurate only as of this date. If any portion of this Corporate Report is redistributed at a later date, Agilent will not be reviewing or updating the material in this presentation.

[www.agilent.com](http://www.agilent.com)

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