AGILENT TECHNOLOGIES INC
Form 11-K
June 25, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

(MARK ONE)

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2012.

OR

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 001-15405

A. FULL TITLE OF THE PLAN AND THE ADDRESS OF THE PLAN, IF DIFFERENT FROM THAT OF THE ISSUER NAMED BELOW:

AGILENT TECHNOLOGIES, INC.
401(K) PLAN

B. NAME OF ISSUER OF THE SECURITIES HELD PURSUANT TO THE PLAN AND THE ADDRESS OF ITS PRINCIPAL EXECUTIVE OFFICE:

AGILENT TECHNOLOGIES, INC.
5301 STEVENS CREEK BOULEVARD
SANTA CLARA, CALIFORNIA 95051

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and
Plan Administrator of the
Agilent Technologies, Inc. 401(k) Plan

We have audited the financial statements of the Agilent Technologies, Inc. 401(k) Plan (the Plan) as of December 31, 2012, and for the year then ended, as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan s management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012, and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules, as listed in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. These supplemental schedules are the responsibility of the Plan s management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/Moss Adams LLP

Campbell, California
June 24, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and
Plan Administrator of the
Agilent Technologies, Inc. 401(k) Plan

We have audited the financial statements of the Agilent Technologies, Inc. 401(k) Plan (the Plan) as of December 31, 2011, and for the year then ended, as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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/s/Mohler, Nixon & Williams
MOHLER, NIXON & WILLIAMS
Accountancy Corporation

Campbell, California
June 21, 2012

AGILENT TECHNOLOGIES, INC.
401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(in thousands)

	December 31, 2012	December 31, 2011
Assets:		
Investments, at fair value	$ 1,961,599	$ 1,753,021
Receivables:		
Notes receivable from participants	15,308	13,106
Receivable from broker for securities sold	3,174	309
Total receivables	18,482	13,415
Total assets	1,980,081	1,766,436
Liabilities:		
Accrued fees payable	94	83
Payable to broker for securities purchased	4,147	476
Total liabilities	4,241	559
Net assets at fair value	1,975,840	1,765,877
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(12,181)	(8,811)
Net assets available for benefits	$ 1,963,659	$ 1,757,066

See accompanying notes.

AGILENT TECHNOLOGIES, INC.
401(k) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(in thousands)

	Years ended December 31, 2012	2011
Additions (deductions) to net assets attributed to:		
Investment and other income:		
Dividends and interest	$ 44,776	$ 35,770
Net realized and unrealized appreciation (depreciation) in fair value of investments	182,490	(62,994)
	227,266	(27,224)
Contributions:		
Participants'	69,064	70,416
Employer's	24,842	24,143
	93,906	94,559
Total additions	321,172	67,335
Deductions from net assets attributed to withdrawals and distributions	114,579	117,301
Net increase (decrease) prior to transfers	206,593	(49,966)
Transfer of assets to the Plan	-	149,530
Net increase in net assets	206,593	99,564
Net assets available for benefits:		
Beginning of year	1,757,066	1,657,502
End of year	$ 1,963,659	$ 1,757,066

See accompanying notes.

NOTE 1 - THE PLAN AND ITS SIGNIFICANT ACCOUNTING POLICIES

General The following description of the Agilent Technologies, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

The Plan is a defined contribution plan that was established in 2000 by Agilent Technologies, Inc. (the Company) to provide benefits to eligible employees, as defined in the Plan document. The Plan administrator believes that the Plan is currently designed and operated in compliance with the applicable requirements of the Internal Revenue Code of 1986 (the Code), as amended, and the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Company intends that the Plan be qualified pursuant to Sections 401(a) and 401(k) of the Code.

In June 2012, the Company acquired Dako, a cancer diagnostics company. This acquisition has no effect on the Plan in 2012.

Administration The Board of Directors of the Company has appointed a Benefits Committee (the Committee) with certain authority to manage the policy, design and administration of the Plan. The Company has contracted with Fidelity Management Trust Company (Fidelity) to act as the trustee and an affiliate of Fidelity to process and maintain the records of participant data. Substantially all expenses incurred for administering the Plan are paid by the Company.

Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan s management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Basis of accounting The financial statements of the Plan are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Investments valuation and income recognition Investments of the Plan are held by Fidelity, as trustee, and invested based solely upon instructions received from participants.

The Plan s investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan s gains and losses on investments bought or sold as well as held during the year.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount the participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of net assets available for benefits present the fair value of the investment contracts as well as the adjustment to fully benefit-responsive investment contracts from fair value to contract value. The statements of changes in net assets available for benefits are prepared on a contract value basis.

