

Waters Corporation and Subsidiaries
Reconciliation of GAAP to Adjusted Non-GAAP
Net Sales by Operating Segment, Products & Services, Geography and Markets
Three Months Ended December 31, 2016 and December 31, 2015
(In thousands)

	<u>Three Months Ended</u>		<u>Percent</u>	<u>Currency</u>	<u>Constant</u>
	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>Change</u>	<u>Impact</u>	<u>Currency</u>
					<u>Growth Rate</u> ^(a)
NET SALES - OPERATING SEGMENT					
Waters	\$ 554,226	\$ 509,393	9%	\$ (8,057)	10%
TA	74,561	77,217	(3%)	(789)	(2%)
Total	<u>\$ 628,787</u>	<u>\$ 586,610</u>	7%	<u>\$ (8,846)</u>	9%
NET SALES - PRODUCTS & SERVICES					
Instruments	\$ 352,717	\$ 329,568	7%	\$ (6,370)	9%
Service	185,969	173,196	7%	(2,999)	9%
Chemistry	<u>90,101</u>	<u>83,846</u>	7%	<u>523</u>	7%
Total Recurring	276,070	257,042	7%	(2,476)	8%
Total	<u>\$ 628,787</u>	<u>\$ 586,610</u>	7%	<u>\$ (8,846)</u>	9%
NET SALES - GEOGRAPHY					
Americas	\$ 222,422	\$ 219,676	1%	\$ (1,189)	2%
Europe	180,717	171,967	5%	(6,912)	9%
Asia	225,648	194,967	16%	(745)	16%
Total	<u>\$ 628,787</u>	<u>\$ 586,610</u>	7%	<u>\$ (8,846)</u>	9%
NET SALES - MARKETS					
Pharmaceutical	\$ 335,075	\$ 320,764	4%	\$ (5,274)	6%
Industrial	210,899	186,708	13%	(2,404)	14%
Government & Academic	82,813	79,138	5%	(1,168)	6%
Total	<u>\$ 628,787</u>	<u>\$ 586,610</u>	7%	<u>\$ (8,846)</u>	9%

(a) The Company believes that referring to comparable constant currency growth rates is a useful way to evaluate the underlying performance of Waters Corporation's net sales. Constant currency growth rate, a non-GAAP financial measure, measures the change in net sales between current and prior year periods, ignoring the impact of foreign currency exchange rates during the current period. See description of non-GAAP financial measures contained in this release.

Waters Corporation and Subsidiaries
Reconciliation of GAAP to Adjusted Non-GAAP
Net Sales by Operating Segment, Products & Services, Geography and Markets
Twelve Months Ended December 31, 2016 and December 31, 2015
(In thousands)

	<u>Twelve Months Ended</u>		<u>Percent</u>	<u>Currency</u>	<u>Constant</u>
	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>Change</u>	<u>Impact</u>	<u>Currency</u>
					<u>Growth Rate</u> ^(a)
NET SALES - OPERATING SEGMENT					
Waters	\$ 1,928,063	\$ 1,806,868	7%	\$ (12,733)	7%
TA	239,360	235,464	2%	(880)	2%
Total	<u>\$ 2,167,423</u>	<u>\$ 2,042,332</u>	6%	<u>\$ (13,613)</u>	7%
NET SALES - PRODUCTS & SERVICES					
Instruments	\$ 1,114,883	\$ 1,067,315	4%	\$ (11,654)	6%
Service	707,127	657,076	8%	(4,848)	8%
Chemistry	<u>345,413</u>	<u>317,941</u>	9%	<u>2,889</u>	8%
Total Recurring	1,052,540	975,017	8%	(1,959)	8%
Total	<u>\$ 2,167,423</u>	<u>\$ 2,042,332</u>	6%	<u>\$ (13,613)</u>	7%
NET SALES - GEOGRAPHY					
Americas	\$ 807,182	\$ 790,483	2%	\$ (4,287)	3%
Europe	577,257	555,886	4%	(9,352)	6%
Asia	782,984	695,963	13%	26	12%
Total	<u>\$ 2,167,423</u>	<u>\$ 2,042,332</u>	6%	<u>\$ (13,613)</u>	7%
NET SALES - MARKETS					
Pharmaceutical	\$ 1,206,316	\$ 1,106,229	9%	\$ (9,827)	10%
Industrial	690,119	653,213	6%	(1,281)	6%
Government & Academic	270,988	282,890	(4%)	(2,505)	(3%)
Total	<u>\$ 2,167,423</u>	<u>\$ 2,042,332</u>	6%	<u>\$ (13,613)</u>	7%

(a) The Company believes that referring to comparable constant currency growth rates is a useful way to evaluate the underlying performance of Waters Corporation's net sales. Constant currency growth rate, a non-GAAP financial measure, measures the change in net sales between current and prior year periods, ignoring the impact of foreign currency exchange rates during the current period. See description of non-GAAP financial measures contained in this release.

