KEYSIGHT TECHNOLOGIES, INC. AND SUBSIDIARIES
ORDERS, REVENUE AND INCOME FROM OPERATIONS
(In millions)
(Unaudited)
PRELIMINARY

	Year Ended October 31,		Three Months Ended October 31,	
	2014	**2013**	**2014**	**2013**
Orders	$ 2,963	$ 2,866	$ 760	$ 742
Revenue	$ 2,933	$ 2,888	$ 762	$ 705
Non-GAAP income from operations	$ 559	$ 544	$ 160	$ 134
Percentage of revenue	19%	19%	21%	19%
GAAP income from operations	$ 469	$ 496	$ 130	$ 128
Percentage of revenue	16%	17%	17%	18%

Non-GAAP Income from operations reflects our results under our management reporting system. These results are not necessarily in conformity with US GAAP financial measures. Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

The preliminary Orders, Revenue and Income from operations information is estimated based on our current information.

KEYSIGHT TECHNOLOGIES, INC. AND SUBSIDIARIES
NON-GAAP INCOME FROM OPERATIONS RECONCILIATION
(In millions)
(Unaudited)
PRELIMINARY

	Year Ended October 31,		Three Months Ended October 31,	
	2014	**2013**	**2014**	**2013**
Non-GAAP income from operations	$ 559	$ 544	$ 160	$ 134
Restructuring related reversals/(expense)	3	(15)	-	2
Asset impairment charges	-	(1)	-	-
Acceleration of share-based compensation expense related to workforce reduction	-	(1)	-	(1)
Transformational program expense	(1)	(4)	-	-
Amortization of intangibles	(8)	(9)	(2)	(2)
Acquisition and integration expenses	(1)	(8)	-	(1)
Non-recurring pre-separation and transaction expenses	(78)	(2)	(27)	(2)
Other	(5)	(8)	(1)	(2)
GAAP income from operations	$ 469	$ 496	$ 130	$ 128

Historical amounts are reclassified to conform with current presentation.

We provide non-GAAP income from operations in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to the amortization of intangible assets, transformational program expenses, the impact of restructuring and related charges, acquisition and integration costs and pre-separation costs. Some of the exclusions, such as impairments, may be beyond the control of management. Further, some may be less predictable than revenue derived from our core businesses (the day-to-day business of selling our products and services). These reasons provide the basis for management's belief that the measures are useful.

Restructuring costs include incremental expenses incurred in the period associated with publicly announced major restructuring programs, usually aimed at material changes in businesses and/or cost structure. Such costs may include one-time termination benefits, asset impairments, facility-related costs and contract termination fees.

Transformational programs include expenses incurred in the period associated with targeted cost reduction activities such as manufacturing transfers, small site consolidations, reorganizations, insourcing or outsourcing of activities. Such costs may include move and relocation costs, one-time termination benefits and other one-time reorganization costs.

Acquisition and integration costs include all incremental expenses incurred to effect a business combination that have been expensed during the period. Such acquisition costs may include advisory, legal, accounting, valuation and other professional or consulting fees. Such integration costs may include expenses directly related to integration of business and facility operations, information technology systems and infrastructure and other employee-related costs.

Non-recurring pre-separation and transaction costs include all incremental expenses incurred in order to effect the separation of Keysight from Agilent through the November distribution date, including the cost of new hires specifically required to operate two separate companies. The intent is to only include in non-GAAP expenses what would not have been incurred if we had no plan to spin-off.

Our management uses this non-GAAP measure to evaluate the performance of our core businesses, to estimate future core performance and to compensate employees. Since management finds this measure to be useful, we believe that investors benefit from seeing our results "through the eyes" of management in addition to seeing our GAAP results. This information facilitates our management's internal comparisons to our historical operating results as well as to the operating results of our competitors.

Our management recognizes that items such as amortization of intangibles assets and restructuring charges can have a material impact on our cash flows and/or our net income. Our GAAP financial statements, including our statement of cash flows, portray those effects. Although we believe it is useful for investors to see core performance free of special items, investors should understand that the excluded items are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company's profit and loss, management does (and investors should) rely upon the GAAP income statement. The non-GAAP numbers focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

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

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