Notes receivable from participants Notes receivable from participants (notes receivable) are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable are reclassified as distributions based upon the terms of the Plan document.

Income taxes - The Plan has been amended since receiving its latest favorable determination letter dated June 11, 2009. The Company believes that the Plan is operated in accordance with, and qualifies under, the applicable requirements of the Code and related state statutes, and that the trust, which forms a part of the Plan, is exempt from federal income and state franchise taxes.

The Internal Revenue Service (IRS) has created a five-year determination letter submission cycle for individually-designed plans such as the Agilent Plan. Under this scheme, the Company is required to submit an application for a favorable determination letter once every five years. The Company has filed its most recent request for a determination letter for the Plan with the IRS in January 2013. The letter has been acknowledged as received by the IRS on March 4, 2013 and is currently under review.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. No uncertain positions have been identified that would require recognition of a liability (or asset) or disclosure in the financial statements as of December 31, 2012. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2009.

Risks and uncertainties The Plan provides for various investment options in any combination of investment securities offered by the Plan, including the Company s common stock. Investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the risk associated with certain investment securities, it is at least reasonably possible that changes in market values, interest rates or other factors in the near term would materially affect participants account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

Recent accounting pronouncements In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, *Fair Value Measurement (Topic 820) - Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU No. 2011-04 requires information about all transfers between levels 1 and 2, not just significant transfers, disclosure of valuation techniques for level 2 and level 3 measurements, and for level 3 measurements requires disclosure of valuation processes used by the reporting entity and quantitative information about significant unobservable inputs, as well as additional disclosure for level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. It also requires disclosure of the categorization by level for items that are not measured at fair value in the statement of net assets available for benefits but are disclosed at fair value. The new guidance is effective for reporting periods beginning after December 15, 2011. The Plan adopted the new disclosure requirements effective January 1, 2012 (Note 3).

Subsequent events The Plan has evaluated subsequent events through June 24, 2013, which is the date the financial statements were available to be issued.

NOTE 2 - STABLE VALUE FUND

Stable Value Fund The Stable Value Fund s objective is to protect principal while providing a higher rate of return than shorter maturity investments, such as money market funds or certificates of deposit. To achieve this, the Stable Value Fund invests in instruments which are not expected to experience significant price fluctuation in most economic or interest rate environments. However, there is no assurance that this objective can be achieved.

The Plan s Stable Value Fund is composed primarily of investments in bank collective funds and synthetic investment contracts (synthetic GICs) and a traditional investment contract (traditional GIC). Since the Stable Value Fund is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investments included in the Stable Value Fund. Contract value represents contributions made plus interest accrued at the contract rate, less withdrawals. Traditional GICs are issued by insurance companies and typically pay a guaranteed fixed or floating rate of interest over the life of the contract with a repayment of principal at maturity. A Synthetic GIC is similar to a Traditional GIC but has unbundled the insurance and investment components of the Traditional GIC. Synthetic GICs consist of various contracts with banks or other institutions which provide for fully benefit responsive withdrawals and transfers by Plan participants in the Stable Value Fund at contract value. The fund requires 30 days advance written notice prior to redemption at the Plan level.

The Plan s GICs consist of the following (in thousands):

As of December 31, 2012:

Carrier Name	Major credit ratings	Year-end contract value	Investments at fair value (1)	Investment contracts at fair value	Adjustments to contract value (2)
Traditional GIC					
Jackson National Life Insurance	AA/A1/AA	$ 4,664		$ 4,744	$ (80)
Synthetic GICs					
Monumental Life Insurance Co.	AA-/A1/AA-	$ 79,853	$ 84,526	59	$ (4,732)
Natixis Financial Products Inc.	A/A2/A+	67,712	72,110		(4,398)
RGA Reinsurance Co.	AA-/A1/A+	70,638	73,609		(2,971)
Total		**$ 222,867**	**$ 230,245**	**$ 4,803**	**$ (12,181)**

(1) Note: Total year-end contract value and investments at fair value do not include assets held in cash, which are $18,649,000 as of December 31, 2012.

(2) Adjustments from fair value to contract value for fully benefit-responsive investment contracts.