Waters Corporation and Subsidiaries
Reconciliation of GAAP to Adjusted Non-GAAP Financials
Quarters and Twelve Months Ended December 31, 2016 and December 31, 2015
(In thousands, except per share data)

	Selling & Administrative Expenses ^(a)	Research & Development Expenses ^(a)	Operating Income	Operating Income Percentage	Income from Operations before Income Taxes	Provision for Income Taxes	Net Income	Diluted Earnings per Share
Quarter Ended December 31, 2016								
GAAP	\$ 136,120	\$ 32,753	\$ 208,335	33.1%	\$ 202,579	\$ 28,201	\$ 174,378	\$ 2.15
Adjustments:								
Purchased intangibles amortization ^(b)	(2,358)	-	2,358	0.4%	2,358	661	1,697	0.02
Restructuring costs, asset impairments, acquisition-related costs & certain other items ^(d)	(304)	-	304	0.0%	304	312	(8)	-
Litigation provisions ^(f)	(3,524)	-	3,524	0.6%	3,524	1,321	2,203	0.03
Certain income tax items ^(g)	-	-	-	-	-	(739)	739	0.01
Adjusted Non-GAAP	\$ 129,934	\$ 32,753	\$ 214,521	34.1%	\$ 208,765	\$ 29,756	\$ 179,009	\$ 2.21
Quarter Ended December 31, 2015								
GAAP	\$ 135,196	\$ 32,191	\$ 181,308	30.9%	\$ 175,238	\$ 24,184	\$ 151,054	\$ 1.83
Adjustments:								
Purchased intangibles amortization ^(b)	(2,576)	-	2,576	0.4%	2,576	729	1,847	0.02
Restructuring costs, asset impairments, acquisition-related costs & certain other items ^(d)	(2,435)	-	2,435	0.4%	2,435	606	1,829	0.02
Acquired in-process research and development ^(e)	-	(3,855)	3,855	0.7%	3,855	786	3,069	0.04
Litigation provisions ^(f)	(3,939)	-	3,939	0.7%	3,939	1,478	2,461	0.03
Certain income tax items ^(g)	-	-	-	-	-	(959)	959	0.01
Adjusted Non-GAAP	\$ 126,246	\$ 28,336	\$ 194,113	33.1%	\$ 188,043	\$ 26,824	\$ 161,219	\$ 1.96
Twelve Months Ended December 31, 2016								
GAAP	\$ 526,444	\$ 125,187	\$ 624,339	28.8%	\$ 600,114	\$ 78,611	\$ 521,503	\$ 6.41
Adjustments:								
Purchased intangibles amortization ^(b)	(9,889)	-	9,889	0.5%	9,889	2,864	7,025	0.09
Stock award modification ^(c)	(7,085)	-	7,085	0.3%	7,085	2,657	4,428	0.05
Restructuring costs, asset impairments, acquisition-related costs & certain other items ^(d)	(6,856)	-	6,856	0.3%	6,856	2,812	4,044	0.05
Litigation provisions ^(f)	(3,524)	-	3,524	0.2%	3,524	1,321	2,203	0.03
Certain income tax items ^(g)	-	-	-	-	-	135	(135)	-
Adjusted Non-GAAP	\$ 499,090	\$ 125,187	\$ 651,693	30.1%	\$ 627,468	\$ 88,400	\$ 539,068	\$ 6.62
Twelve Months Ended December 31, 2015								
GAAP	\$ 509,809	\$ 122,400	\$ 567,451	27.8%	\$ 541,919	\$ 72,866	\$ 469,053	\$ 5.65
Adjustments:								
Purchased intangibles amortization ^(b)	(10,123)	-	10,123	0.5%	10,123	2,888	7,235	0.09
Restructuring costs, asset impairments, acquisition-related costs & certain other items ^(d)	(7,455)	-	7,455	0.4%	7,455	2,377	5,078	0.06
Acquired in-process research and development ^(e)	-	(3,855)	3,855	0.2%	3,855	786	3,069	0.04
Litigation provisions ^(f)	(3,939)	-	3,939	0.2%	3,939	1,478	2,461	0.03
Certain income tax items ^(g)	-	-	-	-	-	(2,326)	2,326	0.03
Adjusted Non-GAAP	\$ 488,292	\$ 118,545	\$ 592,823	29.0%	\$ 567,291	\$ 78,069	\$ 489,222	\$ 5.89

- (a) Selling & administrative expenses include purchased intangibles amortization and litigation provisions. Research & development expenses include acquired in-process research and development.
- (b) The Purchased intangibles amortization, a non-cash expense, was excluded to be consistent with how management evaluates the performance of its core business against historical operating results and the operating results of competitors over periods of time.
- (c) The non-cash expense associated with accelerating the vesting of certain stock awards was excluded as the Company believes these expenses are not indicative of normal operating costs.
- (d) Restructuring costs, asset impairments, acquisition-related costs and certain other items were excluded as the Company believes that the cost to consolidate operations and reduce overhead; the cost to complete acquisitions; the non-cash expense to record asset impairments and certain other income or expense items are not normal and do not represent future ongoing business expenses of a specific function or geographic location of the Company.
- (e) Acquired In-Process Research and Development was excluded as it relates to milestone payments associated with a licensing arrangement for mass spectrometry that the Company believes is infrequent, unusual and not indicative of its normal business operations.
- (f) Litigation Provisions were excluded as these costs are isolated, unpredictable and not expected to recur regularly.
- (g) Certain income tax items were excluded as these non-cash expenses and benefits represent updates in management's assessment of ongoing examinations or other tax items that are not indicative of the Company's normal or future income tax expense.