

# Waters

## THE SCIENCE OF WHAT'S POSSIBLE.™

### Annual Reconciliation of GAAP to Adjusted Non-GAAP Financials

#### as Disclosed in the Company's Annual Earnings Press Release

The 2011 - 2009 adjusted amounts presented below are used by the management of the Company to measure operating performance with prior periods and forecasts and are not in accordance with generally accepted accounting principles (GAAP). The Company believes that the use of Non-GAAP measures, such as Non-GAAP Earnings Per Share (EPS) and Non-GAAP Operating Income, helps management and investors gain a better understanding of our core operating results and future prospects, and is consistent with how management measures compensation and forecasts the Company's performance. The reconciliation identifies items management has excluded as non-operational transactions, net of the effective applicable statutory tax rates. Management has excluded the following items:

- Purchased Intangibles Amortization and Step-up expense were excluded to allow for comparisons of operating results that are consistent over periods of time.
- Restructuring Costs, Asset Impairments and Acquisition-Related Costs were excluded as the Company believes that costs to consolidate operations, reduce overhead and to complete acquisitions are not indicative of normal operating costs.
- Non-Income Tax Audit Settlements costs in 2011 and 2010 were excluded as these costs are isolated, unpredictable and not expected to recur regularly.
- The Lease Termination Provision in 2009 was excluded as the Company believes that this unusual and infrequent cost was not indicative of future normal operating costs.
- Tax Impact of Legal Entity Restructuring, One-time Income Tax Benefit and the Reversal of Income Tax Reserves upon Audit Settlement were excluded as these costs and benefits are not indicative of the Company's normal or future income tax expense.

**Waters Corporation**  
**Annual Reconciliation of GAAP to Adjusted Non-GAAP Financials**  
**2011 - 2009**

(Dollars in thousands, except EPS)

	2011	2010	2009
GAAP Selling and Administrative Expenses (including purchased intangible amortization)	\$ (499,744)	\$ (455,862)	\$ (432,062)
Purchased Intangibles Amortization & Step-up Expenses	10,583	10,934	11,144
Restructuring Costs, Asset Impairments & Acquisition Costs	6,291	3,632	5,282
Non-Income Tax Audit Settlement Provision	2,050	3,380	-
Lease Termination Provision	-	-	5,910
<b>Adjusted Non-GAAP Selling &amp; Administrative Expenses</b>	<b>\$ (480,820)</b>	<b>\$ (437,916)</b>	<b>\$ (409,726)</b>
GAAP Operating Income	\$ 528,600	\$ 449,932	\$ 394,602
Purchased Intangibles Amortization & Step-up Expenses	10,583	10,934	11,144
Restructuring Costs, Asset Impairments & Acquisition Costs	6,291	3,632	5,282
Non-Income Tax Audit Settlement Provision	2,050	3,380	-
Lease Termination Provision	-	-	5,910
<b>Adjusted Non-GAAP Operating Income</b>	<b>\$ 547,524</b>	<b>\$ 467,878</b>	<b>\$ 416,938</b>
GAAP Provision for Income Taxes	\$ (76,284)	\$ (56,100)	\$ (63,339)
Purchased Intangibles Amortization & Step-up Expenses	(3,409)	(3,437)	(3,455)
Restructuring Costs, Asset Impairments & Acquisition Costs	(1,984)	(1,048)	(1,528)
Non-Income Tax Audit Settlement Provision	(759)	(1,183)	-
Lease Termination Provision	-	-	(2,187)
Tax Impact of Legal Entity Restructuring	-	-	(4,555)
One-Time Tax Benefit	(1,617)	(1,500)	-
Reversal of Income Tax Reserves Upon Audit Settlement	-	(7,581)	-
<b>Adjusted Non-GAAP Provision for Income Taxes</b>	<b>\$ (84,053)</b>	<b>\$ (70,849)</b>	<b>\$ (75,064)</b>
GAAP Net Income	\$ 432,968	\$ 381,763	\$ 323,313
Purchased Intangibles Amortization & Step-up Expenses	7,174	7,497	7,689
Restructuring Costs, Asset Impairments & Acquisition Costs	4,307	2,584	3,754
Non-Income Tax Audit Settlement Provision	1,291	2,197	-
Lease Termination Provision	-	-	3,723
Tax Impact of Legal Entity Restructuring	-	-	(4,555)
One-Time Tax Benefit	(1,617)	(1,500)	-
Reversal of Income Tax Reserves Upon Audit Settlement	-	(7,581)	-
<b>Adjusted Non-GAAP Net Income</b>	<b>\$ 444,123</b>	<b>\$ 384,960</b>	<b>\$ 333,924</b>
GAAP EPS	\$ 4.69	\$ 4.06	\$ 3.34
Purchased Intangibles Amortization & Step-up Expenses	0.08	0.08	0.08
Restructuring Costs, Asset Impairments & Acquisition Costs	0.05	0.03	0.04
Non-Income Tax Audit Settlement Provision	0.01	0.02	-
Lease Termination Provision	-	-	0.04
Tax Impact of Legal Entity Restructuring	-	-	(0.05)
One-Time Tax Benefit	(0.02)	(0.02)	-
Reversal of Income Tax Reserves Upon Audit Settlement	-	(0.08)	-
<b>Adjusted Non-GAAP EPS</b>	<b>\$ 4.81</b>	<b>\$ 4.09</b>	<b>\$ 3.45</b>