As of December 31, 2011:

Carrier Name	Major credit ratings	Year-end contract value	Investments at fair value (1)	Investment contracts at fair value	Adjustments to contract value (2)
Synthetic GICs					
Bank of America, N.A.	A/A2/A	$ 29,533	$ 30,713	46	$ (1,225)
Natixis Financial Products Inc.	A+/Aa3/A+	65,616	68,719		(3,103)
JPMorgan Chase Bank	A+/Aa1/AA-	29,561	30,740	173	(1,352)
Monumental Life Insurance Co.	AA-/A1/AA-	65,587	68,695	23	(3,131)
Total		**$ 190,297**	**$ 198,867**	**$ 242**	**$ (8,811)**

(1) Note: Total year-end contract value and investments at fair value do not include assets held in cash, which are $42,887,000 as of December 31, 2011.

(2) Adjustments from fair value to contract value for fully benefit-responsive investment contracts.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the contract issuer, but it may not be less than zero. Such interest rates are reviewed on a periodic basis for resetting. The relationship of future crediting rates and the adjustment to contract value reported on the statements of net assets available for benefits is provided through the mechanism of the crediting rate formula. The difference between the contract value and the fair value of the investments of each contract is periodically amortized into each contract s crediting rate. The amortization factor is calculated by dividing the difference between the fair value of the investment and the contract value of the duration of the bond portfolio covered by the investment contract.

The average yields on the fund are as follows for the years ended December 31:

	2012	2011
Average yields:		
Based on actual earnings	2.60%	2.77%
Based on interest rate credited to participants	2.48%	2.67%

The key factors that could influence future interest crediting rates include, but are not limited to: (1) the Plan s cash flows, (2) changes in interest rates, (3) total return performance of the fair market value bond strategies underlying each synthetic GIC contract, (4) default or credit failures of any of the securities, investment contracts or other investments held in the fund or (5) the initiation of an extended termination of one or more of the synthetic GIC contracts by the contract issuer.

Certain employer initiated events or other external events not initiated by Plan participants will limit the ability of the Plan to transact at contract value with the issuer. Such events include but are not limited to, the following: (1) the Plan s failure to qualify under the Internal Revenue Code of 1986, as amended, (2) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (3) changes to the Plan s prohibition on competing investment options or establishment of a competing plan by the Plan sponsor, (4) bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan or (5) events resulting in a material and adverse financial impact on the contract issuer, including changes in the tax code, laws or regulations. The Plan administrator does not believe that the occurrence of any such value event, which would limit the Plan s ability to transact at contract value with participants, is probable.

The synthetic GICs do not permit the contract issuer to terminate the agreement prior to the scheduled maturity date unless there is a breach in contract which is not corrected within the specified cure period.

NOTE 3 - FAIR VALUE MEASUREMENTS

The fair value measurements standard establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Basis of fair value measurement

Level 1 - Unadjusted quoted prices for identical assets in active markets that the Plan has the ability to access.

Level 2 - Quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset s or liability s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Bank collective funds: Investments are stated at fair value determined as of the close of regular trading. The index funds and U.S. government securities are valued at the net asset value (NAV) of units held as determined by the trustee. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. The guaranteed investment contracts are valued at fair value by the insurance company by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer (see Note 2).

Wrapper contracts: Valued using replacement cost methodology.

Collective trust fund: Valued at the NAV of units held of a bank collective trust. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

Mutual funds and money market funds: Valued at the NAV of shares held by the Plan at year end.

Common stocks and employer stock: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level within the fair value hierarchy, the Plan s assets at fair value, as of December 31, 2012 and 2011.

Investment Assets at Fair Value as of December 31, 2012

(in thousands)

Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Index funds	$ 316,885			$ 316,885
Balanced funds	239,792			239,792
Growth funds	592,122			592,122
Fixed income	201,482			201,482
Other funds	6,466			6,466
Total mutual funds	1,356,747			1,356,747
Common stocks:				
Industrial	3,210			3,210
Telecommunications	536			536
Consumer	7,058			7,058
Financial institutions	4,849			4,849
Energy	4,414			4,414
Media	2,388			2,388
Pharmaceuticals	2,734			2,734
Technology	3,397			3,397
Other	1,106			1,106
Total common stocks	29,692			29,692
Bank collective funds:				
Index funds		$ 178,000		178,000
U.S. government securities		60,200		60,200
Guaranteed investment contract		230,245		230,245
Wrapper contracts			$ 4,803	4,803
Total bank collective funds		468,445	4,803	473,248
Collective trust fund		30,489		30,489
Employer stock	51,016			51,016
Money market funds	20,407			20,407
Total assets at fair value	$ 1,457,862	$ 498,934	$ 4,803	$ 1,961,599

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Investment Assets at Fair Value as of December 31, 2011

(in thousands)

Description